

## Japan Bank for International Cooperation

### The Summary of Interim Financial Statements for the six months ended September 30, 2002 under Japanese GAAP

Japan Bank for International Cooperation (JBIC) made public on December 26, 2002 interim financial statements for the six months ended September 30, 2002 in accordance with generally accepted accounting principles and practices for Japanese private corporations (Japanese GAAP). This is the first announcement of interim financial statements since fiscal 2000, when JBIC started preparing Japanese GAAP financial statements. To ensure the objectivity of the financial statements, JBIC obtained an auditor's report from ChuoAoyama Audit Corp., pursuant to the Article 193-2 of the Securities Transaction Law, which certified the financial statements as being fairly presented.

The highlights of the interim financial statements under Japanese GAAP are as follows.

		The first half of fiscal 2002			Fiscal 2001		
		The Bank Account	International Financial Account	Overseas Economic Cooperation Account	The Bank Account	International Financial Account	Overseas Economic Cooperation Account
Net Ordinary Income	in millions of yen	74,687	34,428	40,259	221,352	116,647	104,627
Extraordinary Loss (ODA-loan related Losses)	in millions of yen	855,616	39,188	816,428			
Net Income/Loss( )	in millions of yen	684,009	6,500	690,509	261,776	121,225	140,550
Capital	in millions of yen	7,346,844	985,500	6,361,344	7,270,744	985,500	6,285,244
Retained Earnings	in millions of yen	160,771	537,261	698,033	567,343	574,867	7,523
Total Capital and Retained Earnings /Total Assets	percentages	33.0	13.3	54.7	34.0	13.0	56.9
Total Assets	in millions of yen	21,780,769	11,418,379	10,362,390	23,072,990	12,044,980	11,028,009
Loans	in millions of yen	20,311,523	9,993,049	10,318,474	22,027,407	11,003,074	11,024,333
Securities	in millions of yen	122,748		122,748	124,273	1,599	122,674
Borrowings	in millions of yen	11,928,564	7,280,775	4,647,789	12,274,479	7,574,648	4,699,830
Bonds and Notes	in millions of yen	1,666,049	1,641,049	25,000	1,587,696	1,562,696	25,000

## States of Income and Loss

Since JBIC's asset-liability structure is such that the overall loan assets have longer maturity than liabilities, declining interest rates in recent years have led to an increase in net income. This underlying trend has remained largely unchanged over the first half of fiscal 2002, with net ordinary income amounting to ¥34.4 billion for the International Financial Account, ¥40.2 billion for the Overseas Economic Cooperation Account and ¥74.6 billion for the Bank Account.

On the other hand, what is noteworthy about the reported term is that grant aid for debt relief (Note) was replaced by a waiver of loans provided by JBIC, in accordance with the "Changes of the Debt Relief Method" announced by the Japanese government on December 10, 2002. JBIC thus has either written off or set aside allowance for corresponding ODA loans, which is reflected in the extraordinary loss ("ODA-loan related losses") of ¥39.1 billion for the International Financial Account, ¥816.4 billion for the Overseas Economic Cooperation Account and ¥855.6 billion for the Bank Account. As a result, medium-term net income/(loss) amounts to ¥6.5 billion for the International Financial Account, ¥(690.5) billion for the Overseas Economic Cooperation Account and ¥(684.0) billion for the Bank Account, which is a large decrease in profit compared with the previous term.

However, the announcement on the waiver of ODA loans for debt relief only refers to a shift in the method of providing debt relief, and it does not constitute any change in the coverage of the countries and the loan portfolio for which debt relief has been agreed upon in the international framework. The government announced that since the waiver of JBIC's loans is a government policy decision, it will continue to take all the necessary measures to maintain the financial soundness of JBIC. Besides, as is mentioned in the following paragraph, capital ratio under the BIS banking regulation remained high even after the above-mentioned policy change of the government, and the ratio of risk-monitored loans to outstanding loans decreased from the previous term end mainly due to the write-off of corresponding ODA loans. Considering such factors, the financial soundness of JBIC is continuously secured.

Note: The Government of Japan has provided debt relief in the form of grant aid for ODA loan recipients in exchange for repayments of ODA loans.

## The Bank Account

(In billions of yen)

	The first half of fiscal 2002	Fiscal 2001
Gross operating profit	87.4	248.5
Net interest income	87.8	245.6
Net fees and commissions	2.1	2.3
Net other operating income	△ 2.5	0.5
General and Administrative Expenses(△)	△ 12.5	△ 26.1
Personnel expenses(△)	△ 6.0	△ 12.7
Premises and equipment expenses (△)	△ 6.1	△ 12.9
Taxes(△)	△ 0.3	△ 0.4
Net operating income (prior to provision for allowance for possible loan losses)	74.9	222.3
Provision for allowance for possible loan losses	-	-
Other ordinary gain/loss(△)	△ 0.2	△ 1.0
Write-off of securities	△ 0.3	△ 0.7
Write-off of Loans	-	△ 0.4
Others	0.1	0.2
Net ordinary income	74.6	221.3
Net extraordinary income/loss(△)	△ 758.6	40.4
Net income/loss(△)	△ 684.0	261.7

## Internatinal Financial Account

(In billions of yen)

	The first half of fiscal 2002	Fiscal 2001
Gross operating profit	42.5	133.4
Net interest income	42.6	129.8
Net fees and commissions	2.2	3.1
Net other operating income	△ 2.3	0.4
General and Administrative Expenses(△)	△ 7.8	△ 16.3
Personnel expenses(△)	△ 3.7	△ 7.9
Premises and equipment expenses (△)	△ 3.8	△ 8.1
Taxes(△)	△ 0.2	△ 0.2
Net operating income (prior to provision for allowance for possible loan losses)	34.7	117.1
Provision for allowance for possible loan losses	-	-
Other ordinary gain/loss(△)	△ 0.2	△ 0.4
Write-off of securities	△ 0.3	-
Write-off of Loans	-	△ 0.5
Others	0.0	0.0
Net ordinary income	34.4	116.6
Net extraordinary income/loss(△)	△ 27.9	4.5
Net income/loss(△)	6.5	121.2

## Overseas Economic Cooperation Account

(In billions of yen)

	The first half of fiscal 2002	Fiscal 2001
Gross operating profit	44.9	115.0
Net interest income	45.1	115.7
Net fees and commissions	△ 0.0	△ 0.8
Net other operating income	△ 0.1	0.0
General and Administrative Expenses(△)	△ 4.6	△ 9.7
Personnel expenses(△)	△ 2.3	△ 4.8
Premises and equipment expenses (△)	△ 2.2	△ 4.7
Taxes(△)	△ 0.1	△ 0.1
Net operating income (prior to provision for allowance for possible loan losses)	40.2	105.2
Provision for allowance for possible loan losses	-	-
Other ordinary gain/loss(△)	0.0	△ 0.6
Write-off of securities	-	△ 0.7
Write-off of Loans	-	-
Others	0.0	0.1
Net ordinary income	40.2	104.6
Net extraordinary income/loss(△)	△ 730.7	35.9
Net income/loss(△)	△ 690.5	140.5

## States of Assets, Liabilities and Capital

As of September 30, 2002, total assets in the International Financial Account stood at ¥11,418.3 billion (decreased ¥626.6 billion from the previous term), total liabilities were ¥9,895.6 billion (decreased ¥588.9 billion) and total capital was ¥1,522.7 billion (decreased ¥37.6 billion). Total assets in the Overseas Economic Cooperation Account stood at ¥10,362.3 billion (decreased ¥665.6 billion), total liabilities were ¥4,699.0 billion (decreased ¥51.2 billion) and total capital was ¥5,663.3 billion (decreased ¥614.4 billion). Total figures of the Bank Account combining both accounts were: total assets, ¥21,780.7 billion (decreased ¥1,292.2 billion); total liabilities, ¥14,594.6 billion (decreased ¥640.2 billion); and total capital, ¥7,186.0 billion (decreased ¥652.0 billion).

BIS capital adequacy ratio for the first half of fiscal 2002 remained high: 15.53% for the International Financial Account; 47.99% for the Overseas Economic Cooperation Account; and 33.17% for the Bank Account.

## State of Loans

With regard to asset quality self-assessment, including risk-monitored loans as described below and disclosure of assets in accordance with the Financial Revitalization Law, JBIC obtained an auditor's report from ChuoAoyama Audit Corp. in accordance with "Practical Guidelines for Evaluation of Internal Control over Valuation of Assets and Audits for Write-Offs and Reserve for Possible Loan Losses of Banks and Similar Institutions" (Report No. 4 of Ad Hoc Committee for Audits of Banks of the Japanese Institute of Certified Public Accountants), which certified the asset quality self-assessment as being fairly presented.

### <Risk-Monitored Loans>

Based on asset quality self-assessment, the loans in the following table were classified by their collectibility considering JBIC's status as a public lender and international treatment of public lenders' credits to foreign governments, referring to the disclosure standard of Risk-monitored loans adopted by commercial financial institutions under the Banking Law of Japan. The ratio of risk-monitored loans to outstanding loans as well as the total amount of risk-monitored loans declined from the previous term end.

#### The Bank Account

(In billions of yen)

	September 30, 2002		March 31, 2002		Percentages in Total Loans Outstanding	
		Changes from March 31, 2002			September 30, 2002	March 31, 2002
Total Amounts of Risk-Monitored Loans	719.3	△ 269.4	988.8		3.54%	4.49%
Past due Loans (Three Months or more)	100.6	△ 20.2	120.9		0.50%	0.55%
Restructured Loans	286.0	112.3	173.6		1.41%	0.79%
Non-accrual Loans	330.0	△ 361.5	691.5		1.62%	3.14%
Bankrupt Loans	2.6	-	2.6		0.01%	0.01%
Total Amounts of Outstanding Loans	20,311.5	△ 1,715.8	22,027.4		100.00%	100.00%

International Financial Account

(In billions of yen)

	September 30, 2002		March 31, 2002	Percentages in Total Loans Outstanding	
		Changes from March 31, 2002		September 30, 2002	March 31, 2002
Total Amounts of Risk-Monitored Loans	553.8	28.9	524.8	5.54%	4.77%
Past due Loans (Three Months or more)	34.3	△ 4.7	39.0	0.34%	0.35%
Restructured Loans	286.0	113.2	172.7	2.86%	1.57%
Non-accrual Loans	230.8	△ 79.6	310.4	2.31%	2.82%
Bankrupt Loans	2.6	-	2.6	0.03%	0.02%
Total Amounts of Outstanding Loans	9,993.0	△ 1,010.0	11,003.0	100.00%	100.00%

Overseas Economic Cooperation Account

(In billions of yen)

	September 30, 2002		March 31, 2002	Percentages in Total Loans Outstanding	
		Changes from March 31, 2002		September 30, 2002	March 31, 2002
Total Amounts of Risk-Monitored Loans	165.5	△ 298.3	463.9	1.60%	4.21%
Past due Loans (Three Months or more)	66.3	△ 15.5	81.8	0.64%	0.74%
Restructured Loans	-	△ 0.9	0.9	-	0.01%
Non-accrual Loans	99.2	△ 281.9	381.1	0.96%	3.46%
Bankrupt Loans	-	-	-	-	-
Total Amounts of Outstanding Loans	10,318.4	△ 705.8	11,024.3	100.00%	100.00%

<Assets Based on the Financial Revitalization Law>

Based on self-assessment, the loans in the following table were classified by their collectibility considering JBIC's status as a public lender and international treatment of public lenders' credits to foreign governments, referring to the disclosure standard based on the Financial Revitalization Law. The ratio of disclosed loans to the total loans as well as the total amount of disclosed credits (e.g. Loans, Acceptances and Guarantees, and other credits) declined from the previous term end.

The Bank Account

(In billions of yen)

	September 30, 2002		March 31, 2002	Percentages in Total Loans Outstanding	
		Changes from March 31, 2002		September 30, 2002	March 31, 2002
Loan Assets required to be disclosed under the Financial Revitalization Law	736.6	△ 252.2	988.8	3.48%	4.32%
Bankrupt and Quasi-bankrupt Assets	53.1	13.5	39.5	0.25%	0.17%
Doubtful Assets	296.7	△ 357.8	654.6	1.40%	2.86%
Substandard Loans	386.6	92.0	294.5	1.83%	1.29%
Normal Assets	20,410.0	△ 1,469.7	21,879.7	96.52%	95.68%
Total	21,146.6	△ 1,721.9	22,868.5	100.00%	100.00%

International Financial Account

(In billions of yen)

	September 30, 2002		March 31, 2002	Percentages in Total Loans Outstanding	
		Changes from March 31, 2002		September 30, 2002	March 31, 2002
Loan Assets required to be disclosed under the Financial Revitalization Law	571.0	46.1	524.8	5.33%	4.48%
Bankrupt and Quasi-bankrupt Assets	44.3	13.5	30.8	0.41%	0.26%
Doubtful Assets	206.3	△ 75.9	282.2	1.93%	2.41%
Substandard Loans	320.3	108.5	211.7	2.99%	1.81%
Normal Assets	10,142.3	△ 1,058.7	11,201.0	94.67%	95.52%
Total	10,713.3	△ 1,012.5	11,725.9	100.00%	100.00%

## Overseas Economic Cooperation Account

(In billions of yen)

	September 30, 2002	Changes from March 31, 2002	March 31, 2002	Percentages in Total Loans Outstanding	
				September 30, 2002	March 31, 2002
Loan Assets required to be disclosed under the Financial Revitalization Law	165.5	△ 298.3	463.9	1.59%	4.16%
Bankrupt and Quasi- bankrupt Assets	8.7	-	8.7	0.08%	0.08%
Doubtful Assets	90.4	△ 281.9	372.3	0.87%	3.34%
Substandard Loans	66.3	△ 16.4	82.7	0.64%	0.74%
Normal Assets	10,267.7	△ 411.0	10,678.7	98.41%	95.84%
Total	10,433.2	△ 709.4	11,142.6	100.00%	100.00%