

คำแปลภาษาอังกฤษของหนังสือชี้ชวน

PROSPECTUS



JAPAN BANK FOR INTERNATIONAL COOPERATION

JAPAN BANK FOR INTERNATIONAL COOPERATION

(incorporated in Japan under the Japan Bank for International Cooperation Law)

General Offering to Institutional Investors

The Guaranteed Bonds of Japan Bank for International Cooperation No. 1/2548 Due B.E. 2553 Unconditionally and irrevocably guaranteed as to payment of principal and interest by Japan

Issue Price: 100 per cent.

The Guaranteed Bonds of Japan Bank for International Cooperation No. 1/2548 Due B.E. 2553 (the "Bonds") of Japan Bank for International Cooperation ("JBIC") are unconditionally and irrevocably guaranteed by Japan (the "Guarantor") (see "Terms and Conditions - Guarantee").

The Bonds will be issued in registered form in the total of 3,000,000 units of Bonds, with a par value of THB 1000 each. The Bonds will be issued in the aggregate principal amount of THB 3,000,000,000. Interest on the Bonds will accrue at the rate of 4.78 per cent. per annum from and including 7 September 2005 and shall be paid semi-annually in arrear on 7 September and 7 March in each year. Payment on the Bonds will be made subject to deductions for or on account of taxes of Thailand.

The Bonds have been assigned a rating of "AA-" by Standard & Poors Ratings Services, a division of the McGraw-Hill Companies, Inc. and a rating of "Aaa" by Moody's Investors Service, Inc. A credit rating is not a recommendation to buy, sell or hold the Bonds and may be subject to revision, suspension or withdrawal at any time by the relevant rating organization.

Joint-Lead Arrangers

Citicorp Securities (Thailand) Limited

The Siam Commercial Bank Public Company Limited

Co-Managers

Capital Nomura Securities Public Company Limited

TISCO Securities Company Limited

The date of distribution of the draft Prospectus is 19 August 2005

The effective date of the registration statement and the draft Prospectus is 30 August 2005

Subscription Period from 2 September 2005 to 6 September 2005

An investment in the Bonds is subject to risk. Investors should carefully consider the risks and exercise their own decision in making a decision to invest in the Bonds.

The liability for certification in accordance with Part 4 of this Prospectus of the accuracy and completeness of information contained in the registration statement and Prospectus is vested in the securities offeror.

In accordance with Part 4 of this Prospectus, should any information in the registration statement and Prospectus contain any false statement or omission of any material information which should be disclosed, the subscribers shall be entitled to claim damages from the securities offeror pursuant to Section 82 of the Securities and Exchange Act B.E. 2535 (1992) within one year after the effective date of registration statement and draft Prospectus.

Investors can review or request a copy of the registration statement and Prospectus filed with the Office of the Securities and Exchange Commission from the Information Center of the Office of the Securities and Exchange Commission at 15th Floor, Diethelm Towers B, 93/1 Wireless Road, Kwaeng Lumpini, Khet Patumwan, Bangkok during the period of between 9.00 a.m. - 12.00 p.m. and 13.00 p.m. - 16.00 p.m. on its business days or from website: <http://www.sec.or.th>

Disclaimer

Japan Bank for International Cooperation (“**JBIC**”) accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of JBIC (which has taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is prepared for the purpose of providing preliminary information regarding the Bonds issued by JBIC to Institutional Investors. The Bonds will be issued and offered for sale, in reliance upon the notifications of the Securities and Exchange Commission of Thailand No. GorJor. 25/2547, as may from time to time be amended, modified, supplemented or replaced.

No person is authorized to give any information or to make any representations other than those contained in this Prospectus in connection with the offering of the Bonds and, if given or made, such information or representations must not be relied upon as having been authorized by JBIC or Citicorp Securities (Thailand) Limited and The Siam Commercial Bank Public Company Limited (collectively referred to as the "**Joint-Lead Arrangers**") and Nomura Securities Public Company Limited and TISCO Securities Company Limited (collectively referred to as the "**Co-Managers**"). Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of JBIC since the date hereof. In addition, the delivery of this Prospectus at any time does not imply that the information contained herein is correct as of any time subsequent to its date.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Bond of JBIC by, or on behalf of, JBIC or the Joint-Lead Arrangers or the Co-Managers or any of them.

The distribution of this Prospectus and the offering, sale and delivery of the Bonds may, in certain jurisdictions, be restricted by law. JBIC, the Joint-Lead Arrangers and the Co-Managers require persons into whose possession this Prospectus comes to inform themselves of and to observe any such restrictions.

An investment in the Bonds is subject to risks. Investors should carefully consider the risks and exercise their own discretion in making a decision to invest in the Bonds.

Any information in this Prospectus should not be considered as constituting in any way legal, business or tax advice to investors. Investors should obtain their own legal, business and tax advice with respect to their investment in the Bonds.

Neither the distribution of this Prospectus nor offering of the Bonds is a certification from the Joint-Lead Arrangers and the Co-Managers that the information in this Prospectus is accurate, complete and valid whether on the date of this Prospectus is issued or at any time thereafter. In addition, the Office of the Securities and Exchange Commission does not certify the accuracy or completeness of this Prospectus.

In this Prospectus, all references herein to “Yen” and “Japanese Yen” are to the lawful currency for the time being of Japan and all references to “THB” and “Baht” are to the lawful currency for the time being of Thailand.

In this Prospectus, unless otherwise specified or the context requires, where information is presented in millions of yen and billions of yen, amounts of less than one million or one billion, as the case may be, have been rounded and comparative percentages are rounded to the nearest decimal place.

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PART 1
TERMS AND CONDITIONS OF THE BONDS

The following is the full text of the terms and conditions (the “**Conditions**”) of The Guaranteed Bonds of Japan Bank for International Cooperation No. 1/2548 Due B.E. 2553 (the “**Bonds**”) issued by Japan Bank for International Cooperation (the “**Issuer**”), with The Siam Commercial Bank Public Company Limited as the Bondholders’ Representative. The Issuer was granted approval from the Ministry of Finance of Thailand to offer for sale the Bonds in Thailand pursuant to the Ministry of Finance Notification Re: Permission to Foreign Governments and Financial Institutions of Foreign Governments to Issue Baht Bonds or Bonds in Thailand. The Bonds are issued pursuant to a decision of the Governor of the Issuer, taken pursuant to powers conferred upon him by the Japan Bank for International Cooperation Law on 26 August 2005. The Bonds shall be issued and offered in reliance upon the Notification No. Gor Jor. 25/2547 (as defined below).

The Issuer has appointed the Bondholders’ Representative and the Registrar pursuant to the Bondholders’ Representative Appointment Agreement and the Registrar Appointment Agreement, respectively. The Bondholders (as defined below) are deemed to accept the appointment of the Bondholders’ Representative and are entitled to the benefit of, are bound by, and are deemed to have notice of and understand, all provisions of these Conditions, the Bondholders’ Representative Appointment Agreement and the Guarantee (as defined below).

Japan (the “**Guarantor**”) unconditionally and irrevocably guarantees to the Bondholders (as defined below) the full and punctual payment of the principal of and interest on the Bonds pursuant to these Conditions and subject to the terms of the Guarantee (as defined below) as and when the same shall become due and payable.

These Conditions, the Guarantee, the Bondholders’ Representative Appointment Agreement and the Registrar Appointment Agreement are available for inspection during normal business hours at the principal office of the Bondholders’ Representative.

1. Definitions

In these Conditions:

“**Baht**” means Thai Baht, the lawful currency of the Kingdom of Thailand.

“**Banking Day**” means a day (other than a Saturday or Sunday) on which commercial banks and financial institutions are open for general business in Tokyo, Japan and Bangkok, Thailand. For reference, public holidays in Tokyo as of 30 August 2005 are specified in Annex D.

“**Bondholder(s)**” means the person(s) who own Bonds in accordance with Condition 3.3.

“**Bond Certificate(s)**” means the certificate(s) issued in accordance with Condition 3.1, representing such Bond in the form specified in Annex A.

“Bondholders’ Representative” means The Siam Commercial Bank Public Company Limited or any successor as the bondholders’ representative in respect of the Bonds.

“Bondholders’ Representative Appointment Agreement” means the bondholders’ representative appointment agreement entered into between the Bondholders’ Representative and the Issuer dated 30 August 2005 or the agreement appointing a new Bondholders’ Representative to replace the existing Bondholders’ Representative (if any).

“Bond Rights” means all rights relating to the Bonds including, without limitation, the right to receive principal and interest on the Bonds and the right to attend and vote at meetings of the Bondholders, including all rights and benefits under the Guarantee.

“Business Day” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business in Bangkok, Thailand.

“Conditions” means these terms and conditions setting out the general rights and duties of the Issuer and the Bondholders with respect to the Bonds, as may be supplemented, amended, or modified by any subsequent amendment thereto.

“Credit Rating Agency(ies)” means a credit rating agency(ies) approved by the SEC.

“Default Interest Rate” means the default rate of interest for the Bonds, being the Interest Rate plus 2 per cent per annum.

“Event of Default” is as defined in Condition 10.1.

“External Indebtedness” means any indebtedness in the form of, or represented by, notes, bonds or other securities which:

- (i) are, or may at the option of the person entitled thereto be or become, denominated or payable in, or by reference to, a currency or currencies other than Yen;
- (ii) are not repayable (otherwise than at the option, or due to the default, of the Issuer) within three years from the date of their issue; and
- (iii) are, or are capable of being, quoted, listed or ordinarily traded on any stock exchange or in any over-the-counter securities market.

“Guarantee” means the guarantee given by the Guarantor to secure the due and punctual payments under the Bonds in the form of Annex B.

“Interest Payment Date” means every 7 September and 7 March of each year commencing on 7 March 2006 and ending on 7 September 2010.

“Interest Period” means:

- (a) with respect to the first Interest Period, the period commencing on, and including, the Issue Date and ending on, but excluding, the next Interest Payment Date; and

(b) with respect to any subsequent Interest Period, the period commencing on, and including, the Interest Payment Date of the preceding Interest Period and ending on, but excluding, the next Interest Payment Date of such Interest Period or the Maturity Date, as the case may be.

“**Interest Rate**” means the interest rate of the Bonds as specified in Condition 6.1.

“**Issue Date**” means 7 September 2005.

“**Maturity Date**” means 7 September 2010.

“**Notification No. Gor Jor. 25/2547**” means the Notification of the SEC No. Gor Jor. 25/2547 Re: The Offer for Sale of Foreign Bonds or Foreign Debentures in Thailand dated 25 May 2004, as may from time to time be amended, modified, supplemented or replaced.

“**Record Date**” is defined in Condition 3.2(b).

“**Register Book**” means the register book recording particulars of the Bondholders or other source of registration information relating to the transfer, pledge, attachment, issue of new Bond Certificates and other matters related to the Bonds according to the relevant rules and procedures prescribed pursuant to the laws governing securities and notifications of the SEC.

“**Registrar**” means Thailand Securities Depository Company Limited or any successor as the registrar in respect of the Bonds as permitted by relevant laws and regulations.

“**Registrar Appointment Agreement**” means the registrar appointment agreement entered into between the Registrar and the Issuer dated 30 August 2005 or the agreement appointing a new Registrar to replace the existing Registrar (if any).

“**SEC**” means the Office of the Securities and Exchange Commission of Thailand.

“**Subscription Closing Date**” means 6 September 2005, which is the last day of the subscription period of the Bonds.

“**Thailand**” means the Kingdom of Thailand.

“**TSD**” means Thailand Securities Depository Company Limited, or other any successor organization legally entitled to operate a securities depository business in Thailand.

“**U.S.\$**” means United States Dollar, the lawful currency of the United States of America.

“**Yen**” means Japanese Yen, the lawful currency of Japan.

2. Form, Denomination, Interest and Term

- 2.1 Each of the Bonds is guaranteed by the Guarantor in accordance with the terms of the Guarantee and in registered form, which bears interest and has a term of 5 years from the Issue Date.
- 2.2 On the Issue Date, there shall be in total 3,000,000 units of Bonds, with a par value of Baht 1,000 each, in the aggregate amount of Baht 3,000,000,000.

3. Bond Certificates, Register Book and Ownership of the Bonds

3.1 Bond Certificates

- (a) The Registrar must issue Bond Certificates to all Bondholders whose Bonds are not deposited with TSD within fifteen (15) Business Days from the Subscription Closing Date. TSD will be registered in the Register Book as a bondholder for all Bonds deposited with it within seven (7) Business Days from the Subscription Closing Date.
- (b) If a person holding Bonds through TSD (in scriptless system) wishes to obtain a Bond Certificate with respect to such Bonds, that person must inform TSD. The Registrar must issue a Bond Certificate to that person within forty-five (45) days from the date it has been notified by TSD of the name of that person and the number of Bonds deposited with TSD in the name of that person. Following the issue of such Bond Certificate, the number of Bonds registered in the name of TSD will then be reduced by the number of Bonds held by the person to whom the Bond Certificate has been issued.

3.2 Register Book; Closure of the Register Book

- (a) The Registrar is obliged under the Registrar Appointment Agreement to prepare and keep the Register Book until the date that all Bonds are redeemed in accordance with these Conditions.
- (b) The Register Book will be closed at noon on the fourteenth (14th) day prior to any Interest Payment Date, the Maturity Date, any date fixed for any meeting of the Bondholders or any other date for any other purpose as specified in these Conditions and as notified by the Issuer to the Registrar and the Bondholders' Representative. The first day of each such closed period is called a "**Record Date**". If the Record Date falls on a day that is not a Business Day, the Register Book shall be closed on the next Business Day, and in such case, the closing period of the Register Book shall be less than fourteen (14) days. The Registrar shall not be required to register any transfer of the Bonds during the period when the Register Book is closed.

The Issuer and the Registrar hereby reserve the right to change the date and time for the closure of the Register Book without the need to obtain a consent

from the Issuer or from Bondholders, provided that such change: (i) must be in compliance with the rules and regulations of TSD or any other relevant authorities, and (ii) shall not adversely affect the rights and benefits of the Bondholders.

3.3 *Ownership of Bonds*

- (a) For Bonds that are not deposited with TSD, the Bond Rights are vested in the person whose name is registered in the Register Book as the owner of such Bonds at noon on the Record Date, unless a transfer of the Bonds has occurred prior to the relevant Record Date and such transfer is effective against the Issuer in accordance with Conditions 4.1(a) - (c). In the case of such transfer, the Bond Rights will be vested in the transferee of the Bonds.
- (b) For Bonds that are deposited with TSD, the Bond Rights are vested in the persons whose names are listed with TSD as the owners of such Bonds at noon of the Record Date, as notified in writing by TSD to the Registrar, except in the case where an objection shall have been duly made according to the law.

4. Transfers of Bonds

4.1 *Transfers of Bonds not deposited with TSD*

- (a) A transfer of Bonds is completed when the transferor whose name is registered in the Register Book as the owner of such Bonds, or the last person to whom such Bonds have been previously transferred in accordance with these Conditions, delivers to the transferee a duly endorsed Bond Certificate representing such Bonds.
- (b) A transfer of Bonds is only effective against the Issuer if the Registrar accepts the application to register the transfer together with the Bond Certificate duly endorsed by the transferor and the transferee.
- (c) A transfer of Bonds is only effective against third parties if the transfer is actually registered in the Register Book.
- (d) An application to register the transfer of Bonds must be made at the principal office of the Registrar during its normal business hours in accordance with the form and procedures prescribed by the Registrar. In connection with the application to register a transfer of Bonds, the applicant must deliver the following documents to the Registrar:
 - (i) an application for registration of the transfer, together with the Bond Certificate duly endorsed pursuant to Conditions 4.1(a) and (b); and
 - (ii) any other evidence confirming the correctness and completeness of the transfer as may be specified by the Registrar.

- (e) The Registrar will register the transfer of Bonds in the Register Book within seven (7) Business Days after it receives the documents specified in Condition 4.1(d).

4.2 *Transfers of Bonds deposited with TSD*

Bonds deposited with TSD must be transferred in accordance with the applicable regulations of the Stock Exchange of Thailand, TSD and any other relevant regulatory authority and agency, including the relevant over-the-counter centers, that has issued regulations applicable to the transfer of the Bonds.

5. **Representations and Covenants of the Issuer**

5.1 *Representations of the Issuer*

The Issuer hereby represents that as of the Issue Date:

- (a) Status of Issuer

The Issuer is a governmental financial institution duly established and validly existing under the Japan Bank for International Cooperation Law.

- (b) Legality of Bonds Issued

The issue by the Issuer of the Bonds under these Conditions or the undertaking by the Issuer of any action in relation to the issue of the Bonds is lawful under applicable law and in accordance with its constitution documents in all respects and shall not breach or be in violation of any of its material obligations, commitments, representations or any other material agreement the Issuer has made with any other person.

- (c) Obligations under Guarantee

The payment obligations in respect of the Bonds are unconditionally and irrevocably guaranteed by the Guarantor. Such obligations of the Guarantor under the Guarantee are direct, unconditional and general obligations of the Guarantor for the performance of which the full faith and credit of Japan is pledged and rank *pari passu* with all other general obligations of the Guarantor without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise and are set out on each of the Bonds, except for obligations that are preferred by applicable laws.

- (d) Validity of Bonds

The Bonds and these Conditions are valid and lawful obligations binding the Issuer and are enforceable against the Issuer in accordance with their respective terms, except to the extent that the enforcement thereof may be limited by provisions of applicable laws.

(e) Financial Statements

There has been no material adverse change in the condition of the Issuer, financial or otherwise, since 31 March 2004, the date of the most recent audited financial statements.

(f) Compliance with Law

The Issuer has been in compliance with any material applicable law, rules, regulations or order relating to the issue and offering of the Bonds and so far as it is aware, there are no circumstances that may at any time prevent or interfere with such compliance.

(g) Bankruptcy or Receivership Judgment

The Issuer is not and has not been involved in any legal, arbitration, administrative or other proceedings nor is the Issuer aware of any such proceedings pending or being threatened, which may have or have had during the period of twelve (12) months prior to the date of these Conditions, or which could, individually or in the aggregate, have a significant effect on its financial position.

(h) Pari Passu Ranking

The Bonds are direct, unconditional and unsecured debt securities obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and (subject to the aforesaid and with the exception of obligations in respect of national and local taxes and with certain other statutory exceptions) at least equally with all other unsecured debt securities obligations of the Issuer from time to time outstanding, which rank senior to the Issuer's unsecured general obligations not represented by debt securities.

5.2 *Covenants of the Issuer*

The Issuer hereby covenants that:

(a) Credit Rating

The Issuer shall use its best endeavors to arrange for the Credit Rating Agency to provide a credit rating for the Bonds on the Issue Date and for a credit rating to be maintained during the term of the Bonds.

(b) Updates of Financial Statements

As long as any amount remains outstanding under the Bonds, as soon as the same are available (and in any event within one hundred and eighty (180) days following the end of each of its financial years), the Issuer shall supply to the Bondholders' Representative copies of its audited annual financial statements in English for the relevant financial year.

(c) Information

For so long as any amounts remain outstanding under the Bonds, the Issuer shall promptly send a written notice to the Bondholders' Representative if it becomes aware of the occurrence of any event which constitutes an Event of Default under Condition 10.1 (c) or (d).

6. Interest

6.1 *Interest Rates*

Interest on the Bonds shall be 4.78 per cent per annum payable semi-annually in arrears on each Interest Payment Date subject to any withholding or deduction which may be applicable as provided for in Condition 7.4. Such interest shall be calculated on the outstanding principal amount of the Bonds.

6.2 *Interest Calculation*

The amount of interest payable in respect of any Bond for any Interest Period shall be calculated by multiplying (a) the product of the principal amount outstanding on each unit of the Bond as at the first day of such Interest Period and the Interest Rate by (b) the number of days in respect of that Interest Period and divided by 365, and rounding the resulting figure to six decimal places (in case the seventh decimal place is equivalent to or more than five, the sixth decimal place shall be rounded up one decimal).

6.3 *Default Interest*

If payment of any principal amount due in respect of the Bonds is improperly withheld or refused on the Maturity Date or any accelerated payment date, interest shall continue to accrue (both before and after judgement) on the Bonds at the Default Interest Rate on the unpaid amount from and including the Maturity Date or any accelerated payment date up to, but excluding, the day on which all sums due in respect of such Bonds are received by or on behalf of the relevant Bondholders.

7. Payments of Principal and Interest

7.1 *Principal Payment*

On the Maturity Date, the Issuer shall pay the principal amount of the Bonds.

7.2 *Interest Payments*

Interest on the Bonds shall be payable in arrears to each Bondholder on each Interest Payment Date. The first Interest Payment Date shall be 7 March 2006 and the last Interest Payment Date shall be the Maturity Date.

7.3 *Non-Business Days*

If any payment date under these Conditions (including, but not limited to the Maturity Date and the Interest Payment Date) falls on a day that is not a Business Day, the relevant amount due and payable shall be paid on the next Business Day (and no interest shall be calculated with respect to any such postponement except for the final Interest Payment Date), with the same force and effect as if made on the original payment date. In respect of the final Interest Payment Date, interest shall accrue in accordance with these Conditions until, but excluding, the actual date of payment.

7.4 *Payments Subject to Taxation Laws of Thailand*

All payments due under the Bonds are subject to taxation or other laws and regulations of Thailand (including withholding tax).

7.5 *Payment Method*

- (a) Interest due on any Interest Payment Date will be payable by the Issuer through the Registrar to the Bondholder whose name appears in the Register Book on the relevant Record Date or, with respect to persons whose Bonds are deposited with TSD, the persons whose names appear on the list of owners of the Bonds maintained by TSD. Payments of interest on each Bond will be made to the Bondholder by means of: (i) in respect of institutional investors a Baht crossed check marked "A/C Payee Only" drawn on a bank in Bangkok in the name of the Bondholder mailed to the address of the relevant Bondholder; (ii) in respect of institutional investors and individual investors a transfer to the bank account of the Bondholder, which is opened with a bank in Thailand, as informed in writing by the Bondholder to the Registrar fifteen (15) Business Days prior to the relevant Interest Payment Date or (iii) in such other way as may be agreed from time to time by the Issuer, the Bondholders' Representative and the Registrar; *provided that* payments of interest with respect to the final Interest Payment Date may only be made upon surrender of the relevant Bond Certificates (except for the Bonds deposited with TSD) at the principal office of the Registrar. A Bondholder whose Bonds are not deposited with TSD may surrender its Bond Certificates on or prior to the Maturity Date, in which case the Registrar shall issue to such Bondholder a receipt showing that such Bond Certificates have been duly surrendered.
- (b) On the Maturity Date, payments of all principal will be payable by the Issuer through the Registrar to the Bondholder whose name appears in the Register Book on the Record Date or, with respect to persons whose Bonds are deposited with TSD, the persons whose names appear on the list of owners of the Bonds maintained by TSD. The payment will be made to the Bondholder by means of: (i) in respect of institutional investors a Baht crossed check marked "A/C Payee Only" drawn on a bank in Bangkok in the name of the Bondholder mailed to the address of the relevant Bondholder; (ii) in respect of institutional investors and individual investors a transfer to the bank account

of the Bondholder, which is opened with a bank in Thailand, as informed in writing by the Bondholder to the Registrar fifteen (15) Business Days prior to the Maturity Date; or (iii) in such other way as may be agreed from time to time by the Issuer, the Bondholders' Representative and the Registrar; *provided that* the Bondholders shall surrender to the Registrar at its principal office the relevant Bonds Certificates (except for the Bonds deposited with TSD). A Bondholder whose Bonds are not deposited with TSD may surrender its Bond Certificates on or prior to the Maturity Date, in which case the Registrar shall issue to such Bondholder a receipt showing that such Bond Certificates have been duly surrendered.

7.6 Distribution of payments

- (a) All principal, interest and any other amounts received from the Issuer by the Bondholders' Representative under the Bonds shall be applied in the following order of priority:
 - (i) firstly, in payment of all costs, expenses, and liabilities incurred by the Bondholders' Representative in performing its duties and obligations in respect of the Bonds or in connection with the Guarantee, including the enforcement of the Guarantee to the extent that the amount of such costs, expenses, and liabilities has been informed to the Issuer by the Bondholders' Representative pursuant to Clause 3.4(ii) of the Bondholders' Representative Appointment Agreement;
 - (ii) secondly, the remuneration of the Bondholders' Representative in respect of the Bonds to the extent that such remuneration has been informed to the Issuer by the Bondholders' Representative pursuant to Clause 3.4(ii) of the Bondholders' Representative Appointment Agreement;
 - (iii) thirdly, the interest of the Bonds accrued and unpaid up to the date of payment;
 - (iv) fourthly, the outstanding amount of the principal of the Bonds; and
 - (v) finally, the balance (if any) to be paid to the Issuer without unreasonable delay.
- (b) All amounts received from the Guarantor by the Bondholders' Representative under the Guarantee shall be applied in the following order of priority:
 - (i) firstly, the interest of the Bonds accrued and unpaid up to the date of payment;
 - (ii) secondly, the outstanding amount of the principal of the Bonds; and

- (iii) finally, the balance (if any) to be paid to the Guarantor without unreasonable delay.

8. Redemption and Repurchase of Bonds

8.1 *Redemption*

Unless previously redeemed, purchased and cancelled, the Bonds will be redeemed at their outstanding principal amount on the Maturity Date as specified in Condition 7.5(b), together with interest accrued thereon up to (but excluding) the Maturity Date, at the principal office of the Registrar.

8.2 *Purchase by the Issuer or the Guarantor*

The Issuer or the Guarantor may at any time purchase the Bonds in any open market or otherwise and at any price. Such acquired Bonds (other than those acquired by the Issuer which must be cancelled as specified in Condition 8.3) may be held or resold, but shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purpose of calculating a quorum with respect to meetings of the Bondholders as long as such acquired Bonds are held by the Guarantor.

8.3 *Cancellation*

Bonds that are redeemed or purchased by the Issuer must be cancelled and may not be re-issued or resold.

9. *Prescription*

Claims in respect of principal amount and interest in respect of the Bonds shall become unenforceable unless the Bonds are presented for payment within a period of ten (10) years in the case of principal and five (5) years in the case of interest from the relevant payment date.

10. Events of Default

10.1 The occurrence of any of the following events shall constitute an event of default (an “Event of Default**”) under the Bonds:**

- (a) a default is made in the payment of any interest in respect of any of the Bonds when and as the same ought to be paid in accordance therewith and remains unpaid for thirty (30) days; or
- (b) a default is made in the performance or observance by the Issuer or the Guarantor of any other obligation under the Bonds or any of the guarantees enfaced thereon and (except where such failure is not capable of remedy, when no such notice shall be required) such default shall continue for sixty (60) days after written notice requiring such default to be remedied shall have been given to the Issuer or, as the case may be, the Guarantor by the

Bondholders' Representative acting in accordance with a demand in writing from the Bondholders holding at least twenty-five (25) per cent in aggregate of the principal amount of the Bonds then outstanding; or

- (c) any External Indebtedness of the Issuer for borrowed moneys exceeding in the aggregate U.S.\$50,000,000 (United States Dollars fifty million) (or its equivalent in any other currency or currencies) is accelerated as a result of a default by any person or any event treated in effect as a default and such acceleration is not being contested in good faith by the Issuer and is not rescinded or annulled within ninety (90) days after written notice thereof shall have been given to the Issuer by the Bondholders' Representative acting in accordance with a demand in writing from the Bondholders holding at least twenty-five (25) per cent in aggregate of the principal amount of the Bonds then outstanding; or
- (d) the Issuer is dissolved unless the obligations under the Bonds are assumed by the Guarantor or by an entity whose obligations under the Bonds are guaranteed by the Guarantor.

10.2 If any Event of Default occurs and is continuing, and if

- (i) the Bondholders' Representative deems appropriate;
- (ii) the Bondholders' Representative has received a demand in writing from the Bondholders of at least twenty-five (25) per cent in aggregate principal amount of the Bonds then outstanding;
- (iii) the Bondholders' Representative has received a resolution of the Bondholders' meeting in accordance with Condition 11; or
- (iv) Condition 10.1(d) has occurred,

the Bondholders' Representative shall, by a demand notice to the Issuer and the Guarantor, declare the Bonds to be immediately due and payable at their outstanding principal amount together with all accrued interest as provided in these Conditions, unless prior to the time when the Issuer and the Guarantor receive such demand notice all Events of Default shall have been cured. At any time after any amount payable under the Bonds becomes immediately due and payable in accordance with this Condition 10.2, the Bondholders' Representative shall institute such proceedings against the Issuer and/or the Guarantor, without further notice, as the Bondholders' Representative may deem fit to enforce the terms of the Bonds and/or the Guarantee, as the case may be.

10.3 No Bondholder will be entitled to proceed directly against the Issuer and/or the Guarantor, as the case may be, unless the Bondholders' Representative fails to institute proceedings against the Issuer and/or the Guarantor, as the case may be, and such failure shall have continued for a period of thirty (30) days from the date on

which the Bondholders' Representative has sent a demand notice to the Issuer and/or the Guarantor.

11. Meetings of Bondholders

11.1 The Issuer or the Bondholders' Representative shall be entitled to call a Bondholders' meeting at any time. The Bondholders' Representative shall promptly call a Bondholders' meeting within thirty (30) days from the date on which the Bondholders of not less than twenty-five (25) per cent in aggregate principal amount of the Bonds then outstanding send a written request to the Bondholders' Representative for a meeting of Bondholders to be convened or upon the occurrence of any of the following events:

- (i) an Event of Default has occurred and the Bondholders' Representative has not sent a demand notice to the Issuer or the Guarantor (as the case may be) pursuant to Condition 10.2;
- (ii) a proposal to amend material terms of the Conditions has been made pursuant to Condition 14.1; or
- (iii) an appointment of a new Bondholders' Representative has been made except in the case of the issue of a written request to approve the appointment of a new Bondholders' Representative pursuant to Condition 13.3 (b).

11.2 Resolutions duly passed by the Bondholders' meeting shall be binding on all Bondholders whether they attended the meeting or not. The procedures for conducting meetings of the Bondholders are set out in Annex C of the Conditions.

The Bondholder may adopt a resolution without holding a meeting if Bondholders approve the action by placing their signatures on a copy of the text of the resolution. Any such resolution shall be effective when it has been signed by the Bondholders holding the aggregate number of votes required to pass such resolution in accordance with Clause 6 of Annex C of these Conditions. For the benefit of this paragraph, the aggregate number of votes shall be calculated from the total outstanding Bonds at the time such resolution is to become effective. The duly signed copy or copies of the resolution shall be delivered by the Bondholders to the Bondholders' Representative within thirty (30) days after its receipt thereof and placed in the minutes of the Bondholders' meeting.

11.3 All reasonable costs and expenses of convening and holding any meeting of the Bondholders called in accordance with Condition 11.1 (other than expenses incurred by the Bondholders) shall be payable by the Issuer. If the Issuer fails to pay such costs and expenses, the Bondholders' Representative is entitled to claim them from the Bondholders.

12. Powers, Duties and Responsibilities of the Bondholders' Representative

- 12.1 The Bondholders' Representative shall act in good faith and shall be bound to exercise the degree of care usually required from a person performing the business of the Bondholders' Representative. The Bondholders' Representative shall not be responsible to the Bondholders for any damages arising from the performance or non-performance of its obligations except those arising from willful misconduct, gross negligence and/or bad faith in the performance of its obligations as provided in these Conditions, in the Bondholders' Representative Appointment Agreement or in any applicable law. Without prejudice to the immediately preceding sentence, the Bondholders' Representative shall not be held responsible for any loss or damage caused by following the instructions of the Bondholders.
- 12.2 The Bondholders' Representative shall duly perform and comply with its powers and duties which are prescribed by the relevant laws and SEC regulations as powers and duties of a representative of bondholders appointed by virtue of the SEC's notification and as specified in the Bondholders' Representative Appointment Agreement, including those powers and duties under these Conditions. The Bondholders' Representative's powers and responsibilities include the following:
- (a) to monitor the Issuer's compliance with, and performance of, its obligations under these Conditions;
 - (b) to call meetings of Bondholders as required by these Conditions, to attend all the meetings and to give opinions on matters which are or might be materially prejudicial to the interest of the Bondholders;
 - (c) to facilitate the inspection by Bondholders, at the specified office of the Bondholders' Representative during its normal office hours, of the financial statements and other reports provided by the Issuer to the Bondholders' Representative;
 - (d) in the event that the Bondholders' Representative is for any reason disqualified from acting in its capacity as Bondholders' Representative as specified in Condition 13.1 below, and such disqualification is not cured within the period of thirty (30) days from the date of being so disqualified, to immediately inform the Issuer in writing after the expiration of such period in order to allow the Issuer to appoint a new Bondholders' Representative;
 - (e) in the event that the Bondholders' Representative resigns or is otherwise to cease its role as Bondholders' Representative, to continue to perform its duties under these Conditions and the Bondholders' Representative Appointment Agreement until a replacement Bondholders' Representative has been lawfully appointed and all relevant assets, documents, or evidence have been delivered to such replacement Bondholders' Representative;
 - (f) to make a decision as entitled to it under these Conditions and the Bondholders' Representative Appointment Agreement without convening a

Bondholders' meeting where a meeting would otherwise be required *provided* that such decision shall not materially adversely affect the rights of the Bondholders;

- (g) receive and keep in custody the Guarantee, other original documents and assets including security (if any) which the Bondholders' Representative must receive or hold for the benefit of all Bondholders in connection with the performance of its duties under these Conditions and the Bonds;
- (h) to receive and keep in custody assets which the Bondholders' Representative has received for the benefit of all the Bondholders in connection with the performance of its duties and to distribute the same to the Bondholders. The Bondholders' Representative shall keep separate all money or other asset accounts under its custodianship relating to the Bonds from its other accounts; and
- (i) to promptly make a report to the Bondholders on important matters which have been carried out pursuant to the powers and duties of the Bondholders' Representative.

12.3 The Bondholders' Representative shall *bona fide* perform its duties and take care of the benefits of the Bondholders. The Bondholders' Representative shall not be responsible to any other person for damages reasonably incurred as a result of relying on the documents certified by the authorized directors of the Issuer or information prepared by the specialists and specifically given to the Bondholders' Representative except to the extent that the Bondholders' Representative (or any of its officers, employees or agents) has acted in bad faith or with gross negligence or has breached the Conditions, and provided that such reliance derived from *bona fide* belief and the Bondholders' Representative took all reasonable precautions as usually required from a person performing the business of the Bondholders' Representative.

13. Appointment and Removal of the Bondholders' Representative

13.1 The Issuer has appointed the Bondholders' Representative to serve as an agent of the Bondholders in full compliance with, and has all qualifications as required by, all applicable laws as well as the Notification of the Securities and Exchange Commission No. Gor. Jor. 33/2544 dated 19 October 2001 (as amended) and any other relevant laws to be qualifications of a bondholders' representative appointed by virtue of this Notification and the relevant laws. The Bondholders' Representative has been approved by the SEC and other related authorities to perform its duties as the Bondholders' Representative (if applicable). The Bondholders are deemed to have accepted and consented to the Issuer's appointment of the Bondholders' Representative pursuant to the terms of the Bondholders' Representative Appointment Agreement and to ratify any action the Bondholders' Representative may have done for or on behalf of the Bondholders prior to and after the subscription or accepting the transfer of the Bonds.

- 13.2 The Bondholders' Representative shall be replaced if:
- (a) it is not qualified to serve as the Bondholders' Representative as specified in Condition 13.1 above and such disqualification cannot be corrected within thirty (30) days from the date such disqualification takes place;
 - (b) the meeting of the Bondholders resolves to replace the Bondholders' Representative;
 - (c) the Bondholders' Representative violates the provisions of the Bondholders' Representative Appointment Agreement or these Conditions and such violation has not been remedied within thirty (30) days from the date the Issuer has given written notice to the Bondholders' Representative to effect such remedy;
 - (d) the Bondholders' Representative terminates its appointment in accordance with the Bondholders' Representative Appointment Agreement.
- 13.3 If a replacement of the Bondholders' Representative is required in any case, the Bondholders' Representative or the Issuer shall either:
- (a) call a meeting of the Bondholders to approve the appointment of a new Bondholders' Representative; or
 - (b) issue written request to all Bondholders to approve the appointment of a new Bondholders' Representative, and if such request is not rejected in writing by Bondholders holding more than ten (10) per cent. in aggregate principal amount of the Bonds then outstanding within thirty (30) days from the date the Issuer sends such written request, it shall be deemed that all Bondholders approve the appointment of the new Bondholders' Representative.
- 13.4 The existing Bondholders' Representative shall continue to perform its duties to protect the benefit of the Bondholders under the Conditions until a replacement Bondholders' Representative is lawfully appointed in accordance with these Conditions and the Bondholders' Representative Appointment Agreement.
- 13.5 In respect of any replacement of the Bondholders' Representative, the Issuer and/or the replacement Bondholders' Representative, as the case may be, shall apply for approval from the SEC under the relevant notifications and laws in force at such time (if any). Once the Issuer has appointed the replacement Bondholders' Representative, the Issuer shall give notice to all Bondholders of such appointment within thirty (30) days and the existing Bondholders' Representative shall promptly pass all related property, documents or evidence to the replacement Bondholders' Representative and shall fully cooperate with the replacement Bondholders' Representative so as to ensure an orderly transition and the proper performance and assumption of duties by the replacement Bondholders' Representative.

14. Amendment to the Conditions and the Guarantee

- 14.1 Subject to Condition 14.2, any amendment to the Conditions requires the approval of the Issuer and the Bondholders' meeting in accordance with Annex C of these Conditions, provided that the approval of the Guarantor shall be required to the extent that such amendment would, in the opinion of the Guarantor, have an adverse effect on the Guarantor's rights, obligations or liabilities under the Guarantee.
- 14.2 The Bondholders' Representative may amend these Conditions without the consent of the Issuer, the Bondholders or the Guarantor (as applicable) if such amendment does not adversely affect the rights of the Bondholders, does not adversely affect the rights and obligations of the Issuer and/or the Guarantor, and is necessary to correct manifest errors. The Bondholders' Representative shall promptly inform the Issuer in writing of the amendment to these Conditions made by the Bondholders' Representative pursuant to this Condition 14.2
- 14.3 The Guarantee may only be modified, amended or changed with the prior written consent of the Guarantor and the Bondholders' Representative (acting for and on behalf of the Bondholders).
- 14.4 The Issuer shall deliver the amended Conditions and/or the Guarantee to the Registrar/the Bondholders' Representative and shall cause the Registrar/the Bondholders' Representative to deliver such amended Conditions and/or the amended Guarantee to the SEC within 15 (fifteen) days from the date of amendment to the Conditions and/or the Guarantee, and the Registrar/the Bondholders' Representative shall deliver the same to the Bondholders upon request.

15. Replacement of Bond Certificates

If a Bond Certificate is lost, stolen, mutilated, defaced, destroyed or damaged in any manner, the relevant Bondholder whose name appears in the Register Book shall be entitled to request the Registrar to issue a replacement certificate, subject to the payment of any fees and expenses payable to the Registrar for the replacement certificate and provided that the relevant Bondholder has given the Registrar any additional evidence as it reasonably requires (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Bond Certificates must be surrendered before replacements will be issued. The Registrar shall issue a replacement certificate to the Bondholder within ten (10) Business Days from the date of the Registrar receives the replacement request and any other documents required by it and the Registrar shall record the cancellation of the lost or damaged Bond Certificate in the Register Book.

16. Notices

16.1 *Notices to Bondholders or the Bondholders' Representative*

- (a) Notices to Bondholders will be deemed to be validly given if sent by registered mail (or the equivalent) or (if posted to an overseas address) by airmail to the address of the Bondholder specified in the Register Book or, with respect to persons whose Bonds are deposited with TSD, to the address specified by TSD for such Bondholder, and will be deemed to have been validly given on the third day after the date it is mailed or, if posted from a country other than that of the addressee, on the seventh day after the date it is posted.
- (b) Notices to the Bondholders' Representative shall be validly given if sent to the address or fax number of the Bondholders' Representative specified in the Bondholders' Representative Appointment Agreement.

16.2 Neither the failure to give notice nor any defect in any notice given to any particular Bondholder shall affect the sufficiency of any notice with respect to other Bondholders.

16.3 *Notices to the Issuer, the Registrar or the Guarantor*

- (a) Notices to the Registrar shall be validly given if sent to the address or fax number of the Registrar specified in the Registrar Appointment Agreement;
- (b) Notices to the Issuer shall be validly given if sent to the address or fax number of the Issuer as specified below (or as otherwise notified from time to time to the Bondholders' Representative):

JAPAN BANK FOR INTERNATIONAL COOPERATION

Address: 4-1 Ohtemachi 1-Chome, Chiyoda-ku, Tokyo 100-8144 Japan

Telephone: +81-3-5218-3304

Facsimile: +81-3-5218-3960

Attention: Capital Markets Division, Treasury Department;

- (c) Notices to the Guarantor shall be validly given if sent to the address of the Guarantor; and
- (d) Notices may be sent by regular mail, by registered mail or by fax. Any communication made or delivered by one person to another under these Conditions will only be effective:
 - (i) if sent by fax, when received in legible form; or
 - (ii) if sent by letter, the earlier to occur of (i) after the lapse of three (3) Banking Days from the date of delivery to the courier service and (ii) when received.

16.4 *Language*

All notices and communication to be made to the Issuer in relation to the Bonds and these Conditions shall be made in English language, unless as otherwise required under the applicable laws or any other agreement, in which case an English translation thereof shall be provided to the Issuer.

17. **Governing Law and Jurisdiction**

- (a) These Conditions and the Bonds shall be governed by and construed in accordance with the laws of Thailand. To the extent of discrepancy or inconsistency between any provision of these Conditions with any laws or notification applicable to the Bonds, the provisions of such laws or notifications applicable to the Bonds shall supersede only the parts of the Conditions which give rise to such discrepancy or inconsistency.
- (b) The Issuer agrees that any legal action arising out of or relating to these Conditions may be brought in the courts of Thailand and submits to the non-exclusive jurisdiction of such courts.
- (c) Nothing in these Conditions shall limit the right of the Bondholders' Representative and/or the Bondholders to commence any legal action against the Issuer and/or its assets in any other jurisdiction or to serve process in any manner permitted by law, and the taking of proceedings in any jurisdiction shall not preclude the Bondholders' Representative and/or the Bondholders from taking proceedings in any other jurisdiction whether concurrently or not.
- (d) In the case where the Issuer has acquired or will subsequently acquire immunity from the proceedings in respect of itself or its property, the Issuer shall have waived such immunity except immunity in respect of its property used for diplomatic or consular missions, property of a military nature, and property located in its territory and dedicated to a public or governmental use as distinguished from the property dedicated to commercial use.

These Conditions are made on, and shall be effective from, 30 August 2005.

Japan Bank for International Cooperation
as Issuer

By: _____

Authorized Signatory

ANNEX A
BOND CERTIFICATE

(แบบตัวอย่างใบพันธบัตร)
(Form of Bond Certificate)

ใบพันธบัตรมีผู้ค้ำประกัน ชนิดชำระคืนเงินต้นครั้งเดียว ระบุชื่อผู้ถือ
ไม่ด้อยสิทธิ และมีผู้แทนผู้ถือพันธบัตร

Bond Certificate of the guaranteed bullet repayment, name registered
and unsubordinated Bonds, with a Bondholders' Representative



! JAPAN BANK FOR INTERNATIONAL COOPERATION !

Japan Bank for International Cooperation

จัดตั้งขึ้นในประเทศญี่ปุ่น ภายใต้กฎหมายธนาคารเพื่อความร่วมมือระหว่างประเทศแห่งญี่ปุ่น

Incorporated in Japan under the Japan Bank for International Cooperation Law

พันธบัตรมีผู้ค้ำประกันของ ธนาคารเพื่อความร่วมมือระหว่างประเทศแห่งญี่ปุ่น ครั้งที่ 1/2548 ครบกำหนดไถ่ถอนปี พ.ศ. 2553

THE GUARANTEED BONDS OF JAPAN BANK FOR INTERNATIONAL COOPERATION NO. 1/2548 DUE B.E. 2553

ค้ำประกันโดยรัฐบาลญี่ปุ่น

GUARANTEED BY JAPAN

วันออกพันธบัตร	7 กันยายน 2548	วันครบกำหนดไถ่ถอนพันธบัตร	7 กันยายน 2553	อายุ 5 ปี	มูลค่าที่ตราไว้	1,000 บาท/หน่วย	จำนวนที่ออก	3,000,000 หน่วย	มูลค่ารวม	3,000,000,000 บาท
Issue Date	7 September 2005	Maturity Date	7 September 2010	Term 5 years	Face value	1,000 Baht/Unit	Offering amount	3,000,000 Units	Total amount	Baht 3,000,000,000
อัตราดอกเบี้ย ร้อยละ	4.78 ต่อปี ตลอดอายุพันธบัตร /	ชำระปีละ 2 ครั้ง /	โดยชำระเป็นเช็คชนิดระบุชื่อผู้ถือส่งทางไปรษณีย์ให้แก่ผู้ถือพันธบัตร หรือโดยวิธีการโอนเงินเข้าบัญชีธนาคาร ตามหลักเกณฑ์และเงื่อนไขที่ระบุไว้ในข้อ 2.3 ด้านหลังใบพันธบัตรนี้ /							
Interest Rate of	4.78 percent per annum throughout the term of the Bonds.	Payable semi-annually	Paid by account-payee-only cheque sent by mail to the Bondholder or transfer to the bank account according to the procedures and conditions set forth in Clause 2.3 on the reverse side of this Bond Certificate.							

ธนาคารเพื่อความร่วมมือระหว่างประเทศแห่งญี่ปุ่น จะดำเนินการไถ่ถอนพันธบัตรทั้งหมดในวันครบกำหนดไถ่ถอนพันธบัตรในวันที่ 7 กันยายน 2553 โดยชำระเป็นเช็คชนิดระบุชื่อผู้ถือในนามผู้ถือพันธบัตร หรือโดยวิธีการโอนเงินเข้าบัญชีธนาคาร ตามหลักเกณฑ์และเงื่อนไขที่ระบุไว้ในข้อ 2.3 ด้านหลังใบพันธบัตรนี้ / Japan Bank for International Cooperation will redeem the Bonds on the Maturity Date which is 7 September 2010 by issuing account-payee-only cheque in the name of the Bondholder or transferring to the bank account according to the procedures and conditions set forth in Clause 2.3 on the reverse side of this Bond Certificate.

ชื่อผู้ถือพันธบัตร/ Name of Bondholder [●]

เลขทะเบียนผู้ถือพันธบัตร/ Bondholder Registration No. [●]

จำนวนหน่วยพันธบัตร (หน่วย) / No. of Bonds (Units) [●]

เลขที่ใบพันธบัตร / Bond Certificate No. [●]

วันที่ออกใบพันธบัตร/ Issue date of the Bond Certificate [●]

จำนวนเงินต้น (บาท) / Total principal amount (Baht) [●]

ใบพันธบัตรนี้อยู่ภายใต้ข้อกำหนดด้วยสิทธิและหน้าที่ของผู้ถือพันธบัตรและผู้ถือพันธบัตร ฉบับลงวันที่ 30 สิงหาคม 2548 (ตามที่อาจมีการแก้ไขเพิ่มเติม) ตามที่ได้ยื่นไว้กับสำนักงาน ก.ล.ด. (ต่อไปนี้เรียกว่า "ข้อกำหนดสิทธิ") / This Bond Certificate is subject to the Terms and Conditions of the Bonds dated 30 August 2005 (as amended) submitted to the SEC (the "Terms and Conditions").

พันธบัตรเป็นหนี้ของผู้ถือพันธบัตรซึ่งมีสถานะทางกฎหมายเท่าเทียมกันทุกหน่วย และผู้ถือพันธบัตรจะมีสิทธิได้รับชำระหนี้ไม่ด้อยกว่าสิทธิได้รับชำระหนี้ของเจ้าหนี้สามัญ ที่ไม่มีหลักประกัน และไม่ด้อยสิทธิ ทั้งในปัจจุบันและในอนาคตของผู้ถือพันธบัตร เว้นแต่บรรดาหนี้ที่มีกฎหมายคุ้มครองให้ได้รับชำระหนี้ก่อน / The Bonds constitute debt owed by the Issuer and shall enjoy equal legal status for all units and the Bondholders are entitled to receive payment not less favorable than the ordinary, unsecured and unsubordinated creditors of the Issuer at present and in the future, except for those obligations with preferential order of payment under the laws.

ผู้มีอำนาจลงนาม / นายทะเบียน

Authorized signatory / Registrar

เว้นแต่จะได้นิยามไว้เป็นอย่างอื่นในใบพันธบัตรนี้ คำนิยามที่ใช้ในใบพันธบัตรนี้ ให้ความหมายตามที่กำหนดไว้ในข้อกำหนดสิทธิ / Unless otherwise specified in this Bond Certificate, the defined terms used in this Bond Certificate shall have the meaning given to them in the Terms and Conditions.

สรุปสาระสำคัญของข้อกำหนดสิทธิ/ Summary of the Terms and Conditions

1. พันธบัตรนี้เป็นพันธบัตรไร้ชื่อผู้ถือ ประเภทไม่ต่อสิทธิ มีผู้ค้ำประกัน และมีผู้แทนผู้ถือพันธบัตร / The Bonds are unsubordinated and guaranteed with a Bondholders' Representative in the name-registered Bond Certificate.

ผู้แทนผู้ถือพันธบัตร/ Bondholders' Representative: ธนาคารไทยพาณิชย์ จำกัด (มหาชน) / The Siam Commercial Bank Public Company Limited

นายทะเบียนพันธบัตร/ Registrar: บริษัท ศูนย์รับฝากหลักทรัพย์ (ประเทศไทย) จำกัด / Thailand Securities Depository Co., Ltd.

2. ระยะเวลาในการคำนวณดอกเบี้ย และวิธีการในการชำระดอกเบี้ยและไถ่ถอนพันธบัตร / Interest calculation period and procedures for interest payment and redemption of the Bonds

2.1 การกำหนดวันชำระดอกเบี้ย มีการกำหนดชำระดอกเบี้ยปีละ 2 ครั้ง ทุกวันที่ 7 กันยายน และ 7 มีนาคม ของทุกปีตลอดอายุพันธบัตรโดยจะทำการชำระดอกเบี้ยงวดแรกในวันที่ 7 มีนาคม 2549 โดยหากวันกำหนดชำระดอกเบี้ยไม่ตรงกับวันทำการ จะเลื่อนวันชำระดอกเบี้ยเป็นวันทำการถัดไป/ Interest shall be payable semi-annually and shall be paid on 7 September and on 7 March of each year throughout the term of the Bonds and the first payment of interest shall be made on 7 March 2006. If the Interest Payment Date is not a Business Day, such payment shall be made on the following Business Day.

2.2 ผู้ออกพันธบัตรจะทำการไถ่ถอนพันธบัตรในวันครบกำหนดไถ่ถอนพันธบัตร โดยการชำระเงินต้นทั้งหมดภายใต้พันธบัตรและดอกเบี้ยงวดสุดท้าย โดยหากวันครบกำหนดไถ่ถอนพันธบัตรดังกล่าวไม่ตรงกับวันทำการ จะเลื่อนวันครบกำหนดไถ่ถอนพันธบัตรเป็นวันทำการถัดไป / The Issuer shall redeem the Bonds on the Maturity Date by making payments of all principal under the Bonds and the final interest. If the Maturity Date is not a Business Day, such payment shall be made on the following Business Day.

2.3 ผู้ออกพันธบัตรจะชำระดอกเบี้ยตามข้อ 2.1 แต่ละงวดและชำระเงินต้นตามข้อ 2.2 ให้แก่ผู้ถือพันธบัตรโดย (ก) สำหรับผู้ลงทุนสถาบัน (1) ส่งจ่ายเช็คชดเชยหรือเช็คผู้ถือในนามของผู้ถือพันธบัตร โดยส่งเช็คดังกล่าวทางไปรษณีย์ตามที่อยู่ของผู้ถือพันธบัตร หรือ (2) โอนเงินเข้าบัญชีธนาคารของผู้ถือพันธบัตร ตามที่ผู้ถือพันธบัตรได้มีหนังสือแจ้งความประสงค์ไปยังนายทะเบียนพันธบัตรล่วงหน้าก่อนวันครบกำหนดชำระเงิน หรือ (ค) วิธีการอื่นใดตามที่ผู้ถือพันธบัตร ผู้แทนผู้ถือพันธบัตร และนายทะเบียนพันธบัตรจะได้ตกลงกันเป็นคราวๆไป ทั้งนี้ สำหรับการชำระหนี้เงินต้น และการชำระดอกเบี้ยงวดสุดท้าย ผู้ออกพันธบัตรไม่จำเป็นต้องชำระเงินแก่ผู้ถือพันธบัตร (ซึ่งมิได้ฝากพันธบัตรไว้กับศูนย์รับฝากหลักทรัพย์) ได้นำใบพันธบัตรมาเวนคืน ณ สำนักงานใหญ่ของนายทะเบียนพันธบัตรแล้ว ซึ่งผู้ถือพันธบัตรดังกล่าวจะนำใบพันธบัตรมาเวนคืนก่อนวันถึงกำหนดชำระเงินก็ได้ โดยนายทะเบียนพันธบัตรจะออกหนังสือให้เป็นหลักฐาน / The Issuer shall pay interest in each installment (specified in Clause 2.1) and principal (specified in Clause 2.2) to the Bondholders by: (a) in respect of institutional investors, (1) issuing account-payee-only cheques payable in the name of the Bondholders and mailing them to the addresses of the Bondholders or (2) transferring to the bank account of the Bondholders as informed in writing by the Bondholders to the Registrar prior to the relevant due dates; or (b) in respect of individual investors, a transfer to the bank account of the Bondholders as informed in writing by the Bondholders to the Registrar prior to the relevant due dates; or (c) in such other way as may be agreed from time to time by the Issuer, the Bondholders' Representative and the Registrar. In this regard, for the payment of such principal and final interest, the Issuer shall not be required to make such payment until the Bondholders (whose Bonds are not deposited with TSD) have surrendered the Bond Certificate at the head office of the Registrar. Such Bondholders may surrender the Bond Certificate prior to the payment date and the Registrar shall issue a written acknowledgement of receipt thereof as evidence.

3. การปิดสมุดทะเบียนผู้ถือพันธบัตร/ The closure of the Register Book

สมุดทะเบียนผู้ถือพันธบัตรจะปิดเป็นระยะเวลาสิบสี่ (14) วัน ส่วนหน้าก่อนวันกำหนดชำระดอกเบี้ย วันประชุมผู้ถือพันธบัตร หรือวันอื่นใดเพื่อวัตถุประสงค์อื่นใดตามที่กำหนดไว้ในข้อกำหนดสิทธิและที่ผู้ออกพันธบัตรได้แจ้งไปยังนายทะเบียนพันธบัตรและผู้แทนผู้ถือพันธบัตร ในกรณีที่วันปิดสมุดทะเบียนผู้ถือพันธบัตรไม่ตรงกับวันทำการ ก็ให้เลื่อนเป็นวันทำการถัดไป/ The Register Book will be closed fourteen (14) days prior to any Interest Payment Date, the Maturity Date, any date fixed for any meeting of the Bondholders or any other date for any other purpose as specified in the Terms and Conditions and notified by the Issuer to the Registrar and the Bondholders' Representative. If the Record Date is not a Business Day, the Register Book shall be closed on the following Business Day.

4. ข้อกำหนดอื่นๆ เป็นไปตามข้อกำหนดสิทธิ/ Other conditions shall be in accordance with the Terms and Conditions.

โปรดอ่าน Please read	(1) ให้ผู้ลงทะเบียนโอนพันธบัตรทำแบบคำขอลงทะเบียนรับโอนพันธบัตรทุกครั้งที่ยื่นโอนพันธบัตรต่อนายทะเบียนพันธบัตร/ An applicant for the registration of a Bond transfer must complete the Bond transfer registration form for each transfer, and deliver such form to the Registrar.
	(2) เฉพาะผู้รับโอนหลักทรัพย์รายแรกจากผู้ถือพันธบัตรที่ปรากฏชื่อที่ด้านหน้าของใบพันธบัตร ให้แนบสำเนาหนังสือรับรองของกระทรวงพาณิชย์ที่ออกให้ไม่เกินหนึ่ง (1) ปี พร้อมกับภาพถ่ายบัตรประจำตัวประชาชนของผู้มีอำนาจไปพร้อมกับใบพันธบัตรฉบับนี้ด้วย / For the first transferee of the Bonds from the Bondholder whose name appears on the front of the Bond Certificate, a certified copy of the affidavit issued by the Ministry of Commerce which is not more than one (1) year old and (a) certified copy(ies) of the I.D. card of the authorised person(s) must be submitted with the Bond Certificate.
	(3) ในกรณีที่ผู้รับโอนพันธบัตรจะทำการโอนพันธบัตร ผู้รับโอนพันธบัตรจะต้องลงลายมือชื่อแบบเดียวกับลายมือชื่อที่เคยลงไว้เมื่อรับโอนพันธบัตร ในกรณีเปลี่ยนผู้ลงลายมือชื่อ ให้แสดงหลักฐานประกอบการโอนเช่นเดียวกับข้อ (2) / When a transferee wishes to transfer the Bonds, such transferee must affix exactly the same signature as when he acquires the transfer of such Bonds. Any change of authorised signatory(ies) must be substantiated by the documents referred to in number (2) above.

ลงลายมือชื่อผู้โอน/ Signature of Transferor	ลงลายมือชื่อผู้รับโอน (ผู้ที่ต้องการลงทะเบียนเป็นผู้ถือพันธบัตรในสมุดทะเบียนผู้ถือพันธบัตร)/ Signature of Transferee (who wishes to have his name entered in the Register Book)	นายทะเบียนพันธบัตรลงลายมือชื่อผู้มีอำนาจพร้อมประทับตราของนายทะเบียนพันธบัตร/ผู้ถือพันธบัตร (ถ้ามี) Authorised Signature of the Registrar with the seal of the Registrar/Issuer (if any)
	ชื่อ-สกุล ของผู้รับโอน (ตัวบรรจง)/Full Name of Transferee in Block Letters	
1 ลงลายมือชื่อผู้โอน/Signature of Transferor	ลงลายมือชื่อผู้รับโอน/(Signature of Transferee)	
	ตัวบรรจง/(Block Letters)	
2 ลงลายมือชื่อผู้โอน/ Signature of Transferor	ลงลายมือชื่อผู้รับโอน/(Signature of Transferee)	
	ตัวบรรจง/(Block Letters)	
3 ลงลายมือชื่อผู้โอน/ Signature of Transferor	ลงลายมือชื่อผู้รับโอน/(Signature of Transferee)	
	ตัวบรรจง/(Block Letters)	

ANNEX B
GUARANTEE

[•] 2005
MF/FI No. ●

Citicorp Securities (Thailand) Limited and
The Siam Commercial Bank Public Company Limited,
in their capacities as the Joint Lead Arrangers as referred to in the Subscription Agreement
referred to below
(the “**Joint Lead Arrangers**”)

c/o Baker & McKenzie GJB Tokyo Aoyama Aoki Law Office
The Prudential Tower 11F
13-10, Nagatacho 2-chome,
Chiyoda-ku, Tokyo 100-0014, Japan

Dear Sirs,

Japan Bank for International Cooperation (“**JBIC**”)
The Guaranteed Bonds of Japan Bank for International Cooperation No. 1/2548 Due B.E. 2553
(the “Bonds”)

In consideration of the Joint Lead Arrangers entering into a Subscription Agreement dated 30 August 2005 (the “**Subscription Agreement**”) with JBIC whereby, subject to the terms and conditions thereof, JBIC has agreed to issue the Bonds and the Joint Lead Arrangers have jointly and severally agreed to subscribe for the Bonds, Japan hereby unconditionally and irrevocably agrees to guarantee payment of principal and interest on the Bonds in accordance with the form of guarantee (the “**Guarantee**”) attached hereto as Schedule 1, which will be signed in facsimile by the Minister of Finance of Japan for and on behalf of Japan.

This letter shall be governed by and construed in accordance with English law.

Yours faithfully,

Sadakazu Tanigaki

Minister of Finance

For and on behalf of Japan

(Official Seal)

Schedule 1

Form of Guarantee

GUARANTEE OF JAPAN

By this guarantee, Japan hereby unconditionally and irrevocably guarantees to the holders of the Bonds, in accordance with the terms of the guarantee set out herein, the payment of all moneys due in respect of the Bonds.

IN WITNESS whereof, this guarantee is executed as a deed poll by Japan by the facsimile signature of the Minister of Finance of Japan.

JAPAN

By: _____

Minister of Finance

ISSUED as of [•] 2005.

TERMS OF THE GUARANTEE OF JAPAN

1. Japan (the “**Guarantor**”) unconditionally and irrevocably guarantees to the holders of The Guaranteed Bonds of Japan Bank for International Cooperation No. 1/2548 Due B.E. 2553 (the “**Bonds**”) issued by Japan Bank for International Cooperation (“**JBIC**”) the full and punctual payment of the principal of and interest under the Bonds payable by JBIC pursuant to the Terms and Conditions of the Bonds dated 30 August 2005 (the “**Terms and Conditions**”), as and when the same shall become due and payable. If JBIC fails to make payment as aforesaid, the Guarantor agrees on demand to cause such payment to be made in compliance with the obligations of JBIC.
2. The Guarantor covenants with the holders of the Bonds that this guarantee is the direct, unconditional and general obligation of the Guarantor for the performance of which the full faith and credit of Japan is hereby pledged and ranks and shall rank *pari passu* with all other general obligations of the Guarantor without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise.

3. The obligations of the Guarantor hereunder shall be absolute and unconditional (irrespective of the validity, legality or enforceability of the Bonds, the absence of any action to enforce the Bonds, the waiver or consent by any holder of the Bonds in respect of any provisions of the Terms and Conditions, the obtaining of any judgment against JBIC or any action to enforce any such judgment or any other circumstances which might otherwise constitute a legal or equitable discharge or defence of the Guarantor) and the Guarantor hereby covenants that this guarantee shall be a continuing guarantee which shall not be discharged except by a complete performance of the obligations contained in the Terms and Conditions or this Guarantee.
4. The liability of the Guarantor under this Guarantee shall not be lessened, affected or impaired by any time or indulgence granted to JBIC by any holder of the Bonds or by any other person or by any compromise, scheme or arrangement affecting JBIC or dealings or transactions between JBIC and any holder of the Bonds or any other person whether or not the Guarantor shall be a party to or consent to or be aware of the same or by the dissolution of JBIC or by any change in the status, functions, control or ownership of JBIC or any consolidation, merger, conveyance or transfer by JBIC.
5. The Guarantor shall be subrogated to all rights of the holders of the Bonds against JBIC in respect of any amounts paid or other performance by the Guarantor pursuant hereto; provided that the Guarantor shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation unless and until the Bonds shall have been paid in full.
6. This guarantee shall be governed by and construed in accordance with English law.

ANNEX C

REQUIREMENTS FOR THE MEETING OF BONDHOLDERS

1. Calling Meetings

The Issuer or the Bondholders' Representative may call a meeting of the Bondholders by requesting the Registrar to send notice of the meeting by registered mail to the Bondholders and the Issuer or the Bondholders' Representative (who is not the person calling for the meeting) at least seven (7) Banking Days (excluding the date of delivery of such notice of the meeting and the meeting date) prior to the proposed meeting date. Such notice shall be in the English and Thai languages and shall specify the date, time and place for the meeting, the agenda of the meeting and the identity of the party calling the meeting. The Registrar shall deliver notice of the meeting to all Bondholders whose names and addresses appear in the Register Book on the Record Date.

2. Eligibility to Attend Meetings

The following persons are eligible to attend each meeting of the Bondholders:

- (a) the Bondholders, the Issuer and the Bondholders' Representative;
- (b) the Bondholders may appoint another Bondholder(s) or any person (“**Proxy**”) to attend the meeting and vote on their behalf, by executing written proxy appointment in the form as set out by the Registrar, available at the principal office of the Registrar, provided that the original proxy form and the notice calling the meeting must be submitted to the Registrar prior to the time scheduled for the meeting;
- (c) on the request of the Issuer and/or the Bondholders' Representative, financial advisors, legal advisors or other persons involved with the matters to be discussed at the meeting; and
- (d) any person permitted by the chairman of the meeting to attend the meeting for observation.

3. Quorum Requirements

- 3.1 Except with respect to meetings of Bondholders convened to approve the matters set out in Clause 6.3 and Clause 6.4, a quorum of a meeting of Bondholders shall be constituted by the presence of at least two Bondholders holding in aggregate not less than twenty-five (25) per cent of the outstanding Bonds.
- 3.2 If a meeting is adjourned due to the lack of a quorum as required by Clause 3.1, the quorum for a subsequent meeting shall be constituted by the presence of two or more Bondholders, regardless of aggregate number of Bonds held by them.

- 3.3 A quorum of a meeting of the Bondholders convened to consider the matters set out in Clause 6.3 shall be constituted by the presence of at least two Bondholders holding in aggregate not less than fifty (50) per cent of the outstanding Bonds. If a meeting is adjourned due to the lack of a quorum as required by this Clause 3.3, the quorum for a subsequent meeting shall be constituted by the presence of at least two Bondholders holding in aggregate not less than twenty-five (25) per cent of the outstanding Bonds.
- 3.4 A quorum of a meeting of the Bondholders convened to consider the matters set out in Clause 6.4 shall be constituted by the presence of at least two Bondholders holding in aggregate not less than sixty-six (66) per cent of the outstanding Bonds. If a meeting is adjourned due to the lack of a quorum as required by this Clause 3.4, the quorum for a subsequent meeting shall be constituted by the presence of at least two Bondholders holding in aggregate not less than thirty-three (33) per cent of the outstanding Bonds.

4. Chairman of the Meeting

The Bondholders' Representative or such person authorized by the Bondholders' Representative shall preside as chairman of the meeting. Should the chairman of the meeting be absent upon a lapse of forty-five (45) minutes from the time scheduled for the meeting, the meeting shall elect any Bondholder to preside over such meeting.

5. Adjournment of the Meeting

5.1 At any meeting of the Bondholders, upon a lapse of forty-five (45) minutes from the time scheduled for the meeting, should the number of the Bondholders attending the meeting remain insufficient to constitute a quorum, the chairman of the meeting shall adjourn the meeting as follows:

- (a) If the meeting was called by the Issuer or the Bondholders' Representative, the chairman of the meeting shall adjourn the meeting to the date, time and place as specified by the chairman. The date for the adjourned meeting shall not be less than seven Banking Days but not more than fourteen (14) Banking Days from the previous meeting date, unless the Issuer and the Bondholders' Representative agree not to call another meeting. In addition, the matters to be considered and resolved at the adjourned meeting must be only those pending from the previous meeting;
- (b) If the meeting was called by the Bondholders, no adjourned meeting shall be called as provided by paragraph (a) above; and
- (c) If the meeting was called due to the absence of a quorum at the previous meeting, no adjourned meeting shall be called as provided by paragraph (a) above.

5.2 The Registrar shall deliver the notice of any adjourned meeting to the Issuer, the Bondholders' Representative and the Bondholders who were sent notices of the previous meeting, not less than three (3) Banking Days prior to the adjourned meeting

(excluding the date of the notice of the meeting and the meeting date). Such notice of the meeting shall specify the date, time and place for the meeting, the agenda of the meeting and quorum required for the adjourned meeting.

6. Resolutions of the Meeting

- 6.1 Resolutions on any matters by the meeting of the Bondholders shall be decided by a show of hands or casting of votes as selected by the chairman of the meeting. Each of the Bondholders shall have votes equal to the number of Bonds held by them and one unit of Bonds shall be entitled to one vote. In case of an equality of votes, the chairman of the meeting shall have a decisive (casting) vote (for both a show of hands and secret ballot) in addition to the votes that the chairman of the meeting may be entitled to cast in his or her capacity as a Bondholder or a Proxy.
- 6.2 Resolutions of the meeting of the Bondholders on any matters other than those specified in Clauses 6.3 and 6.4 shall be decided by a majority of votes representing not less than 50 percent of all votes of the Bondholders attending the meeting and casting their votes.
- 6.3 Resolutions of the meeting of the Bondholders on any of the following matters shall be decided by a majority of votes representing not less than sixty-six (66) percent of all votes of the Bondholders attending the meeting and casting their votes.
- (a) amendment to the Conditions other than those matters specified in Clause 6.4; and
 - (b) replacement of the Bondholders' Representative and the appointment of new Bondholders' Representative.
- 6.4 Resolutions of the meeting of the Bondholders on any of the following matters shall be decided by a majority of votes representing not less than seventy-five (75) per cent of all votes of the Bondholders attending the meeting and casting their votes.
- (a) repayment of Bonds by way of conversion of the Bonds into shares, other bonds or other property of the Issuer or any person;
 - (b) revision of the Maturity Date or the due date for any payment in respect of the Bonds;
 - (c) amendment to, reduction, cancellation, or change of the security, the amount of principal, interest and/or any other sum due or payable in respect of the Bonds;
 - (d) change of the currency of any payment to be made in respect of the Bonds;
 - (e) amendment to the requirements for the meeting of the Bondholders in relation to quorum (Clause 3) and resolutions of the meeting (Clause 6); and
 - (f) amendment to the Conditions to enable any actions relating to (a) to (e) above.

6.5 Any Bondholder that has any conflict of interest with respect to any matter to be decided at a meeting of Bondholders shall not be entitled to vote on such matter.

7. Minutes of the Meeting

Within fourteen (14) days after the date of the meeting of the Bondholders, the Bondholders' Representative shall prepare the minutes of the meeting. The chairman of the meeting shall certify such minutes as accurate and the Bondholders' Representative shall keep the original minutes and make copies available for inspection by the Bondholders at its principal office during normal business hours.

ANNEX D

PUBLIC HOLIDAYS IN JAPAN 2005 – 2011

	2005	2006	2007	2008	2009	2010	2011
New Year's Day	1 Jan Sat	1 Jan Sun	1 Jan Mon	1 Jan Tue	1 Jan Thu	1 Jan Fri	1 Jan Sat
Bank Holiday 2	2 Jan Sun	2 Jan Mon	2 Jan Tue	2 Jan Wed	2 Jan Fri	2 Jan Sat	2 Jan Sun
Bank Holiday 3	3 Jan Mon	3 Jan Tue	3 Jan Wed	3 Jan Thu	3 Jan Sat	3 Jan Sun	3 Jan Mon
Coming Age (Adults') Day	10 Jan Mon	9 Jan Mon	8 Jan Mon	14 Jan Mon	12 Jan Mon	11 Jan Mon	10 Jan Mon
National Founding Day	11 Feb Fri	11 Feb Sat	11 Feb Sun 12 Feb Mon ^{*1}	11 Feb Mon	11 Feb Wed	11 Feb Thu	11 Feb Fri
Vernal Equinox OBS	21 Mar Mon	21 Mar Tue	21 Mar Wed	20 Mar Thu	20 Mar Fri	21 Mar Sun 22 Mar Mon ^{*1}	21 Mar Mon
Greenery Day	29 Apr Fri	29 Apr Sat	29 Apr Sun 30 Apr Mon ^{*1}	29 Apr Tue	29 Apr Wed	29 Apr Thu	29 Apr Fri
Constitution Day	3 May Tue	3 May Wed	3 May Thu	3 May Sat	3 May Sun	3 May Mon	3 May Tue
National Holiday	4 May Wed	4 May Thu	4 May Fri	4 May Sun	4 May Mon	4 May Tue	4 May Wed
Children's Day	5 May Thu	5 May Fri	5 May Sat	5 May Mon	5 May Tue	5 May Wed	5 May Thu
Marine Day	18 Jul Mon	17 Jul Mon	16 Jul Mon	21 Jul Mon	20 Jul Mon	19 Jul Mon	18 Jul Mon
Respect for the Aged Day	19 Sep Mon	18 Sep Mon	17 Sep Mon	15 Sep Mon	21 Sep Mon 22 Sep Tue ^{*2}	20 Sep Mon	19 Sep Mon
Autumn Equinox	23 Sep Fri	23 Sep Sat	23 Sep Sun 24 Sep Mon ^{*1}	23 Sep Tue	23 Sep Wed	23 Sep Thu	23 Sep Fri
Health-Sports Day	10 Oct Mon	9 Oct Mon	8 Oct Mon	13 Oct Mon	12 Oct Mon	11 Oct Mon	10 Oct Mon
Culture Day	3 Nov Thu	3 Nov Fri	3 Nov Sat	3 Nov Mon	3 Nov Tue	3 Nov Wed	3 Nov Thu
Labour Thanksgiving Day	23 Nov Wed	23 Nov Thu	23 Nov Fri	23 Nov Sun 24 Nov Mon ^{*1}	23 Nov Mon	23 Nov Tue	23 Nov Wed
Emperor's Birthday	23 Dec Fri	23 Dec Sat	23 Dec Sun 24 Dec Mon ^{*1}	23 Dec Tue	23 Dec Wed	23 Dec Thu	23 Dec Fri
New Year's Eve	31 Dec Sat	31 Dec Sun	31 Dec Mon	31 Dec Wed	31 Dec Thu	31 Dec Fri	31 Dec Sat

^{*1} substitute holidays

^{*2} national holiday, as it falls between two public holidays

PART 2
PROCEDURES FOR SUBSCRIPTION AND ALLOTMENT

Japan Bank for International Cooperation (“**JBIC**”), having its headquarters at 4-1, Ohtemachi 1-chome Chiyoda-ku, Tokyo 100-8144, intends to offer the Bonds for sale in accordance with details and conditions set forth below.

1. Details of Bonds

The details of the Bonds are described in the Terms and Conditions set out in Part 1 of this Prospectus.

2. Subscription, Underwriting and Allotment

2.1 Offering Method

This offering of Bonds is made to institution investors in reliance on the Notification of the SEC No. Gor Jor. 25/2547 Re: The Offer for Sale of Foreign Bonds or Foreign Debentures in Thailand dated 25 May 2004, as such notification may be amended from time to time, with the total value of Bonds equal to Baht 3,000,000,000 (three billion Baht), through the Joint-Lead Arrangers, and as specified in this paragraph 2 (Subscription, Underwriting and Allotment).

Categories of Investors

The Bonds will be offered for sale to institutional investors which shall include:

- (1) Commercial banks;
- (2) Finance companies;
- (3) Securities companies, which manage their own property, private funds, or investment projects established under the Act on the Undertaking of Finance Business, Securities Business and Credit Foncier Business;
- (4) Credit foncier companies;
- (5) Insurance companies;
- (6) Government agencies and state enterprises under the budgetary procedure law or other juristic persons established under specific laws;
- (7) Bank of Thailand;
- (8) International financial institutions;
- (9) Financial Institutions Development Fund;
- (10) Government Pension Fund;
- (11) Provident funds;
- (12) Mutual funds; and

- (13) Foreign investors with same characteristics to investors under (1) through (12) *mutatis mutandis*,

(collectively referred to as the “Institutional Investors”).

2.2 Joint-Lead Arrangers and Co-Managers

Joint-Lead Arrangers

Citicorp Securities (Thailand) Limited

82 North Sathorn Road
18 Floor, Citibank Tower
Silom, Bangkok 10500 Thailand
Tel: +66 (02) 232 2100
Fax: +66 (02) 639 2246

The Siam Commercial Bank Public Company Limited

9 Ratchadapisek Road
Jatujak
Bangkok 10900 Thailand
Tel: +66 (02) 544 3921
Fax: +66 (02) 937 7783

Co-Managers

Capital Nomura Securities Public Company Limited

21/3 Thai Wah Tower, Ground Floor,
South Sathorn Road, Bangkok 10120 Thailand
Tel: +66 (02) 285 0750
Fax: +66 (02) 285 0757

TISCO Securities Company Limited

48/8 Tisco Tower, 5th Floor,
North Sathorn Road, Bangkok 10500 Thailand
Tel: +66 (02) 633 6999
Fax: +66 (02) 633 6500

2.3 Conditions and Remuneration with respect to the Underwriting

JBIC hereby agrees to appoint the Joint-Lead Arrangers as specified in paragraph 2.2 as the Joint-Lead Arrangers of the Bonds in accordance with the conditions specified in the Subscription Agreement made between JBIC and the Joint-Lead Arrangers.

2.4 Approximated Proceeds to be Received by JBIC and Expenses Incurred in connection with the Bond Offering

Estimated Proceeds to be Received by JBIC

- The maximum proceeds to be received from the offering for sale of Bonds of up to 3,000,000 units at the offering price Baht 1,000 each. Up to Baht 2,989,080,000

Estimated Expenses Incurred in connection with the Bond Offering

- Registration statement filing fee for offering of Bonds Baht 600,000.
- Application for the listing of Bonds on the Thai Bond Dealing Centre Baht 520,000
- Other expenses* Baht 9,800,000.

- * Other expenses include the fees for the appointment of Bondholders' Representative and Registrar, the fees for the legal advisors, credit rating agency fee, cost of printing prospectus, subscription forms and other documents and publication costs and roadshow expenses.

2.5 Obtaining the Prospectus and Subscription Forms

Any prospective subscriber may obtain the final Prospectus and subscription forms at the place of principal business and sales agencies of the Joint-Lead Arrangers (as indicated in paragraph 2.2 above) during business hours of the Joint-Lead Arrangers on from 2 September 2005 to 6 September 2005.

2.6 Method of Allotment of Bonds

- (a) JBIC and the Joint-Lead Arrangers will first allot the full amount of the Bonds subscribed by Institutional Investors to such Institutional Investors. JBIC and the Joint-Lead Arrangers are entitled to refuse the subscription made by any Institutional Investor, in whole or in part, as they deem appropriate.
- (b) The Joint-Lead Arrangers may allocate the Bonds to themselves, their management, major shareholders, persons with a controlling influence, subsidiaries and parent companies including any related persons of the forgoing persons and mutual funds having characteristics as prescribed in Section 7(3) and 7(4) of the Notification of the SEC No. KorThor 14/2546 Re: Rules, Conditions and Procedures for Undertaking Securities dated 11 July 2003 (as amended) (the “**SEC Notification No. KorThor 14/2546**”).
- (c) JBIC and the Joint-Lead Arrangers will, at their own discretion, determine the allocation of the Bonds. JBIC and the Joint-Lead Arrangers are entitled to refuse the subscription made by any investor, in whole or in part, as they deem appropriate.
- (d) The Joint-Lead Arrangers are entitled to revoke any subscription of any investor who fails to comply with the procedures indicated in paragraphs 2.6 and 2.7 or whose payment of subscription price by a crossed cheque or cashier cheque (collectively called “Bank Cheque”) cannot be honored.

2.7 Date and Method for Subscription and Settlement

- (a) Subscribers wishing to subscribe for the Bonds must subscribe the Bonds for a minimum of 100 Units of Bonds or Baht 100,000 in value and, if more, in a multiple of 10 Units of Bonds or Baht 10,000 in value.

- (b) Subscribers must accurately and clearly fill in, sign and affix their corporate seals (if any) and submit the subscription form to the place of business of the Joint-Lead Arrangers (as indicated in paragraph 2.2 above) by close of business on 6 September 2005.

All subscribers shall provide the following documents with their subscription forms:

- A Local Subscriber who is a Juristic Person

A certified copy of the affidavit issued by the Ministry of Commerce which is not more than one year old, certified as true and correct copy by authorized signatories of such juristic person and affixed with a corporate seal (if any); sample of authorized signatories; copies of identification card, alien card or passport (as applicable) of authorized signatories certified as true and correct copies by such persons.

- A Foreign Subscriber who is a Juristic Person

A certified copy of the certificate of incorporation, memorandum of association, articles of association and the affidavit issued by the relevant authorities which is not more than one year old, certified as true and correct copy by authorized signatories of such juristic person and affixed with a corporate seal (if any); sample of authorized signatories; and copies of passport of authorized signatories certified as true and correct copies by such persons.

- (c) All subscribers must make full single payment of the subscription price on any day during the subscription period in the form of Bank Cheque which can be settled at any clearing house in Bangkok, and payment shall be made simultaneously with the subscription form. Such Bank Cheque must be dated no later than 7 September 2005, crossed "A/C Payee Only" and made payable to "Subscription Account for The Guaranteed Bonds of Japan Bank for International Cooperation No. 1/2548" account.
- (d) Subscribers who have subscribed and paid for the Bonds may not cancel their subscriptions or request for any refund of their subscription payments. However, the Joint-Lead Arrangers shall have the right to cancel any subscription for the Bonds by subscribers who fail to comply with the requirements as stated in this paragraph 2.7.
- (e) The Joint-Lead Arrangers reserve the right to close the subscription before the closing of the subscription period specified herein if the Bonds have been fully subscribed according to the required amount.
- (f) Subscription for the Bonds shall be made at the place of subscription in accordance with the procedures, rules and conditions as provided by the Joint-Lead Arrangers at the place of subscription.

2.8 Procedure for Refunding Subscription Price in the case of Non-Allotment

The Joint-Lead Arrangers will return the subscription payments to all unsuccessful subscribers without interest and/or compensation thereon by delivering a crossed cheque payable to each such subscriber by registered post at the address indicated in the subscription form within 14 days after the closing date of the subscription period. However, if payment is not returned within 14 days, each such subscriber shall be entitled to the interest at a rate of 7.5 per cent of the unpaid amount calculated from 14 days after the expiry date of the subscription period to the payment date. If the refund is made by delivery of a cheque to each such subscriber by registered post at the address shown in the subscription form, it shall be deemed that the relevant subscriber has received the refund and such subscriber shall have no right to claim for any interest or compensation.

2.9 Method of Delivery of Bonds

JBIC (through the Registrar) shall deliver the Bond certificates to the subscribers who have indicated in their subscription forms that they want Bond certificates, within 15 business days after the end of the subscription period by registered post at the address indicated in the subscription forms or, for the investors wishing to deposit the Bonds allocated to them with the Registrar (acting as securities depository center), deposit such allocated Bonds with the Registrar (as securities depository center) on behalf of such subscribers within 7 business days of the end of the subscription period.

TAXATION

This summary contains a general description of the principal Thai tax consequences of the investment in the Bonds by an investor and is not an advice on taxation. Accordingly, prospective investors should consult their own tax advisors concerning the consequences of their investment in the Bonds. The summary is based upon the tax laws of Thailand in effect

on the date of this information memorandum and is therefore subject to any subsequent changes in the future.

This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in the Bonds.

The tax liability of a Bondholder and the applicable tax rates will depend on various factors such as whether or not the Bondholder is an individual or a juristic person, or whether it is a juristic person that is not subject to income tax, whether the Bondholder is considered a resident of Thailand or is considered carrying on business in Thailand, or whether the Bondholder is a resident of a country that has a double taxation agreement with Thailand.

1. Income Tax

1.1 *Bondholder who is a resident of Thailand*

1.1.1 *Bondholder is an individual*

(a) Interest

Interest received by the Bondholder is subject to 15% withholding tax.

(b) *Capital Gains*

A capital gain, which is the amount in excess of the cost of acquisition, derived from the transfer of the Bonds is subject to 15% withholding tax.

The recipient, however, has the right to elect to pay tax at the withholding tax rate prescribed in (a) or (b) above, without having to include such interest or capital gain with other income of the recipient for the purpose of calculating personal income tax. If the recipient elects to include the interest or capital gain with other income of the recipient for the purpose of calculating personal income tax, he will be entitled to treat the tax so withheld as a credit.

1.1.2 *Bondholder is a company or a juristic partnership*

A Bondholder, which is a company or a juristic partnership established pursuant to the laws of Thailand or established pursuant to a foreign law but doing business in Thailand, a foundation or an association, excluding one which is specified by the ministerial notification to be a public charity organization or institution pursuant to section 47(7) (b) of the Revenue Code, will have the following tax liabilities:

(a) *Interest*

Interest received by a Bondholder which is a company or a juristic partnership, which includes a commercial bank, a finance company, a securities company or a credit foncier company is subject to 1% withholding tax. The Bondholder must include interest in the revenue of

the Bondholder for the purpose of calculating corporate income tax and will be entitled to treat the tax so withheld as a credit.

Interest received by the Bondholder which is a foundation or an association that is not a public charity organization or institution is subject to 10% withholding tax.

(b) *Capital Gains*

Capital gains are not subject to withholding tax. The portion in excess of the original investment must be included in the revenue of the Bondholder for the purpose of the calculating corporate income tax.

1.2 ***Bondholder who is not a resident of Thailand***

1.2.1 *Bondholder is an individual*

In considering a residency of an individual, Thai tax law disregards the nationality of the Bondholder. The Bondholder is deemed to be a resident of Thailand if he/she has resided in Thailand for a period or periods aggregating 180 days or more in the same calendar year.

(a) *Interest*

Except the terms and conditions of a double taxation agreement entered into between Thailand and the resident country of the Bondholder provide otherwise, interest received by the Bondholder is subject to 15% withholding tax.

(b) *Capital Gains*

Except the terms and conditions of a double taxation agreement entered into between Thailand and the resident country of the Bondholder provide otherwise, a capital gain, which is the amount in excess of the cost of acquisition, derived from the transfer of the Bonds is subject to 15% withholding tax.

1.2.2 *Bondholder is a company or a juristic partnership*

A Bondholder, which is a company or a juristic partnership established pursuant to a foreign law not doing business in Thailand and not having a permanent establishment in Thailand but receiving interest or capital gains from the sale or other transfer of the Bonds paid from or in Thailand, will have the following tax liabilities:

(a) *Interest*

Except the terms and conditions of a double taxation agreement entered into between Thailand and the resident country of the Bondholder provide

otherwise, interest received by the Bondholder is subject to 15% withholding tax.

(b) *Capital Gains*

Except the terms and conditions of a double taxation agreement entered into between Thailand and the resident country of the Bondholder provide otherwise, a capital gain is subject to 15% withholding tax.

2. Specific Business Tax

A Bondholder who carries on business in Thailand may be subject to a 3.3% specific business tax ("SBT") (inclusive of municipal tax which is levied at 10% of SBT) for interest or gains before deduction of any expenses from the sale or other transfer of the Bonds, if such interest or gains are considered to be income derived from a business similar to that of commercial banking.

3. Stamp Duty

A sale or other transfer of the Bonds is exempt from stamp duty.

SELLING RESTRICTIONS

General

The Bonds are a new issue of securities with no established trading market. Application is to be made to list the Bonds as selectively marketed securities on the Thai Bond Dealing Centre. However, no assurance can be given as to the liquidity of any trading market for the Bonds.

No action has been taken or will be taken in any jurisdiction (other than Thailand) that would permit a public offering of the Bonds, or possession or distribution of this Prospectus or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, in any country or jurisdiction (other than Thailand) where action for that purpose is required.

United Kingdom Selling Restriction

Each of the Joint-Lead Arrangers and Co-Managers has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to JBIC or the Guarantor;
- (b) it has not, and will not, carry out regulated activities in breach of Section 19 of FSMA;
- (c) it will limit its marketing and offering of the Bonds to avoid any requirement to prepare and distribute a prospectus under Section 85 of FSMA; and

- (d) it has complied and will comply with all other applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Hong Kong Selling Restriction

Each of the Joint-Lead Arrangers and Co-Managers has represented and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 32) of Hong Kong and any rules made under that Ordinance.

Singapore Selling Restriction

This Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the "MAS") under the Securities and Futures Act (Chapter 289) of Singapore (the "**Securities and Futures Act**"). Accordingly the Bonds may not be offered or sold or be made the subject of an invitation for subscription or purchase nor may this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Bonds be circulated or distributed, whether directly or indirectly, (A) to any person in Singapore other than under circumstances in which such offer or sale does not constitute an offer or sale of the Bonds to the public or any member of the public in Singapore; or (B) to the public or any member of the public in Singapore other than (i) to an institutional investor or other person specified in Section 274 of the Securities and Futures Act, (ii) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

PART 3
INFORMATION ON JAPAN BANK FOR INTERNATIONAL COOPERATION

3.1 JAPAN BANK FOR INTERNATIONAL COOPERATION

Japan Bank for International Cooperation (“**JBIC**”) was established on October 1, 1999 as a governmental financial institution. JBIC’s name and basic mandate are provided by the Japan Bank for International Cooperation Law (the “**JBIC Law**”). JBIC is the result of a merger between The Export-Import Bank of Japan (“**JEXIM**”) and the Overseas Economic Cooperation Fund, Japan (“**OECF**”). JBIC’s purpose, as set forth in Article 1 of the JBIC Law, is to contribute to the sound development of Japan and the international economy and society, by promoting Japan’s exports and imports and overseas economic activities, contributing to the stability of the international financial order, and contributing to the economic and social development and economic stability of developing regions overseas. JBIC carries out the following operations formerly conducted by JEXIM and OECF:

- “International financial operations” (succeeded from JEXIM) — contributing to the promotion of Japanese exports and imports as well as Japanese economic activities overseas, and to the stability of international financial order; and
- “Overseas economic cooperation operations” (succeeded from OECF) — supporting self-reliant development efforts in developing countries.

3.2 CAPITALIZATION

Reflecting the different objectives of the international financial operations and the overseas economic cooperation operations, the JBIC Law provides that JBIC maintain two separate accounts for the respective operations (i.e., the international financial account and the overseas economic cooperation account). The capital of each account is segregated, and the reserves of each account can be appropriated only for losses in that account.

In respect of the international financial account, under the JBIC Law, JBIC is authorized to borrow up to an amount equal to 10 times the total of the capital and statutory reserve funds of the international financial account. As of March 31, 2004, total borrowings were ¥7,643 billion, representing 47.1% of JBIC's borrowing authority on that date.

In respect of the overseas economic cooperation account, under the JBIC Law, JBIC is authorized to borrow up to an amount equal to three times the total of the capital and statutory reserve funds of the overseas economic cooperation account. As of March 31, 2004, total borrowings were ¥4,391 billion, representing 21.8% of JBIC's borrowing authority on that date.

The capitalization of JBIC, its international financial account and its overseas economic cooperation account as of March 31, 2004 was as follows:

Capitalization - JBIC

	(millions of yen)
Long-term borrowings from the Government	¥ 10,392,925
Bonds and notes	1,641,318
Total long-term borrowings*	12,034,243
Capital and reserves:	
Capital of the account for international financial operations	985,500
Capital of the account for overseas economic cooperation operations	6,704,644
Reserve of the account for international financial operations	638,582
Reserve of the account for overseas economic cooperation operations	20,667
Total capital and reserves	8,349,394
Total capitalization	¥ 20,383,638

* Includes current maturities.

Capitalization - International Financial Account

	(millions of yen)
Long-term borrowings from the Government	¥ 6,027,018
Bonds and notes	1,616,318
Total long-term borrowings*	7,643,336
Capital and reserve:	
Capital	985,500
Reserve	638,582
Total capital and reserve	1,624,082
Total capitalization	¥ 9,267,418

* Includes current maturities.

Capitalization - Overseas Economic Cooperation Account

	(millions of yen)
Long-term borrowings from the Government	¥ 4,365,907
Bonds and notes	25,000
Total long-term borrowings*	4,390,907
Capital and reserve:	
Capital	6,704,644
Reserve	20,667
Total capital and reserve	6,725,312
Total capitalization	¥ 11,116,219

* Includes current maturities.

3.3 STATEMENTS OF EARNINGS

The statements of earnings of JBIC and its international financial and overseas economic cooperation accounts are set forth in Appendix A.

3.4 BUSINESS

3.4.1 *JBIC's Missions*

The JBIC Law provides two distinct missions of JBIC, which correspond to the respective operations that JBIC assumed from its predecessor entities, the Export-Import Bank of Japan, or JEXIM, and the Overseas Economic Cooperation Fund, or OECF: (1) to provide Japanese corporations with export loans, import loans, overseas investment loans, untied loans and equity participation in overseas projects (“**international financial operations**”); and (2) to provide financial assistance including Japanese official development assistance (“**ODA**”) loans with the basic tenet of providing concessionary long-term, low-interest funds needed for the self-help efforts of developing countries, including their economic and social infrastructure development and stabilization of their economies (“**overseas economic cooperation operations**”).

3.4.2 *JBIC's Predecessors*

Pursuant to the JBIC Law, JEXIM and OECF were dissolved upon the establishment of JBIC on October 1, 1999. Also pursuant to the JBIC Law, all of the rights and obligations of JEXIM and OECF were assigned to and assumed by JBIC.

The Export-Import Bank of Japan

JEXIM was established in 1950 as a governmental financial institution. Its name and basic mandate were set by the Export-Import Bank of Japan Law in 1952. JEXIM's purpose was to facilitate Japan's economic interchange with foreign countries by providing a wide range of financial facilities to supplement and encourage financing by commercial banks and other financial institutions in Japan. Its activities were mainly the following: supporting the Japanese companies' activities such as the export of ships, plants and equipment, the development and import into Japan of natural resources, the import of manufactured goods, overseas investment and extending untied direct loans to developing countries.

The Overseas Economic Cooperation Fund, Japan

OECF was established in 1961 as a governmental organization. OECF's purpose was to promote Japan's overseas economic cooperation by providing concessionary funds for industrial development and economic stability of developing countries. OECF traditionally provided developing countries with assistance for economic and social infrastructure development, environmental conservation and human resources development. Also, as one of the primary organizations implementing support policies, OECF (and later the Bank) in recent years placed special emphasis on avoidance of balance-of-payments crises, creation of employment, economic recovery and alleviation of poverty.

3.4.3 *Government Control and Supervision*

JBIC's capital is wholly owned by the Japanese Government, and JBIC is under Japanese Government control and supervision in conducting its operations.

The Minister of Finance and the Minister of Foreign Affairs have supervisory power over JBIC. The Governor and Auditors of JBIC are appointed by the Minister of Finance.

The Minister of Finance draws up a budget for the government fiscal investment and loan program ("*zaito*") each year that determines the allocation of funds to institutions like JBIC which implement government policy. JBIC's budget of revenues and expenditures is included in the Government Agencies Budget for that fiscal year and need to be passed through the Diet. The Government may, within the limits of the budget, provide additional equity and may grant to JBIC an amount corresponding to a part of the expenses required for the overseas economic cooperation operations. JBIC's accounts are audited by JBIC's Auditor and are submitted to the Diet after examination by the Board of Audit, an independent government body.

Until the year ended March 31, 2001, JBIC's lending operations were financed in part by funds from the program of the Japanese Government and issuances of JBIC's bonds in the international market explicitly guaranteed by the Japanese Government. Effective April 1, 2001, the *zaito* program was changed from a system in which funds provided to JBIC and other relevant agencies were derived from the Government Trust Fund Bureau and Postal Life Insurance Accounts to a system in which these agencies, including JBIC, also seek to raise funds in the capital markets rather than relying on the *zaito* funds.

In light of this change in the *zaito* program, JBIC intends to diversify its fund raising sources by issuing bonds without a guarantee from the Japanese Government in the Japanese domestic market, continuing to seek borrowings from the Japanese Government, and issuing bonds guaranteed by the Japanese Government in the international market. In the fiscal year ending March 31, 2005, JBIC currently plans to issue (1) up to an equivalent of \$2.2 billion in aggregate principal amount of bonds guaranteed by the Japanese Government in international markets and (2) up to ¥240 billion in aggregate principal amount of bonds without a guarantee from the Japanese Government in the Japanese market.

International Financial Operations

As a governmental institution, JBIC conducts its international financial operations to support the Japanese Government's basic external economic policies. JBIC has taken over JEXIM's basic responsibilities with respect to its international financial operations: (1) Export Loans, (2) Import Loans, (3) Overseas Investment Loans, (4) Untied Loans, and (5) Guarantees, etc.

The Minister of Finance has supervisory powers with regard to JBIC's international financial operations and may require it to make reports as to its operations or examine its books and records whenever the Minister deems it necessary. On the basis of any

such report or examination, the Minister of Finance may issue such orders to JBIC concerning its business as the Minister deems necessary for the enforcement of the JBIC Law.

Overseas Economic Cooperation Operations

JBIC's overseas economic cooperation operations provide Japan's ODA loans and private-sector investment finance. JBIC's overseas economic cooperation operations are the cornerstone of Japan's ODA. JBIC's policy for executing its overseas economic cooperation operations is based on Japanese government policy, and on the Medium-Term Strategy for Overseas Economic Operations, and is made public after the approval of the Minister of Foreign Affairs. As set forth in JBIC's Medium-Term Strategy for Overseas Economic Operations, ODA loan operations will place priority on the following seven areas (1) Strengthening Support for Poverty Reduction, (2) Developing Infrastructure for Economic Growth, (3) Supporting Environmental Improvement and Anti-Pollution Measures, (4) Addressing Global Issues, (5) Supporting Human Resource Development, (6) Supporting the Dissemination of Information Technology in Developing Countries, (7) Supporting Provincial Development.

The Minister of Foreign Affairs has supervisory powers with regard to JBIC's overseas economic cooperation operations and may require JBIC to make reports as to its operations or examine its books and records whenever the Minister deems it necessary. On the basis of any such report or examination, the Minister of Foreign Affairs may issue such orders to JBIC concerning its business as the Minister deems necessary for the enforcement of the JBIC Law.

3.4.4 *Recent Developments Regarding Special Public Institutions*

Recently the Japanese government has discussed reforming governmental financial institutions and other government-affiliated institutions, which are collectively referred to as special public institutions, including JBIC. The "Public Sector Reform Program Outline" adopted by a cabinet meeting on December 1, 2000, requires that the businesses and organizational forms of all special public institutions undergo a thorough review in light of the recent changes in Japan's social and economic conditions. Based upon that review, the reorganization and rationalization plan for special public institutions was formulated in fiscal year 2001. Furthermore, the outline calls for the adoption of any necessary measures, including enactment of new laws, by the end of fiscal year 2005 in order to implement the reorganization and rationalization plan. To promote reform of special public institutions, the Basic Law Concerning Reform of Special Public Institutions, which provides for, among other matters, formulation of the reorganization and rationalization plan for special public institutions and establishment of a Special Public Institutions Reform Promotion Headquarters, was promulgated in June 2001.

In order to implement "Public Sector Reform Program Outline" issued in December 2000, the Cabinet Headquarters for Administrative Reform, which was established in January 2001 to handle the administrative reform special project, listed the types of

businesses conducted by the special public institutions and the matters to be reviewed for the respective types of businesses in April 2001. In June 2001, the Cabinet Headquarters for Administrative Reform completed and released an Interim Report Regarding the Review of the Special Public Institutions' Businesses. On December 18, 2001, the Special Public Institutions Reform Promotion Headquarters adopted the Reorganization and Rationalization Plan for Special Public Institutions.

In the Reorganization and Rationalization Plan for Special Public Institutions, which was approved by a cabinet meeting on December 19, 2001, the reform concerning the businesses and organizational forms of special public institutions (including their abolition, integration or privatization) is detailed. With respect to the businesses of JBIC, the following plans were suggested to JBIC in the Reorganization and Rationalization Plan for Special Public Institutions:

International Financial Operations

One of the basic reform principles is to “let private entities handle as much as they are capable of doing.” In line with this policy, JBIC should review the scope of its operations in order to cut back the scale of its operations and take measures to seek to liquidify and/or securitize its loan assets to compress its outstanding loans.

With respect to individual categories of our international financial operations, the reform calls on JBIC to take the following actions:

- *Export Loans*: use guarantees more actively; discontinue new transactions related to advanced industrialized nations; and adjust as appropriate lending terms and conditions, such as the percentage of co-financing.
- *Import Loans*: discontinue new transactions unrelated to natural resources (but actively use guarantees with respect to items that are essential to the Japanese economy such as aircraft); and adjust as appropriate lending terms and conditions, such as the percentage of co-financing.
- *Overseas Investment Loans*: use guarantees more actively; discontinue new loans to advanced industrialized nations and specialize in taking various risks; and adjust as appropriate lending terms and conditions, such as the percentage of co-financing.

Re-finance: abolished.

With respect to all categories of our international financial operations, the reform calls on JBIC to: take appropriate measures regarding risk management of loan assets and disclose appropriate information on reserves; clearly identify who is responsible for setting interest rates, taking into account policy priorities and other factors; develop policy evaluation methods and introduce a system by which the evaluation of results can be reflected in operations (it is especially important to clarify the costs of policies including advance repayment).

Overseas Economic Cooperation Operations

With respect to individual categories of our overseas economic cooperation operations, the reform calls on JBIC to take the following actions:

- *Private-sector Investment Finance*: discontinue new loans from April 1, 2003.
- *ODA Loans*: consider reduction of the scale of operations consistent with the review of ODA loan policy.

With respect to all categories of our overseas economic cooperation operations, the reform calls on JBIC to: take appropriate measures regarding risk management of loan assets and disclose appropriate information on reserves; and develop policy evaluation methods and introduce a system by which the evaluation of results can be reflected in operations (it is especially important to clarify the costs of policies including advance repayment).

With respect to JBIC, no specific organizational reform was prescribed in the Reorganization and Rationalization Plan for Special Public Institutions. Since the beginning of 2002, an overall review of the area, scope and organizational structure of policy finance has been discussed by the Council on Economic and Fiscal Policy (“CEFP”), an advisory body for the Prime Minister. The CEFP announced “Reform of Policy Finance” on December 13, 2002. In the announcement, it was indicated that the reform should be implemented in a three-step process by:

- Step 1: actively utilizing policy finance until the end of March, 2005;
- Step 2: reviewing and reshaping the functions, scale and organization of these institutions to meet the desired standards, subject to the recovery and strength of private financial institutions, during a three-year preparatory period from April, 2005 to March, 2008; and
- Step 3: streamlining and reorganizing these institutions into new entities from April, 2008.

The Cabinet will consider the CEFP’s reform proposals and expects to move steadily forward with reforms of the policy finance system as soon as possible taking into consideration the economic environment.

3.4.5 *Annual Operations results for FY 2003*

Overall Operations

In fiscal 2003, JBIC made commitments in the aggregate amount of ¥1,911.6 billion for its overall loans, equity participation and guarantee operations, a year-on-year decrease of 2%. The size of JBIC’s commitments has remained almost unchanged since fiscal 2000, when its assistance package for Asian countries hit by the currency crisis was completed.

Reflecting the utilization of JBIC's guarantee facility in recent years, the aggregate amount of JBIC's outstanding guarantees rose 118% from the previous year to ¥745.7 billion, while the outstanding balance of loans and equity participation decreased 3% to ¥20,566 billion as of the end of the fiscal year on March 31, 2004.

International Financial Operations

Loan and equity participation commitments and new guarantees made in JBIC's International Financial Operations, which aim at supporting Japanese trade and investment activities as well as a stable international financial order, amounted to ¥1,324 billion in fiscal 2003, a year-on-year decrease of 5%.

Highlights of JBIC's International Financial Operation in FY2003

Commitments for resource development projects intended to help secure a stable and diversified supply of energy and mineral resources in Japan, and to support the greater use of natural gas as a clean energy source, rose 134% from the previous year to ¥587.1 billion (import loans: ¥133.4 billion; investment loans: ¥453.7 billion), accounting for 44% of the total commitments in JBIC's International Financial Operations. Major projects included an advance loan to secure a stable supply of crude oil from Iran and the development of the Azeri-Chirag-Gunashli offshore oil field in the Caspian Sea.

Over the course of the year, JBIC signed project finance agreements for large-scale oil-related projects to support exports from Japan. Cases in point are the Baku-Tbilisi-Ceyhan Pipeline Project, which aimed at establishing a pipeline to transport crude oil produced by the Azeri-Chirag-Gunashli offshore oil field to the Mediterranean Sea, and a refinery project in Oman.

With the intention of supplementing private financial institutions and mobilizing private funds, JBIC maintained its stance from the previous year in drawing extensively on its guarantee facility. JBIC made a total amount of ¥240.9 billion of guarantee commitments, covering a switch from lending to guarantees for the importation of aircraft, as well as an overseas syndicated loan arranged by Japanese private financial institutions.

JBIC also made other efforts to invigorate the private loan market, including liquidating its International Financial Operations loans to Indonesia for the first time. The move was intended to support new business operations by Japanese firms by reducing foreign currency loans in line with the government's comprehensive anti-deflationary policy package, Comprehensive Measures to Accelerate Reforms, of October 30, 2002.

Overseas Economic Cooperation Operations

Loan and equity participation commitments in JBIC's Overseas Economic Cooperation Operations, which as part of Japanese official development assistance primarily consist of ODA loans, increased 6 percent from the previous fiscal year to ¥587.7 billion in

fiscal 2003. Amounts attributable to some loan agreements that governments had reached during the previous fiscal year are included in this amount.

Highlights of JBIC's Overseas Economic Cooperation Operations in FY2003

By region, Asia was given the top priority for JBIC's new commitments in its Overseas Economic Cooperation Operations (accounting for 89.9% of the total amount of new commitments). By sector, power/gas accounted for 47.9% of the total, followed by transportation at 22.5%, and social services (including education and water supply/sewerage) at 20.0%. By country, Indonesia topped the list of recipients with loan commitments totaling ¥193.6 billion (including 88.9 billion agreed upon between it and Japan in fiscal 2002), followed by India with ¥125 billion, China at ¥96.7 billion, and Vietnam at ¥79.3 billion.

The number of environmental projects supported by JBIC have been increasing yearly. In fiscal 2003, JBIC made loan commitments for environmental projects, such as afforestation projects in China and India, natural gas projects in Indonesia, and a wind power generation project in Egypt, in the aggregate amount of ¥337 billion, accounting for 57.4% of JBIC's total ODA loan commitments compared with 42.9% in the previous fiscal year.

The Special Terms for Economic Partnership ("STEP"), new special terms aimed at promoting development assistance with a distinct Japanese profile through technology transfers to developing countries and which draw on excellent Japanese technology and know-how, was applied for the first time to eight projects including Lahendong Geothermal Power Plant Project in Indonesia.

With regard to peace building, one of the priority issues of the Japanese Government's New ODA Charter that was revised last year, JBIC provided a loan commitment for the "Autonomous Region in Muslim Mindanao Social Fund for Peace and Development Project," and conducted a preliminary study jointly with the UNDP for a power master plan in Iraq.

In a bid to draw on excellent Japanese technology and know-how, as well as to encourage the participation of the general public, JBIC has been pursuing partnerships with universities, NGOs, and local municipalities. The latest move in this context is a cooperation agreement that JBIC signed with Ritsumeikan University and Ritsumeikan Asia Pacific University, pertaining to participation in the study of economic cooperation and the development of training programs.

Other Highlights in Overall Bank Activities

In an effort to seek public understanding of its operations and to further increase transparency, JBIC has continued to release interim and term-end financial statements in accordance with generally accepted accounting principles and practices for Japanese private corporations ("Japanese GAAP").

JBIC released for the first time the Performance Measurement Report for FY2002, in accordance with the newly introduced "Performance Measurement for Strategic

Management system.” Under this system, JBIC’s business performance is monitored in light of operational direction and targets set in advance.

To further strengthen its commitment to environmental issues, JBIC fully enforced the JBIC Guidelines for Confirmation of Environmental and Social Considerations in October 2003. This was followed by the adoption and implementation of Procedures to Submit Objections Concerning JBIC Guidelines for Confirmation of Environmental and Social Considerations at the same time. To support the steady progress of the Kyoto Mechanisms, JBIC signed a Cooperation Agreement with the International Emissions Trading Association, a private industry association on emissions trading, and engaged in various activities designed to promote the Clean Development Mechanism and Joint Implementation.

3.4.6 *International Financial Operations*

In this section, references to financial information of JBIC are to the relevant financial information with respect to JBIC’s international financial account.

Categories of Operations

JBIC’s international financial operations fall into seven categories: export loans, import loans, overseas investment loans, untied loans, equity participation, guarantee operations and bridge loans.

Export Loans. JBIC extends export loans to (1) Japanese exporters (supplier credits) and (2) foreign financial institutions and foreign importers in developing countries, which normally obtain a guarantee issued by a foreign government or a first ranked financial institution, in order to finance the export of plant, machinery and technologies by Japanese firms. The principal items eligible for these loans are equipment and machinery, such as power generation and communications equipment and machinery for the heavy and chemical industries, ships and aircraft and technologies.

Import Loans. JBIC provides import loans to Japanese importers and foreign exporters, in order to promote the development and import of natural resources which are deemed essential to the Japanese economy.

Overseas Investment Loans. JBIC extends overseas investment loans to (1) Japanese entities in order to provide them with funds for overseas investments in developing countries, (2) joint ventures in developing countries in which Japanese firms have equity interests and (3) foreign governments or financial institutions that make equity investments in or provide loans to the aforesaid joint ventures in developing countries. Encouraging Japanese overseas investments contributes to the improvement of the Japanese industrial structure and the achievement of a harmonized division of labor on a global basis.

Untied Loans. JBIC extends untied loans to foreign governments and financial institutions to provide them with long-term funds for development projects, especially in the infrastructure and energy fields, as well as to strengthen the industrial structure

of developing countries and assist their economic restructuring programs. Untied loans are not tied to the procurement of goods and services from Japan.

Equity Participation. JBIC makes equity participations in either (1) corporations conducting business outside Japan or (2) Japanese corporations whose sole purpose is to make overseas investments in corporations conducting business overseas. JBIC had no equity participation investments outstanding as of March 31, 2004.

Guarantee Operations. JBIC grants guarantees on (1) loans from Japanese private financial institutions for purposes consistent with those of JBIC, (2) bonds issued by Japanese entities, joint ventures, foreign government and financial institutions for purposes identical to those of JBIC's overseas investment loans and untied loans. The net balance of JBIC's guarantees outstanding as of March 31, 2004 totaled ¥746 billion.

Bridge Loans. Under certain circumstances, as part of the Japanese Government's debt-relief measures, JBIC provides bridge loans with the authorization of the Minister of Finance. Bridge loans are short-term loans extended to foreign governments to provide short-term liquidity until the disbursement of the loans from international financial organizations such as the International Monetary Fund and the World Bank.

JBIC's total commitments (international financial operations) for the year ended March 31, 2004 amounted to ¥1,324 billion, and the outstanding balance as of March 31, 2004 was ¥9,833 billion.

The following table sets forth, as of the dates indicated, the total amounts of loans outstanding provided by JBIC, by type of credit and geographical distribution:

Loans Outstanding by Type of Credit and Geographical Distribution										
Japan Bank for International Cooperation										
As of 31 March										
	2000(2)		2001		2002		2003		2003	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
EXPORT LOANS										
Asia	¥ 961,928	8.6	¥ 876,465	8.5	¥ 893,692	8.5	¥ 847,204	8.7	¥ 818,544	9.0
The Pacific	566	0.0	-	-	-	-	-	-	-	-
Europe	113,957	1.0	104,685	1.0	123,404	1.2	123,374	1.3	124,681	1.4
The Middle East	79,443	0.7	74,364	0.7	84,297	0.8	112,999	1.2	150,602	1.7
Africa	197,055	1.8	182,969	1.8	180,527	1.7	168,521	1.7	161,147	1.8
North America	-	-	-	-	-	-	-	-	-	-
Latin America	303,015	2.7	253,867	2.5	239,909	2.3	226,403	2.3	224,382	2.5
International Organizations, etc.	10,267	0.1	7,807	0.1	5,715	0.1	4,749	0.0	4,036	0.0
Total	1,666,231	14.9	1,500,156	14.5	1,527,544	14.5	1,483,249	15.2	1,483,392	16.3
IMPORT LOANS										
Asia	16,161	0.1	12,687	0.1	19,975	0.2	18,201	0.2	17,420	0.2
The Pacific	32,494	0.3	26,470	0.3	39,373	0.4	40,981	0.4	37,781	0.4

Europe	42,120	0.4	41,631	0.4	30,681	0.3	21,682	0.2	15,433	0.2
The Middle East	50,706	0.5	117,153	1.1	207,400	2.0	309,910	3.2	348,585	3.8
Africa	29,806	0.3	26,463	0.3	10,252	0.1	9,096	0.1	8,369	0.1
North America	532,438	4.7	474,749	4.6	477,390	4.5	390,613	4.0	318,054	3.5
Latin America	33,470	0.3	33,470	0.3	33,470	0.3	33,470	0.3	33,470	0.4
International Organizations, etc.	3,095	0.0	3,464	0.0	3,520	0.0	3,503	0.0	3,483	0.0
Total	740,292	6.6	736,088	7.1	822,063	7.8	827,457	8.5	782,596	8.6
OVERSEAS INVESTMENT LOANS										
Asia	2,232,055	19.9	1,984,600	19.2	2,024,290	19.2	1,793,955	18.4	1,594,992	17.6
The Pacific	193,974	1.7	151,698	1.5	136,635	1.3	121,771	1.2	117,754	1.3
Europe	531,929	4.7	441,338	4.3	363,712	3.4	332,487	3.4	371,421	4.1
The Middle East	355,504	3.2	316,827	3.1	396,474	3.8	369,769	3.8	354,358	3.9
Africa	10,271	0.1	17,096	0.2	37,369	0.4	50,437	0.5	79,040	0.9
North America	708,946	6.3	570,332	5.5	536,737	5.1	437,245	4.5	353,665	3.9
Latin America	581,137	5.2	661,177	6.4	743,979	7.0	736,590	7.5	721,138	7.9
International Organizations, etc.	-	-	-	-	-	-	173,635	1.8	198,720	2.2
Total	4,613,817	41.1	4,143,069	40.1	4,239,196	40.1	4,015,890	41.1	3,791,089	41.7
UNTIED LOANS										
Asia	2,383,420	21.2	2,216,356	21.4	2,209,820	20.9	1,685,940	17.3	1,344,365	14.8
The Pacific	3,602	0.0	2,060	0.0	518	0.0	471	0.0	424	0.0
Europe	291,620	2.6	286,639	2.8	279,374	2.6	250,009	2.6	196,662	2.2
The Middle East	115,471	1.0	107,283	1.0	97,249	0.9	75,015	0.8	61,325	0.7
Africa	127,034	1.1	110,271	1.1	101,316	1.0	67,945	0.7	56,317	0.6
North America	-	-	-	-	-	-	-	-	-	-
Latin America	620,505	5.5	601,051	5.8	609,728	5.8	643,952	6.6	640,772	7.1
International Organizations, etc.	517,581	4.6	502,125	4.9	540,838	5.1	583,733	6.0	608,054	6.7
Total	4,059,233	36.2	3,825,785	37.0	3,838,843	36.4	3,307,064	33.9	2,907,919	32.0
GOVERNMENTAL LOANS(1)										
Asia	44,489	0.4	42,087	0.4	39,568	0.4	37,396	0.4	35,114	0.4
The Pacific	-	-	-	-	-	-	-	-	-	-
Europe	1,981	0.0	1,948	0.0	1,909	0.0	1,876	0.0	1,761	0.0
The Middle East	46,514	0.4	45,978	0.4	45,620	0.4	45,262	0.5	44,905	0.5
Africa	27,058	0.2	27,016	0.3	26,935	0.3	27,272	0.3	25,711	0.3
North America	-	-	-	-	-	-	-	-	-	-
Latin America	17,564	0.2	17,017	0.2	16,002	0.2	15,231	0.2	14,507	0.2
International Organizations, etc.	-	-	-	-	-	-	-	-	-	-
Total	137,605	1.2	134,046	1.3	130,035	1.2	127,038	1.3	121,998	1.3

INVESTMENTS										
Asia	-	-	-	-	-	-	-	-	-	-
The Pacific	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-
The Middle East	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-
North America	1,141	0.00	1,141	0.00	1,141	0.00	1,141	0.00	-	-
Latin America	-	-	-	-	-	-	-	-	-	-
International Organizations, etc.	-	-	-	-	-	-	-	-	-	-
Total	1,141	0.00	1,141	0.00	1,141	0.00	1,141	0.00	-	-
Total loans outstanding	¥ 11,218,319	100.0%	¥ 10,340,285	100.0%	¥ 10,558,822	100.0%	¥ 9,761,839	100.0%	¥ 9,086,993	100.0%

- (1) As a part of the Japan's ODA, JEXIM conducted a part of the Government's ODA loans. There has been no new JEXIM ODA commitment since 1987 and JBIC's international financial operations did not take over such operations from JEXIM.
- (2) Combined data for the six months ended September 30, 1999 with respect to JEXIM and for the six months ended March 31, 2000 with respect to JBIC.

The following table sets forth the new loan commitments made by JBIC, by type of credit and geographical distribution in accordance with JBIC's system of classification for the periods indicated.

Credit Commitments by Type of Credit and Geographical Distribution										
Fiscal Year ended 31 March										
	2000(1)		2001		2002		2003		2003	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
EXPORT LOANS										
Asia	¥ 67,462	4.5	¥ 68,499	6.3	¥ 34,530	2.7	¥ 158,401	14.9	¥ 57,904	5.3
The Pacific	-	-	-	-	-	-	-	-	-	-
Europe	7,267	0.5	22,277	2.1	4,800	0.4	6,850	0.6	1,845	0.2
The Middle East	42,052	2.8	34,077	3.1	19,600	1.6	1,026	0.1	48,397	4.5
Africa	3,589	0.2	3,471	0.3	84,226	6.7	282	0.0	5,509	0.5
North America	-	-	-	-	-	-	-	-	-	-
Latin America	31,798	2.1	45,660	4.2	35,656	2.8	28,311	2.7	2,553	0.2
International Organizations, etc.	-	-	-	-	-	-	-	-	-	-
Total	152,169	10.2	173,985	16.0	178,812	14.2	194,869	18.4	116,208	10.7
IMPORT LOANS										
Asia	1,820	0.1	-	-	15,577	1.2	-	-	-	-
The Pacific	4,100	0.3	428	0.0	18,009	1.4	14,097	1.3	15,331	1.4
Europe	4,813	0.3	6,300	0.6	7,337	0.6	-	-	-	-
The Middle East	50,706	3.4	275,400	25.3	-	-	12,410	1.2	117,300	10.8

Africa	594	0.0	-	-	1,465	0.1	718	0.1	733	0.1
North America	71,164	4.8	37,232	3.4	93,491	7.4	492	0.0	-	-
Latin America	-	-	-	-	-	-	-	-	-	-
International Organizations, etc.	-	-	1,997	0.2	92	0.0	-	-	-	-
Total	133,197	8.9	321,357	29.6	135,971	10.8	27,717	2.6	133,364	12.3
OVERSEAS INVESTMENT LOANS										
Asia	201,384	13.5	203,688	18.7	235,517	18.7	192,264	18.1	292,627	27.0
The Pacific	15,690	1.1	1,065	0.1	15,857	1.3	16,621	1.6	66,344	6.1
Europe	44,498	3.0	22,618	2.1	180,132	14.3	25,003	2.4	132,077	12.2
The Middle East	1,286	0.1	-	-	-	-	113,361	10.7	67,890	6.3
Africa	9,782	0.7	14,535	1.3	24,404	1.9	33,883	3.2	31,167	2.9
North America	51,838	3.5	52,426	4.8	98,374	7.8	17,680	1.7	3,215	0.3
Latin America	220,352	14.8	229,362	21.1	131,862	10.5	82,064	7.7	119,640	11.0
International Organizations, etc.	-	-	-	-	-	-	199,590	18.8	16,422	1.5
Total	544,831	36.5	523,695	48.2	686,146	54.4	680,467	64.2	729,383	67.3
UNTIED LOANS										
Asia	305,750	20.5	-	-	111,361	8.8	-	-	41,256	3.8
The Pacific	-	-	-	-	-	-	-	-	-	-
Europe	112,000	7.5	5,500	0.5	-	-	-	-	-	-
The Middle East	40,250	2.7	-	-	-	-	-	-	-	-
Africa	11,896	0.8	6,600	0.6	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-	-	-
Latin America	74,835	5.0	55,300	5.1	28,700	2.3	156,780	14.8	62,880	5.8
International Organizations, etc.	116,500	7.8	-	-	119,834	9.5	-	-	-	-
Total	661,231	44.3	67,400	6.2	259,895	20.6	156,780	14.8	104,136	9.6
Total credit commitments	¥ 1,491,427	100.0	¥1,086,437	100.0	¥1,260,823	100.0	¥1,059,833	100.0	¥1,083,090	100.0%

(1) Combined data for the six months ended September 30, 1999 with respect to JEXIM and for the six months ended March 31, 2000 with respect to JBIC.

Loan and Guarantee Terms

The JBIC Law provides that JBIC's interest rates and guarantee charges shall be determined in light of the interest rates and commissions charged for guarantees by private banks on a basis such that JBIC's International Financial Operation revenues will cover its expenditures and losses. In addition, JBIC may not compete with private financial institutions in extending loans and guarantees, and may extend loans and guarantees only if financing by private financial institutions on ordinary terms is deemed difficult. JBIC carefully investigates the financial position of each prospective borrower and the technical and financial aspects of the project to be financed, and a loan or guarantee is extended only if there is reasonable assurance of repayment.

JBIC itself determines the interest rates, maturities, loan participation percentages, security and other terms on which it lends its funds or extends its guarantees. The interest rate to be applied to each loan is set by the Governor of JBIC, taking into consideration JBIC's funding cost and the rate for borrowers of the highest credit standing from private banks extending long-term loans (see "Business—International Financial Operations—Sources of Funds").

Most of JBIC's international financial operations involve the financing of projects in cooperation with private financial institutions. All loans extended to domestic borrowers are secured by a bank guarantee, a mortgage or other collateral, or supported by a covenant requiring the borrower to provide security to JBIC at JBIC's request. Overseas direct loans, which are usually extended to banks, governmental institutions in foreign countries or private companies with Japanese capital, are generally secured by guarantees issued by the foreign government, the foreign governmental financial institution, or by securities issued by Japanese domestic companies.

In addition to the loan terms provided in the JBIC Law, JBIC's terms and conditions for export loans are determined, in the case of plant and equipment exports, in accordance with the OECD's "Arrangement on Guidelines for Officially Supported Export Credits", commonly referred to as the Consensus and, in the case of ship exports, the OECD's "Understanding on Export Credits for Ships", commonly referred to as the Understanding. The Consensus and the Understanding, which were established to avoid excessive competition in the area of financing for plant or ship exports, stipulate minimum interest rates, maximum credit terms and minimum down payments for officially supported medium- and long-term export credit.

The following table sets forth information concerning the balances of JBIC's outstanding international financial operations loans as of March 31, 2004.

Loan Balances by Remainder of Term⁽¹⁾

	As of 31 March 2004	
	Million Yen	%
One year or less	¥1,154,141	12.9
More than 1 to 2 years	1,193,172	13.4
More than 2 years to 3 years	1,138,281	12.7
More than 3 years to 4 years	1,158,381	13.0
More than 4 years to 5 years	1,045,821	11.7
More than 5 years to 6 years	795,797	8.9
More than 6 years to 7 years	624,680	7.0
More than 7 years to 8 years	475,688	5.3

More than 8 years to 9 years	376,816	4.2
More than 9 years to 10 years	328,257	3.7
More than 10 years	645,094	7.2
Total	¥8,936,128	100.0

- (1) The amounts do not include principal that is overdue and unpaid, and principal that may possibly be waived according to the “Changes in Debt Relief Method” announced by the Japanese Government in December 2002.

Allowance for Possible Loan and Investment Losses

JBIC provides an allowance for possible loan and investment losses in its international financial operations, pursuant to the relevant cabinet order and related regulations. As of March 31, 2004, JBIC’s allowance totaled ¥49 billion. See Note 1 of “Notes to Financial Statements”.

As of March 31, 2004, JBIC wrote off loans totaling ¥2,359 million in its international financial operations. The amount of loans written off increased compared to the previous fiscal year, because JBIC began to write-off ODA loans waived according to the “Changes in Debt Relief Method” announced by the Japanese Government in December 2002.

In cases where borrowers indicate that they may be unable to meet payments on their loans, JBIC may revise the terms of repayment. In the case of direct loans to foreign governments, the international system provides several mechanisms and institutions through which countries facing repayment difficulties can effect remedial measures in agreement with their creditors (Paris Club rescheduling). Therefore, rescheduled principal and interest payments may have to be accepted in order to facilitate the collectibility of some loans or portions of loans. Should a default occur in the payment of principal or interest (whether by reason of a failure to agree on modified loan terms or otherwise), JBIC considers the related loan to be in arrears immediately to the extent of the defaulted amount. As of March 31, 2004, of JBIC’s loans, outstanding principal totaling ¥187,356 million was in arrears for six months or more, most of which were overseas direct loans. This amount increased 65% from the previous fiscal. See “Non-performing Loans” and Note 3 of “Notes to Financial Statements”.

Sources of Funds

The following table sets forth information concerning the sources of funds for JEXIM and JBIC’s international financial operations. See also “Financial Statements—Statement of Changes in Financial Position (International Financial Account)”.

Sources of Funds

	As of 31 March	
	2003	2004
	(Millions of Yen)	
Borrowings from the Government Fund for Fiscal Investment and Loan Program Bonds ⁽¹⁾	¥220,000	¥ 288,500
Borrowings from the Postal Life Insurance Account	-	-
Bonds and notes ⁽²⁾	260,998	377,267

(1) Includes both short-term and long-term borrowings.

(2) Guaranteed by the Government except for the Fiscal Investment and Loan Program Agency Bond.

JBIC has raised funds for its international financial account through borrowings from the Japanese Government and issuances of Japanese Government-guaranteed bonds and notes in international markets. In accordance with the government's policy to reform the *zaito* program (see "Government Control and Supervision"), JBIC began to raise funds in the Japanese domestic capital market on its own creditworthiness, starting in the fiscal year ended March 31, 2002. Specifically, JBIC issued bonds without a guarantee from the Japanese Government ¥240 billion during the fiscal years ended March 31, 2004, and plans to issue up to ¥240 billion during the fiscal year ending March 31, 2005.

3.4.7 *Overseas Economic Cooperation Operations*

In this section, references to financial information of JBIC are to the relevant financial information with respect to JBIC's overseas economic cooperation account.

General

JBIC's overseas economic cooperation operations fall into two categories: Official Development Assistance (ODA) loans and private-sector investment finance. All ODA loans and private-sector investment finance with a grant element of more than 25% are counted as ODA.

JBIC provides ODA loans to developing countries for their economic and social development and economic stability. All ODA loans are made according to agreements between the Japanese Government and the recipient countries. JBIC also provides private-sector investment finance to corporations in Japan and in developing countries to undertake projects in developing countries.

JBIC's total commitments for the year ended March 31, 2004, amounted to ¥588 billion, and all of this amount is for the commitment of ODA. Total disbursements of JBIC for the year ended March 31, 2004 amounted to ¥630 billion, including ¥629,598 million of ODA loans and ¥263 million of private-sector investment finance. As of March 31, 2004, the outstanding balance of total ODA loans and private-sector investment finance was ¥11,479 billion.

Official Development Assistance Loans

The average interest rate of ODA loans committed by JBIC during the year ended March 31, 2004 was 1.33%, while the average repayment period was 31 years and 10 month (including the average grace period of 9 years and 11 months).

Revision of ODA Loan Conditions

The Japanese Government's ODA Charter revised in August 2003 emphasizes poverty reduction and peace building as priority issues. Based on the principles in the new Charter, the Japanese Government has introduced a number of new ODA loan conditions to enhance the effectiveness of ODA loans.

Revision of terms and conditions of ODA loans

The terms and conditions of JBIC's ODA loans have been revised, focusing on reducing interest rates in order to further respond to developing countries' need for loans as financial resources. Along with this, interest rates on the terms and conditions of Special Terms for Economic Partnership ("STEP") loans have been reduced. Furthermore, broader options for shortening the repayment period are now available to developing countries to facilitate appropriate debt management. The new terms and conditions are effective from April 2004.

Preferential terms for assistance for peace building

To date, preferential terms, namely special concessional terms, have been applied only to projects that solve environmental problems and industrial pollution, promote human resource development, and assist small and medium sized enterprises. The terms are now also applicable to projects supporting peace building.

This makes it possible to apply special concessional terms to projects that will help improve the humanitarian situation and support restoration and reconstruction efforts in countries or regions where peace building efforts are being made after a conflict. Such concessional financing will contribute to greater peace and stability in conflict-ravaged countries or regions by supporting economic and social development.

Measures for bridging regional income gaps in upper-middle income countries

As a result of recent rapid economic development, asymmetric growth in income across socio-economic classes and regions is becoming a serious challenge in upper-middle income countries. Encouraging their self-help efforts to address this problem, the Japanese Government will provide support for such countries by means of ODA loans.

ODA loans to upper-middle income countries have until now been limited in-principle to environmental, human resource development, and anti-seismic measures projects. In order to assist such countries to reduce regional income disparities, projects to develop specified economic and social infrastructure in low-income regions are now also included.

The following table shows the information concerning the balances of OECF's or JBIC's outstanding ODA loans as of the dates indicated:

Official Development Assistance Loans										
Fiscal Year ended 31 March										
	2000(1)		2001		2002		2003		2004	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Asia	¥ 8,125,058	79.1	¥ 8,496,905	79.5	¥ 8,783,026	79.9	¥ 9,000,862	80.2	¥ 9,167,288	81.0
The Middle East	548,589	5.3	544,163	5.1	530,157	4.8	519,327	4.6	508,390	4.5
Africa	969,861	9.4	991,560	9.3	1,000,366	9.1	1,000,212	8.9	973,441	8.6
Latin America and the Caribbean	563,037	5.5	584,325	5.5	608,791	5.5	626,015	5.6	580,355	5.1
Oceania	42,884	0.4	47,080	0.4	48,552	0.4	47,285	0.4	45,152	0.4
Europe	22,156	0.2	22,617	0.2	27,331	0.2	32,803	0.3	45,198	0.4
Total	¥ 10,271,585	100.0	¥ 10,686,649	100.0	¥ 10,998,223	100.0	¥ 11,226,503	100.0	¥ 11,319,823	100.0

(1) Combined data for the six months ended September 30, 1999 with respect to OECF and for the six months ended March 31, 2000 with respect to JBIC.

The following table shows the geographic distribution of ODA loans committed by OECF or by JBIC, as the case may be, for the periods indicated:

Geographical Distribution of ODA Loan Commitments										
Fiscal Year ended 31 March										
	2000(1)		2001		2002		2003		2004	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Asia	¥ 859,244	81.5	¥ 552,681	82.8	¥ 616,507	89.6	¥ 529,233	95.7	¥ 528,370	89.9
The Middle East	72,630	6.9	7,494	1.1	—	—	12,022	2.2	—	—
Africa	36,731	3.5	31,404	4.7	30,459	4.4	11,845	2.1	46,013	7.8
Latin America and the Caribbean	85,082	8.1	44,872	6.7	27,916	4.1	—	—	3,595	0.6
Oceania	—	—	5,350	0.8	—	—	—	—	—	—
Europe	—	—	25,635	3.8	12,894	1.9	—	—	9,689	1.6
Total	¥ 1,053,687	100.0	¥ 667,436	100.0	¥ 687,776	100.0	¥ 553,100	100.0	¥ 587,667	100.0

(1) Combined data for the six months ended September 30, 1999 with respect to OECF and for the six months ended March 31, 2000 with respect to JBIC.

The following table shows the sectorial distribution of ODA loans committed by OECF or by JBIC, as the case may be, for the periods indicated:

Sectorial Distribution of ODA Loan Commitments										
Fiscal Year ended 31 March										
	2000(1)		2001		2002		2003		2004	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Electric Power and Gas	¥ 112,693	10.7	¥ 122,208	18.3	¥ 139,361	20.3	¥ 206,241	37.3	¥ 281,186	47.8
Transportation	346,773	32.9	352,258	52.8	370,941	53.9	110,775	20.0	132,381	22.5
Tele-communications	42,759	4.1	3,210	0.5	—	—	19,497	3.5	20,202	3.4
Irrigation and Flood Control	64,258	6.1	29,766	4.5	45,427	6.6	47,741	8.6	11,115	1.9
Agriculture, Forestry and Fisheries	29,974	2.8	12,000	1.8	7,977	1.2	52,070	9.4	24,760	4.2
Mining and Manufacturing	62,044	5.9	7,040	1.1	5,194	0.8	—	—	0	—
Social Services	235,349	22.3	135,604	20.3	118,876	17.3	109,336	19.8	118,023	20.1
Commodity Loans	159,837	15.2	5,350	0.8	—	—	7,440	1.3	0	—
Total	¥ 1,053,687	100.0	¥ 667,436	100.0	¥ 687,776	100.0	¥ 553,100	100.0	¥ 587,667	100.0

(1) Combined data for the six months ended September 30, 1999 with respect to OECF and for the six months ended March 31, 2000 with respect to JBIC.

The following table sets forth information concerning the balances of JBIC's outstanding Overseas Economic Cooperation loans as of March 31, 2004:

Loan Balances by Remainder of Term
As of 31 March 2004

	Million Yen	%
One year or less	¥ 435,052	4.1
More than 1 to 2 years	466,282	4.4
More than 2 years to 3 years	502,021	4.8
More than 3 years to 4 years	529,345	5.0
More than 4 years to 5 years	553,037	5.3
More than 5 years to 6 years	568,539	5.4
More than 6 years to 7 years	566,578	5.4
More than 7 years to 8 years	559,986	5.3

More than 8 years to 9 years	538,376	5.1
More than 9 years to 10 years	531,991	5.1
More than 10 years to 11 years	526,135	5.0
More than 11 years to 12 years	508,138	4.8
More than 12 years to 13 years	485,001	4.6
More than 13 years to 14 years	483,513	4.6
More than 14 years to 15 years	450,915	4.3
More than 15 years	2,827,532	26.8
Total	¥ 10,532,442	100.0

- (1) The amounts do not include principal that is overdue and unpaid, and principal that may possibly be waived according to the “Changes in Debt Relief Method” announced by the Japanese Government in December 2002.

Private-sector Investment Finance

JBIC’s private-sector investment finance operations provide economic cooperation through extending loans and making equity investment for private sector activities in developing countries. The outstanding amount of private-sector investment financing by JBIC as of March 31, 2004 was ¥159 billion, including equity participation totaling ¥153 billion.

Commitment of Private Sector Investment Finance

Fiscal year ended March 31,	Amount (in millions)	Number of Commitments
2000 ⁽¹⁾	878	1
2001	4,983	3
2002	—	—
2003	486	1
2004	—	—

- (1) Combined data for the six months ended September 30, 1999 with respect to OECF and for the six months ended March 31, 2000 with respect to JBIC.

Allowance for Possible Loan and Investment Losses

JBIC provides an allowance for possible loan and investment losses in its overseas economic cooperation operations, pursuant to the relevant cabinet order and related regulations. As of March 31, 2004, JBIC’s allowance totaled ¥402 billion. See Note 1 of “Notes to Financial Statements”.

As of March 31, 2004, JBIC wrote off loans totaling ¥103,114 million in its overseas economic cooperation operations. The amount of loans written off increased compared to the previous fiscal year, because JBIC began to write-off ODA loans waived according to the “Changes in Debt Relief Method” announced by the Japanese Government in December 2002.

In cases where borrowers indicate that they may be unable to meet payments on their loans, JBIC may revise the terms of repayment. In the case of direct loans to foreign governments, the international system provides several mechanisms and institutions through which countries facing repayment difficulties can effect remedial measures in agreement with their creditors (Paris Club rescheduling). Therefore, rescheduled principal and interest payments may have to be accepted in order to facilitate the collectibility of some loans or portions of loans. Should a default occur in the payment of principal or interest (whether by reason of a failure to agree on modified loan terms or otherwise), JBIC considers the related loan to be in arrears immediately to the extent of the defaulted amount. As of March 31, 2004, of JBIC’s loans, outstanding principal totaling ¥359,514 million was in arrears for six months or more, most of which related to overseas direct loans. See “Non-performing Loans” and Note 3 of “Notes to Financial Statements”.

Sources of Funds

The following table sets forth information concerning the sources of funds for JBIC’s overseas economic cooperation operations. See also “Financial Statements—Statement of Changes in Financial Position (Overseas Economic Corporation Account)”.

Sources of Funds

	As of 31 March	
	2003	2004
	(Millions of Yen)	
Borrowings from the Government Fund for Fiscal Investment and Loan Program	434,000	294,500
Capital subscriptions from the general account budget	219,100	200,300

Moreover, the Government of Japan may, within the limits of the budget, grant to JBIC an amount corresponding to a part of the expenses required for the Overseas Economic Cooperation operations.

3.4.8 Capital of JBIC

The following table sets forth information concerning JBIC’s total assets and equity based on both statutory financial statements (“JBIC Law financial statements”) and Japanese GAAP financial statements.

JBIC Law Financial Statements

	Total			International Financial Account			Overseas Account	Economic	Cooperation
	Year ended March 31,								
	2002	2003	2004	2002	2003	2004	2002	2003	2004
	(millions of yen)								
Total assets	22,918,434	21,881,739	21,344,307	11,608,662	10,700,034	10,143,392	11,309,771	11,181,706	11,200,915
Total equity	8,203,905	8,179,341	8,489,569	1,637,942	1,654,329	1,699,434	6,565,964	6,525,012	6,790,135
Capital	7,270,744	7,489,844	7,690,144	985,500	985,500	985,500	6,285,244	6,504,344	6,704,644
Reserve	746,527	889,055	659,250	564,231	608,336	638,582	182,296	280,719	20,667
Earnings	186,634	△199,559	140,175	88,211	60,492	75,352	98,423	△260,052	64,823
Total equity/ Total assets	35.80%	37.38%	39.77%	14.11%	15.46%	16.75%	58.06%	58.35%	60.62%

Japanese GAAP Financial Statements

	Total			International Financial Account			Overseas Economic Cooperation Account		
	Year ended March 31,								
	2002	2003	2004	2002	2003	2004	2002	2003	2004
	(millions of yen)								
Total assets	23,072,990	21,294,849	20,839,757	12,044,980	10,717,200	10,146,237	11,028,009	10,577,649	10,693,520
Total equity	7,838,088	7,518,031	7,895,995	1,560,367	1,604,494	1,620,702	6,277,721	5,913,536	6,275,293
Capital	7,270,744	7,489,844	7,690,144	985,500	985,500	985,500	6,285,244	6,504,344	6,704,644
Reserve	567,343	28,186	205,851	574,867	618,994	635,202	△7,523	△590,807	△429,350
Total equity/ Total assets	33.97%	35.30%	37.89%	12.95%	14.97%	15.97%	56.93%	55.91%	58.68%

In the fiscal year ending March 31, 2002, JBIC began to compute its BIS based capital adequacy ratio as set forth in the table below.

	Year ended March 31,					
	2003			2004		
	Total	International Financial Account	Overseas Economic Cooperation Account	Total	International Financial Account	Overseas Economic Cooperation Account
	(millions of yen)					
Core Capital (Tier I) (A)	7,487,784	1,574,248	5,913,536	7,858,320	1,583,026	6,275,293
Supplementary Capital (Tier II) (B)	172,304	63,426	108,878	124,683	44,798	79,884
Exclusion (C)	-	-	-	-	-	-
Total Capital (A)+(B) - (C) (D)	7,660,089	1,637,674	6,022,414	7,983,003	1,627,824	6,355,178
Risk Assets, etc (E)	22,038,118	9,729,824	12,308,294	21,951,340	9,589,819	12,361,521
Total Capital Ratio (D)/(E)	34.76%	16.83%	48.93%	36.37%	16.97%	51.41%
Tier I Ratio (A)/(E)	33.98%	16.18%	48.05%	35.80%	16.51%	50.76%

- (1) Because general loan loss allowance of up to 1.25% of risk assets, etc (Item (E)) can be in the calculation for supplementary capital, the sum of International Financial Account and Overseas Economic Cooperation Account do not reconcile to the total figure.

3.4.9 *Non-performing Loans*

In the fiscal year ending March 31, 2001, JBIC began to assess all claims and monitor risks on its loans and other credits in accordance with the standards set forth in the Financial Inspection Manuals of the Financial Services Agency of Japan, and is applying to its assets the asset quality self-assessment standards applied by Japanese commercial financial institutions to their assets. JBIC's asset quality self-assessment is based on its financial statements prepared in accordance with Japanese GAAP. ChuoAoyama PricewaterhouseCoopers audited JBIC's self-assessment.

JBIC assessed its loans and other credits in accordance with disclosure requirements that are based, in all material respects, on two sets of disclosure regulations that are followed by commercial financial institutions in Japan, although JBIC is not required to follow either set of regulations. The first set of disclosure regulations includes those set forth under the Banking Law of 1981, as amended (the "Banking Law"). The Banking Law standards require "Risk-monitored Loans" to be disclosed in four categories: (1) bankrupt loans, (2) non-accrual loans, (3) past due loans (three months or more), and (4) restructured loans. The loan categories can be described in greater detail as follows:

"Bankrupt loans" are loans to borrowers which have begun bankruptcy, composition, reorganization, winding-up or special liquidation proceedings under the Bankruptcy Law, the Corporate Reorganization Law, the Commercial Code or other similar laws of Japan or have had their transactions with the promissory note clearinghouse

suspended, or loans to borrowers which have begun similar proceedings under any foreign law.

“Non-accrual loans” are loans which are placed non-accrual status when collection of either the principal or interest becomes doubtful, but exclude “Bankrupt loans”.

“Past due loans (three months or more)” are loans for which principal and/or interest is past due three months or more from the date following the scheduled payment date, but exclude “Bankrupt loans” and “Non-accrual loans”.

“Restructured loans” are loans the terms of which JBIC has modified in favor of borrowers in order to expedite the borrowers’ restructuring and to support the borrower by, among other things, reducing the stated interest rate, deferring interest payments or write downs, but exclude (1) “Bankrupt loans”, (2) “Non-accrual loans”, and (3) “Past due loans (three months or more)”.

The following tables set forth the results of JBIC’s assessment of its loans according to the Banking Law standards as of March 31, 2003 and 2004:

**Principal Amount of Non-Performing Loans
Calculated and Disclosed under Banking Law**

	As of 31 March 2003 (Million Yen)		
	International Financial Account	Overseas Economic Cooperation Account	Total
Bankrupt loans	¥ 665	¥ -	¥ 665
Non-accrual loans	147,029	90,596	237,626
Loans past due three months or more as to principal or interest payments	92,620	51,186	143,807
Restructured loans	372,451	-	372,451
Total	¥ 612,767	¥ 141,783	¥ 754,551
	As of 31 March 2004 (Million Yen)		
	International Financial Account	Overseas Economic Cooperation Account	Total
Bankrupt loans	¥ 83	¥ -	¥ 83
Non-accrual loans	216,429	51,584	268,013
Loans past due three months or more as to principal or interest payments	16,032	54,245	70,278
Restructured loans	385,225	730,673	1,115,899
Total	¥ 617,770	¥ 836,504	¥ 1,454,274

In addition, JBIC has assessed its loans and other assets in accordance with disclosure requirements that are based, in all material respects, on the requirements set forth in the Law on Emergency Measures for the Revitalization of the Functions of the Financial System of 1998, as amended (the “Financial Revitalization Law”). The Financial Revitalization Law requires that problem assets be categorized in three categories: (1) bankrupt and quasi-bankrupt assets, (2) doubtful assets and (3) substandard loans, which may be described more fully as follows:

“Bankrupt and quasi-bankrupt assets” are loans to and other credits to debtors which have begun proceedings under the Bankruptcy Law, the Corporate Reorganization Law, the Financial Revitalization Law or other similar laws of Japan and have financially failed, as well as similar loans as so designated.

“Doubtful Assets” are loans to and other credits to debtors whose financial and operational conditions have been deteriorated and which are unlikely to make payment of principal and/or interest on a contractual basis.

“Substandard loans” are (1) “Past due loans (three months or more)” for which principal and/or interest is past due three months or more from the date following the scheduled payment date excluding “Bankrupt and quasi-bankrupt assets” and “Doubtful assets”, and (2) restructured loans on which JBIC granted concessions to borrowers in financial difficulties to assist them in their financial recovery and eventually be able to pay to creditors, but exclude “Bankrupt and quasi-bankrupt assets”, “Doubtful assets” and “Past due loans (three months or more)”.

The following table sets forth the result of JBIC’s assessment of its loan portfolio according to the Financial Revitalization Law standards as of March 31, 2003 and 2004:

**Problem Assets
Calculated and Disclosed under Financial Revitalization Law**

	As of 31 March 2003 (Million Yen)		
	International Financial Account	Overseas Economic Cooperation Account	Total
Bankrupt and quasi-bankrupt assets	¥ 42,264	¥ -	¥ 42,264
Doubtful assets	118,755	90,596	209,352
Substandard loans	465,071	51,186	516,258
Total	¥ 626,092	¥ 141,783	¥ 767,875

	As of 31 March 2004 (Million Yen)		
	International Financial Account	Overseas Economic Cooperation Account	Total
Bankrupt and quasi-bankrupt assets	¥ 68,382	¥ -	¥ 68,382
Doubtful assets	149,353	51,584	200,938
Substandard loans	401,257	784,919	1,186,177
Total	¥ 618,994	¥ 836,504	¥ 1,455,498

In the event that a debtor country is temporarily unable to repay its external public debt (debts to creditors that are public institutions such as central governments, trade insurance agencies and export credit agencies) due to a decline in its balance of payments, meetings of creditor countries (the “Paris Club”) may be held to discuss debt relief measures. When creditor countries agree on debt relief measures, debt rescheduling agreements between the creditors and a debtor are agreed, and repayments are made according to the agreements. During this temporary liquidity assistance effort, the debtor country implements an economic reform program pursuant to an agreement with the IMF and continues repayments of its debts. The principal amount of loans as of March 31, 2004, for which JBIC agreed to provide debt relief pursuant to the Paris Club agreements was ¥463,600 million on the International Financial Account and ¥1,251,786 million on the Overseas Economic Cooperation Account.

In the past, JBIC had not categorized the loans rescheduled under the Paris Club agreements, described above, under “Restructured loans.” This practice was based on the assumption that, unlike loans provided by private financial institutions, JBIC’s loans, as loans from a public creditor, benefit from an asset securing mechanism under the international framework which accords a high probability of repayment. However, in order to facilitate comparison with private financial institutions, effective from the current fiscal year, JBIC now classifies its loans rescheduled under the Paris Club made to borrowers classified under the Banking Law self assessment as “Watchlisted”, but not “Past due loans (3 months or more)”, as “Restructured loans”. The amount of such loans as of March 31, 2004, included in “Restructured loans” in the above table, is ¥115,380 million (\$1,092 million) attributable to the International Financial Account, of which ¥78,955 million (\$747 million) represents original principal and ¥730,673 million (\$6,913 million) attributable to the Overseas Economic Cooperation Account, of which ¥565,183 million (\$5,348 million) represents original principal..

3.4.10 *Risk Management*

JBIC manages major risks in its operations as a policy-lending institution in the following manner.

Credit Risks

Managing credit risks

The cornerstone of credit risk management at JBIC is evaluation of an individual borrower's creditworthiness, among other factors, in the process leading to credit approval. When a new credit is processed, the relevant financing departments, credit analysis department and country economic analysis department collect and analyze information on the borrower. The overseas representative offices also play a part in collecting information on foreign governments and corporations. Credit appraisal takes place, with checks and balances at work between these different departments throughout the process, leading to the final decision by the management.

For lending to foreign governments and corporations, JBIC makes most use of its position as a public institution and exchanges views and information with governments and other authorities in recipient countries, international institutions such as the IMF and the World Bank, other regional development banks and official export credit agencies as well as private financial institutions in the industrial countries. Using all these channels, JBIC evaluates sovereign or country risk based on a broad range of information on government and government agency borrowers as well as political and economic conditions in their countries.

For credit to domestic and foreign corporations, there is need to evaluate their creditworthiness and the appropriateness of the collateral they provide. In particular, for credit related to projects overseas, credit evaluation involves checking and examining the certainty of transactions to be financed, feasibility studies of projects and the industry in which the borrower operates.

Internal credit rating

JBIC recently started an internal credit rating program that covers substantially all of its borrowers. JBIC uses its internal credit ratings for loan appraisals and to quantify its credit risks.

Internal assessment of asset portfolio

As part of its internal credit risk management, JBIC started self-assessments of its asset portfolio in the year ended March 31, 2001. JBIC is undertaking internal assessments, similar to Japanese private financial institutions, in accordance with the Financial Inspection Manuals prepared by the Financial Services Agency as well as in consultation with an auditing firm to assure the appropriateness of JBIC's self-assessment of its loan assets. In this process, JBIC, following the examples of private financial institutions, conducts first stage assessments by the relevant financing departments, second stage assessments by the credit and country economic analysis departments, and inspections by the auditing department. The results of this internal assessment of asset portfolios are used for the disclosure of the quality of assets to enhance the transparency of JBIC's financial position. See Note 7 of "Notes to Financial Statements".

Quantifying credit risks

In addition to individual credit risk management, JBIC is working on quantifying credit risks with a view to reflecting them in financing policy in the future. To quantify credit risks, it is important to take into account the characteristic of JBIC's loan portfolio that there is a significant proportion of long-term loans and loans involving sovereign risk or country risk. Also to be taken into account is the mechanism of securing assets, such as the framework of international financial assistance to debtor countries through the Paris Club, which is unique to official creditors. Currently, work is under way on measuring the volume of overall credit risks, incorporating these factors.

Market Risks

Exchange rate risk

Foreign currency-denominated loans of JBIC's international financial operations involve risks related to exchange rate fluctuations. JBIC has a consistent policy of managing its risk by hedging the full amount of such exposure through currency swaps and forward exchange transactions. Loans provided by JBIC's overseas economic cooperation operations do not involve exchange rate risk, since none of the loans are denominated in foreign currencies.

Interest rate risk

In JBIC's international financial operations, interest rate risk for foreign currency-denominated loans is mainly hedged by using interest rate swaps by which both foreign currency-denominated loans and the related funding arrangements can be managed on a floating-rate basis. Interest rate risk for yen-denominated loans is limited since maturity of loans and the related funding arrangements, both on a fixed-rate basis, are generally matched. In addition, JBIC makes careful projections of its future asset/liability structure and profits and losses.

In JBIC's overseas economic cooperation operations, the capacity for absorbing interest rate risk is enhanced by capital injection from the national budget along with borrowing under the *zaito* program (see "Government Control and Supervision"). As in the case of the international financial operations, careful projections are made by JBIC of its future asset/liability structure and profits and losses.

Derivatives transactions

Policy for derivatives transactions

JBIC engages in derivatives transactions exclusively for the purpose of hedging exchange rate and interest rate risks that are involved in its lending and funding operations.

Transactions

Derivatives transactions of JBIC include interest rate and currency swaps and forward exchange contracts. The table below gives details of these transactions as of March 31, 2004.

Credit Risk Amounts of Derivatives, etc. As of 31 March 2004

	(Billion of Yen)	
	Notional Amount	Credit Risk
Interest Rate Swap	¥ 1,995.0	¥ 83.8
Currency Swaps	4,199.7	790.2
Forward Exchange Contracts	1.4	0.0
Other Derivatives	—	—
Credit Risk Reductions through Netting	—	(180.6)
Total	¥ 6,196.2	¥ 693.4

Risks involved in derivatives transactions and policies for addressing risks

Credit risk. Potential loss from the failure of a counterparty to perform its obligations in accordance with terms and conditions of the contract governing transactions due to bankruptcy or deteriorating business conditions.

JBIC constantly monitors the market value of derivatives transactions as to each counterparty and the amount of its credit exposure to and creditworthiness of each counterparty in order to ascertain the appropriateness of entering into or maintaining a transaction with each counterparty.

Liquidity Risk. Liquidity risk refers to the risk of cash flow tightening due to worsening fund-raising capability that arises from deterioration of creditworthiness or mismatches in the maturity of assets and liabilities. JBIC is minimizing the liquidity risk through effective cash flow management and diversification of its funding sources. JBIC borrows under the *zaito* program and issues government-guaranteed bonds in the international capital markets. JBIC started to issue bonds without a government guarantee in the domestic capital market in the year ending March 31, 2001.

3.5 MANAGEMENT

The JBIC Law stipulates that Bank's management consists of a Governor, two Deputy Governors and Managing Directors and up to seven Senior Executive Directors. In addition to these officers, JBIC shall have up to two Auditors. The Governor and the Auditors are appointed by the Minister of Finance and the Deputy Governors and Managing Directors are appointed by the Governor with the consent of the Minister of Finance. Senior Executive Directors are appointed by the Governor.

The Governor is JBIC's chief executive officer, and the Deputy Governors and Managing Directors are his alternates. The Senior Executive Directors exercise various management functions in accordance with delegations from the Governor, but final authority in all matters resides exclusively with the Governor.

The Auditors audit the business of JBIC and may submit their views to the Governor or the supervising Ministers (the Minister of Finance and the Minister of Foreign Affairs) when they deem it necessary. Every half year, the Auditors audit JBIC's statutory financial statements. Their opinion, together with the statutory financial statements, is submitted to the Minister of Finance within two months after termination of the first six-month period of each fiscal year and within three months after termination of each fiscal year.

JBIC's Executive Officers (as of October 1, 2004)

Title	Name
Governor	Kyosuke Shinozawa
Deputy Governor and Managing Director	Koji Tanami
Deputy Governor and Managing Director	Yoshihiko Morita
Senior Executive Director	Takayuki Yamada
Senior Executive Director	Akihiko Furuya
Senior Executive Director	Tadashi Iwashita
Senior Executive Director	Iwao Okamoto
Senior Executive Director	Keiichi Tango
Senior Executive Director	Shigeru Nozaki
Senior Executive Director	Fumio Hoshi
Auditor	Yasuo Furutachi
Auditor	Hiromasa Toyooka
Executive Director, JBIC Institute	Shozo Kitta
Resident Executive Director, Osaka Branch	Junichi Kondo
Executive Director	Shigeru Takeda
Executive Director	Hiroshi Tamura
Resident Executive Director for Asia and Oceania	Wataru Yoshida
Resident Executive Director for Europe and the Middle East	Kuniaki Ito
Resident Executive Director for Africa	Hiroshi Haruta
Resident Executive Director for the Americas	Katsunori Kudo

Financial Highlights

Balance Sheets	(In millions of yen)	
	March 31, 2004	March 31, 2003
Total Assets	20,839,757	21,294,849
Loans	19,306,245	20,164,343
Allowance for possible loan losses	(263,425)	(308,163)
Customer's liabilities for acceptances and guarantees	724,924	629,082
Total liabilities	12,943,761	13,776,818
Bonds and notes	1,561,373	1,589,084
Borrowings	10,392,925	11,218,681
Acceptances and guarantees	724,924	629,082
Total equity	7,895,995	7,518,031
Statements of Operations	(In millions of yen)	(In millions of yen)
	Fiscal* 2003	Fiscal 2002
Net (Loss) income	207,910	(495,051)
Total Income	560,777	766,867
Interest Income	519,452	568,783
Interest on loans	467,635	533,388
Total Expense	352,866	1,261,919
Interest expenses	305,501	372,503
Interest on bonds and notes	61,145	71,881
ODA-loan related losses	-	855,616
Statements of Cashflows	(In millions of yen)	(In millions of yen)
	Fiscal 2003	Fiscal 2002
Net increase (decrease) in cash and cash equivalents	35,068	110,233
Net cash used in operating activities	(127,160)	(77,589)
Net cash provided by (used in) investing activities	389	(876)
Net cash provided by financing activities	161,840	188,699

Note * Fiscal Year base begins on 1 April of each year and ends on 31 March of the following year. Also, see the Financial Statements based on J-GAAP for further details and other related data.

3.6 USE OF PROCEEDS

The funds raised by the issue of the Bonds will be utilized for the International Financial Operations of JBIC.

3.7 SOURCE OF REPAYMENT

The Bonds will be redeemed with the cashflow from the International Financial Operations of JBIC.

3.8 OUTSTANDING DEBT

As of March 31, 2004, the outstanding debts on bonds and notes as appeared in the balance sheet of JBIC are ¥1,561,373 million (reference is made to the Balance Sheet based on Japanese GAAP). However, JBIC does not have any outstanding debt on bonds and notes in Thailand.

3.9 REGULAR CONTACTED FINANCIAL INSTITUTION(S)

JBIC has no regular contact with any specific financial institution. However, regular contacted financial institutions for the purpose of offering the Bonds are as follows:

1. The Bank of Tokyo-Mitsubishi, Ltd., Bangkok Branch;
2. Citibank N.A., Bangkok Branch;
3. Citicorp Securities (Thailand) Limited; and
4. The Siam Commercial Bank Public Company Limited.

3.10 GUARANTOR'S INFORMATION

Japan

Overview ⁽¹⁾

Japan is situated in Northeastern Asia between the North Pacific and the Sea of Japan. The area of Japan is 377,873 square kilometers. Japan consists of four major islands, Hokkaido, Honshu, Shikoku and Kyushu. Japan's capital city is Tokyo. Japan's topographical features include coastlines with varied scenery and towering mountains.

Outlook for Fiscal 2004 ⁽²⁾

Japan's economy has continued to recover at a moderate pace since the second half of 2003. The stimulus from exports has contributed to the rise in production and corporate profits. This, in turn, has generated an uptrend in business fixed investment. Household consumption has been somewhat firm. In fiscal 2004, the economy is expected to continue its recovery as momentum increases gradually.

Overseas economies, the U.S. and East Asian economies in particular, are expected to grow relatively fast. As a result, exports and production are likely to increase, and corporate profits will be on an uptrend thanks to cost reductions and the strengthening of the financial position. Although firms continue to cut their interest-bearing debts, the overall pace of debt reduction is likely to ease off. Under these circumstances, business fixed investment is expected to increase mainly in the manufacturing sector. While firms continue to restrain labor costs, the increases in production and corporate profits are expected to exert positive effects gradually on the household sector through changes in employment and income as well as in asset prices. As a result, household consumption is anticipated to recover at a moderate pace.

The year-on-year rate of change in domestic corporate goods prices in fiscal 2004 is likely to be slightly above zero percent, reflecting the increase in commodity prices at home and abroad as well as the improvement in domestic supply and demand conditions. Looking into the background of consumer price developments, the output gap, which affects the underlying trend of prices, is likely to narrow steadily with the economic recovery. However, such factors as the rise in medical costs and rice prices, which contributed to a temporary slowdown of the fall in consumer prices in fiscal 2003, will dissipate, and the impact of the rise in commodity prices on the prices of intermediate and finished products will be largely absorbed by higher productivity. Against such a background, consumer prices in fiscal 2004 are projected to be on a slight downtrend on a year-on-year basis.

Credit Rating of Japan ⁽³⁾

As of 23 March 2004, Standard and Poor's Rating Services had assigned long term foreign currency sovereign credit rating of "AA-" with stable outlook to Japan. An obligor rated "AA" by Standard and Poor has very strong capacity to meet its financial commitments.

On 7 April 2004, Moody's Investors Service rated Japan long-term foreign currency debt obligation at "Aaa" with stable outlook. Obligations rated "Aaa" by Moody's are judged to be of the highest quality, with minimal credit risk.

Note : Fiscal year base begins on 1 April of each year and ends on 31 March of the following year

Source: (1) Japan Overview, www.jnto.go.jp/eng/GJ/overview.html

(2) Bank of Japan, www.boj.or.jp/en/seisaku/04/pb/gor0404.htm

(3) www.standardandpoors.com and www.Moodys.com

Summary Economic Information Relating To Japan ¹⁴⁾

Population (July 2004 est.): 127,333,002 (9)

Population growth rate (July 2004 est.): 0.08% per annum (9)

GDP (FY2003)¹⁾: 553,994.8 Billion Yen

The following table sets forth a summary of certain economic information relating to Japan for the periods indicated with *Fiscal year base*, which begins on 1 April of each year and ends on 31 March of the following year.

	2003	2002
In Billions of Yen except percentage and index		
Domestic Economy and Finance (1)		
Gross Domestic Product ('GDP') ¹⁾	553,994.8	536,548.7
GDP growth (%changes from the previous year)	3.3	1.1
Corporate Goods Price Index (%changes from the previous year)		
- Domestic Corporate Goods Price Index	-0.5	-1.6
- Consumer Price Index	-0.2	-0.6
- Consumer Price Index (Y2000 = 100)	98.1	98.4
Corporate Profits ²⁾		
- Current Profits (%changes from the previous year)	24.6 ³⁾	9.8
- Ratio of Current profits to Sales	3.84 ³⁾	2.34
Unemployment rate (%of labor force)	5.1	5.4
Domestic Investment (2)		
Private Residential Investment ⁴⁾	18,566.1	18,510.6
Private Non-Residential Investment ⁴⁾	94,384.8	84,061.2
Public Investment ⁴⁾	28,511.6	32,431.8
Public Finances (3)		
Government Expenditures	81,939.6 ⁵⁾	83,674.3
Government Taxes and Stamp Revenues	41,786.0 ⁶⁾	43,833.2
National Government Debt (4)	703,148 ⁸⁾	668,761 ⁷⁾
Balance of Payments and Customs Clearance (5)		
Current Account Balance	17,297.2	13,387.2

	2003	2002
Exports	56,060.9	52,727.1
Imports	44,833.0	43,067.1
Merchandise Trade Balance	11,227.9	9,660.0
Gross External Debt (6)	147,863R ⁹⁾	144,505R ⁹⁾
External Asset and Liabilities (7)		
International Investment Asset		
- Direct Investment	35,505P ¹⁰⁾	37,322R ⁹⁾
- Portfolio Investment ¹³⁾	184,175P ¹⁰⁾	171,968R ⁹⁾
- Other Investment	88,012P ¹⁰⁾	102,853R ⁹⁾
- Reserve Assets	83,704P ¹⁰⁾	59,028R ⁹⁾
International Investment Liabilities		
- Direct Investment	9,762P ¹⁰⁾	9,798R ⁹⁾
- Portfolio Investment ¹³⁾	111,418P ¹⁰⁾	72,559R ⁹⁾
- Other Investment	108,779P ¹⁰⁾	107,351R ⁹⁾
Official International Reserve assets (in U.S\$ millions) (8)	826,577 ¹²⁾	496,181 ¹¹⁾

Note:

- 1) At constant price, based on Year 1995 = 100
- 2) Financial Statements Statistics of Corporations by Industry consisting Large and Small Enterprises in both Manufacturing and Non-manufacturing industry
- 3) As of 1st quarter 2004 estimate, and the FY2003 data is not available yet
- 4) Under Gross Domestic Expenditure at Constant Prices, Fiscal Year base
- 5) Revised budget of FY 2003
- 6) Initial budget of FY 2003
- 7) As of Mar 2003
- 8) As of Mar 2004
- 9) R = Revised estimate, End of Quarter, Jan-Mar 2003
- 10) P = Provisional estimate, End of Quarter, Jan-Mar 2004
- 11) Shown in US\$millions, as of March 31, 2003, released on April 7,2003
- 12) Shown in US\$millions, as of March 31, 2004, released on April 7,2004
- 13) Portfolio Investment consists of Equity securities, and Debt securities
- 14) All shown figures were retrieved as of September 24, 2004

Source:

- (1), (3), (5) Bank of Japan
(www.boj.or.jp/en/stat/sk/ske.htm) and Statistics Bureau of Japan
(www.stat.go.jp/english/data/geppou/zuhyou/m07.xls)
- (2) Economic and Social Research Institute(ESRI),(<http://www.esri.cao.go.jp/en/sna/qe042/gdemenua.html>)
- (4) Statistics Bureau of Japan
(www.stat.go.jp/english/data/geppou/zuhyou/l01.xls) or Bank of Japan (Public Finance, National Government Debt /text (http://www.boj.or.jp/en/stat/stat_f.htm))
- (6) Bank of Japan
(<http://www.boj.or.jp/en/stat/bop/bop.htm#05>)
- (7) Bank of Japan (Balance of Payments)(www.boj.or.jp/en/stat/stat_f.htm)
- (8) Ministry of Finance
(<http://www.mof.go.jp/english/e1c006.htm>)
- (9) The World Factbook, Japan at www.cia.gov/cia/publications/factbook/geos/ja.htm

3.11 DEBT RECORD

There has been no default on any obligation of JBIC.

3.12 FINANCIAL STATEMENTS OF JAPAN BANK FOR INTERNATIONAL COOPERATION AND AUDITORS

The JBIC Law requires JBIC to prepare statutory financial statements twice a year and to submit them, with an opinion of JBIC's Auditors thereon, to the Minister of Finance. The accounts of the Government Agencies, which include JBIC, are examined semi-annually by the Board of Audit to determine compliance with certain statutory requirements. The Board of Audit is an independent body created by the Constitution of Japan, and its Examination Reports on the accounts of JBIC and the other Government Agencies, together with its Audit Reports on the final accounts of the Government, are submitted to the Diet through the Cabinet.

Since the fiscal year ended March 31, 2001, JBIC has prepared and made public financial statements in accordance with generally accepted accounting principles and practices for Japanese private corporations (Japanese GAAP), in addition to preparing the statutory financial statements in accordance with the JBIC Law and regulations thereunder. JBIC's Japanese GAAP financial statements consist of a balance sheet, statement of operations, statement of cash flows, statement of equity, and accompanying notes, all presented in accordance with Japanese GAAP and available in English as well as in its Thai translation (see below). JBIC's Japanese GAAP financial statements have been audited by ChuoAoyama PricewaterhouseCoopers, independent accountants, as stated in their report, which is incorporated in this Prospectus (see below). JBIC may from time to time review its financial statements and accounting procedures and to make appropriate changes to them reflecting market practices and regulations. In preparing the financial statements presented in accordance with Japanese GAAP, JBIC made necessary adjustments to its statutory financial statements, which were prepared based on JBIC's statutes and related regulations as well as accounting principles applied to special public corporations.

Report of Independent Auditors

To the Governor of
Japan Bank for International Cooperation

We have audited the accompanying balance sheets of Japan Bank for International Cooperation as of March 31, 2004 and 2003, and the related statements of operations, equity, and cash flows for the years 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 audits 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 Japan Bank for International Cooperation as of March 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying financial statements.

ChuoAoyama PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers

Tokyo, Japan

June 25, 2004

BALANCE SHEETS

JAPAN BANK FOR INTERNATIONAL COOPERATION

	In millions of yen		In millions of yen		In millions of U.S. dollars	
	March 31, 2004		March 31, 2003		March 31, 2004	
Assets						
Cash and due from banks (Note 3)	¥	217,328	¥	288,284	\$	2,056
Securities (Notes 4 and 20)		120,514		122,912		1,140
Loans (Note 5)		19,306,245		20,164,343		182,668
Miscellaneous assets (Note 6)		704,284		367,673		6,664
Premises and equipment (Note 7)		27,178		28,449		257
Deferred charges on bonds and notes (Note 8)		2,707		2,267		26
Customers' liabilities for acceptances and guarantees		724,924		629,082		6,859
Allowance for possible loan losses (Note 9)		(263,425)		(308,163)		(2,492)
Total assets	¥	20,839,757	¥	21,294,849	\$	197,178

	In millions of yen		In millions of yen		In millions of U.S. dollars	
	March 31, 2004		March 31, 2003		March 31, 2004	
Liabilities and equity						
Liabilities						
Bonds and notes (Note 10)	¥	1,561,373	¥	1,589,084	\$	14,773
Borrowings (Note 11)		10,392,925		11,218,681		98,334
Miscellaneous liabilities (Note 12)		246,191		321,126		2,329
Allowance for bonus payments		918		754		9
Allowance for employee retirement benefits (Note 13)		17,429		18,090		165
Acceptances and guarantees (Note 14)		724,924		629,082		6,859
Total liabilities		12,943,761		13,776,818		122,469

Equity						
Capital attributable to the International Financial Account		985,500		985,500		9,324
Capital attributable to the Overseas Economic Cooperation Account		6,704,644		6,504,344		63,437
Reserve attributable to the International Financial Account (Note 17)		638,582		608,336		6,042
Reserve attributable to the Overseas Economic Cooperation Account (Note 17)		20,667		280,719		196
Accumulated deficit		(453,398)		(860,868)		(4,290)
Total equity		7,895,995		7,518,031		74,709
Total liabilities and equity	¥	20,839,757	¥	21,294,849	\$	197,178

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

STATEMENT OF OPERATIONS

JAPAN BANK FOR INTERNATIONAL COOPERATION

	In millions of yen		In millions of yen		In millions of U.S.dollars
	FY 2003		FY 2002		FY 2003
Income					
Interest income	¥	519,452	¥	568,783	\$ 4,915
Interest on loans		467,635		533,388	4,425
Interest and dividend income on securities		2,280		2,659	22
Interest on due from banks		1,609		3,640	15
Interest on swaps (net)		47,926		29,095	453
Fees and Commissions		6,746		5,934	64
Other operating income		309		-	3
Other ordinary income		494		201	5
Grant from general account (Note 16)		30,000		-	284
Reversal of allowance for possible loan losses		-		187,816	-
Recovery of Written-off Claims		3,084		4,119	29
Profits on sales of premises and equipment		689		11	6
Total income		560,777		766,867	5,306
Expenses					
Interest expenses		305,501		372,503	2,891
Interest on bonds and notes		61,145		71,881	579
Amortization of discounts on bonds and notes		-		5	-
Interest on borrowings		244,355		300,617	2,312
Fees and Commissions		5,754		4,981	54
Other operating expenses		5,123		947	49
Foreign exchange losses		4,256		193	41
Amortization of bonds and notes issuance costs		651		567	6
Others		216		186	2
General and administrative expenses		24,435		27,425	231
Other ordinary expenses		12,036		401	114
Provision for allowance for possible loan losses		9,921		-	94
Write-off of loans		122		-	1
Write-off of equities and securities, etc.		1,924		351	18
Others		67		49	1
Losses on disposal of premises and equipment		14		43	0
ODA-loan related losses (Note 16)		-		855,616	-
Total expense		352,866		1,261,919	3,339
Net income (loss)	¥	207,910	¥	(495,051)	\$ 1,967

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

STATEMENT OF CASH FLOWS

JAPAN BANK FOR INTERNATIONAL COOPERATION

	In millions of yen		In millions of yen		In millions of U.S. dollars	
	FY 2003		FY 2002		FY 2003	
Cash flows from operating activities						
Net income (loss)	¥	207,910	¥	(495,051)	\$	1,967
Depreciation and amortization		1,461		1,593		14
Decrease in allowance for possible loan losses		(44,737)		(179,664)		(423)
Decrease in allowance for possible investment losses		-		(1,119)		-
Increase in allowance for bonus payments		163		158		1
(Decrease) increase in allowance for employee retirement benefits		(660)		2,065		(6)
Interest income		(519,452)		(568,783)		(4,915)
Interest expenses		305,501		372,503		2,890
Net loss on securities		1,992		1,520		19
Foreign exchange loss (gain)		299,725		(12,049)		2,836
Net (gain) loss on sales of premises and equipment		(674)		31		(6)
Net decrease in loans		316,955		1,395,069		2,999
Net increase in bonds and notes		54,212		51,465		513
Net decrease in borrowings		(825,756)		(1,055,797)		(7,813)
Net decrease in due from banks (excluding cash equivalents)		87,302		247,161		826
Interest received		630,355		551,275		5,964
Interest paid		(321,621)		(396,384)		(3,043)
Others, net		(319,839)		8,414		(3,026)
Net cash used in operating activities		(127,160)		(77,589)		(1,203)
Cash flows from investing activities						
Purchases of securities		(262)		(474)		(2)
Sales of securities		635		189		6
Expenditures on premises and equipment		(842)		(629)		(8)
Proceeds from sales of premises and equipment		858		37		8
Net cash provided by (used in) investing activities		389		(876)		4
Cash flows from financing activities						
Proceeds from issuance of capital from Government		200,300		219,100		1,895
Payment to National Treasury		(38,459)		(30,400)		(364)
Net cash provided by financing activities		161,840		188,699		1,531
Effect of exchange rate changes on cash and cash equivalents		(0)		(1)		(0)
Net increase in cash and cash equivalents		35,068		110,233		332
Cash and cash equivalents at the beginning of the period		117,669		7,437		1,113
Cash and cash equivalents at the end of the period	¥	152,738	¥	117,669	\$	1,445

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

STATEMENT OF EQUITY

JAPAN BANK FOR INTERNATIONAL COOPERATION

In millions of yen

	Capital attributable to the International Financial Account	Capital attributable to the Overseas Economic Cooperation Account	Reserve attributable to the International Financial Account	Reserve attributable to the Overseas Economic Cooperation Account	Accumulated deficit	Total Equity
Balance at March 31, 2003	¥ 985,500	¥ 6,504,344	¥ 608,336	¥ 280,719	¥ (860,868)	¥ 7,518,031
Transfer from net earnings accounted under the JBIC Law to reserve	-	-	30,246	-	(30,246)	-
Transfer from reserve to net earnings accounted under JBIC Law	-	-	-	(260,051)	260,051	-
Payment to National Treasury	-	-	-	-	(30,246)	(30,246)
Issuance of capital from Government	-	200,300	-	-	-	200,300
Net income	-	-	-	-	207,910	207,910
Balance at March 31, 2004	¥ 985,500	¥ 6,704,644	¥ 638,582	¥ 20,667	¥ (453,398)	¥ 7,895,995
Appropriations:						
Transfer from net earnings accounted under the JBIC Law to reserve	-	-	37,675	64,823	(102,498)	-
Transfer from reserve to net earnings accounted under the JBIC Law	-	-	-	-	-	-
Payment to National Treasury	-	-	-	-	(37,675)	(37,675)
Total	¥ -	¥ -	¥ 37,675	¥ 64,823	¥ (140,174)	¥ (37,675)
Unappropriated Accumulated deficit	¥ -	¥ -	¥ -	¥ -	¥ (593,573)	¥ -

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

STATEMENT OF EQUITY

JAPAN BANK FOR INTERNATIONAL COOPERATION

In millions of dollars

	Capital attributable to the International Financial Account	Capital attributable to the Overseas Economic Cooperation Account	Reserve attributable to the International Financial Account	Reserve attributable to the Overseas Economic Cooperation Account	Accumulated deficit	Total Equity
Balance at March 31, 2003	\$ 9,324	\$ 61,542	\$ 5,756	\$ 2,656	\$ (8,145)	\$ 71,133
Transfer from net earnings accounted under the JBIC Law to reserve	-	-	286	-	(286)	-
Transfer from reserve to net earnings accounted under JBIC Law	-	-	-	(2,460)	2,460	-
Payment to National Treasury	-	-	-	-	(286)	(286)
Issuance of capital from Government	-	1,895	-	-	-	1,895
Net income	-	-	-	-	1,967	1,967
Balance at March 31, 2004	\$ 9,324	\$ 63,437	\$ 6,042	\$ 196	\$ (4,290)	\$ 74,709
Appropriations:						
Transfer from net earnings accounted under the JBIC Law to reserve	-	-	356	614	(970)	-
Transfer from reserve of the Overseas Economic Cooperation Account	-	-	-	614	(614)	-
Transfer from reserve to net earnings accounted under the JBIC Law	-	-	-	-	-	-
Payment to National Treasury	-	-	-	-	(356)	(356)
Total	\$ -	\$ -	\$ 356	\$ 614	\$ (1,326)	\$ (356)
Unappropriated Accumulated deficit	\$ -	\$ -	\$ -	\$ -	\$ (5,616)	\$ -

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

STATEMENT OF EQUITY

JAPAN BANK FOR INTERNATIONAL COOPERATION

In millions of yen

	Capital attributable to the International Financial Account		Capital attributable to the Overseas Economic Cooperation Account		Reserve attributable to the International Financial Account		Reserve attributable to the Overseas Economic Cooperation Account		Accumulated deficit	Total Equity
Balance at March 31, 2002	¥	985,500	¥	6,285,244	¥	564,230	¥	182,296	¥ (179,183)	¥ 7,838,088
Transfer from net earnings accounted under the JBIC Law to reserve		-		-		44,105		98,422	(142,528)	-
Transfer from reserve to net earnings accounted under JBIC Law		-		-		-		-	-	-
Payment to National Treasury		-		-		-		-	(44,105)	(44,105)
Issuance of capital from Government		-		219,100		-		-	-	219,100
Net loss		-		-		-		-	(495,051)	(495,051)
Balance at March 31, 2003	¥	985,500	¥	6,504,344	¥	608,336	¥	280,719	¥ (860,868)	¥ 7,518,031
Appropriations:										
Transfer from net earnings accounted under the JBIC Law to reserve		-		-		30,246		-	(30,246)	-
Transfer from reserve to net earnings accounted under JBIC Law		-		-		-		(260,051)	260,051	-
Payment to National Treasury		-		-		-		-	(30,246)	(30,246)
Total	¥	-	¥	-	¥	30,246	¥	(260,051)	¥ 199,559	¥ (30,246)
Unappropriated Accumulated deficit	¥	-	¥	-	¥	-	¥	-	¥ (661,309)	¥ -

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

NOTES TO FINANCIAL STATEMENTS

JAPAN BANK FOR INTERNATIONAL COOPERATION

1. **Basis of presentation**

The accompanying financial statements have been prepared from the accounts maintained by Japan Bank for International Cooperation (“JBIC”) 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 financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

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 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 ¥105.69=\$1.00, the exchange rate as of March 31, 2004, 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 in 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) Hedge accounting for interest rate risks

(i) Hedge accounting

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

(ii) Hedging instruments and hedged items

Hedging instruments: interest rate swaps

Hedged items: loans, bonds and notes

(iii) Hedging policy

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

(iv) Assessment of hedge effectiveness

JBIC assesses the effectiveness of designated hedges by measuring and comparing the fluctuations of fair value or cumulative fluctuations of cash flows of both hedging instruments and corresponding hedged items from the date of inception of the hedges to the effectiveness testing 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 measured using the deferral method. In the previous fiscal year, the transitional treatments stated in The Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 25 were applied to these transactions. Effective from the current fiscal year, in accordance with the standard treatments of JICPA Industry Audit Committee Report No. 25, hedge accounting is applied to currency-swap transactions, exchange swap transactions and similar transactions intended to hedge risks of borrowing and lending in different currencies by swapping the borrowing currency for the lending currency.

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 fiscal year end.

With regard to derivatives, JBIC has applied hedge accounting from this fiscal year as stated in Note 2 (d) and (e) above.

As a result, currency-swap, exchange swap and similar transactions which had previously been accounted for on an accrual basis are stated at market value and net assets or liabilities are recorded on the balance sheets. Consequently, the captions

“Accrued income” and “Other assets” have decreased by ¥11,310 million (\$107 million) and ¥307,674 million (\$2,911 million) respectively, “Derivatives” included in “Miscellaneous assets” has increased by ¥459,846 million (\$4,351 million), “Derivatives” included in “Miscellaneous liabilities” has decreased by ¥20,531 million (\$194 million), “Deferred hedged losses” has decreased by ¥8,269 million (\$78 million), and “Deferred hedged gains” has increased by ¥153,123 million (\$1,449 million). These changes have no effects on the results of operations.

(g) Depreciation basis for fixed assets

(i) Premises and equipment

Premises and equipment are depreciated on 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 on a straight-line basis.

The principal estimated useful economic lives are as follows:

Buildings: 38 years to 50 years

Equipment: 2 years to 20 years

(ii) Software

Software used by JBIC is amortized on a straight-line basis over its useful economic life (5 years).

(h) Accounting standard for impairment of fixed assets

On August 9, 2002, the Business Accounting Council in Japan issued the “Accounting Standard for Impairment of Fixed Assets”. The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss shall be recognized in the statements of operations by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price and value in use.

The standard shall be effective for fiscal years beginning April 1, 2005. However, an earlier adoption is permitted for fiscal year beginning April 1, 2004 and for fiscal years ending between March 31, 2004 and March 30, 2005.

JBIC has not yet applied this new standard nor has determined the effect of applying it on the financial statements.

(i) Method of amortization for deferred charges

“Discounts on bonds and notes” are amortized over terms of redemption, and “Bonds and notes issuance costs” are amortized over 3 years, on a straight-line basis in accordance with the Commercial Code of Japan.

Until the fiscal year ended March 31, 2003, the amounts of amortization of discounts on bonds and notes had been presented in “Amortization of discounts on bonds and notes” as their own account. In accordance with the amendment of the applicable law which

regulates the reporting standards, from April 1, 2003, they are presented in “Interest on bonds and notes” combined with interest.

(j) Allowance for possible loan losses

JBIC provides “Allowance for possible loan losses” as follows:

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 (h) 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.

(k) Allowance for bonus payments

“Allowance 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. Allowance for bonus payments to executive directors are included in the account as of March 31, 2004 but not included in the previous fiscal year.

(l) Allowance for employee retirement benefits

Allowance for employee retirement benefits represents the future payment for pension and retirement to employees and executive directors, and is accrued based on the projected benefit obligations and the estimated pension plan assets at fiscal year end.

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

(m) Consumption taxes

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

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, 2004, and 2003 is as follows:

	March 31, 2004	March 31, 2003	March 31, 2004
	(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
	¥	¥	\$
Cash and due from banks	217,328	288,284	2,056
Due from banks (*)	(64,590)	(170,614)	(611)
Cash and cash equivalents	¥ 152,738	¥ 117,669	\$ 1,445

(*) Excluding Due from Bank of Japan

4. Securities

Securities as of March 31, 2004 and 2003 are as follows:

	March 31, 2004	March 31, 2003	March 31, 2004
	(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
	¥	¥	\$
Equity	119,902	122,269	1,134
Other securities	612	642	6
	¥ 120,514	¥ 122,912	\$ 1,140

5. Loans

All loans are loans on deeds. The amounts reported in the balance sheets as of March 31, 2004 and 2003 are as follows:

International Financial Account	March 31, 2004	March 31, 2003	March 31, 2004
	(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
	¥	¥	\$
Bankrupt loans	83	665	1
Non-accrual loans	216,429	147,029	2,048
Past due loans (3 months or more)	16,032	92,620	151
Restructured loans	385,225	372,451	3,645
	¥ 617,770	¥ 612,767	\$ 5,845

Overseas Economic Cooperation Account	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Bankrupt loans	-	-	-
Non-accrual loans	51,584	90,596	488
Past due loans (3 months or more)	54,245	51,186	513
Restructured loans	730,673	-	6,914
	¥ 836,504	¥ 141,783	\$ 7,915

(a) “Bankrupt loans,” which are classified as non-accrual (i.e. interest receivable is admitted to be no longer accrued), are loans 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
- who have begun similar proceedings under any foreign law.

These loans are categorized as loans to “Bankrupt borrowers” under the self-assessment of asset quality.

(b) “Non-accrual loans” are loans that are classified as non-accrual and which do not fall into the “Bankrupt loans” category. These loans are categorized as loans to “Substantially bankrupt borrowers” or “Potentially bankrupt borrowers” under the self-assessment of asset quality.

(c) “Past due loans (3 month or more)” are loans whose principal and/or interest is past due three months or more counted from the date following the scheduled payment date, and which do not fall into the “Bankrupt loans” and “Non-accrual loans” categories. These loans are also categorized as loans to “Watchlist borrowers” under the self-assessment of asset quality.

(d) “Restructured loans” are loans whose contracts were amended in favor of obligors (e.g. reduction of or exemption from stated interest, deferral of interest payments, extension of maturity dates, renunciation of claims) in order to assist or facilitate the restructuring processes of the obligors in financial difficulties, and which do not fall into the “Bankrupt loans,” “Non-accrual loans,” and “Past due loans (3 month or more)” categories. These loans are also categorized as loans to “Watchlist borrowers” under the self-assessment of asset quality.

(e) The amounts of Loans indicated in the table above are shown 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, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
International Financial Account	463,600	363,922	4,386
Overseas Economic Cooperation Account	1,251,786	1,203,975	11,844

In the past, JBIC had not categorized the loans rescheduled under the Paris Club agreements, indicated above, under “Restructured loans.” This was based on the assumption that, unlike loans provided by private financial institutions, their nature as public creditor provides an asset securing mechanism under the international framework which accords a high probability of repayment.

However, in order to facilitate comparison with private financial institutions, effective from the current fiscal year, JBIC now 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 ¥115,380 million (\$1,092 million) of which ¥78,955 million (\$747 million) represents original principal attributable to the International Financial Account and ¥730,673 million (\$6,913 million) of which ¥565,183 million (\$5,348 million) represents original principal attributable to the Overseas Economic Cooperation Account.

- (g) 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, that 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, 2004 and 2003 are ¥5,486,046 million (\$51,907 million) and ¥5,907,279 million, respectively.
- (h) With respect to claims with collateral or guarantees on debtors who are legally or substantially bankrupt (“Bankrupt borrowers and Substantially bankrupt borrowers”), the residual booked amount of the claims after deduction of the amount which is deemed collectible through the disposal of collateral or the execution of guarantees is written-off against the respective claims. The amounts of the accumulated write-offs as of March 31, 2004 and 2003 are ¥18,092 million (\$171 million) and ¥7,870 million, respectively.

6. Miscellaneous assets

Miscellaneous assets as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Prepaid expenses	1,174	1,644	11
Accrued income (a)	184,799	295,431	1,748
Derivatives	495,869	57,733	4,692
Preliminary payment to the National Treasury (b)	19,185	10,971	182
Others (c)	3,255	1,891	31
	¥ 704,284	¥ 367,673	\$ 6,664

(Notes)

- (a) “Accrued income” includes ¥183,144 million (\$1,733 million) of accrued interest on loans and others as of March 31, 2004, and ¥278,593 million of accrued interest on loans and ¥15,011 million of accrued interests on swaps and others as of March 31, 2003.
- (b) Pursuant to Article 44 of the JBIC Law, a portion of the net earnings on the General Account of the International Financial Account is paid to the National Treasury. Preliminary payment to the National Treasury, made on a best estimate basis, is accounted on an accrual basis.
- (c) “Others” includes ¥1,720 million (\$16 million) of suspense payments and ¥303 million (\$3 million) of other accounts receivable and others as of March 31, 2004, and ¥607 million of other accounts receivable and others as of March 31, 2003.

7. Premises and equipment

Premises and equipment as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Tangible fixed assets			
Land	12,576	12,672	119
Buildings	26,698	26,235	253
Equipment	5,208	5,234	49
Construction in progress	218	237	2
Total	¥ 44,701	¥ 44,379	\$ 423
Less-accumulated depreciation	18,024	17,127	171
Net book value	¥ 26,677	¥ 27,252	\$ 252

	March 31, 2004		March 31, 2003		March 31, 2004
	(In millions of yen)		(In millions of yen)		(In millions of U. S. dollars)
	¥		¥		\$
Intangible fixed assets					
Software		1,124		1,081	11
Guarantee deposit		491		497	5
Others		66		66	0
Total	¥	1,682	¥	1,646	\$ 16
Less-accumulated depreciation		660		438	6
Net book value	¥	1,022	¥	1,207	\$ 10

8. Deferred charges on bonds and notes

Deferred charges on bonds and notes as of March 31, 2004 and 2003 are as follows:

	March 31, 2004		March 31, 2003		March 31, 2004
	(In millions of yen)		(In millions of yen)		(In millions of U. S. dollars)
	¥		¥		\$
Deferred discounts on bonds and notes		1,291		1,302	12
Deferred bonds and notes issuance costs		1,416		965	14
	¥	2,707	¥	2,267	\$ 26

9. Allowance for possible loan losses

Allowance for possible loan losses as of March 31, 2004 and 2003 are as follows:

	March 31, 2004		March 31, 2003		March 31, 2004
	(In millions of yen)		(In millions of yen)		(In millions of U. S. dollars)
	¥		¥		\$
General allowance for possible loan losses		124,683		172,304	1,180
Specific allowance for possible loan losses		128,208		132,346	1,213
Allowance for possible losses on specific overseas loans		10,533		3,512	99
	¥	263,425	¥	308,163	\$ 2,492

10. Bonds and notes

Bonds and notes as of March 31, 2004 and 2003 are as follows:

Description of bonds and notes	Date of issuance	Currency and amounts		Interest rate (%)	Maturity date	March 31,	March 31,	March 31,
		March 31, 2004	March 31, 2004			2004	2003	2004
		(In millions)				(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
						¥	¥	\$
Export-Import Bank of Japan	May 1993- June 1999	JPY	60,000	2.875-	June 2004-	490,423	843,484	4,640
Bonds guaranteed by Japanese govt.		USD	1,600	8.250	June 2008			
		EUR	1,428					
		GBP	400					
27, 32, 33, 35-37, 39, 40, 42, 46								
Japan Bank for International Cooperation Bonds guaranteed by Japanese govt.	November 1999- December 2003	JPY	60,000	0.350-	June 2005-	505,950	420,600	4,787
		USD	3,000	7.125,	December 2013			
		EUR	1,000	LIBOR +0.0625				
1-6								
FILP Agency Bonds 1-10 (*)	October 2001- February 2004	JPY	540,000	0.240- 1.520	September 2006- December 2013	540,000	300,000	5,109
Overseas Economic Cooperation Fund Bonds guaranteed by Japanese govt.	December 1995- November 1996	JPY	25,000	2.9- 3.0	December 2005- November 2006	25,000	25,000	237
8,9								
						¥ 1,561,373	¥ 1,589,084	\$ 14,773

(*) Non-government guaranteed bonds issued in domestic market

Scheduled redemptions of bonds and notes for each of the next five years as of March 31, 2004 are as follows:

Fiscal year	In millions of yen		In millions of U.S. dollars	
	¥		\$	
2004		133,973		1,268
2005		265,242		2,510
2006		292,926		2,772
2007		205,366		1,943
2008		213,735		2,022

11. Borrowings

Borrowings as of March 31, 2004 and 2003 are as follows:

	Average interest rate	Due date of repayment	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
Long-term borrowings			¥	¥	\$
Borrowings from the Government Fund for Fiscal Investment and Loan Program	2.14	May 2004- December 2018	10,176,101	10,934,283	96,283
Borrowings from the Government Post Office Life Insurance Fund	2.34		216,824	284,398	2,051
			¥ 10,392,925	¥ 11,218,681	\$ 98,334

Long-term borrowings with maturities for the next five years as of March 31, 2004 are as follows:

		In millions of yen	In millions of U.S. dollars
		¥	\$
Fiscal year	2004	1,302,190	12,321
	2005	1,264,845	11,967
	2006	1,294,297	12,246
	2007	1,593,977	15,082
	2008	1,743,656	16,498

12. Miscellaneous liabilities

Miscellaneous liabilities as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Accrued expenses (a)	68,881	84,471	651
Unearned income	2,199	2,398	21
Derivatives	16,790	34,770	159
Deferred hedge gains (b)	153,571	15,371	1,453
Others (c)	4,747	184,114	45
	¥ 246,191	¥ 321,126	\$ 2,329

(Notes)

- (a) “Accrued expenses” includes ¥45,499 million (\$430 million) of accrued interest on borrowings and ¥22,069 million (\$209 million) of accrued interest on bonds and notes and others as of March 31, 2004, and ¥52,575 million of accrued interest on borrowings and ¥26,320 million of accrued interest on bonds and notes and others as of March 31, 2003.
- (b) “Deferred hedge gains” are net realized or unrealized gains from hedging instruments. The gross amounts of deferred hedge gains and losses before netting as of March 31, 2004 are ¥169,900 million (\$1,608 million) and ¥16,328 million (\$154 million) respectively, and as of March 31, 2003 are ¥273,907 million and ¥258,536 million respectively.
- (c) “Others” includes ¥4,643 million (\$44 million) of suspense receipts and others as of March 31, 2004, and ¥178,104 million of deferred foreign exchange and ¥5,947 million of suspense receipts and others as of March 31, 2003.

13. Employee retirement benefits

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

(a) The funded status of the pension plans

Disposition		March 31, 2004	March 31, 2003	March 31, 2004
		(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
		¥	¥	\$
Projected benefit obligation	(A)	(22,690)	(22,334)	(215)
Fair value of plans assets	(B)	5,261	4,244	50
Unfunded pension obligation	(C) = (A) + (B)	(17,429)	(18,090)	(165)
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)	(17,429)	(18,090)	(165)
Prepaid pension cost	(H)	-	-	-
Allowance for employee retirement benefits	(G) - (H)	¥ (17,429)	¥ (18,090)	\$ (165)

(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, 2004	March 31, 2003	March 31, 2004
	(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
	¥	¥	\$
Service cost	934	945	9
Interest cost	443	510	4
Expected return on plan assets	(63)	(68)	(0)
Amortization of prior service cost	-	(300)	-
Amortization of net actuarial gains/losses	(625)	2,172	(6)
Amortization of net obligation at transition	-	-	-
Other Costs	-	-	-
Net pension cost	¥ 688	¥ 3,258	\$ 7

(c) **Principal assumptions made**

	March 31, 2004	March 31, 2003
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	-	Prior service cost is charged to net income for the year
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. Acceptances and guarantees

Acceptances and Guarantees as of March 31, 2004 and 2003 are as follows:

	March 31, 2004	March 31, 2003	March 31, 2004
	(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
	¥	¥	\$
Acceptances	-	-	-
Guarantees	724,924	629,082	6,859
	¥ 724,924	¥ 629,082	\$ 6,859

15. Assets pledged as collateral

There were no assets pledged as collateral as of March 31, 2004 and 2003.

16. Grant from general account

In accordance with the “Changes of the Debt Relief Method” announced by the Japanese government on December 10, 2002, JBIC reported the extraordinary loss (“ODA-loan related losses”) in the previous fiscal year. Under the policy to maintain the financial soundness of JBIC, the government provided JBIC a grant totaling ¥30 billion (\$284 million) corresponding to “ODA-loan related losses” out of its general account for the current fiscal year.

17. Reserve

Pursuant to Article 44 of the JBIC Law, the reserve attributable to the International Financial Account is provided from net earnings from the International Financial Account, and the reserve attributable to the Overseas Economic Cooperation Account is provided from or reversed to net earnings from the Overseas Economic Cooperation Account, respectively.

18. Lease transactions

Lease transactions in the fiscal year ended March 31, 2004 and 2003 are as follows:

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

- Acquisition cost, accumulated depreciation and net balance of leased property as of March 31, 2004 and 2003 are as follows:

	March 31, 2004	March 31, 2003	March 31, 2004
	(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
	¥	¥	\$
Acquisition cost			
Equipment	322	-	3
Others	506	-	5
Total	¥ 828	¥ -	\$ 8
Accumulated depreciation			
Equipment	38	-	0
Others	50	-	1
Total	¥ 89	¥ -	\$ 1
Net balance			
Equipment	283	-	3
Others	455	-	4
Total	¥ 738	¥ -	\$ 7

- Future lease payment obligations as of March 31, 2004 and 2003 are summarized below:

	March 31, 2004		March 31, 2003		March 31, 2004	
	(In millions of yen)		(In millions of yen)		(In millions of U. S. dollars)	
	¥		¥		\$	
Due within 1 year		162		-		2
Due after 1 year		579		-		5
Total	¥	742	¥	-	\$	7

- Lease payment, depreciation expenses and interest expense for the fiscal year ended March 31, 2004 are ¥95 million (\$1 million), ¥91 million (\$1 million) and ¥7 million (\$0 million) respectively. There are no corresponding amounts for the fiscal year ended March 31, 2003.
- 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 March 31, 2004 and 2003 are summarized below:

	March 31, 2004		March 31, 2003		March 31, 2004	
	(In millions of yen)		(In millions of yen)		(In millions of U. S. dollars)	
	¥		¥		\$	
Due within 1 year		1		9		0
Due after 1 year		-		2		-
Total	¥	1	¥	11	\$	0

19. Derivative transactions

Notes to derivative transactions in the fiscal year ended March 31, 2004 are as follows:

(a) Policy for derivative transactions

JBIC engages in derivative transactions solely for the purpose of hedging foreign exchange rate risks and interest rate risks that are incurred in respect of its lending and funding operations.

(b) Transactions

Derivative transactions include interest rate and currency swaps and forward exchange contracts.

(c) Risks involved in derivative transactions

Derivative transactions involve the following risks:

(i) Credit risk

Potential loss from the failure of a counterparty to perform its obligations in accordance with terms and conditions under the contract governing transactions due to bankruptcy or deteriorating business.

(ii) Market risk

Potential loss from the changes in the market value of financial products due to fluctuations in interest rates or exchange rates.

(d) Policies for risk management on derivative transactions

(i) Credit risk

JBIC constantly monitors the market value of its derivative transactions with each counterparty and the amount of its credit exposure, and creditworthiness of each counterparty in order to ascertain the appropriateness of entering into or maintaining a transaction with each counterparty.

(ii) Market risk

JBIC uses derivative transactions solely for the purpose of hedging. Therefore, the market risk on derivative transactions and that on hedged (lending or funding) transactions basically offset each other.

Credit risk amounts of derivative etc.	(In 100 millions of yen)		(In 100 millions of U.S.dollars)	
	Contract amount/ notional amount	Credit risk	Contract amount/ notional amount	Credit risk
	¥	¥	\$	\$
Interest rate swaps	19,950	838	189	8
Currency swaps	41,997	7,902	397	75
Forward exchange contracts	14	0	0	0
Other derivatives	-	-	-	-
Credit risk reductions through nettings	-	(1,806)	-	(17)
Total	¥ 61,962	¥ 6,934	\$ 586	\$ 66

(Note) Credit risk amounts are calculated under Uniform International Standards in accordance with the Banking Law of Japan and the related regulations.

(e) Interest rate-related transactions

Gains or losses arising from changes in fair value of interest rate related derivatives are not included in the statement of operations.

Hedge accounting is applied to all interest rate-related derivative transactions.

(f) Currency-related transactions

Gains or losses arising from changes in fair value of currency related derivatives are not included in the statement of operations.

Hedge accounting is applied to all currency-related derivative transactions.

(g) Equity-related transactions

Not applicable

(h) Bond-related transactions

Not applicable

(i) Commodity-related transactions

Not applicable

(j) Credit Derivatives transactions

Not applicable

Notes to derivative transactions in the fiscal year ended March 31, 2003 are as follows:

(a) Policy for derivative transactions

JBIC engages in derivative transactions solely for the purpose of hedging foreign exchange rate risks and interest rate risks that are incurred in respect of its lending and funding operations.

(b) Transactions

Derivative transactions include interest rate and currency swaps and forward exchange contracts.

(c) Risks involved in derivative transactions

Derivative transactions involve the following risks:

(i) Credit risk

Potential loss from the failure of a counterparty to perform its obligations in accordance with terms and conditions under the contract governing transactions due to bankruptcy or deteriorating business.

(ii) Market risk

Potential loss from the changes in the market value of financial products due to fluctuations in interest rates or exchange rates.

(d) Policies for risk management on derivative transactions

(i) Credit risk

JBIC constantly monitors the market value of its derivative transactions with each counterparty and the amount of its credit exposure and creditworthiness of each counterparty in order to ascertain the appropriateness of entering into or maintaining a transaction with each counterparty.

(ii) Market risk

JBIC uses derivative transactions solely for the purpose of hedging. Therefore, the market risk on derivative transactions and that on hedged (lending or funding) transactions basically offset each other.

Credit risk amounts of derivative etc.	(In 100 millions of yen)	
	Contract amount/ notional amount	Credit risk
	¥	¥
Interest rate swaps	17,001	1,093
Currency swaps	45,528	5,456
Forward exchange contracts	14	0
Other derivatives	-	-
Credit risk reductions through nettings	-	(2,526)
Total	¥ 62,543	¥ 4,023

(Note) Credit risk amounts are calculated under Uniform International Standards in accordance with the Banking Law of Japan and the related regulations.

(e) Interest rate-related transactions

Gains or losses arising from changes in fair value of interest rate related derivatives are not included in the statement of operations.

Hedge accounting is applied to all interest rate-related derivative transactions.

(f) Currency-related transactions

Gains or losses arising from changes in fair value of currency related derivatives are not included in the statement of operations.

Certain currency swaps have been accounted for by using the accrual method of accounting based on the transitional applications described in "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry." The contractual amount, market value and unrealized gain/(loss) of such currency swaps accounted for on accrual method are as follows:

Type	March 31, 2003 (In millions of yen)		
	Contractual amount	Market value	Unrealized gain/(loss)
	¥	¥	¥
Currency swaps	4,536,027	118,779	-

- (g) **Equity-related transactions**
Not applicable
- (h) **Bond-related transactions**
Not applicable
- (i) **Commodity-related transactions**
Not applicable
- (j) **Credit Derivatives transactions**
Not applicable

20. Market value of securities

Notes to market value of securities as March 31, 2004 are as follows:

- (a) **Trading securities**
Not applicable
- (b) **Held-to-maturity debt securities**
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**
Not applicable
- (f) **Held-to maturity debt securities and available-for-sale securities whose market value is not readily determinable are as follows:**

	March 31, 2004 (In millions of yen)	March 31, 2004 (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	117,110	1,108
Unlisted foreign equities	2,791	26
Unlisted Japanese local government bonds	-	-
Unlisted Japanese corporate bonds	-	-
Unlisted foreign bonds	-	-
Other Japanese securities	-	-
Other unlisted foreign securities	612	6
Total	¥ 120,514	\$ 1,140

- (g) **Change of classification of securities**
Not applicable
- (h) **Redemption schedule of available-for-sale securities with maturity**
Not applicable
- (i) **Money held in trust**
Not applicable
- (j) **Net unrealized gain (loss) on available-for-sale securities**
Not applicable

Notes to market value of securities as March 31, 2003 are as follows:

- (a) **Trading securities**
Not applicable
- (b) **Held-to-maturity debt securities**
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**
Not applicable
- (f) **Held-to maturity debt securities and available-for-sale securities whose market value is not readily determinable are as follows:**

	March 31, 2003 (In millions of yen)	
	¥	
Held-to-maturity debt securities		
Unlisted foreign securities		-
Available-for-sale securities		
Unlisted Japanese equities other than over-the-counter	119,084	
Unlisted foreign equities	3,184	
Unlisted Japanese local government bonds		-
Unlisted Japanese corporate bonds		-
Unlisted foreign bonds		-
Other Japanese securities		-
Other unlisted foreign securities		642
Total	¥	122,912

(g) Change of classification of securities

Not applicable

(h) Redemption schedule of available-for-sale securities with maturity

Not applicable

(i) Money held in trust

Not applicable

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

Not applicable

Report of Independent Auditors

To the Governor of
Japan Bank for International Cooperation

We have audited the accompanying International Financial Account balance sheets of Japan Bank for International Cooperation as of March 31, 2004 and 2003, and the related International Financial Account statements of operations, equity, and cash flows for the years 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 audits 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 International Financial Account of Japan Bank for International Cooperation as of March 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying financial statements.

ChuoAoyama PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers
Tokyo, Japan
June 25, 2004

BALANCE SHEETS

JAPAN BANK FOR INTERNATIONAL COOPERATION

International Financial Account

	In millions of yen		In millions of yen		In millions of U.S.dollars
	March 31, 2004		March 31, 2003		March 31, 2004
Assets					
Cash and due from banks (Note 3)	¥	182,404	¥	228,527	\$ 1,726
Loans (Note 4)		8,727,720		9,738,760	82,578
Miscellaneous assets (Note 5)		622,481		224,946	5,890
Premises and equipment (Note 6)		19,880		20,784	188
Deferred charges on bonds and notes (Note 7)		2,694		2,249	26
Customers' liabilities for acceptances and guarantees		724,924		629,082	6,859
Allowance for possible loan losses (Note 8)		(133,868)		(127,151)	(1,267)
Total assets	¥	10,146,237	¥	10,717,200	\$ 96,000

	In millions of yen		In millions of yen		In millions of U.S.dollars
	March 31, 2004		March 31, 2003		March 31, 2004
Liabilities and equity					
Liabilities					
Bonds and notes (Note 9)	¥	1,536,373	¥	1,564,084	¥ 14,537
Borrowings (Note 10)		6,027,018		6,606,964	57,025
Miscellaneous liabilities (Note 11)		225,843		300,891	2,137
Allowance for bonus payments		569		467	5
Allowance for employee retirement benefits (Note 12)		10,806		11,215	102
Acceptances and guarantees (Note 13)		724,924		629,082	6,859
Total liabilities		8,525,535		9,112,705	80,665

	In millions of yen		In millions of yen		In millions of U.S.dollars
	March 31, 2004		March 31, 2003		March 31, 2004
Equity					
Capital attributable to the International Financial Account		985,500		985,500	9,325
Reserve attributable to the International Financial Account (Note 15)		638,582		608,336	6,042
Retained earnings (Accumulated deficit)		(3,380)		10,658	(32)
		1,620,702		1,604,494	15,335
Total equity	¥	10,146,237	¥	10,717,200	\$ 96,000

Total liabilities and equity

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

STATEMENTS OF OPERATIONS

JAPAN BANK FOR INTERNATIONAL COOPERATION

International Financial Account

	In millions of yen		In millions of yen		In millions of U.S.dollars
	FY 2003		FY 2002		FY 2003
Income					
Interest income	¥	264,451	¥	318,185	\$ 2,502
Interest on loans		214,915		285,453	2,033
Interest on due from banks		1,609		3,636	15
Interest on swaps (net)		47,926		29,095	454
Fees and Commissions		6,116		5,327	58
Other operating income		309		-	3
Other ordinary income		404		129	4
Reversal of allowance for possible loan losses		-		57,410	-
Recovery of Written-off Claims		32		159	0
Profits on sales of premises and equipment		420		2	4
Total income		271,735		381,215	2,571
Expenses					
Interest expenses		183,666		232,381	1,738
Interest on bonds and notes		60,400		71,141	572
Interest on borrowings		123,266		161,240	1,166
Fees and Commissions		3,574		3,099	34
Other operating expenses		4,924		755	47
Foreign exchange losses		4,058		2	39
Amortization of bonds and notes issuance costs		651		567	6
Others		214		185	2
General and administrative expenses		15,279		17,169	144
Other ordinary expenses		17,826		351	169
Provision for allowance for possible loan losses		17,704		-	168
Write-off of loans		122		-	1
Write-off of equities and securities, etc.		-		351	-
Losses on disposal of premises and equipment		10		36	0
ODA-loan related losses		-		39,188	-
Total expense		225,281		292,982	2,132
Net income	¥	46,453	¥	88,232	\$ 439

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

STATEMENTS OF CASH FLOWS

JAPAN BANK FOR INTERNATIONAL COOPERATION

International Financial Account

	In millions of yen		In millions of yen		In millions of
	FY 2003		FY 2002		U.S. dollars
					FY 2003
Cash flows from operating activities					
Net income	¥	46,453	¥	88,232	\$ 439
Depreciation and amortization		1,025		1,127	10
Increase (decrease) in allowance for possible loan losses		6,717		(63,991)	64
Decrease in allowance for possible investment losses		-		(1,119)	-
Increase in allowance for bonus payments		101		98	1
(Decrease) increase in allowance for employee retirement benefits		(409)		1,280	(4)
Interest income		(264,451)		(318,185)	(2,502)
Interest expenses		183,666		232,381	1,738
Net loss on securities		-		1,471	-
Foreign exchange loss (gain)		299,531		(12,226)	2,834
Net (gain) loss on sales of premises and equipment		(410)		34	(4)
Net decrease in loans		469,897		796,319	4,446
Net increase in bonds and notes		54,212		51,465	513
Net decrease in borrowings		(579,946)		(967,684)	(5,487)
Net decrease in due from banks (excluding cash equivalents)		87,947		200,850	832
Interest received		314,047		323,273	2,971
Interest paid		(199,334)		(256,309)	(1,886)
Others, net		(320,063)		7,726	(3,028)
Net cash provided by operating activities		98,986		84,743	937
Cash flows from investing activities					
Expenditures on premises and equipment		(522)		(390)	(5)
Proceeds from sales of premises and equipment		525		22	5
Net cash provided by (used in) investing activities		2		(368)	0
Cash flows from financing activities					
Payment to National Treasury		(38,459)		(30,400)	(364)
Net cash used in financing activities		(38,459)		(30,400)	(364)
Effect of exchange rate changes on cash and cash equivalents					
		(0)		(0)	(0)
Net increase in cash and cash equivalents		60,529		53,975	573
Cash and cash equivalents at the beginning of the period		58,796		4,821	556
Cash and cash equivalents at the end of the period	¥	119,325	¥	58,796	\$ 1,129

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

STATEMENTS OF EQUITY

JAPAN BANK FOR INTERNATIONAL COOPERATION

International Financial Account

In millions of yen

	Capital attributable to the International Financial Account	Reserve attributable to the International Financial Account	Retained earnings / (Accumulated deficit)	Total Equity
Balance at March 31, 2003	¥ 985,500	¥ 608,336	¥ 10,658	¥ 1,604,494
Transfer from net earnings accounted under the JBIC Law to reserve	-	30,246	(30,246)	-
Payment to National Treasury	-	-	(30,246)	(30,246)
Issuance of capital from Government	-	-	-	-
Net income	-	-	46,453	46,453
Balance at March 31, 2004	¥ 985,500	¥ 638,582	¥ (3,380)	¥ 1,620,702
Appropriations:				
Transfer from net earnings accounted under the JBIC Law to reserve	-	37,675	(37,675)	-
Payment to National Treasury	-	-	(37,675)	(37,675)
Total	¥ -	¥ 37,675	¥ (75,351)	¥ (37,675)
Unappropriated Accumulated deficit	¥ -	¥ -	¥ (78,731)	¥ -

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

STATEMENTS OF EQUITY

JAPAN BANK FOR INTERNATIONAL COOPERATION

International Financial Account

	In million of dollars				
	Capital attributable to the International Financial Account	Reserve attributable to the International Financial Account	Retained earnings / (Accumulated deficit)	Total Equity	
Balance at March 31, 2003	\$ 9,325	\$ 5,756	\$ 101	\$ 15,182	
Transfer from net earnings accounted under the JBIC Law to reserve	-	286	(286)	-	
Payment to National Treasury	-	-	(286)	(286)	
Issuance of capital from Government	-	-	-	-	
Net income	-	-	439	439	
Balance at March 31, 2004	\$ 9,325	\$ 6,042	\$ (32)	\$ 15,335	
Appropriations:					
Transfer from net earnings accounted under the JBIC Law to reserve	-	356	(356)	-	
Payment to National Treasury	-	-	(356)	(356)	
Total	\$ -	\$ 356	\$ (712)	\$ (356)	
Unappropriated Accumulated deficit	\$ -	\$ -	\$ (744)	\$ -	

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

STATEMENTS OF EQUITY

JAPAN BANK FOR INTERNATIONAL COOPERATION

International Financial Account

	In millions of yen							
	Capital attributable to the International Financial Account		Reserve attributable to the International Financial Account		Retained earnings/ (Accumulated deficit)	Total Equity		
Balance at March 31, 2002	¥	985,500	¥	564,230	¥	10,636	¥	1,560,367
Transfer from net earnings accounted under the JBIC Law to reserve		-		44,105		(44,105)		-
Payment to National Treasury		-		-		(44,105)		(44,105)
Issuance of capital from Government		-		-		-		-
Net income		-		-		88,232		88,232
Balance at March 31, 2003	¥	985,500	¥	608,336	¥	10,658	¥	1,604,494
Appropriations:								
Transfer from net earnings accounted under JBIC Law to reserve		-		30,246		(30,246)		-
Payment to National Treasury		-		-		(30,246)		(30,246)
Total	¥	-	¥	30,246	¥	(60,492)	¥	(30,246)
Unappropriated Accumulated deficit	¥	-	¥	-	¥	(49,834)	¥	-

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

NOTES TO FINANCIAL STATEMENTS

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”) 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 financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

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 ¥105.69=\$1.00, the exchange rate as of March 31, 2004, 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 in 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) Hedge accounting for interest rate risks

(i) Hedge accounting

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

(ii) Hedging instruments and hedged items

Hedging instruments: interest rate swaps

Hedged items: loans, bonds and notes

(iii) Hedging policy

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

(iv) Assessment of hedge effectiveness

JBIC assesses the effectiveness of designated hedges by measuring and comparing the fluctuations of fair value or cumulative fluctuations of cash flows of both hedging instruments and corresponding hedged items from the date of inception of the hedges to the effectiveness testing 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 measured using the deferral method. In the previous fiscal year, the transitional treatments stated in The Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 25 were applied to these transactions. Effective from the current fiscal year, in accordance with the standard treatments of JICPA Industry Audit Committee Report No. 25, hedge accounting is applied to currency-swap transactions, exchange swap transactions and similar transactions intended to hedge risks of borrowing and lending in different currencies by swapping the borrowing currency for the lending currency.

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 fiscal year end.

With regard to derivatives, JBIC has applied hedge accounting from this fiscal year as stated in Note 2 (d) and (e) above.

As a result, currency-swap, exchange swap and similar transactions which had previously been accounted for on an accrual basis are stated at market value and net assets or liabilities are recorded on the balance sheets. Consequently, the captions "Accrued income" and "Other assets" have decreased by ¥11,310 million (\$107 million) and ¥307,674 million (\$2,911 million) respectively, "Derivatives" included in

“Miscellaneous assets” has increased by ¥459,846 million (\$4,351 million), “Derivatives” included in “Miscellaneous liabilities” has decreased by ¥20,531 million (\$194 million), “Deferred hedged losses” has decreased by ¥8,269 million (\$78 million), and “Deferred hedged gains” has increased by ¥153,123 million (\$1,449 million). These changes have no effects on the results of operations.

(g) Depreciation basis for fixed assets

(i) Premises and equipment

Premises and equipment are depreciated on 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 on a straight-line basis.

The principal estimated useful economic lives are as follows:

Buildings: 38 years to 50 years

Equipment: 2 years to 20 years

(ii) Software

Software used by JBIC is amortized on a straight-line basis over its useful economic life (5 years).

(h) Accounting standard for impairment of fixed assets

On August 9, 2002, the Business Accounting Council in Japan issued the “Accounting Standard for Impairment of Fixed Assets.” The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss shall be recognized in the statements of operations by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price and value in use.

The standard shall be effective for fiscal years beginning April 1, 2005. However, an earlier adoption is permitted for fiscal year beginning April 1, 2004 and for fiscal years ending between March 31, 2004 and March 30, 2005.

JBIC has not yet applied this new standard nor has determined the effect of applying it on the financial statements.

(i) Method of amortization for deferred charges

“Discounts on bonds and notes” are amortized over terms of redemption, and “Bonds and notes issuance costs” are amortized over 3 years, on a straight-line basis in accordance with the Commercial Code of Japan.

Until the fiscal year ended March 31, 2003, the amounts of amortization of discounts on bonds and notes had been presented in “Amortization of discounts on bonds and notes” as their own account. In accordance with the amendment of the applicable law which regulates the reporting standards, from April 1, 2003, they are presented in “Interest on bonds and notes” combined with interest.

(j) Allowance for possible loan losses

JBIC provides “Allowance for possible loan losses” as follows:

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 4 (h) 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.

(k) Allowance for bonus payments

“Allowance 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. Allowance for bonus payments to executive directors are included in the account as of March 31, 2004 but not included in the previous fiscal year.

(l) Allowance for employee retirement benefits

Allowance for employee retirement benefits represents the future payment for pension and retirement to employees and executive directors, and is accrued based on the projected benefit obligations and the estimated pension plan assets at fiscal year end.

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

(m) Consumption taxes

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

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, 2004, and 2003 is as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Cash and due from banks	182,404	228,527	1,726
Due from banks (*)	(63,078)	(169,731)	(597)
Cash and cash equivalents	¥ 119,325	¥ 58,796	\$ 1,129

(*) Excluding Due from Bank of Japan

4. Loans

All loans are loans on deeds. The amounts reported in the balance sheets as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Bankrupt loans	83	665	1
Non-accrual loans	216,429	147,029	2,048
Past due loans (3 months or more)	16,032	92,620	151
Restructured loans	385,225	372,451	3,645
	¥ 617,770	¥ 612,767	\$ 5,845

(a) “Bankrupt loans,” which are classified as non-accrual (i.e. interest receivable is admitted to be no longer accrued), are loans 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
- who have begun similar proceedings under any foreign law.

These loans are categorized as loans to “Bankrupt borrowers” under the self-assessment of asset quality.

(b) “Non-accrual loans” are loans that are classified as non-accrual and which do not fall into the “Bankrupt loans” category. These loans are categorized as loans to “Substantially bankrupt borrowers” or “Potentially bankrupt borrowers” under the self-assessment of asset quality.

(c) “Past due loans (3 month or more)” are loans whose principal and/or interest is past due three months or more counted from the date following the scheduled payment date, and which do not fall into the “Bankrupt loans” and “Non-accrual loans” categories. These

loans are also categorized as loans to “Watchlist borrowers” under the self-assessment of asset quality.

- (d) “Restructured loans” are loans whose contracts were amended in favor of obligors (e.g. reduction of or exemption from stated interest, deferral of interest payments, extension of maturity dates, renunciation of claims) in order to assist or facilitate the restructuring processes of the obligors in financial difficulties, and which do not fall into the “Bankrupt loans,” “Non-accrual loans,” and “Past due loans (3 month or more)” categories. These loans are also categorized as loans to “Watchlist borrowers” under the self-assessment of asset quality.
- (e) The amounts of Loans indicated in the table above are shown 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, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
International Financial Account	463,600	363,922	4,386

In the past, JBIC had not categorized the loans rescheduled under the Paris Club agreements, indicated above, under “Restructured loans.” This was based on the assumption that, unlike loans provided by private financial institutions, their nature as public creditor provides an asset securing mechanism under the international framework which accords a high probability of repayment.

However, in order to facilitate comparison with private financial institutions, effective from the current fiscal year, JBIC now 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 ¥115,380 million (\$1,092 million) of which ¥78,955 million (\$747 million) represents original principal attributable to the International Financial Account.

- (g) 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, that 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, 2004 and 2003 are ¥1,445,085 million (\$13,673 million) and ¥1,685,551 million respectively.

- (h) With respect to claims with collateral or guarantees on debtors who are legally or substantially bankrupt (“Bankrupt borrowers and Substantially bankrupt borrowers”), the residual booked amount of the claims after deduction of the amount which is deemed collectible through the disposal of collateral or the execution of guarantees is written-off against the respective claims. The amounts of the accumulated write-offs as of March 31, 2004 and 2003 are ¥18,092 million (\$171 million) and ¥7,765 million, respectively.

5. Miscellaneous assets

Miscellaneous assets as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Prepaid expenses	728	1,019	7
Accrued income (a)	104,991	154,333	993
Derivatives	495,869	57,733	4,692
Preliminary payment to the National Treasury (b)	19,185	10,971	182
Others (c)	1,706	888	16
	¥ 622,481	¥ 224,946	\$ 5,890

(Notes)

- (a) “Accrued income” includes ¥103,654 million (\$981 million) of accrued interest on loans and others as of March 31, 2004, and ¥137,824 million of accrued interest on loans and ¥15,011 million of accrued interests on swaps and others as of March 31, 2003.
- (b) Pursuant to Article 44 of the JBIC Law, a portion of the net earnings on the General Account of the International Financial Account is paid to the National Treasury. Preliminary payment to the National Treasury, made on a best estimate basis, is accounted on an accrual basis.
- (c) “Others” includes ¥1,079 million (\$10 million) of suspense payments and ¥303 million (\$3 million) of other accounts receivable and others as of March 31, 2004, and ¥607 million of other accounts receivable and others as of March 31, 2003.

6. Premises and equipment

Premises and equipment as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Tangible fixed assets			
Land	9,556	9,618	91
Buildings	19,478	19,202	184
Equipment	3,951	3,992	37

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
Construction in progress	135	146	1
Total	¥ 33,121	¥ 32,961	\$ 313
Less-accumulated depreciation	13,412	12,773	127
Net book value	¥ 19,708	¥ 20,187	\$ 186
Intangible fixed assets	¥	¥	\$
Software	697	670	7
Guarantee deposit	162	163	1
Others	66	66	1
Total	¥ 926	¥ 901	\$ 9
Less-accumulated depreciation	431	293	4
Net book value	¥ 495	¥ 607	\$ 5

7. Deferred charges on bonds and notes

Deferred charges on bonds and notes as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Deferred discounts on bonds and notes	1,278	1,284	12
Deferred bonds and notes issuance costs	1,416	965	14
	¥ 2,694	¥ 2,249	\$ 26

8. Allowance for possible loan losses

Allowance for possible loan losses as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
General allowance for possible loan losses	44,798	63,426	424
Specific allowance for possible loan losses	78,536	60,212	743
Allowance for possible losses on specific overseas loans	10,533	3,512	100
	¥ 133,868	¥ 127,151	\$ 1,267

9. Bonds and notes

Bonds and notes as of March 31, 2004 and 2003 are as follows:

Description of Bonds and notes	Date of issuance	Currency and amounts March 31, 2004 (In millions)	Interest rate (%)	Maturity date	March 31, 2004	March 31, 2003	March 31, 2004
					(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
					¥	¥	\$
Export-Import Bank of Japan Bonds guaranteed by Japanese govt. 27, 32, 33, 35-37, 39, 40, 42, 46	May 1993-June 1999	JPY 60,000 USD 1,600 EUR 1,428 GBP 400	2.875- 8.250	June 2004-June 2008	490,423	843,484	4,640
Japan Bank for International Cooperation Bonds guaranteed by Japanese govt. 1-6	November 1999-December 2003	JPY 60,000 USD 3,000 EUR 1,000	0.350- 7.125, LIBOR +0.0625	June 2005-December 2013	505,950	420,600	4,787
FILP Agency Bonds 1-10 (*)	October 2001-February 2004	JPY 540,000	0.240- 1.520	September 2006-December 2013	540,000	300,000	5,110
					¥1,536,373	¥1,564,084	\$14,537

(*) Non-government guaranteed bonds issued in domestic market

Scheduled redemptions of bonds and notes for each of the next five years as of March 31, 2004 are as follows:

Fiscal year	In millions of yen		In millions of U.S. dollars
	¥		\$
2004	133,973		1,268
2005	250,242		2,368
2006	282,926		2,677
2007	205,366		1,943
2008	213,735		2,022

10. Borrowings

Borrowings as of March 31, 2004 and 2003 are as follows:

	Average interest rate	Due date of repayment	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
Long-term borrowings			¥	¥	\$
Borrowings from the Government Fund for Fiscal Investment and Loan Program	1.87	} May 2004- March 2014	5,892,214	6,426,646	55,750
Borrowings from the Government Post Office Life Insurance Fund	2.40		134,804	180,318	1,275
			¥ 6,027,018	¥ 6,606,964	\$ 57,025

Long-term borrowings with maturities for the next five years as of March 31, 2004 are as follows:

		In millions of yen	In millions of U.S. dollars
		¥	\$
Fiscal year	2004	767,842	7,265
	2005	740,807	7,009
	2006	794,184	7,514
	2007	1,135,482	10,744
	2008	1,323,994	12,527

11. Miscellaneous liabilities

Miscellaneous liabilities as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Accrued expenses (a)	51,184	66,536	484
Unearned income	2,199	2,398	21
Derivatives	16,790	34,770	159
Deferred hedge gains (b)	153,571	15,371	1,453
Others (c)	2,097	181,815	20
	¥ 225,843	¥ 300,891	\$ 2,137

(Notes)

- (a) “Accrued expenses” includes ¥28,322 million (\$268 million) of accrued interest on borrowings and ¥22,046 million (\$209 million) of accrued interest on bonds and notes and others as of March 31, 2004, and ¥34,941 million of accrued interest on borrowings and ¥26,298 million of accrued interest on bonds and notes and others as of March 31, 2003.
- (b) “Deferred hedge gains” are net realized or unrealized gains from hedging instruments. The gross amounts of deferred hedge gains and losses before netting as of March 31, 2004 are ¥169,900 million (\$1,608 million) and ¥16,328 million (\$154 million) respectively, and as of March 31, 2003 are ¥273,907 million and ¥258,536 million respectively.
- (c) “Others” includes ¥1,993 million (\$19 million) of suspense receipts and others as of March 31, 2004, and ¥178,104 million of deferred foreign exchange and ¥3,648 million of suspense receipts and others as of March 31, 2003.

12. Employee retirement benefits

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

(a) The funded status of the pension plans

Disposition		March 31, 2004	March 31, 2003	March 31, 2004
		(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
		¥	¥	\$
Projected benefit obligation	(A)	(14,068)	(13,847)	(133)
Fair value of plans assets	(B)	3,261	2,631	31
Unfunded pension obligation	(C) = (A) + (B)	(10,806)	(11,215)	(102)
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)	(10,806)	(11,215)	(102)
Prepaid pension cost	(H)	-	-	-
Allowance for employee retirement benefits	(G) - (H)	¥(10,806)	¥ (11,215)	\$ (102)

(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, 2004	March 31, 2003	March 31, 2004
	(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
	¥	¥	\$
Service cost	579	586	5
Interest cost	274	316	3
Expected return on plan assets	(39)	(42)	(0)
Amortization of prior service cost	-	(186)	-
Amortization of net actuarial gains/losses	(387)	1,346	(4)
Amortization of net obligation at transition	-	-	-
Other Costs	-	-	-
Net pension cost	¥ 426	¥ 2,020	\$ 4

(c) Principal assumptions made

	March 31, 2004	March 31, 2003
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	-	Prior service cost is charged to net income for the year
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	-	-

13. Acceptances and guarantees

Acceptances and Guarantees as of March 31, 2004 and 2003 are as follows:

	March 31, 2004	March 31, 2003	March 31, 2004
	(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
	¥	¥	\$
Acceptances	-	-	-
Guarantees	724,924	629,082	6,859
	¥ 724,924	¥ 629,082	\$ 6,859

14. Assets pledged as collateral

There were no assets pledged as collateral as of March 31, 2004 and 2003.

15. Reserve

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

16. Lease transactions

Lease transactions in the fiscal year ended March 31, 2004 and 2003 are as follows:

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

- Acquisition cost, accumulated depreciation and net balance of leased property as of March 31, 2004 and 2003, are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Acquisition cost			
Equipment	199	-	2
Others	313	-	3
Total	¥ 513	¥ -	\$ 5
Accumulated depreciation			
Equipment	24	-	0
Others	31	-	0
Total	¥ 55	¥ -	\$ 0
Net balance			
Equipment	175	-	2
Others	282	-	3
Total	¥ 458	¥ -	\$ 5

- Future lease payment obligations as of March 31, 2004 and 2003 are summarized below:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Due within 1 year	100	-	1
Due after 1 year	359	-	3
Total	¥ 460	¥ -	\$ 4

- Lease payment, depreciation expenses and interest expense for the fiscal year ended March 31, 2004 are ¥59 million (\$1 million), ¥56 million (\$1 million) and ¥4 million (\$0 million) respectively. There are no corresponding amounts for the fiscal year ended March 31, 2003.
- 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 March 31, 2004 and 2003 are summarized below:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Due within 1 year	1	5	0
Due after 1 year	-	1	-
Total	¥ 1	¥ 7	\$ 0

17. Derivative transactions

Notes to derivative transactions in the fiscal year ended March 31, 2004 are as follows:

(a) Policy for derivative transactions

JBIC engages in derivative transactions solely for the purpose of hedging foreign exchange rate risks and interest rate risks that are incurred in respect of its lending and funding operations.

(b) Transactions

Derivative transactions include interest rate and currency swaps and forward exchange contracts.

(c) Risks involved in derivative transactions

Derivative transactions involve the following risks:

(i) Credit risk

Potential loss from the failure of a counterparty to perform its obligations in accordance with terms and conditions under the contract governing transactions due to bankruptcy or deteriorating business.

(ii) Market risk

Potential loss from the changes in the market value of financial products due to fluctuations in interest rates or exchange rates.

(d) Policies for risk management on derivative transactions

(i) Credit risk

JBIC constantly monitors the market value of its derivative transactions with each counterparty and the amount of its credit exposure, and creditworthiness of

each counterparty in order to ascertain the appropriateness of entering into or maintaining a transaction with each counterparty.

(ii) **Market risk**

JBIC uses derivative transactions solely for the purpose of hedging. Therefore, the market risk on derivative transactions and that on hedged (lending or funding) transactions basically offset each other.

Credit risk amounts of derivative etc.	(In 100 millions of yen)		(In 100 millions of U.S.dollars)	
	Contract amount/ notional amount	Credit risk	Contract amount/ notional amount	Credit risk
	¥	¥	\$	\$
Interest rate swaps	19,950	838	189	8
Currency swaps	41,997	7,902	397	75
Forward exchange contracts	14	0	0	0
Other derivatives	-	-	-	-
Credit risk reductions through nettings	-	(1,806)	-	(17)
Total	¥ 61,962	¥ 6,934	\$ 586	\$ 66

(Note) Credit risk amounts are calculated under Uniform International Standards in accordance with the Banking Law of Japan and the related regulations.

(e) **Interest rate-related transactions**

Gains or losses arising from changes in fair value of interest rate related derivatives are not included in the statement of operations.

Hedge accounting is applied to all interest rate-related derivative transactions.

(f) **Currency-related transactions**

Gains or losses arising from changes in fair value of currency related derivatives are not included in the statement of operations.

Hedge accounting is applied to all currency-related derivative transactions.

(g) **Equity-related transactions**

Not applicable

(h) **Bond-related transactions**

Not applicable

(i) **Commodity-related transactions**

Not applicable

(j) **Credit derivatives transactions**

Not applicable

Notes to derivative transactions in the fiscal year ended March 31, 2003 are as follows:

(a) Policy for derivative transactions

JBIC engages in derivative transactions solely for the purpose of hedging foreign exchange rate risks and interest rate risks that are incurred in respect of its lending and funding operations.

(b) Transactions

Derivative transactions include interest rate and currency swaps and forward exchange contracts.

(c) Risks involved in derivative transactions

Derivative transactions involve the following risks:

(i) Credit risk

Potential loss from the failure of a counterparty to perform its obligations in accordance with terms and conditions under the contract governing transactions due to bankruptcy or deteriorating business.

(ii) Market risk

Potential loss from the changes in the market value of financial products due to fluctuations in interest rates or exchange rates.

(d) Policies for risk management on derivative transactions

(i) Credit risk

JBIC constantly monitors the market value of its derivative transactions with each counterparty and the amount of its credit exposure and creditworthiness of each counterparty in order to ascertain the appropriateness of entering into or maintaining a transaction with each counterparty.

(ii) Market risk

JBIC uses derivative transactions solely for the purpose of hedging. Therefore, the market risk on derivative transactions and that on hedged (lending or funding) transactions basically offset each other.

Credit risk amounts of derivative etc.	(In 100 millions of yen)	
	Contract amount/ notional amount	Credit risk
	¥	¥
Interest rate swaps	17,001	1,093
Currency swaps	45,528	5,456
Forward exchange contracts	14	0
Other derivatives	-	-
Credit risk reductions through Nettings	-	(2,526)
Total	¥ 62,543	¥ 4,023

(Note) Credit risk amounts are calculated under Uniform International Standards in accordance with the Banking Law of Japan and the related regulations.

(e) **Interest rate-related transactions**

Gains or losses arising from changes in fair value of interest rate related derivatives are not included in the statement of operations.

Hedge accounting is applied to all interest rate-related derivative transactions.

(f) **Currency-related transactions**

Gains or losses arising from changes in fair value of currency related derivatives are not included in the statement of operations.

Certain currency swaps have been accounted for by using the accrual method of accounting based on the transitional applications described in "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry." The contractual amount, market value and unrealized gain/(loss) of such currency swaps accounted for on accrual method are as follows:

Type	March 31, 2003		
	(In millions of yen)		
	Contractual amount	Market value	Unrealized gain/(loss)
	¥	¥	¥
Currency swaps	4,536,027	118,779	-

(g) **Equity-related transactions**

Not applicable

(h) **Bond-related transactions**

Not applicable

(i) **Commodity-related transactions**

Not applicable

(j) **Credit derivatives transactions**

Not applicable

18. Market value of securities

Notes to market value of securities as March 31, 2004 are as follows:

(a) **Trading securities**

Not applicable

(b) **Held-to-maturity debt securities**

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**
Not applicable
- (f) **Held-to maturity debt securities and available-for-sale securities whose market value is not readily determinable**
Not applicable
- (g) **Change of classification of securities**
Not applicable
- (h) **Redemption schedule of available-for-sale securities with maturity**
Not applicable
- (i) **Money held in trust**
Not applicable
- (j) **Net unrealized gain (loss) on available-for-sale securities**
Not applicable

Notes to market value of securities as March 31, 2003 are as follows:

- (a) **Trading securities**
Not applicable
- (b) **Held-to-maturity debt securities**
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**
Not applicable
- (f) **Held-to maturity debt securities and available-for-sale securities whose market value is not readily determinable**
Not applicable
- (g) **Change of classification of securities**
Not applicable

(h) Redemption schedule of available-for-sale securities with maturity

Not applicable

(i) Money held in trust

Not applicable

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

Not applicable

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, 2004 and 2003, and the related Overseas Economic Cooperation Account statements of operations, equity, and cash flows for the years 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 audits 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, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying financial statements.

ChuoAoyama PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers
Tokyo, Japan
June 25, 2004

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, 2004		March 31, 2003		March 31, 2004
Assets					
Cash and due from banks (Note 3)	¥	34,924	¥	59,756	\$ 331
Securities (Notes 4 and 19)		120,514		122,912	1,140
Loans (Note 5)		10,578,524		10,425,582	100,090
Miscellaneous assets (Note 6)		81,802		142,726	774
Premises and equipment (Note 7)		7,297		7,665	69
Deferred charges on bonds and notes (Note 8)		12		17	0
Allowance for possible loan losses (Note 9)		(129,557)		(181,011)	(1,226)
Total assets	¥	10,693,520	¥	10,577,649	\$ 101,178

	In millions of yen		In millions of yen		In millions of U.S.dollars
	March 31, 2004		March 31, 2003		March 31, 2004
Liabilities and equity					
Liabilities					
Bonds and notes (Note 10)	¥	25,000	¥	25,000	\$ 237
Borrowings (Note 11)		4,365,907		4,611,717	41,309
Miscellaneous liabilities (Note 12)		20,347		20,234	192
Allowance for bonus payments		348		286	3
Allowance for employee retirement benefits (Note 13)		6,623		6,874	63
Total liabilities		4,418,226		4,664,112	41,804

Equity (Note 16)

Capital attributable to the Overseas Economic Cooperation Account		6,704,644		6,504,344	63,437
Reserve attributable to the Overseas Economic Cooperation Account		20,667		280,719	195
Accumulate deficit		(450,018)		(871,526)	(4,258)
Total equity		6,275,293		5,913,536	59,374
Total liabilities and equity	¥	10,693,520	¥	10,577,649	\$ 101,178

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 2003		FY 2002		FY 2003
Income					
Interest income	¥	255,000	¥	250,598	\$ 2,413
Interest on loans		252,720		247,935	2,391
Interest and dividend income on securities		2,280		2,659	22
Interest on due from banks		0		3	0
Fees and Commissions		630		606	6
Other ordinary income		90		71	1
Grant from general account (Note 15)		30,000		-	284
Reversal of allowance for possible loan losses		7,782		130,405	74
Recovery of Written-off Claims		3,051		3,960	29
Profits on sales of premises and equipment		268		9	2
Total income		296,823		385,652	2,809
Expenses					
Interest expenses		121,834		140,122	1,153
Interest on bonds and notes		744		740	7
Amortization of discounts on bonds and notes		-		5	-
Interest on borrowings		121,089		139,377	1,146
Fees and Commissions		2,180		1,882	20
Other operating expenses		199		192	2
Foreign exchange losses		197		190	2
Others		1		1	0
General and administrative expenses		9,156		10,256	87
Other ordinary expenses		1,992		49	19
Write-off of equities and securities, etc.		1,924		-	18
Others		67		49	1
Losses on disposal of premises and equipment		4		6	0
ODA-loan related losses (Note 15)		-		816,428	-
Total expense		135,366		968,936	1,281
Net income (loss)	¥	161,457	¥	(583,284)	\$ 1,528

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 2003		FY 2002		FY 2003
Cash flows from operating activities					
Net income (loss)	¥	161,457	¥	(583,284)	\$ 1,528
Depreciation and amortization		436		466	4
Decrease in allowance for possible loan losses		(51,454)		(115,673)	(487)
Increase in allowance for bonus payments		62		60	0
(Decrease) increase in allowance for employee retirement benefits		(251)		785	(2)
Interest income		(255,000)		(250,598)	(2,413)
Interest expenses		121,834		140,122	1,153
Net loss on securities		1,992		49	19
Foreign exchange loss		194		177	2
Net gain on sales of premises and equipment		(264)		(2)	(3)
Net increase in loans		(152,942)		598,750	(1,447)
Net decrease in borrowings		(245,810)		(88,113)	(2,326)
Net (increase) decrease in due from banks (excluding cash equivalents)		(645)		46,311	(6)
Interest received		316,308		228,002	2,993
Interest paid		(122,287)		(140,074)	(1,157)
Others, net		223		688	2
Net cash used in operating activities		(226,146)		(162,333)	(2,140)
Cash flows from investing activities					
Purchases of securities		(262)		(474)	(2)
Sales of securities		635		189	6
Expenditures on premises and equipment		(319)		(239)	(3)
Proceeds from sales of premises and equipment		333		15	3
Net cash provided by (used in) investing activities		386		(508)	4
Cash flows from financing activities					
Proceeds from issuance of capital from Government		200,300		219,100	1,895
Net cash provided by financing activities		200,300		219,100	1,895
Effect of exchange rate changes on cash and cash equivalents		(0)		(0)	(0)
Net increase (decrease) in cash and cash equivalents		(25,460)		56,257	(241)
Cash and cash equivalents at the beginning of the period		58,873		2,615	557
Cash and cash equivalents at the end of the period	¥	33,412	¥	58,873	\$ 316

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

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, 2003	¥	6,504,344	¥	280,719	¥	(871,526)	¥	5,913,536
Transfer from net earnings accounted under the JBIC Law to reserve		-		-		-		-
Transfer from reserve to net earnings accounted under JBIC Law		-		(260,051)		260,051		-
Payment to National Treasury		-		-		-		-
Issuance of capital from Government		200,300		-		-		200,300
Net income		-		-		161,457		161,457
Balance at March 31, 2004	¥	6,704,644	¥	20,667	¥	(450,018)	¥	6,275,293
Appropriations:								
Transfer from net earnings accounted under the JBIC Law to reserve		-		64,823		(64,823)		-
Transfer from reserve to net earnings under the JBIC Law to reserve		-		-		-		-
Payment to National Treasury		-		-		-		-
Total	¥	-	¥	64,823	¥	(64,823)	¥	-
Unappropriated Accumulated deficit	¥	-	¥	-	¥	(514,841)	¥	-

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

STATEMENTS OF EQUITY

JAPAN BANK FOR INTERNATIONAL COOPERATION

Overseas Economic Cooperation Account

In millions of dollars

	Capital attributeable to the Overseas Economic Cooperation Account	Reserve attributable to the Overseas Economic Cooperation Account	Accumulated deficit	Total Equity
Balance at March 31, 2003	\$ 61,542	\$ 2,656	\$ (8,246)	\$ 55,952
Transfer from net earnings accounted under the JBIC Law to reserve	-	-	-	-
Transfer from reserve to net earnings accounted under JBIC Law	-	(2,461)	2,461	-
Payment to National Treasury	-	-	-	-
Issuance of capital from Government	1,895	-	-	1,895
Net income	-	-	1,527	1,527
Balance at March 31, 2004	\$ 63,437	\$ 195	\$ (4,258)	\$ 59,374

Appropriations:

Transfer from net earnings accounted under the JBIC Law to reserve	-	613	(613)	-
Transfer from reserve to net earnings accounted under the JBIC Law	-	-	-	-
Payment to National Treasury	-	-	-	-
Total	\$ -	\$ 613	\$ (613)	\$ -
Unappropriated Accumulated deficit	\$ -	\$ -	\$ (4,871)	\$ -

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

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, 2002	¥	6,285,244	¥	182,296	¥ (189,819)	¥ 6,277,721
Transfer from net earnings accounted under the JBIC Law to reserve		-		98,422	(98,422)	-
Transfer from reserve to net earnings accounted under JBIC Law		-		-	-	-
Payment to National Treasury		-		-	-	-
Issuance of capital from Government		219,100		-	-	219,100
Net loss		-		-	(583,284)	(583,284)
Balance at March 31, 2003	¥	6,504,344	¥	280,719	¥ (871,526)	¥ 5,913,536
Appropriations:						
Transfer from net earnings accounted under the JBIC Law to reserve		-		-	-	-
Transfer from reserve to net earnings accounted under the JBIC Law		-		(260,051)	260,051	-
Payment to National Treasury		-		-	-	-
Total	¥	-	¥	(260,051)	¥ 260,051	¥ -
Unappropriated Accumulated deficit	¥	-	¥	-	¥ (611,475)	¥ -

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”) 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 financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

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 ¥105.69=\$1.00, the exchange rate as of March 31, 2004, 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 in 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) 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

(i) Premises and equipment

Premises and equipment are depreciated on 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 on a straight-line basis.

The principal estimated useful economic lives are as follows:

Buildings: 38 years to 50 years

Equipment: 2 years to 20 years

(ii) Software

Software used by JBIC is amortized on a straight-line basis over its useful economic life (5 years).

(e) Accounting standard for impairment of fixed assets

On August 9, 2002, the Business Accounting Council in Japan issued the “Accounting Standard for Impairment of Fixed Assets.” The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss shall be recognized in the statements of operations by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price and value in use.

The standard shall be effective for fiscal years beginning April 1, 2005. However, an earlier adoption is permitted for fiscal year beginning April 1, 2004 and for fiscal years ending between March 31, 2004 and March 30, 2005.

JBIC has not yet applied this new standard nor has determined the effect of applying it on the financial statements.

(f) Method of amortization for deferred charges

“Discounts on bonds and notes” are amortized over terms of redemption, and “Bonds and notes issuance costs” are amortized over 3 years, on a straight-line basis in accordance with the Commercial Code of Japan.

Until the fiscal year ended March 31, 2003, the amounts of amortization of discounts on bonds and notes had been presented in “Amortization of discounts on bonds and notes” as their own account. In accordance with the amendment of the applicable law which regulates the reporting standards, from April 1, 2003, they are presented in “Interest on bonds and notes” combined with interest.

(g) Allowance for possible loan losses

JBIC provides “Allowance for possible loan losses” as follows:

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 (h) 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.

(h) Allowance for bonus payments

“Allowance 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. Allowance for bonus payments to executive directors are included in the account as of March 31, 2004 but not included in the previous fiscal year.

(i) Allowance for employee retirement benefits

Allowance for employee retirement benefits represents the future payment for pension and retirement to employees and executive directors, and is accrued based on the projected benefit obligations and the estimated pension plan assets at fiscal year end.

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

(j) Consumption taxes

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

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, 2004, and 2003 is as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Cash and due from banks	34,924	59,756	331
Due from banks (*)	(1,511)	(883)	(15)
Cash and cash equivalents	¥ 33,412	¥ 58,873	\$ 316

(*) Excluding Due from Bank of Japan

4. Securities

Securities as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Equity	119,902	122,269	1,134
Other securities	612	642	6
	¥ 120,514	¥ 122,912	\$ 1,140

5. Loans

All loans are loans on deeds. The amounts reported in the balance sheets as of March 31, 2004 and 2003 are as follows:

Overseas Economic Cooperation Account	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Bankrupt loans	-	-	-
Non-accrual loans	51,584	90,596	488
Past due loans (3 months or more)	54,245	51,186	513
Restructured loans	730,673	-	6,914
	¥ 836,504	¥ 141,783	\$ 7,915

(a) "Bankrupt loans," which are classified as non-accrual (i.e. interest receivable is admitted to be no longer accrued), are loans 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

- who have begun similar proceedings under any foreign law.

These loans are categorized as loans to “Bankrupt borrowers” under the self-assessment of asset quality.

- (b) “Non-accrual loans” are loans that are classified as non-accrual and which do not fall into the “Bankrupt loans” category. These loans are categorized as loans to “Substantially bankrupt borrowers” or “Potentially bankrupt borrowers” under the self-assessment of asset quality.
- (c) “Past due loans (3 month or more)” are loans whose principal and/or interest is past due three months or more counted from the date following the scheduled payment date, and which do not fall into the “Bankrupt loans” and “Non-accrual loans” categories. These loans are also categorized as loans to “Watchlist borrowers” under the self-assessment of asset quality.
- (d) “Restructured loans” are loans whose contracts were amended in favor of obligors (e.g. reduction of or exemption from stated interest, deferral of interest payments, extension of maturity dates, renunciation of claims) in order to assist or facilitate the restructuring processes of the obligors in financial difficulties, and which do not fall into the “Bankrupt loans,” “Non-accrual loans,” and “Past due loans (3 month or more)” categories. These loans are also categorized as loans to “Watchlist borrowers” under the self-assessment of asset quality.
- (e) The amounts of Loans indicated in the table above are shown 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, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Overseas Economic Cooperation Account	1,251,786	1,203,975	11,844

In the past, JBIC had not categorized the loans rescheduled under the Paris Club agreements, indicated above, under “Restructured loans.” This was based on the assumption that, unlike loans provided by private financial institutions, their nature as public creditor provides an asset securing mechanism under the international framework which accords a high probability of repayment.

However, in order to facilitate comparison with private financial institutions, effective from the current fiscal year, JBIC now 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 ¥730,673 million (\$6,913 million) of which ¥565,183 million (\$5,348 million) represents original principal attributable to the Overseas Economic Cooperation Account.

- (g) 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, that 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, 2004 and 2003 are ¥4,040,961 million (\$38,234 million) and ¥4,221,727 million, respectively.
- (h) 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. The amounts of the accumulated write-offs as of March 31, 2003 were ¥105 million. There are no corresponding amounts as of March 31, 2004.

6. Miscellaneous assets

Miscellaneous assets as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Prepaid expenses	446	625	4
Accrued income (a)	79,807	141,098	755
Others (b)	1,549	1,003	15
	¥ 81,802	¥ 142,726	\$ 774

(Notes)

- (a) “Accrued income” includes ¥79,489 million (\$752 million) of accrued interest on loans and others as of March 31, 2004, and ¥140,769 million of accrued interest on loans as of March 31, 2003.
- (b) “Others” includes ¥641 million (\$6 million) of suspense payments and others as of March 31, 2004, and ¥148 million of suspense payments and others as of March 31, 2003.

7. Premises and equipment

Premises and equipment as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)		March 31, 2003 (In millions of yen)		March 31, 2004 (In millions of U. S. dollars)	
	¥		¥		\$	
Tangible fixed assets						
Land		3,019		3,054		29
Buildings		7,220		7,032		68
Equipment		1,257		1,241		12
Construction in progress		82		90		1
Total	¥	11,580	¥	11,418	\$	110
Less-accumulated depreciation		4,611		4,353		44
Net book value	¥	6,968	¥	7,065	\$	66
Intangible fixed assets						
Software		427		411		4
Guarantee deposit		328		334		3
Total	¥	755	¥	745	\$	7
Less-accumulated depreciation		228		145		2
Net book value	¥	527	¥	599	\$	5

8. Deferred charges on bonds and notes

Deferred charges on bonds and notes as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)		March 31, 2003 (In millions of yen)		March 31, 2004 (In millions of U. S. dollars)	
	¥		¥		\$	
Deferred discounts on bonds and notes		12		17		0
Total	¥	12	¥	17	\$	0

9. Allowance for possible loan losses

Allowance for possible loan losses as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)		March 31, 2003 (In millions of yen)		March 31, 2004 (In millions of U. S. dollars)	
	¥		¥		\$	
General allowance for possible loan losses		79,884		108,878		756
Specific allowance for possible loan losses		49,672		72,133		470
Allowance for possible losses on specific overseas loans		-		-		-
Total	¥	129,557	¥	181,011	\$	1,226

10. Bonds and notes

Bonds and notes as of March 31, 2004 and 2003 are as follows:

Description of bonds and notes	Date of issuance	Currency and amounts		Interest rate (%)	Maturity date	March 31,	March 31,	March 31,
		March 31, 2004	March 31, 2004			2004	2003	2004
						(In millions of yen)	(In millions of yen)	(In millions of U. S. dollars)
						¥	¥	\$
Overseas Economic Cooperation Fund Bonds guaranteed by Japanese govt. 8,9	December 1995- November 1996	JPY	25,000	2.9-3.0	December 2005 - November 2006	25,000	25,000	237
						¥ 25,000	¥ 25,000	\$ 237

(*) Non-government guaranteed bonds issued in domestic market

Scheduled redemptions of bonds and notes for each of the next five years as of March 31, 2004 are as follows:

Fiscal year	In millions of yen		In millions of U.S. dollars	
	¥		\$	
2004	-		-	
2005	15,000		142	
2006	10,000		95	
2007	-		-	
2008	-		-	

11. Borrowings

Borrowings as of March 31, 2004 and 2003 are as follows:

Long-term borrowings	Average interest rate	Due date of repayment	March 31, 2004	March 31,	March 31,
			(In millions of yen)	2003	2004
			¥	¥	\$
Borrowings from the Government Fund for Fiscal Investment and Loan Program	2.51	September 2004- December 2018	4,283,887	4,507,637	40,533
Borrowings from the Government Post Office Life Insurance Fund	2.24		82,020	104,080	776
			¥ 4,365,907	¥ 4,611,717	\$ 41,309

Long-term borrowings with maturities for the next five years as of March 31, 2004 are as follows:

	In millions of yen	In millions of U.S. dollars
	¥	\$
Fiscal year 2004	534,348	5,056
2005	524,038	4,958
2006	500,113	4,732
2007	458,495	4,338
2008	419,662	3,971

12. Miscellaneous liabilities

Miscellaneous liabilities as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Accrued expenses (a)	17,697	17,935	167
Others (b)	2,650	2,299	25
	¥ 20,347	¥ 20,234	\$ 192

(Notes)

- (a) "Accrued expenses" includes ¥17,176 million (\$163 million) of accrued interest on borrowings and ¥22 million (\$0 million) of accrued interest on bonds and notes and others as of March 31, 2004, and ¥17,634 million of accrued interest on borrowings and ¥22 million of accrued interest on bonds and notes and others as of March 31, 2003.
- (b) "Others" includes ¥2,650 million (\$25 million) of suspense receipts and others as of March 31, 2004, and ¥2,299 million of suspense receipts and others as of March 31, 2003.

13. Employee retirement benefits

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

(a) The funded status of the pension plans

Disposition		March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
		¥	¥	\$
Projected benefit obligation	(A)	(8,622)	(8,487)	(82)
Fair value of plans assets	(B)	1,999	1,613	19
Unfunded pension obligation	(C)=(A)+(B)	(6,623)	(6,874)	(63)

Disposition		March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
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)	(6,623)	(6,874)	(63)
Prepaid pension cost	(H)	-	-	-
Allowance for employee retirement benefits	(G) - (H)	¥ (6,623)	¥ (6,874)	\$ (63)

(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, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Service cost	355	359	3
Interest cost	168	193	2
Expected return on plan assets	(24)	(26)	(0)
Amortization of prior service cost	-	(114)	-
Amortization of net actuarial gains/losses	(237)	825	(2)
Amortization of net obligation at transition	-	-	-
Other Costs	-	-	-
Net pension cost	¥ 261	¥ 1,238	\$ 3

(c) Principal assumptions made

	March 31, 2004	March 31, 2003
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	-	Prior service cost is charged to net income for the year
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, 2004 and 2003.

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") in the previous fiscal year. Under the policy to maintain the financial soundness of JBIC, the government provided JBIC with a grant totaling ¥30 billion (\$284 million) corresponding to "ODA-loan related losses" out of its general account for the current fiscal year.

16. Equity

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

Losses carried forward to the following fiscal year are simply the sum of "Accumulated deficit at the fiscal year end" and statutory appropriation of net earnings as stipulated by the related law of JBIC. The deficit, which represents the shortfall of net assets to capital attributable to the Overseas Economic Cooperation Account as of March 31, 2004 and 2003, are ¥429,350 million (\$4,062 million) and ¥590,807 million, respectively.

17. Lease transactions

Lease transactions in the fiscal year ended March 31, 2004 and 2003 are as follows:

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

- Acquisition cost, accumulated depreciation and net balance of leased of leased property as of March 31, 2004 and 2003 are as follows:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Acquisition cost			
Equipment	122	-	1
Others	192	-	2
Total	¥ 314	¥ -	\$ 3
Accumulated depreciation			
Equipment	14	-	0
Others	19	-	0
Total	¥ 33	¥ -	\$ 1
Net balance			
Equipment	107	-	1
Others	173	-	2
Total	¥ 280	¥ -	\$ 3

- Future lease payment obligations as of March 31, 2004 and 2003 are summarized below:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Due within 1 year	61	-	1
Due after 1 year	220	-	2
Total	¥ 282	¥ -	\$ 3

- Lease payment, depreciation expenses and interest expense for the fiscal year ended March 31, 2004 are ¥ 36 million (\$0 million), ¥ 34 million (\$0 million) and ¥2 million (\$0 million) respectively. There are no corresponding amounts for the fiscal year ended March 31, 2003.
- 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 March 31, 2004 and 2003 are summarized below:

	March 31, 2004 (In millions of yen)	March 31, 2003 (In millions of yen)	March 31, 2004 (In millions of U. S. dollars)
	¥	¥	\$
Due within 1 year	0	3	0
Due after 1 year	-	0	-
Total	¥ 0	¥ 4	\$ 0

18. Derivative transactions

There were no derivative transactions in the fiscal year ended March 31, 2004 and 2003.

19. Market value of securities

Notes to market value of securities as March 31, 2004 are as follows:

(a) Trading securities

Not applicable

(b) Held-to-maturity debt securities

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**

Not applicable

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

	March 31, 2004 (In millions of yen)	March 31, 2004 (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	117,110	1,108
Unlisted foreign equities	2,791	26
Unlisted Japanese local government bonds	-	-
Unlisted Japanese corporate bonds	-	-
Unlisted foreign bonds	-	-
Other Japanese securities	-	-
Other unlisted foreign securities	612	6
Total	¥ 120,514	\$ 1,140

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

Not applicable

(h) **Redemption schedule of available-for-sale securities with maturity**

Not applicable

(i) **Money held in trust**

Not applicable

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

Not applicable

Notes to market value of securities as March 31, 2003 are as follows:

(a) **Trading securities**

Not applicable

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

March 31, 2003
(In millions of yen)

	¥	
Held-to-maturity debt securities		
Unlisted foreign securities	-	
Available-for-sale securities		
Unlisted Japanese equities other than over-the-counter	119,084	
Unlisted foreign equities	3,184	
Unlisted Japanese local government bonds	-	
Unlisted Japanese corporate bonds	-	
Unlisted foreign bonds	-	
Other Japanese securities	-	
Other unlisted foreign securities	642	
Total	¥ 122,912	

- (g) **Change of classification of securities**
Not applicable
- (h) **Redemption schedule of available-for-sale securities with maturity**
Not applicable
- (i) **Money held in trust**
Not applicable
- (j) **Net unrealized gain (loss) on available-for-sale securities**
Not applicable

3.13 KEY DIFFERENCES BETWEEN THE JAPANESE GAAP AND JBIC LAW FINANCIAL STATEMENTS

The principal differences in accounting practice between the two sets of financial statements pertain to the calculation of the provision for allowance for possible loan losses, the calculation of the allowance for employee retirement benefits, and the accounting treatment of foreign currency transactions and financial products.

Key Differences Between the Japanese GAAP and JBIC Law Financial Statements

	Japanese GAAP Financial Statements	JBIC Law Financial Statements
Profit distribution	<ul style="list-style-type: none"> • Payments to the National Treasury are classified as profit distribution 	<ul style="list-style-type: none"> • The JBIC Law and Cabinet orders provide that half of profits in the International Financial Account shall be transferred to reserves. All profits in the Overseas Economic Cooperation Account shall be transferred to reserves • Profits remaining in the International Financial Account after providing for reserves shall be paid to the National Treasury
Loan loss reserve	<ul style="list-style-type: none"> • Provided based on the results of a self-assessment of assets according to the Financial Inspection Manuals • Conducts a self-assessment of loan assets and provide a general allowance based on a projected loss rate for loans to Normal borrowers and Watch borrowers • Establishes specific reserves / depreciation for Category III and Category IV loans 	<ul style="list-style-type: none"> • JBIC provides an allowance based on the rate established in a MOF Notification (Actual reserve rate indicated by MOF) <p>< International Financial Account ></p> <ul style="list-style-type: none"> • In principle, provided at 3/1,000 (3/1,000) of loans outstanding at the fiscal year-end • For loans to countries subject to Paris Club relief measures (Naples term), the allowance is provided within a range of 1/2 (300/1,000) of the agreed reduced rate • The allowance is provided equal to 100% of each of the following outstanding loans: (i) loans to the countries which are categorized as HIPCs, and have reached the Completion Point at fiscal year-end, (ii) loans to the HIPCs which have not reached the Decision Point at the end of FY2002, and (iii) loans under TDB scheme

	Japanese GAAP Financial Statements	JBIC Law Financial Statements
		<p><Overseas Economic Cooperation Account ></p> <ul style="list-style-type: none"> • For ODA loans, provided within a range of 15/1,000 (0.1/1,000) of loans outstanding at fiscal year-end • For private-sector investment finance, provided within a range of 30/1,000 (30/1,000) of loans outstanding at fiscal year-end • For equity participation, to cover undistributed losses of invested corporations, provided in proportion to JBIC's investment against total investment to the corporations • The allowance is provided equal to 100% of each of the outstanding loans to the HIPCs which have not reached the Decision Point at the end of FY 2002
Allowance for employee retirement benefits	<ul style="list-style-type: none"> • Calculates retirement benefit obligations and provides allowance after deducting the current market value of pension assets 	<ul style="list-style-type: none"> • Not provided
Translation of foreign currency transactions	<ul style="list-style-type: none"> • Previous month-end TTM for transactions during the year. Fiscal year-end stock at fiscal year-end TTM 	<ul style="list-style-type: none"> • Non-exchange transactions are stated at the Basic Rate of Exchange (revised semi-annually in January and July by The Bank of Japan). Transactions covered by a forward exchange contract are stated at the contract rate
Financial products (derivatives)	<ul style="list-style-type: none"> • In principle, stated at current market value in the income statements. However, hedge accounting is employed for items recognized as for hedge purpose and after their effectiveness is confirmed. Hedge accounting is employed for all interest rate swaps and the market value of these transactions is recorded on the balance sheet 	<ul style="list-style-type: none"> • Off balance sheet transactions

	Japanese GAAP Financial Statements	JBIC Law Financial Statements
	<ul style="list-style-type: none"> Foreign currency swaps are recorded on the balance sheet and the income statement on an accrual basis in accordance with “the transitional application described in JICPA Industry Audit Committee Report No. 25,” which is adopted by the private banks 	

**Differences between the Japanese GAAP and JBIC Law Financial Statements
with regard to total assets and equity as of 31 March 2004**

	Total			International Financial Account			Overseas Economic Cooperation Account		
	Japanese GAAP①	JBIC Law ②	①-②	Japanese GAAP①	JBIC Law ②	①-②	Japanese GAAP①	JBIC Law ②	①-②
	(billions of yen)								
Total Assets	20,840	21,344	Δ505	10,146	10,143	3	10,694	11,201	Δ507
Total Equity	7,896	8,490	Δ594	1,621	1,699	Δ79	6,275	6,790	Δ515
Capital	7,690	7,690	-	986	986	-	6,705	6,705	-
Reserves	206	799	Δ594	635	714	Δ79	Δ429	85	Δ515
Total Equity/ Total Assets	37.89%	39.77%	Δ1.88%	15.97%	16.75%	Δ0.78%	58.68%	60.62%	Δ1.94%

3.14 SUMMARY OF JAPANESE GAAP-BASED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING MARCH 2005

Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Srinozawa) made public its financial statements for the fiscal year ending March 2005 in accordance with generally accepted accounting principles and practices for Japanese private corporations (Japanese GAAP) on June 30, 2005. In order to ensure its objectivity, JBIC obtained an auditor's report from ChuoAoyanua PricewaterhouseCoopers pursuant to Article 193.2 of tire Securities Transaction Law.

Financial highlights of the Japanese GAAP-based financial statements for the fiscal year ending March 2005 are as follows.

(Unit : million yen)

	Fiscal Year ending March 2005			Fiscal Year ending March 2004		
	The Bank Account	International Financial Account	Overseas Economic Cooperation Account	The Bank Account	International Financial Account	Overseas Economic Cooperation Account
Ordinary Revenue	508,310	254,130	253,879	527,003	271,282	255,721
Ordinary Expenses	409,305	238,413	170,892	352,851	225,271	135,362
Net Ordinary Income	99,004	16,017	82,987	174,152	46,010	120,358
Net Extraordinary Income	31,418	326	31,092	33,759	443	41,098
Net Income	130,423	16,343	114,079	207,910	46,453	161,457

(Unit : million yen, %)

	As of 31 March 2005			As of 31 March 2004		
	The Bank Account	International Financial Account	Overseas Economic Cooperation Account	The Bank Account	International Financial Account	Overseas Economic Cooperation Account
Total Assets	20,653,038	9,827,312	10,825,726	20,839,757	10,146,237	10,693,520
Cash and Due from Banks	170,029	106,105	63,924	217,328	182,404	34,924
Securities	119,980	103	119,877	120,514	-	120,514
Loans	19,187,414	8,446,621	10,740,793	19,306,245	8,727,720	10,578,524
Miscellaneous Assets	599,982	523,350	76,631	704,284	622,481	81,802
Customer's Liabilities for Acceptances and Guarantees	899,389	899,389	-	724,924	724,924	-
Allowance for Possible Loan Losses	Δ353,664	Δ171,153	Δ182,511	Δ263,425	Δ133,868	Δ129,557
Total Liabilities	12,477,695	8,227,942	4,249,752	12,943,761	8,525,535	4,418,226

	As of 31 March 2005			As of 31 March 2004		
	The Bank Account	International Financial Account	Overseas Economic Cooperation Account	The Bank Account	International Financial Account	Overseas Economic Cooperation Account
Bonds and Notes	1,776,254	1,751,254	25,000	1,561,373	1,536,373	25,000
Borrowings	9,559,735	5,359,276	4,200,459	10,392,925	6,027,018	4,365,907
Miscellaneous Liabilities	224,079	206,716	17,363	246,191	225,843	20,347
Acceptances and Guarantees	899,389	899,389	-	724,924	724,924	-
Total Capital and Retained Earnings	8,175,343	1,599,369	6,575,973	7,895,995	1,620,702	6,275,293
Capital	7,876,744	985,500	6,891,244	7,690,144	985,500	6,704,644
Retained Earnings and Reserve	298,598	613,869	△315,270	205,851	635,202	△429,350
Capital and Retained Earning/Total Assets (%)	39.6	16.3	60.7	37.9	16.0	58.7

1. 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 declining or 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 FY2004, operating income amounted to 192.6 billion yen. However, affected by increase in allowance for possible loan losses due to the worsening conditions of some of the debtors, ordinary income resulted in 99.0 billion yen. By adding extraordinary income of 31.4 billion yen, mainly a grant of 30.0 billion yen provided by the Japanese government out of its general account, net income was recorded as 130.4 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.

< Bank Account >

(Unit: hundred million of yen)

	Fiscal Year ending March 2005	Fiscal Year ending March 2004
Gross Operating Profit	2,156	2,101
Net Interest Income	2,040	2,139
Net Fees and Commissions	6	9
Net Other Operating income	109	△48
General and Administrative Expenses (△)	△299	△244
Net Operating income (Prior to Provision for General Allowance for Possible Loan Losses)	1,926	1,856
Other Ordinary Gain/Loss (△)	△936	△115

	Fiscal Year ending March 2005	Fiscal Year ending March 2004
Provision for General Allowance for Possible Loan Losses	Δ909	Δ99
Write-off of Loans	0	1
Write-off of Securities	Δ28	Δ19
Others	2	4
Net Ordinary Income	990	Δ1,741
Net Extraordinary Income	314	337
Net Income	1,304	2,079

< International Financial Account >

(Unit: hundred million of yen)

	Fiscal Year ending March 2005	Fiscal Year ending March 2004
Gross Operating Profit	683	787
Net Interest Income	549	807
Net Fees and Commissions	21	25
Net Other Operating Income	112	Δ46
General and Administrative Expenses (Δ)	Δ143	Δ152
Net Operating Income (Prior to Provision for General Allowance for Possible Loan Losses)	539	634
Other Ordinary Gain/Loss (Δ)	Δ379	Δ174
Provision for General Allowance for Possible Loan Losses	Δ380	Δ177
Write-off of Loans	Δ0	Δ1
Write-off of Securities	-	-
Others	1	4
Net Ordinary Income	160	460
Net Extraordinary Income	3	4
Net Income	163	464

<Overseas Economic Cooperation Account >

(Unit: hundred million of yen)

	Fiscal Year ending March 2005	Fiscal Year ending March 2004
Gross Operating Profit	1,473	1,314
Net Interest Income	1,491	1,331
Net Fees and Commissions	Δ14	Δ15
Net Other Operating Income	Δ3	Δ1
General and Administrative Expenses (Δ)	Δ86	Δ91
Net Operating Income (Prior to Provision for General Allowance for Possible Loan Losses)	1,387	1,222
Other Ordinary Gain/Loss (Δ)	Δ557	Δ19
Provision for General Allowance for Possible Loan Losses	Δ529	-
Write-off of Loans	-	-
Write-off of Securities	Δ28	Δ19
Others	0	0
Net Ordinary Income	829	1,203
Net Extraordinary Income	310	410
Net Income	1,140	1,614

(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, 2005, the International Financial Account had total assets of 9,827.3 billion yen (decreased 318.9 billion yen from the previous fiscal year), total liabilities of 8,227.9 billion yen (decreased 298.5 billion yen from the previous fiscal year), and total capital and retained earnings of 1,599.3 billion yen (decreased 21.3 billion yen from the previous fiscal year). The Overseas Economic Cooperation Account had total assets of 10,825.7 billion yen (increased 132.2 billion yen from the previous fiscal year), total liabilities of 4,249.7 billion yen (decreased 168.4 billion yen from the previous fiscal year), and total capital and retained earnings of 6,575.9 billion yen (increased 300.6 billion yen from the previous fiscal year). Overall, the Bank had total assets of 20,653.0 billion yen (decreased 186.7 billion yen from the previous fiscal year), total liabilities of 12,477.6 billion yen (decreased 466.0 billion yen from the previous fiscal year), and total capital and retained earnings of 8,175.3 billion yen (increased 279.3 billion yen from the previous fiscal year).

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 ChuoAoyanra PricewaterhouseCoopers 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 Conunittee Report No. 4, April 15, 1997).

What is unique about JBIC's operations is that its loans for developing country governments arc taken to be official credit. Thus, when an indebted country is temporarily unable to service debt due to economic difficulties, debt rescheduling will sometimes takes 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 assetsecuring 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 loans 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-assesntment 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 2005	Change from the end of March 2004	As of the end of March 2004	Ratio to Total Loans	
				End of March 2005	End of March 2004
Total Amounts of Risk-Monitored Loans	14,409	Δ132	14,542	7.51%	7.53%
Bankrupt Loans	-	Δ0	0	-	0.00%
Non-Accrual Loans	3,885	1,205	2,680	2.03%	1.39%
Past Due Loans (Three months or more)	27	Δ675	702	0.01%	0.36%
Restructured Loans	10,497	Δ661	11,158	5.47%	5.78%
Total Amounts of Outstanding Loans	191,874	Δ1,188	193,062	100.00%	100.00%

(Unit: hundred millions of Yen, %)

< International Financial Account >	As of the end of March 2005	Change from the end of March 2004	As of the end of March 2004	Ratio to Total Loans	
				End of March 2005	End of March 2004
Total Amounts of Risk-Monitored Loans	5,939	Δ238	6,177	7.03%	7.08%
Bankrupt Loans	-	Δ0	0	-	0.00%
Non-Accrual Loans	2,657	493	2,164	3.15%	2.48%
Past Due Loans (Three months or more)	27	Δ133	160	0.03%	0.18%
Restructured Loans	3,254	Δ597	3,852	3.85%	4.41%
Total Amounts of Outstanding Loans	84,446	Δ2,810	87,277	100.00%	100.00%

(Unit: hundred millions of Yen, %)

< Overseas Economic Cooperation Account >	As of the end of March 2005	Change from the end of March 2004	As of the end of March 2004	Ratio to Total Loans	
				End of March 2005	End of March 2004
Total Amounts of Risk-Monitored Loans	8,470	105	8,365	7.89%	7.91%
Bankrupt Loans	-	-	-	-	-
Non-Accrual Loans	1,227	711	515	1.14%	0.49%
Past Due Loans (Three months or more)	-	Δ542	542	-	0.51%
Restructured Loans	7,242	Δ63	7,306	6.74%	6.91%
Total Amounts of Outstanding Loans	107,407	1,622	105,785	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 fourth in the Financial Revitalization Law (FRL).

(Unit: hundred millions of Yen, %)

< The Bank Account >	As of the end of March 2005	Change from the end of March 2004	As of the end of March 2004	Ratio to Total Loans	
				End of March 2005	End of March 2004
Credit required to be disclosed under the FRL	14,411	Δ143	14,554	7.11%	7.20%
Bankrupt and Quasi-bankrupt Assets	697	13	683	0.34%	0.34%
Doubtful Assets	3,189	1,179	2,009	1.57%	0.99%
Substandard Loans	10,524	Δ1,337	11,861	5.20%	5.87%
Normal Assets	188,148	546	187,601	92.89%	92.80%
Total	202,559	403	202,156	100.00%	100.00%

(Unit: hundred millions of Yen, %)

< Internation Financial Account >	As of the end of March 2005	Change from the end of March 2004	As of the end of March 2004	Ratio to Total Loans	
				End of March 2005	End of March 2004
Credit required to be disclosed under the FRL	5,940	Δ248	6,189	6.29%	6.48%
Bankrupt and Quasi-bankrupt Assets	697	13	683	0.74%	0.72%
Doubtful Assets	1,961	468	1,493	2.08%	1.56%
Substandard Loans	3,281	Δ731	4,012	3.48%	4.20%
Normal Assets	88,469	Δ916	89,386	93.71%	93.52%
Total	94,410	Δ1,165	95,576	100.00%	100.00%

(Unit: hundred millions of Yen, %)

< Overseas Economic Cooperation Account >	As of the end of March 2005	Change from the end of March 2004	As of the end of March 2004	Ratio to Total Loans	
				End of March 2005	End of March 2004
Credit required to be disclosed under the FRL	8,470	105	8,365	7.83%	7.85%
Bankrupt and Quasi-bankrupt Assets	-	-	-	-	-
Doubtful Assets	1,227	711	515	1.14%	0.48%
Substandard Loans	7,242	606	7,849	6.70%	7.36%
Normal Assets	99,678	1,463	98,215	92.17%	92.15%
Total	108,148	1,568	106,580	100.00%	100.00%

3.15 REPRESENTATIONS BY JBIC ON THE BONDHOLDERS' REPRESENTATIVE

JBIC represents and warrants that JBIC, as at the issue date of the Bonds, does not have a relationship with the Bondholders' Representative in a manner that may result in a conflict of interests pursuant to the Notification of Securities and Exchange Commission No. GorJor. 33/2544 Re: Qualification of Debentureholders' Representative and Performance of Duties of Debentureholders' Representative dated 19 October 2001.

PART 4
CERTIFICATION OF THE ACCURACY OF INFORMATION

I (as an authorized signatory of Japan Bank for International Cooperation (“**JBIC**”)) have reviewed the information in (a) Part 1, Part 2 and Part 3; (b) appendices; and (c) attachment of this Prospectus and hereby certify with care as authorized signatory of JBIC that:

- (i) with respect to those sections prescribed in Thai language in Part 1, Part 2 and Part 3, such information is set out in Thai language based on the information contained in those sections prescribed in English language as specified in the paragraph (ii) below, is correct, accurate, complete and contains no false or misleading statements, in all material aspects, or no omission of material facts that should have been stated therein; and
- (ii) with respect to those sections prescribed in English language in Part 1, Part 2 and Part 3, appendices and attachment, such information is correct, accurate, complete and contains no false or misleading statements, in all material aspects, or no omission of any material facts that should have been stated therein.

I hereby authorize _____ to sign on every page of the Prospectus. If any page of the Prospectus does not bear the signature of _____, the information on that page has not been certified by me.

Name	Position	Signature
_____	_____	_____

Name	Position	Signature
<i>Attorney-In-Fact</i>		
_____	_____	_____

APPENDIX A
FINANCIAL STATEMENTS BASED ON JBIC LAW
JAPAN BANK FOR INTERNATIONAL COOPERATION

REPORT OF AUDITORS OF JAPAN BANK FOR INTERNATIONAL COOPERATION

JAPAN BANK FOR INTERNATIONAL COOPERATION

4-1, Ohtemachi 1-chome

Chiyoda-ku, Tokyo

As auditors of Japan Bank for International Cooperation, we have audited the balance sheet of Japan Bank for International Cooperation as of March 31, 2004 and the related statement of earnings for the year ended March 31, 2004. Our audit was made in accordance with the Japan Bank for International Cooperation Law and regulations thereunder.

In our opinion, the financial statements referred to above present fairly the financial position of Japan Bank for International Cooperation as of March 31, 2004 and the results of its operations for the year then ended, in conformity with the Japan Bank for International Cooperation Law and regulations thereunder and accounting principles generally accepted in Japan.

YASUO FURUTACHI

Auditor

Japan Bank for International Cooperation

HIROMASA TOYOOKA

Auditor

Japan Bank for International Cooperation

November 19, 2004

**JAPAN BANK FOR INTERNATIONAL COOPERATION
BALANCE SHEET (THE BANK)**

	<u>March 31, 2004</u>	<u>March 31, 2003</u>
	(Millions of Yen)	
ASSETS:		
Cash and Cash Equivalents	¥ 219,862	¥ 288,244
Loans (Note 2)	20,412,648	20,994,803
Investments	153,336	155,271
Accrued Interest Income	150,136	220,573
Miscellaneous Assets	82,605	16,315
Premises and Equipment	27,448	28,096
Deferred Charges	2,926	2,851
Customers' Liabilities for Acceptances and Guarantees	745,734	630,498
Allowance for Possible Loan and Investment Losses	(450,389)	(454,912)
TOTAL ASSETS	<u>¥ 21,344,307</u>	<u>¥ 21,881,739</u>
LIABILITIES, CAPITAL AND RESERVES:		
Liabilities:		
Long-term Borrowings (Note 4):		
From the Government, including Borrowings Due within One Year	¥ 10,392,925	¥ 11,218,681
Bonds and Notes, including Borrowings Due within One Year	1,641,318	1,668,298
Total Long-term Borrowings	12,034,243	12,886,980
Accrued Interest Expenses	68,304	76,932
Miscellaneous Liabilities	6,457	107,990
Acceptances and Guarantees	745,734	630,498
TOTAL LIABILITIES	<u>12,854,737</u>	<u>13,702,399</u>
Capital and Reserves:		
Capital of the Account for International Financial Operations (Note 5)	985,500	985,500
Capital of the Account for Overseas Economic Cooperation Operations (Note 5)	6,704,644	6,504,344
Reserve of the Account for International Financial Operations (Note 6)	638,582	608,336
Net Earnings of the Account for International Financial Operations	75,352	60,492
Reserve of the Account for Overseas Economic Cooperation Operations (Note 6)	20,667	280,719
Net Earnings of the Account for Overseas Economic Cooperation Operations	64,823	(260,052)
TOTAL CAPITAL AND RESERVES	<u>8,489,569</u>	<u>8,179,341</u>
TOTAL LIABILITIES, CAPITAL AND RESERVES	<u>21,344,307</u>	<u>21,881,739</u>

See "Notes to Financial Statements".

JAPAN BANK FOR INTERNATIONAL COOPERATION
STATEMENT OF EARNINGS (THE BANK)

	<u>Fiscal Year Ended March 31, 2004</u>	<u>Fiscal Year Ended March 31, 2003</u>
	<u>(Millions of Yen)</u>	
Ordinary Income:		
Interest on Loans	¥ 487,903	¥ 541,430
Guarantee Commissions	3,084	2,746
Dividends on Investments	2,307	2,632
Grant from General Account	30,000	-
Interest on Deposits in Banks	1,679	3,817
Interest on Swaps and Miscellaneous Interest Received	62,715	49,357
Commissions	2,450	2,979
Foreign Exchange Gains	772	2,934
Other Income	2,974	1,261
Reversal of Allowance for Possible Loan and Investment Losses	454,912	71,365
Total	<u>¥ 1,048,796</u>	<u>¥ 678,521</u>
Ordinary Expenses:		
Interest on Borrowings	¥ 244,356	¥ 300,617
Interest on Bonds and Notes	43,184	55,078
Interest on Swaps and Miscellaneous Interest Payment	23,774	29,317
Administrative Expenses	24,461	24,747
Depreciation of Premises and Equipment	1,371	1,557
Commissions	5,855	5,334
Foreign Exchange Losses	5,088	4,133
Write-off of Loans	105,473	316
Loss from Disposal of Investments	1,561	-
Amortization of Discounts on Bonds and Notes	751	1,065
Amortization of Bond and Note Issue Expenses	746	624
Other Expenses	1,612	381
Provision for Allowance for Possible Loan and Investment Losses	450,389	454,912
	<u>908,621</u>	<u>878,080</u>
Net Earnings of the Account for International Financial Operations	75,352	60,492
Net Earnings of the Account for Overseas Economic Cooperation Operations	64,823	(260,052)
Total	<u>¥ 1,048,796</u>	<u>¥ 678,521</u>

See "Notes to Financial Statements".

JAPAN BANK FOR INTERNATIONAL COOPERATION
STATEMENTS OF CHANGES IN FINANCIAL POSITION (THE BANK)

	Fiscal Year Ended March 31, 2004	Fiscal Year Ended March 31, 2003
	(Millions of Yen)	
Funds Brought Forward from the Prior Fiscal Period	¥ 288,244	¥ 428,312
SOURCE OF FUNDS:		
Investments from Government	200,300	219,100
Grant from Government	30,000	-
Long-term Borrowings from Government Trust Fund Bureau	583,000	654,000
Long-term Borrowings from Government Post Office Life Insurance Fund	-	-
Short-term Borrowings from Private Banks	9,085	-
Bonds and Notes	377,267	260,998
Collection from Loans	2,146,233	2,334,597
Interest on Loans	451,661	477,553
Guarantee Commissions	2,882	2,544
Income on Securities	-	-
Interest on Deposits in Banks	1,679	3,817
Interest on Swaps and Miscellaneous Interest Received	119,229	139,815
Others	10,379	5,990
TOTAL SOURCES	¥ 3,931,714	¥ 4,098,414
USE OF FUNDS:		
Loans	1,780,018	1,736,547
Investments	263	474
Repayment of Borrowings from Government Trust Fund Bureau	1,341,182	1,637,386
Repayment of Borrowings from Government Post Office Life Insurance Fund	67,574	72,412
Repayment of Borrowings from Private Banks	9,085	-
Redemption of Bonds and Notes	340,607	223,519
Purchase of Premises and Equipment	887	591
Interest on Borrowings from Government Trust Fund Bureau	244,842	303,993
Interest on Borrowings from Government Post Office Life Insurance Fund	6,590	8,881
Interest on Borrowings from Private Banks	1	-
Interest on Bonds and Notes	45,356	64,644
Interest on Swaps and Miscellaneous Interest Payment	81,523	118,847
Outsourcing Costs	5,847	5,337
Administrative Expenses	24,253	24,554
Miscellaneous Expenses for Bond Issuance	208	193
Others	13,402	10,703
Payment to National Treasury	38,459	30,400
TOTAL USES	¥ 4,000,097	¥ 4,238,481
Funds Carried Forward to the Next Fiscal Period	¥ 219,862	¥ 288,244

JAPAN BANK FOR INTERNATIONAL COOPERATION
BALANCE SHEET
(INTERNATIONAL FINANCIAL ACCOUNT)

	<u>March 31, 2004</u>	<u>March 31, 2003</u>
	<u>(Millions of Yen)</u>	
ASSETS:		
Cash and Cash Equivalents	¥ 185,185	¥ 228,712
Loans (Note 2)	9,086,993	9,760,698
Investments	-	1,141
Accrued Interest Income	68,881	92,585
Miscellaneous Assets	82,024	15,752
Premises and Equipment	20,230	20,761
Deferred Charges	2,916	2,836
Customers' Liabilities for Acceptance and Guarantee	745,734	630,498
Allowance for Possible Loan and Investment Losses	(48,570)	(52,950)
TOTAL ASSETS	<u>¥ 10,143,392</u>	<u>¥ 10,700,034</u>
LIABILITIES, CAPITAL AND RESERVES:		
Liabilities:		
Long-term Borrowings (Note 4):		
From the Government, including Borrowings Due within One Year	¥ 6,027,018	¥ 6,606,964
Bonds and Notes, including Borrowings Due within One Year	1,616,318	1,643,298
Total Long-term Borrowings	<u>7,643,336</u>	<u>8,250,262</u>
Accrued Interest Expenses	51,081	59,254
Miscellaneous Liabilities	3,807	105,690
Acceptances and Guarantees	745,734	630,498
TOTAL LIABILITIES	<u>8,443,958</u>	<u>9,045,705</u>
Capital and Reserves:		
Capital (Note 5)	985,500	985,500
Reserve (Note 6)	638,582	608,336
Net Earnings for the Period	75,352	60,492
TOTAL CAPITAL AND RESERVES	<u>1,699,434</u>	<u>1,654,329</u>
TOTAL LIABILITIES, CAPITAL AND RESERVES	<u>¥ 10,143,392</u>	<u>¥ 10,700,034</u>

See "Notes to Financial Statements".

JAPAN BANK FOR INTERNATIONAL COOPERATION
STATEMENT OF EARNINGS
(INTERNATIONAL FINANCIAL ACCOUNT)

	<u>Fiscal Year Ended March 31, 2004</u>	<u>Fiscal Year Ended March 31, 2003</u>
	(Millions of Yen)	
Ordinary Income:		
Interest on Loans	¥ 218,856	¥ 285,925
Guarantee Commissions	3,084	2,746
Interest on Deposits in Banks	1,679	3,813
Interest on Swaps and Miscellaneous Interest Received	62,714	49,357
Commissions	1,819	2,373
Foreign Exchange Gains	772	2,931
Other Income	2,409	986
Reversal of Allowance for Possible Loan and Investment Losses	52,950	36,281
Total	<u>¥ 344,283</u>	<u>¥ 384,412</u>
Ordinary Expenses:		
Interest on Borrowings	¥ 123,266	¥ 161,240
Interest on Bonds and Notes	42,444	54,338
Interest on Swaps and Miscellaneous Interest Payment	23,774	29,317
Administrative Expenses	15,261	15,445
Depreciation of Premises and Equipment	976	1,112
Commissions	3,630	3,307
Foreign Exchange Losses	5,088	4,133
Write-off of Loans	2,359	316
Loss from Disposal of Investments	1,141	-
Amortization of Discounts on Bonds and Notes	746	1,060
Amortization of Bond and Note Issue Expenses	746	624
Other Expenses	930	78
Provision for Allowance for Possible Loan and Investment Losses	48,570	52,950
	<u>268,931</u>	<u>323,919</u>
Net Earnings	<u>75,352</u>	<u>60,492</u>
Total	<u>¥ 344,283</u>	<u>¥ 384,412</u>

See "Notes to Financial Statements".

JAPAN BANK FOR INTERNATIONAL COOPERATION
STATEMENTS OF CHANGES IN FINANCIAL POSITION
(INTERNATIONAL FINANCIAL ACCOUNT)

	Fiscal Year Ended March 31, 2004	Fiscal Year Ended March 31, 2003
	(Millions of Yen)	
Funds Brought Forward from the Prior Fiscal Period	¥ 228,712	¥ 378,697
SOURCE OF FUNDS:		
Long-term Borrowings from Government Trust Fund Bureau	288,500	220,000
Long-term Borrowings from Government Post Office Life Insurance Fund	-	-
Short-term Borrowings from Private Banks	9,085	-
Bonds and Notes	377,267	260,998
Collection from Loans	1,630,865	1,918,920
Interest on Loans	223,636	278,622
Guarantee Commissions	2,882	2,544
Income on Securities	-	-
Interest on Deposits in Banks	1,679	3,813
Interest on Swaps and Miscellaneous Interest Received	119,228	139,814
Others	6,454	1,929
TOTAL SOURCES	¥ 2,659,597	¥ 2,826,640
USE OF FUNDS:		
Loans	1,157,693	1,148,928
Repayment of Borrowings from Government Trust Fund Bureau	822,932	1,139,503
Repayment of Borrowings from Government Post Office Life Insurance Fund	45,514	48,182
Repayment of Borrowings from Private Banks	9,085	-
Redemption of Bonds and Notes	340,607	223,519
Purchase of Premises and Equipment	550	366
Interest on Borrowings from Government Trust Fund Bureau	125,637	167,784
Interest on Borrowings from Government Post Office Life Insurance Fund	4,248	5,756
Interest on Borrowings from Private Banks	1	-
Interest on Bonds and Notes	44,616	63,904
Interest on Swaps and Miscellaneous Interest Payment	81,523	118,847
Outsourcing Costs	3,625	3,309
Administrative Expenses	15,055	15,254
Miscellaneous Expenses for Bond Issuance	206	191
Others	13,373	10,684
Payment to National Treasury	38,459	30,400
TOTAL USES	¥ 2,703,124	¥ 2,976,626
Funds Carried Forward to the Next Fiscal Period	¥ 185,185	¥ 228,712

JAPAN BANK FOR INTERNATIONAL COOPERATION
BALANCE SHEET
(OVERSEAS ECONOMIC COOPERATION ACCOUNT)

	Fiscal Year Ended March 31, 2004	Fiscal Year Ended March 31, 2003
(Millions of Yen)		
ASSETS:		
Cash and Cash Equivalents	¥ 34,677	¥ 59,533
Loans (Note 2)	11,325,655	11,234,105
Investments	153,336	154,129
Accrued Interest Income	81,255	127,988
Miscellaneous Assets	581	563
Premises and Equipment	7,218	7,335
Deferred Charges	10	15
Allowance for Possible Loan and Investment Losses	(401,819)	(401,962)
TOTAL ASSETS	¥ 11,200,915	¥ 11,181,706
LIABILITIES, CAPITAL AND RESERVES:		
Liabilities (Note 4):		
Long-term Borrowings from the Government, including Borrowings Due within One Year	¥ 4,365,907	¥ 4,611,717
Bonds and Notes	25,000	25,000
Accrued Interest Expenses	17,222	17,677
Miscellaneous Liabilities	2,650	2,299
TOTAL LIABILITIES	4,410,780	4,656,694
Capital (Note 5)	6,704,644	6,504,344
Reserve (Note 6)	20,667	280,719
Net Income for the Period	64,823	(260,052)
TOTAL CAPITAL AND RESERVES	6,790,135	6,525,012
TOTAL LIABILITIES, CAPITAL AND RESERVES	¥ 11,200,915	¥ 11,181,706

See "Notes to Financial Statements".

JAPAN BANK FOR INTERNATIONAL COOPERATION
STATEMENT OF EARNINGS
(OVERSEAS ECONOMIC COOPERATION ACCOUNT)

	<u>Fiscal Year Ended March 31, 2004</u>	<u>Fiscal Year Ended March 31, 2003</u>
	(Millions of Yen)	
Ordinary Income:		
Interest on Loans	¥ 269,047	¥ 255,505
Dividends on Investments	2,307	2,632
Grant from General Account	30,000	-
Interest on Deposits in Banks	0	4
Miscellaneous Interest Received	0	0
Commissions	630	606
Foreign Exchange Gains	-	3
Other Income	566	275
Reversal of Allowance for Possible Loan and Investment Losses	401,962	35,084
Net Earnings	<u>260,052</u>	<u>-</u>
Total	<u>¥ 704,513</u>	<u>¥ 294,109</u>
Ordinary Expenses:		
Interest on Borrowings	¥ 121,090	¥ 139,377
Interest on Bonds and Notes	740	740
Administrative Expenses	9,200	9,302
Depreciation of Premises and Equipment	395	445
Commissions	2,225	2,027
Foreign Exchange Losses	-	0
Write-off of Loans	103,114	-
Loss from Disposal of Investments	420	-
Amortization of Discounts on Bonds and Notes	5	5
Other Expenses	682	303
Provision for Allowance for Possible Loan and Investment Losses	401,819	401,962
Net Earnings	<u>64,823</u>	<u>(260,052)</u>
Total	<u>¥ 704,513</u>	<u>¥ 294,109</u>

See "Notes to Financial Statements".

JAPAN BANK FOR INTERNATIONAL COOPERATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
(OVERSEAS ECONOMIC COOPERATION ACCOUNT)

	<u>Fiscal Year Ended</u> <u>March 31, 2004</u>	<u>Fiscal Year Ended</u> <u>March 31, 2003</u>
	(Millions of Yen)	
Funds Brought Forward from the Prior Fiscal Period	¥ 59,533	¥ 49,614
SOURCE OF FUNDS:		
Investments from Government	200,300	219,100
Grant from Government	30,000	-
Long-term Borrowings from Government Trust Fund Bureau	294,500	434,000
Long-term Borrowings from Government Post Office Life Insurance Fund	-	-
Collection from Loans	515,367	415,677
Interest on Loans	228,025	198,931
Income on Securities	-	-
Interest on Deposits in Banks	0	4
Interest on Swaps and Miscellaneous Interest Received	0	0
Others	3,924	4,061
TOTAL SOURCES	<u>¥ 1,272,117</u>	<u>¥ 1,271,773</u>
USE OF FUNDS:		
Loans	622,325	587,619
Investment	263	474
Repayment of Borrowings from Government Trust Fund Bureau	518,250	497,883
Repayment of Borrowings from Government Post Office Life Insurance Fund	22,060	24,230
Purchase of Premises and Equipment	337	224
Interest on Borrowings from Government Trust Fund Bureau	119,205	136,210
Interest on Borrowings from Government Post Office Life Insurance Fund	2,342	3,125
Interest on Bonds and Notes	740	740
Outsourcing Costs	2,222	2,028
Administrative Expenses	9,198	9,300
Miscellaneous Expenses for Bond Issuance	2	2
Others	28	20
TOTAL USES	<u>¥ 1,296,972</u>	<u>¥ 1,261,855</u>
Funds Carried Forward to the Next Fiscal Period	<u>¥ 34,677</u>	<u>¥ 59,533</u>

JAPAN BANK FOR INTERNATIONAL COOPERATION
NOTES TO FINANCIAL STATEMENTS

1. Summary of Principal Accounting Policies:

Basis of presentation

The accompanying financial statements of Japan Bank for International Cooperation (the "Bank") are prepared in conformity with the Japan Bank for International Cooperation Law (the "JBIC Law") and the regulations thereunder and accounting principles and practices generally accepted in Japan. The Bank was established on October 1, 1999. The Bank is the result of a merger between The Export-Import Bank of Japan ("JEXIM") and the Overseas Economic Cooperation Fund, Japan ("OECF").

Pursuant to the JBIC Law, the Bank's international financial operations (succeeded from JEXIM) and overseas economic cooperation operations (succeeded from OECF) are accounted for separately in the international financial account and the overseas economic cooperation account, respectively. The Bank reports the results of operations of the Bank as a whole as well as those of its international financial account and its overseas economic cooperation account separately.

Translation of foreign currencies

Foreign currency loans, bonds and notes are translated into yen equivalent at the Basic Rate of Exchange (revised semi-annually by the Minister of Finance based on the market rates prevailing during the preceding six-month period), except for those covered by forward exchange contracts, which have been translated into yen equivalent at the contracted rates.

Securities

Total average cost method

Allowance for possible loan and investment losses

Pursuant to the relevant cabinet order and regulations, the Bank is required to provide an allowance for possible loan and investment losses. The proportion of such an allowance to outstanding loans and investments amount is determined by the Minister of Finance.

i) International Financial Account

The Bank provided an allowance in the amount of ¥27,261 million equal to 0.3% of outstanding loan amount as of March 31, 2004.

For loans to the poorest and most indebted countries eligible for the Naples Terms, the Bank provided a separate allowance to cover possible losses in the amount of ¥4,221 million.

In addition, for (i) loans to the countries, which are categorized as Heavily Indebted Poor Countries ("HIPCs"), which have not reached the Decision Point at the end of the fiscal year ended March 31, 2003, and (ii) loans under TDB (the Trade and Development Board) scheme, the bank provided a separate allowance to cover possible losses in the amount of ¥2,086 million and ¥15,001 million, respectively, equal to 100% of each of the outstanding loans as of March 31, 2004.

ii) Overseas Economic Cooperation Account

For official development assistance (ODA) loans, the Bank provided an allowance in the amount of ¥1,132 million equal to 0.01% of outstanding loans as of March 31, 2004.

For loans for private-sector investment finance, the Bank provided an allowance in the amount of ¥175 million equal to 3% of outstanding loans as of March 31, 2004.

In addition, for loans to the HIPCs, which have not reached the Decision Point at the end of the fiscal year ended March 31, 2003, the bank provided a separate allowance to cover possible losses in the amount of ¥365,778 million equal to 100% of outstanding loans as of March 31, 2004.

For investments, the Bank provided an allowance in the amount of ¥34,734 million to cover possible losses: the amount of such an allowance is calculated in proportion to the ratio of accumulated losses of each invested firm/fund to the total capital hereof.

Bank premises and equipment and depreciation

Premises and equipment are stated at cost. Depreciation has been computed by the declining-balance method for buildings (other than those acquired on or after April 1, 1998 by the Bank or its predecessors), furniture and fixtures, and by the straight-line method for intangible assets, based on the estimated useful lives as prescribed by the Corporate Tax Law of Japan.

2. Loans:

Loans are stated at face value. Loans of the Bank as of March 31, 2003 and 2004 consisted of the following:

	March 31, 2004	March 31, 2003
	(Millions of Yen)	
International financial account:		
Loans in Japanese yen	¥ 4,281,845	¥ 4,778,099
Loans in foreign currency	4,805,148	4,982,599
Subtotal	¥ 9,086,993	¥ 9,760,698
Overseas economic cooperation account:		
Loans in Japanese yen	¥ 11,325,655	¥ 11,234,105
Loans in foreign currency	-	-
Subtotal	¥ 11,325,655	¥ 11,234,105
Total loans in Japanese yen	¥ 15,607,500	¥ 16,012,204
Total loans in foreign currency	4,805,148	4,982,599
Total loans	¥ 20,412,648	¥ 20,994,803

3. Loans past due

Loans of the Bank include the following non-performing loans:

	March 31, 2004		
	(Millions of Yen)		
	International Financial Account	Overseas Economic Cooperation Account	Total
Loans past due	¥ 187,356	¥ 359,514	¥ 546,870

“Loans past due” are loans which are placed on nonaccrual status if they are past due for more than six months or for other reasons in accordance with the regulation 293 of the Ministry of Finance dated as of September 30, 1999.

In the event that a debtor country requests debt restructuring with respect to external public debt, meetings of creditor countries (“The Paris Club”) will be held about debt relief measures. When creditor countries agree on debt relief measures, a rescheduled agreement between a creditor and a debtor is agreed, and repayments are made according to the agreement. Therefore, loans which are agreed on debt relief on the Paris Club are excluded from “Loans past due.” Such amount excluded from “Loan past due” and the amounts which are decided by the Japanese government to be waived are:

	March 31, 2004		
	(Millions of Yen)		
	International Financial Account	Overseas Economic Cooperation Account	Total
Amounts agreed at the Paris Club	¥ 11,246	¥ 21,186	¥ 32,431
Amounts decided by the Japanese government to be waived	1,475	208,727	210,201

4. Long-term Borrowings:

With respect to the Bank's international financial account, long-term borrowings, including borrowings due within one year, as of March 31, 2003 and 2004 consisted of the following:

	March 31, 2004	March 31, 2003
	(Millions of Yen)	
LONG-TERM BORROWINGS FROM:		
Government Fund for Fiscal Investment and Loan Program, (0.4%-4.65% obligations due 2004 to 2014)	¥ 5,892,214	¥ 6,426,646
Government Post Office Life Insurance Fund, (2.0%-4.65% obligations due 2005 to 2010)	134,804	180,318
Total borrowings from the Government	¥ 6,027,018	¥ 6,606,964
FOREIGN BONDS AND NOTES GUARANTEED BY THE GOVERNMENT:		
U.S. dollar (6.25%-8.25% bonds and notes due 2004 to 2009)	¥ 529,000	¥ 677,600
Sterling pound (8.00% bonds due 2007)	77,901	81,965
Japanese yen (0.35%-2.875% bonds due 2005 to 2008)	139,389	267,663
Euro (3.25%-7.75% bonds due 2005 to 2013)	330,028	316,070
Total foreign bonds and notes	¥ 1,076,318	¥ 1,343,298

	March 31, 2004	March 31, 2003
	(Millions of Yen)	
DOMESTIC BONDS		
FILP Agency Bonds (0.24%-1.52% bonds due 2006 to 2013)	¥ 540,000	¥ 300,000
Total bonds and notes	¥ 1,616,318	¥ 1,643,298
Total long-term borrowings	¥ 7,643,336	¥ 8,250,262

With respect to the Bank's overseas economic cooperation account, long-term borrowings, including borrowings due within one year, as of March 31, 2003 and 2004 consisted of the following:

	March 31, 2004	March 31, 2003
	(Millions of Yen)	
LONG-TERM BORROWINGS FROM:		
Government Fund for Fiscal Investment and Loan Program, (0.8%-7.3% obligations due 2004 to 2018)	¥ 4,283,887	¥ 4,507,637
Government Post Office Life Insurance Fund, (1.6%-4.65% obligations due 2004 to 2011)	82,020	104,080
Total borrowings from the Government	¥ 4,365,907	¥ 4,611,717
DOMESTIC BONDS		
Japanese yen, 2.9%-3.0% bonds due 2005 to 2006	¥ 25,000	¥ 25,000
Total long-term borrowings	¥ 4,390,907	¥ 4,636,717

Bond and note discounts have been amortized by the straight-line method over the term of the bonds and notes. The balance of unamortized discounts as of March 31, 2004 was ¥1,681 million with respect to the international financial account and ¥10 million with respect to the overseas economic cooperation account.

With respect to the international financial account, the aggregate annual maturities of long-term borrowings outstanding as of March 31, 2004 were as follows:

Fiscal years ending March 31	Total
	(Millions of Yen)
2005	¥ 916,954
2006	1,029,223
2007	1,087,085
2008	1,343,646
2009	1,539,163
2010	719,073
2011	320,378
2012	271,760
2013	129,998
2014	286,057

With respect to the overseas economic cooperation account, the aggregate annual maturities of long-term borrowings outstanding as of March 31, 2004 were as follows:

Fiscal years ending March 31	Total
	(Millions of Yen)
2005	¥ 534,348
2006	539,039
2007	510,113
2008	458,495
2009	419,662
2010	379,129
2011	332,921
2012	286,487
2013	265,700
2014	220,729
2015	169,333
2016	123,067
2017	86,387
2018	48,679
2019	16,817

5. Capital:

In accordance with the provisions of the JBIC Law and regulations thereunder, the capital of the Bank as of March 31, 2004 consisted of ¥985,500 million with respect to its international financial account and ¥6,704,644 million with respect to its overseas economic cooperation account, all of which had been contributed in cash by the Government.

The Government is the sole owner of the equity interest, which is evidenced at the Registration Office of the Legal Affairs Bureau of Japan.

6. Reserves:

In accordance with the JBIC Law and the cabinet order with respect to its international financial account, the Bank is required to appropriate out of net earnings, as a reserve, up to an amount equivalent to 50% of net earnings until it reaches the same amount as the capital contributed into the international financial account. This reserve amounted to ¥638,582 million as of March 31, 2004.

The reserve so provided may only be used to cover net losses. The balance of the net earnings remaining each year, after provision for this reserve, is to be paid to the National Treasury of Japan by May 31 of the following fiscal year.

In accordance with the JBIC Law, with respect to its overseas economic cooperation account, the Bank is required to cover any loss brought forward from the previous fiscal year if, upon calculation of profit and loss of the overseas economic cooperation account for each year, there is a surplus. If there is a surplus thereafter, the Bank is required to accumulate such surplus as a reserve until it reaches the same amount as the capital contributed to the overseas economic cooperation account. Such reserve amounted to ¥20,667 million as of March 31, 2004.

Pursuant to the JBIC Law, the reserves of the international financial account and the overseas economic cooperation account can be appropriated only for such losses.

**SUPPLEMENTAL TABLE OF JAPAN BANK FOR INTERNATIONAL COOPERATION
(INTERNATIONAL FINANCIAL ACCOUNT)**

(in millions)

Government-guaranteed bonds and notes issued in overseas markets as of March 31, 2004(1)

U.S. Dollar obligations

6.25%	Guaranteed Bonds due 2005 (\$300) issued in 1993	¥ 34,500
8.25%	Guaranteed Bonds due 2004 (\$300) issued in 1994	34,500
6.5%	Guaranteed Bonds due 2005 (\$500) issued in 1995	57,500
6.5%	Guaranteed Bonds due 2004 (\$500) issued in 1999	57,500
7.0%	Guaranteed Bonds due 2009 (\$1,000) issued in 1999	115,000
7.125%	Guaranteed Bonds due 2005 (\$1,000) issued in 2000	115,000
3 month LIBOR + 0.0625% Guaranteed Floating Rate Notes due 2006 (\$1,000) issued in 2001		115,000
Subtotal		(¥4,600) <u>¥ 529,000</u>

Sterling Pound obligations

8.0%	Guaranteed Bonds due 2007 (STG400) issued in 1997	77,901
Subtotal		(STG400) <u>¥ 77,901</u>

Japanese yen obligations

2.875%	Guaranteed Bonds due 2005 (¥60,000) issued in 1995	81,416
0.35%	Guaranteed Bonds due 2008 (¥60,000) issued in 2003	57,973
Subtotal		(¥120,000) <u>¥ 139,389</u>

Euro obligations

7.75%	Guaranteed Bonds due 2005 (EUR383) issued in 1995	57,112
6.625%	Guaranteed Bonds due 2007 (EUR229) issued in 1996	33,659
5.75%	Guaranteed Bonds due 2008 (EUR305) issued in 1997	40,073
5.75%	Guaranteed Bonds due 2007 (EUR511) issued in 1997	66,532
3.25%	Guaranteed Bonds due 2008 (EUR500) issued in 2003	65,096
4.5%	Guaranteed Bonds due 2013 (EUR500) issued in 2003	67,557
Subtotal		(EUR2,428) <u>¥ 330,028</u>

Non-government guaranteed bonds issued in domestic market as of March 31, 2004

Japanese yen obligations

0.51%	FILP Agency Bonds due 2006 (¥50,000) issued in 2001	¥ 50,000
1.45%	FILP Agency Bonds due 2011 (¥50,000) issued in 2001	50,000
0.61%	FILP Agency Bonds due 2007 (¥50,000) issued in 2002	50,000
1.52%	FILP Agency Bonds due 2012 (¥50,000) issued in 2002	50,000
0.35%	FILP Agency Bonds due 2007 (¥50,000) issued in 2002	50,000
1.19%	FILP Agency Bonds due 2012 (¥50,000) issued in 2002	50,000
0.24%	FILP Agency Bonds due 2008 (¥60,000) issued in 2003	60,000
0.65%	FILP Agency Bonds due 2013 (¥60,000) issued in 2003	60,000
0.61%	FILP Agency Bonds due 2008 (¥50,000) issued in 2004	50,000
1.47%	FILP Agency Bonds due 2013 (¥70,000) issued in 2004	70,000
Subtotal		(¥540,000) <u>¥ 540,000</u>

Total bonds and notes

¥ 1,616,318

(1) The actual foreign currency amounts of obligations are set forth in parentheses (in millions of units of relevant foreign currency) for foreign borrowings. Translations of actual foreign currency amounts into yen amounts have been made in accordance with the method stated in Note 1 of "Notes to Financial Statements".

**SUPPLEMENTAL TABLE OF JAPAN BANK FOR INTERNATIONAL COOPERATION
(OVERSEAS ECONOMIC COOPERATION ACCOUNT)**

(in millions)

Government-guaranteed bonds issued in the domestic market as of March 31, 2004

Japanese yen obligations

3.0%	Guaranteed Bonds due 2005 (¥15,000) issued in 1995		¥ 15,000
2.9%	Guaranteed Bonds due 2006 (¥10,000) issued in 1996		10,000
	Subtotal	(¥25,000)	¥ 25,000
	Total bonds		¥ 25,000

APPENDIX B
FINAL CREDIT RATING ON THE BOND ISSUE

The Bonds have been assigned a rating of AA- by Standard & Poors Ratings Services and a rating of Aaa by Moody's Investors Service, Inc. (subject to final confirmation by the above-mentioned rating companies)

ATTACHMENT
ENGLISH TRANSLATION OF THE PROSPECTUS

REGISTERED AND HEAD OFFICE OF JBIC

4-1, Ohtemachi 1-chome
Chiyoda-ku, Tokyo 100-8144

JOINT-LEAD ARRANGERS

Citicorp Securities (Thailand) Limited
22nd Floor, Saengthong Thani Building,
82 North Sathorn Road,
Kwaeng Silom, Khet Bangrak, Bangkok

The Siam Commercial Bank Public Company Limited
9 Ratchadapisek Road,
Kwaeng Ladyao, Khet Jatujak,
Bangkok 10900

CO-MANAGERS

Capital Nomura Securities Public Company Limited
21/3 Thai Wah Tower, Ground Floor
South Sathorn Road, Bangkok

TISCO Securities Company Limited
48/8 TISCO Tower, 5th Floor,
North Sathorn Road, Bangkok 10500

LEGAL ADVISORS

To the Joint-Lead Arrangers
Baker & McKenzie
25th Floor, Abdulrahim Place,
990 Rama IV Road,
Bangkok 10500

To JBIC
Clifford Chance (Thailand) Limited
21st Floor, Sindhorn Building Tower 3,
130-132 Wireless Road,
Kwaeng Lumpini, Khet Pathumwan,
Bangkok 10330

REPRESENTATIVE OF JBIC IN THAILAND

Representative Office in Bangkok, Japan Bank for International Cooperation
14th Floor, Nantawan Building
161 Rajdamri Road,
Bangkok 10330

BONDHOLDERS' REPRESENTATIVE

The Siam Commercial Bank Public Company
Limited
9 Ratchadapisek Road,
Kwaeng Jatujak, Khet Jatujak,
Bangkok 10900

REGISTRAR AND PAYING AGENT

Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Building,
62 Ratchadapisek Road, Klongtoey,
Bangkok 10110