

# 2019 Annual Report

日本の力を、世界のために。

Supporting Your Global Challenges



**JAPAN BANK FOR  
INTERNATIONAL COOPERATION**

# History of JBIC

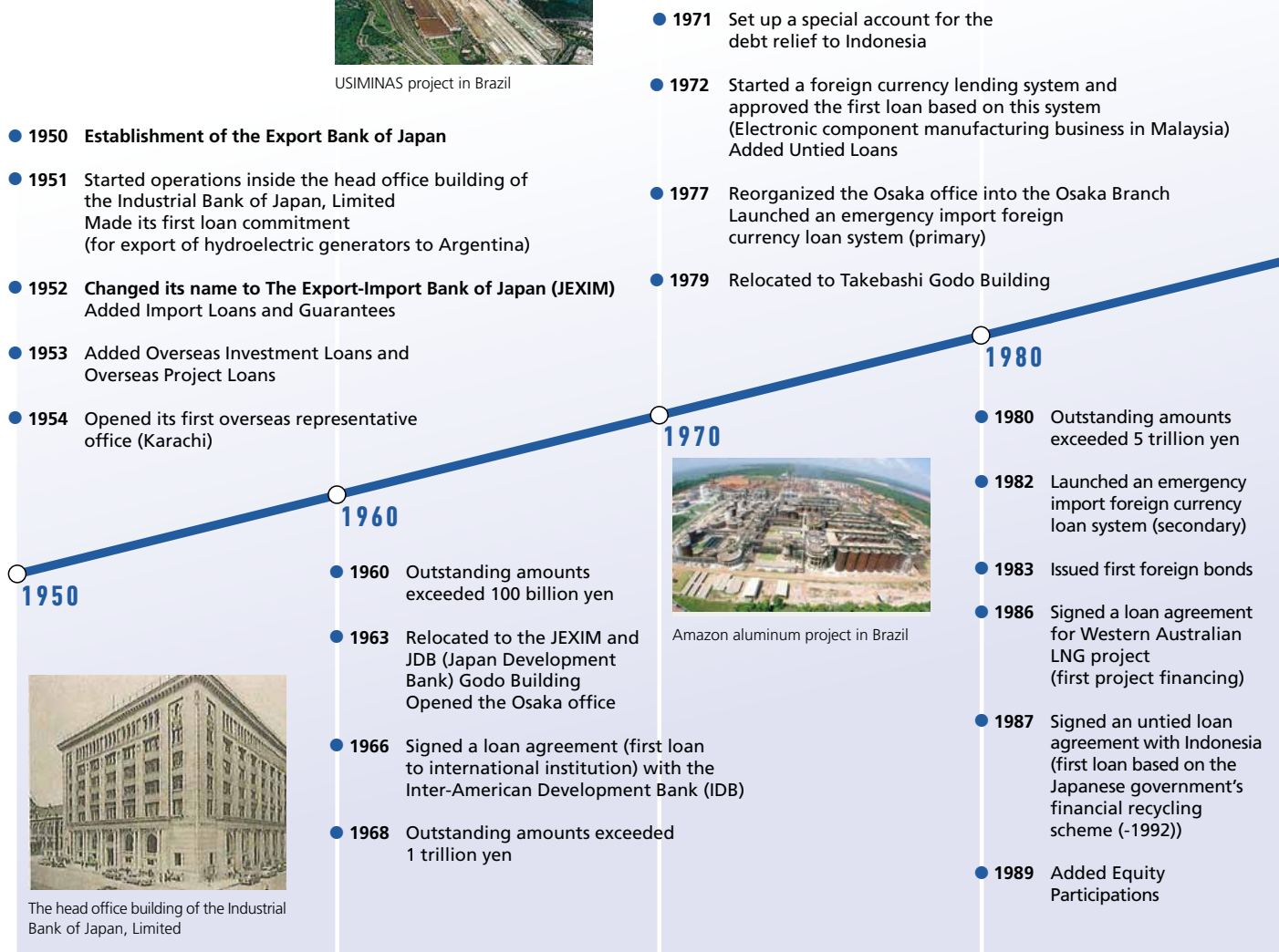
The Japan Bank for International Cooperation (JBIC) was established in 1950 as the Export Bank of Japan to promote exports of various types of heavy machineries.

Since then, JBIC has fulfilled this responsibility by enhancing and transforming its functions in response to the demands in each era, affected by the international political and economic environment surrounding Japan, and changes in the overseas business strategies of Japanese companies.

With the objective of supplementing the financial transactions implemented by private financial institutions, JBIC will continue to contribute to the sound development of the Japanese and international economic and society.



USIMINAS project in Brazil



## Trends in the international economy and society

- 1952** Japan joined the International Monetary Fund (IMF) and World Bank
- 1956** Japan joined the United Nations (UN)
- 1964** The Tokyo Olympic Games  
Japan joined the Organisation for Economic Co-operation and Development (OECD)
- 1967** The Association of Southeast Asian Nations (ASEAN) was established
- 1971** The Nixon shock
- 1973** The first oil crisis
- 1979** The second oil crisis
- 1982** The Latin American debt crisis
- 1985** The Plaza Accord
- 1987** Black Monday
- 1989** The fall of the Berlin Wall



Panama Canal Expansion Project

- 1992 Added Bridge Loans
- 1993 Signed untied loan agreement with Bulgaria (first loan based on the Japanese government's "Fund for Development initiative" (-1997))

1990

- 1998 Implemented the assistance measures for Asia based on the Japanese government's "New Miyazawa Initiative" Outstanding amounts exceeded 10 trillion yen
- 1999 Established the Environmental guidelines  
**Established the Japan Bank for International Cooperation** by merging the Export-Import Bank of Japan and the Overseas Economic Cooperation Fund



Sakhalin-II oil and gas field development project

- 2001 The Reorganization and Rationalization Plan for Special Public Institutions decided by the Cabinet

2000

- 2003 Established the JBIC Guidelines for Confirmation of Environmental and Social Considerations (Revised in 2009 and in 2015)
- 2008 **Establishment of Japan Finance Corporation** merging JBIC and three domestic policy-based financial institutions Implemented emergency measures in response to global financial turmoil (-March 2011)



Intercity Express Programme in the UK



Esperanza copper mine development project in Chile

- 2010 Launched the Global action for Reconciling Economic growth and ENvironmental preservation (GREEN)  
Established the Guidelines for Measurement, Reporting and Verification of greenhouse gas Emission Reductions in JBIC's GREEN (J-MRV Guidelines)

- 2011 Reconstitutes organization structure (mission/sector-oriented business group structure)

2010

- 2012 **Japan Bank for International Cooperation (JBIC)** was spun off from the Japan Finance Corporation and made a new start as the new JBIC. Formulated the First Medium-term Business Plan
- 2015 Formulated the Second Medium-term Business Plan
- 2016 Established the Equity Finance Group Added the Special Operations
- 2017 Established JBIC IG Partners in collaboration with Industrial Growth Platform, Inc.
- 2018 Formulated the Third Medium-term Business Plan Launched the Global Facility to Promote Quality Infrastructure Investment for Environmental Preservation and Sustainable Growth (QI-ESG)



Moray East offshore wind power generation project in the UK

- 1991 The collapse of Japan's bubble economy  
The dissolution of the Soviet Union
- 1992 Adoption of the United Nations Framework Convention on Climate Change (UNFCCC)
- 1993 Establishment of the European Union (EU)
- 1994 The Mexican peso crisis (Tequila Effect)
- 1997 The Asian Currency Crisis
- 1999 Launch of the Euro currency

- 2001 The September 11 terrorist attacks
- 2005 The Kyoto Protocol entered into force
- 2008 The Bankruptcy of Lehman Brothers

- 2010 The European debt crisis  
The Arab Spring
- 2011 The Great East Japan Earthquake
- 2015 Adoption of "Paris Agreement" at the COP21 (The 21st Conference of the Parties)
- 2016 UK citizens voted to leave the European Union (EU)  
The Paris Agreement entered into force

# JBIC 2019

Japan Bank for  
International Cooperation  
Annual Report

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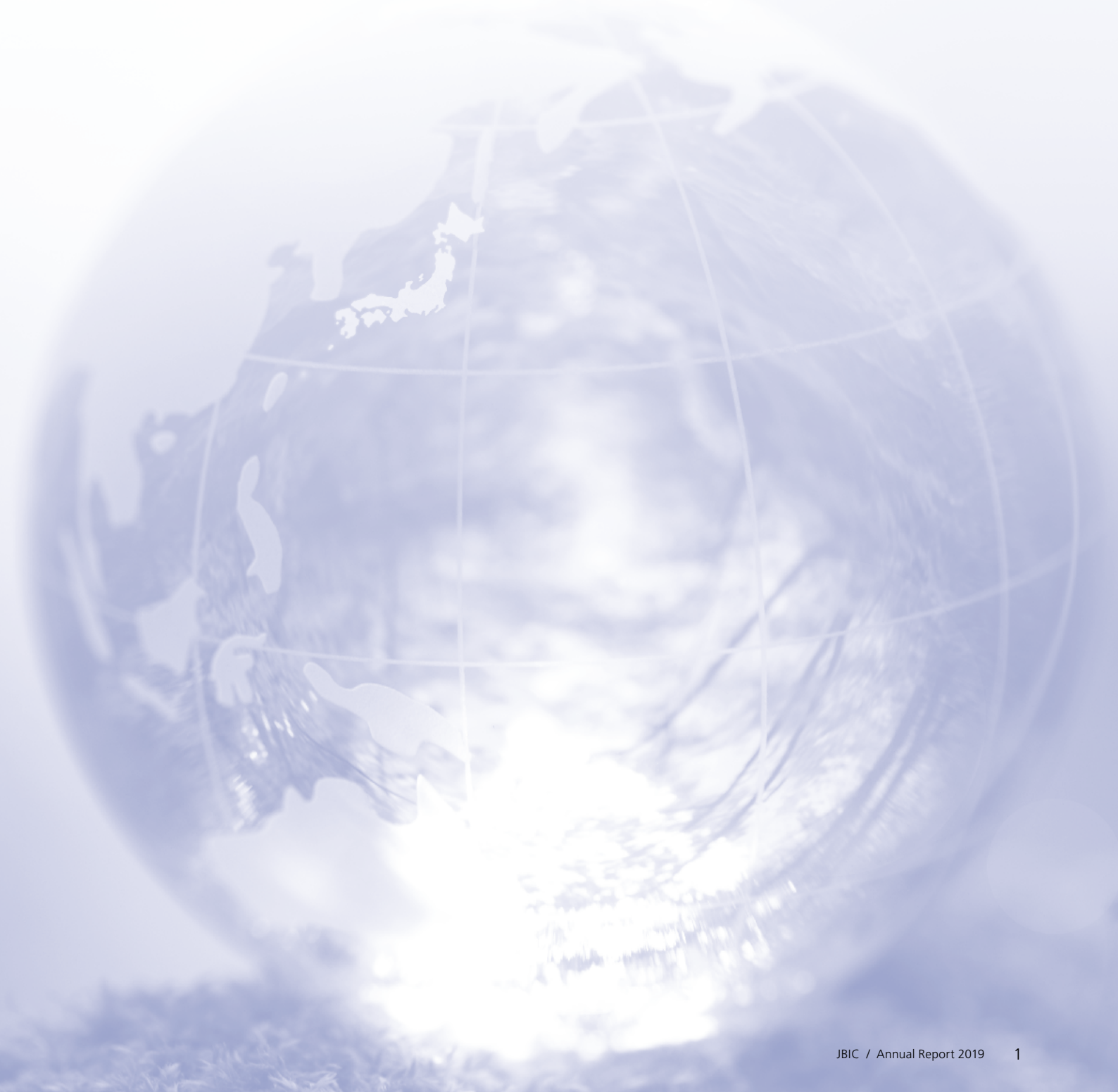
## Numerical figures in this report

1. Numerical figures, other than percentages, in this report are truncated to the nearest whole number. (Figures prior to FY2008 were rounded off.) Percentage figures are rounded off. Thus numerical and percentage figures may not add up to the totals given. Amounts denominated in foreign currencies are treated as follows. Commitments are converted into yen at the Basic Rate of Exchange (revised semi-annually by the Minister of Finance, based on the prevailing market rates during the preceding six months) at the time financing contracts are concluded. Disbursements, repayments, and outstanding balances are calculated based on book value.
2. Numerical figures less than the specified units are denoted by "0"; "—" denotes that data is not available.
3. Until FY1998, the data of the Export-Import Bank of Japan (JEXIM) was used. Data in FY1999 is the sum of the data from JEXIM in the first half and that from the International Financial Account of the then-JBIC in the second half. From FY2000 to FY2007, data came from the International Financial Account of the then-JBIC. Data for FY2008 is the sum of the data from the International Financial Account of then-JBIC in the first half and the data from the Account for JBIC operations under the Japan Finance Corporation in the second half. From FY2009 to FY2011, data came from the Account for JBIC operations under the Japan Finance Corporation. Data for FY2012 and after is that of JBIC.
4. Due to the launch of the newly established Special Operations, JBIC started to perform separate accounting procedures for the Ordinary Operations and the Special Operations on October 1, 2016. Data for JBIC operations during the period until the day before October 1, 2016 was recorded in the Ordinary Operations Account. In this annual report, financial data after October 1, 2016 is presented separately in the Ordinary Operations Account and the Special Operations Account. For financial reporting in FY2016, data from the Ordinary Operations Account covers the period from April 1, 2016 to March 31, 2017, while that from the Special Operations Account covers the period from October 1, 2016 to March 31, 2017. In the supplementary document "Data 1: Statistics," which can be found later in this annual report, JBIC's business data is presented without separating the Ordinary Operations Account and the Special Operations Account.



# 1 Profile of JBIC

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## The Purpose of JBIC

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Japan Bank for International Cooperation (JBIC) is a policy-based financial institution wholly owned by the Japanese government, which has the objective of contributing to the sound development of Japan and the international economy and society, by conducting financial operations in the following four fields:

- Promoting the overseas development and securement of resources which are important for Japan
- Maintaining and improving the international competitiveness of Japanese industries
- Promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming
- Preventing disruptions to international financial order or taking appropriate measures with respect to damages caused by such disruptions

## Corporate Slogan

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日本の力を、世界のために。

Supporting Your Global Challenges

## Corporate Philosophy

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The objective of JBIC, as set forth in its statutory law, is to “contribute to the sound development of Japan and the international economy and society” by executing a variety of financial functions. To pursue this objective, we have set out the following corporate philosophy, which espouses three core values: “Hands-on Policy,” “Customer-1st Approach,” and “Forward-looking Action.”

**Positioned at the crossroads of global business opportunities,  
JBIC is opening new venues to the future for the Japanese and global economy.**

**Hands-on Policy:** Pioneering new value by participating at the forefront of overseas project development, and by engaging proactively in projects from the early stages

**Customer-1st Approach:** Offering customers one-of-a-kind solutions by adopting their perspectives and integrating their views into policy development

**Forward-looking Action:** Contributing to the sustainable development of Japan and the world as a whole by deploying highly professional skills, with a view to realizing a secure and affluent future society

## Operational Principles

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JBIC, as a policy-based financial institution and in accordance with the following principles, conducts speedy and well-focused operations based on policy needs in response to economic and financial situations in Japan and abroad.

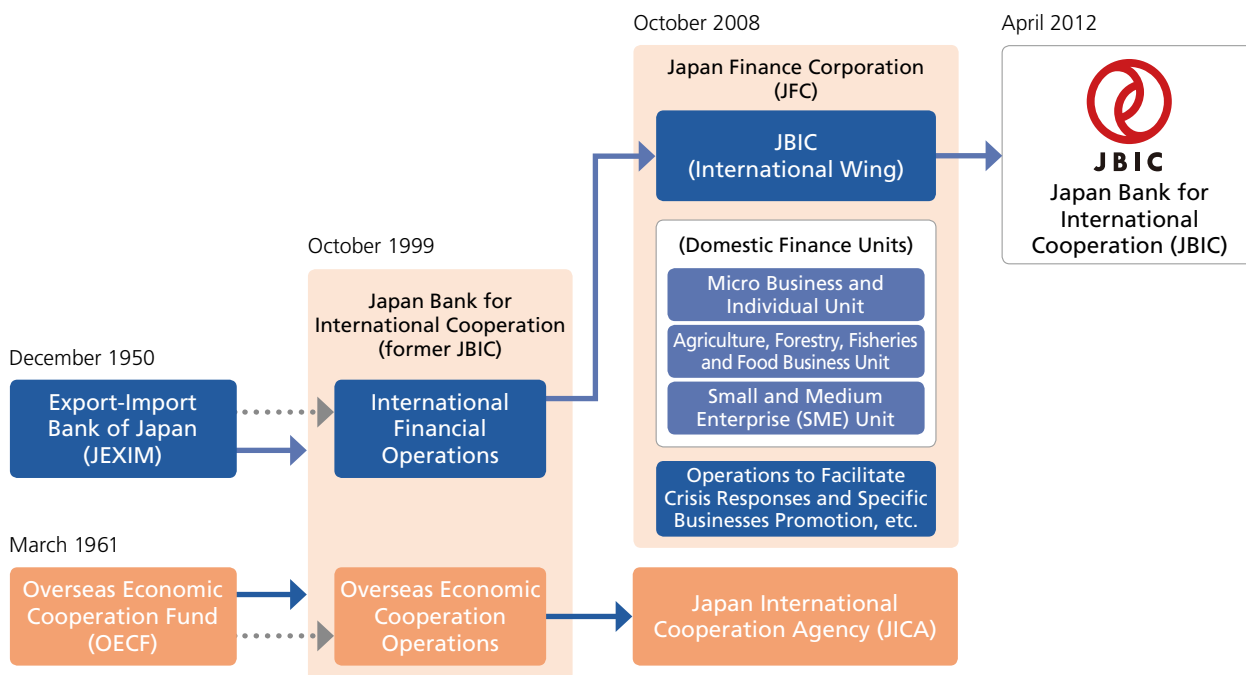
- 1. Supplementing the financial transactions implemented by private-sector financial institutions**  
To effectively perform the functions required for policy-based financing, JBIC shall take account of situations where private-sector financial institutions are placed in their international finance activities and supplement their operations.
- 2. Ensuring financial soundness and certainty of repayment**  
Pursuant to the JBIC Act, JBIC shall make efforts to maintain the financial soundness of its operations, and when making financial decisions, to conduct adequate screening regarding the outlook for the recovery of funds.
- 3. Maintaining and improving international creditworthiness and confidence**  
In order to conduct adequate operations and effective overseas funding operations, JBIC shall maintain and improve the international creditworthiness and confidence gained by JBIC over the years.
- 4. Conducting business operations by drawing on its expertise and initiatives**  
JBIC shall conduct operations by drawing on its own expertise and initiatives on international finance.

## JBIC Code of Conduct

- Act consistently in the public interest. Contribute to Japan and the international community by pursuing our Mission.
- Prioritize client satisfaction. Deliberate, decide, and act from the client's perspective.
- Accept responsibility as a professional. Perform every task based on your own initiative.
- Undertake challenges daringly. Create new value without fear of failure.
- Work quickly and cost-effectively. Enhance your work quality with an eye to efficiency.
- Focus on teamwork. Share unified objectives with your colleagues to achieve significant successes.
- Maintain high ethical standards and a law-abiding spirit. Observe our moral code as a JBIC member at all times.

## History

JBIC was established on April 1, 2012 in accordance with the Japan Bank for International Cooperation Act (JBIC Act), which was promulgated and came into effect on May 2, 2011.



## Profile

<b>Name</b>	Japan Bank for International Cooperation (JBIC)
<b>Office</b>	4-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8144, Japan
<b>Capital*</b>	¥1,785.3 billion (wholly owned by the Japanese government)
<b>Outstanding Loans and Equity Participations*</b>	¥14,017.3 billion
<b>Outstanding Guarantees*</b>	¥2,493.3 billion

\* As of March 31, 2019

# Interview with the Governor

On behalf of the Japan Bank for International Cooperation (JBIC), I would like to express my sincerest appreciation for your continued support for and understanding of JBIC.

The world economy is facing concerns over downside risks to economies particularly in emerging countries, impacted by volatile U.S. financial markets, facing trade frictions and rising geopolitical uncertainties in the Middle East and other areas.

Under these circumstances, the environment surrounding Japan is also changing dramatically. In the energy and natural resources sector, besides the ongoing challenge of securing stable supplies of energy resources by raising the self-development ratio of natural resources, it is an increasingly important issue to ensure the energy security of the entire Asian region in response to rising energy demand. The global trend towards decarbonization is driving expectations for highly efficient projects that help to improve and preserve the global environment by utilizing Japan's advanced environmental technologies.

Looking at the Japanese industry, the Fourth Industrial Revolution, such as the Internet of Things (IoT) and Artificial Intelligence (AI), is rapidly gaining momentum. Amid this trend, it is an urgent need to create new business opportunities through innovation beyond existing industry boundaries. There is also a notable move by Japanese companies to seek new earnings opportunities outside Japan by strengthening their overseas businesses, because of declining domestic demand as a result of a fast-aging population with a low birthrate. In order to survive in international competition by capitalizing on their "competitive technology and knowledge", it becomes important to promote investment in high-quality infrastructure with economic efficiency and safety, as well as exporting integrated infrastructure systems, including the design, construction, operation and management of infrastructure.

Amid major shifts in the international situation and social issues, JBIC formulated the JBIC Third Medium-term Business Plan (FY2018–FY2020) in June 2018 to provide support in response to new initiatives and changes in the Japanese industry. JBIC aims to create new additional value by pursuing its key focus areas and action plans under the Third Medium-term Business Plan through utilizing its relationships with stakeholders and its overseas networking and information-gathering capabilities. I hope that JBIC will "serve as a 'navigator' for Japanese companies to expand overseas business in an uncertain world," as well as pave the way to a new era through efforts to secure a natural resource supply to Japan, invest in high quality infrastructure and help roll out new products and services offered by new industries for the next generation.

As Japan's policy-based financial institution, JBIC will strive to fulfill these responsibilities by meeting the needs and expectations of Japanese industrial and financial communities.

## MAEDA Tadashi

Governor  
Japan Bank for International Cooperation  
(JBIC)





### — Could you summarize the past one year since assuming the duties of Governor?

To respond effectively to the changing times, I believe JBIC needs to transform its corporate culture to become more proactive. Specifically, going forward, JBIC must be more proactive in taking risks for supporting Japanese companies, including through equity financing. Such a risk-taking approach can be described by the word “spearhead,” meaning standing at the forefront. I have taken various opportunities to emphasize that “JBIC must act as a spearhead.”

In the Medium-term Business Plan formulated in June 2018, JBIC set objectives as an organization, giving first priority to playing a role as a spearhead. From the perspective of how JBIC can address the issues facing Japanese industries, four high-priority focus areas out of five are explained in the business plan in the order of the most challenging area to less challenging one. These four areas include: “Growth areas, new fields,” “Overseas infrastructure development,” “Global environmental preservation” and “M&As.” Business activities that JBIC has pursued until now are presented in the category of a fifth priority area, titled “Consistent implementation of policy-based finance and restructuring of operations.” Clarifying the priority of its objectives, as mentioned above, has enabled JBIC to be a spearhead in proactively supporting Japanese companies in expanding overseas.

### — Could you explain JBIC’s business results for FY2018, the first fiscal year of the Medium-term Business Plan?

In FY2018, JBIC made 117 financial commitments totaling approximately ¥1,717.1 billion in loans, equity participation and guarantees. Although the number of financial commitments was down from the previous fiscal year, reflecting a sluggish global economy, the amount of loans, equity participation and guarantees rose 43% year-on-year by growth in large-scale overseas M&A deals.

Looking at JBIC’s results by key focus area of the Medium-term Business Plan, in “Growth areas, new fields,” JBIC launched an investment fund called JB Nordic Fund I SCSp in collaboration with a fund manager in the Baltic region in January 2019. The purpose of this fund, which receives investments from JBIC and Japanese companies, is to invest in local advanced high-tech companies in the Nordic and Baltic region. The fund is expected to help foster business alliances between those Japanese investors and local advanced IT companies, which would lead to more investment opportunities for Japanese companies. JBIC has invested in several companies through the fund, while dispatching staff to the region to organize business-matching activities.

Until now, JBIC has invested in funds as a limited partner to limit risks in relation to the funds it invests in. However, I believe that JBIC is expected to serve as a general partner that independently manages funds and makes investment decisions. In 2017, JBIC, in collaboration with Industrial Growth Platform, Inc. (IGPI), established an



asset management company called JBIC IG Partners. This helped JBIC to strengthen its capacity to supply funding for projects with relatively high risk profiles. Increasing the supply of funding for risk-assuming projects becomes more important in terms of benefitting from overseas growing markets, which is one of the initiatives defined in Japanese government’s growth strategy. Besides the financing aspect, JBIC dispatches promising young employees to JBIC IG Partners to accumulate experience and know-how as a venture capitalist. This has enabled JBIC to invest in venture companies where it was never involved in the past.

Turning to “Overseas infrastructure development,” JBIC participated in several projects from the early stage of the project development process. Those projects include natural gas-fired thermal power generation projects in Indonesia and in the Emirate of Sharjah, the United Arab Emirates (UAE). Under the Medium-term Business Plan, we also aim to support high-quality infrastructure projects in cooperation between public and private sectors, in “frontier markets” (Africa, the Mekong region and the South Asian region). In January 2019, JBIC signed an agreement to provide an export credit line with the government of Angola for purchase of machinery and equipment used for port development projects from Japanese companies. This is the first financing that JBIC has provided for the port sector in Angola. Sharing information about support for these projects with the International Monetary Fund (IMF), JBIC was able to provide financing that considers debt sustainability of Angola and is consistent with the IMF’s new financial assistance program for the country. Looking ahead, JBIC will continue to actively support Japanese companies in conducting business in Africa that leads to African development and raises Japan’s presence in the region.

Regarding the area of “Global environmental preservation,” we launched a new facility called “JBIC Global Facility to Promote Quality Infrastructure Investment for Environmental Preservation and Sustainable Growth (QI-ESG)” in July 2018. Under the facility for QI-ESG, JBIC provided a loan through project finance to the world’s largest offshore wind power generation project in the

United Kingdom. The project has introduced the latest model turbines commercialized by a joint venture between a Japanese and Danish company, which led to support for business expansion by Japanese companies. In FY2018, JBIC made 10 commitments to environmental projects totaling approximately ¥326.0 billion under the facility for QI-ESG, including a waste treatment project in Sweden.

Looking at M&A by Japanese companies, the use of M&A as a strategy to acquire global market share becomes more common practice among Japanese companies. In December 2018, JBIC provided a Japanese pharmaceuticals company with a loan for part of the funds needed for acquiring a prominent pharmaceuticals company in Ireland. In the pharmaceuticals business where significant amount of investments and time are required for new drug development, the actual size of a company determines competitiveness. Through this M&A deal, the Japanese pharmaceuticals company has entered the ranks of the world's top pharmaceuticals companies based on sales. The company was also able to strengthen their business in various fields where growth is expected, while gaining a foothold in U.S. markets. Among other M&A deals, JBIC supported M&A involving a German company that develops rare metals products as well as a Malaysian healthcare company. For FY2018, JBIC made 10 commitments to M&A deals totaling approximately ¥605.0 billion.

In addition to these activities, we also continue to execute business in our conventional operations.

In the energy and natural resources sector, JBIC offered loans to finance a Japanese company to acquire and extend interests in offshore oilfields in the Emirate of Abu Dhabi, UAE. The loans contribute to an increase in the self-development ratio of oil and the strengthening of strategic relationships with oil-producing countries. Looking at the field of mineral resources, JBIC supported copper mine development projects in Chile and Peru. The Japanese government has set the target of attaining a self-sufficiency ratio of 80% or higher for base metals, including copper, by 2030. JBIC's support for the copper mine projects is aligned with this government's strategy. In FY2018, JBIC made eight commitments in the resource sector, amounting to approximately ¥251.0 billion in loans, equity participation and guarantees.

In loans to Japanese mid-tier enterprises and small- and medium-sized enterprises (SMEs), JBIC made 66 commitments, totaling approximately ¥10.0 billion, in cooperation with regional Japanese financial institutions. In recent years, JBIC has strengthened its support for Japanese mid-tier enterprises and SMEs which have unique advanced technologies and plan to expand abroad. In FY2018 we provided wide-ranging support to those Japanese companies, including a company engaged in international courier services in Thailand.

#### — What points did you focus on in undertaking organizational reforms?

In order to spearhead support for Japanese companies

expanding abroad, JBIC must transform into an organization with operational structures that can respond to risks different from those in the past.

As part of these efforts, JBIC established the Strategic Research Department in August 2018. This department performs advanced analysis of various information from a geo-economics perspective, in cooperation with specialist organizations and professionals in the world, in order to help management make quick and accurate decisions on businesses including financial aspects.

Moreover, JBIC tries to expedite its management and decision-making process, and promote smooth communications by; merging the Corporate Planning Department and the Policy and Strategy Office for Financial Operations, consolidating or abolishing internal committees, optimizing approval process of businesses, as well as streaming operational process. As business operations become more sophisticated and complex, we make efforts to create environments where employees can save time and work more efficiently by adopting various IT, including RPA (Robotic Process Automation). We will continue these organizational and operational reforms to transform into a muscular organization which can spearhead support for Japanese companies.

#### — Could you talk about your plans for FY2019?

Based on the achievements during the first year of the medium-term plan, JBIC is proactively taking on the challenge of going one step further.

Recently, with projects becoming more sophisticated and complex, JBIC has strengthened collaboration with government agencies around the world and international organizations, with a view to developing future projects. As one example, JBIC concluded a Memorandum of Understanding (MOU) for business collaboration with the European Investment Bank (EIB). EIB is the European Union's public financial institution which provides long-term financing and technical cooperation for projects that contribute to economic integration and balanced development both inside and outside Europe. Renewable energy projects are rapidly increasing in Europe and JBIC will strengthen its support for green investments such as decarbonization, by collaborating with EIB.

In 2017 JBIC entered into an MOU with Overseas Private Investment Corporation (OPIC). Under the agreement, JBIC and OPIC promoted the formation of projects in sectors such as infrastructure, energy, and natural resources in the regions of Asia, the Indo-Pacific, the Middle East and Africa. In 2018, JBIC also signed an MOU with OPIC and the Department of Foreign Affairs and Trade (DFAT) and the Export Finance and Insurance Corporation (Efic), both of Australia. These parties affirmed their shared commitment to maintaining and promoting a free, open, prosperous and inclusive Indo-Pacific region, and to improving regional connectivity through infrastructure development in the region. Specifically, JBIC and the other parties have commenced their support for projects in the infrastructure, energy and natural resources

sectors in South Pacific island countries and Indonesia. In addition, JBIC signed an MOU for business cooperation with an Italian government agency.

JBIC entered into an MOU with the China Development Bank (CDB) to promote cooperation between JBIC and CDB for projects in China and third countries. I believe that it is beneficial not only for Japan and China, but also for a project host country to obtain financial support in accordance with international standards including openness, transparency, economic efficiency, debt sustainability and compliance with laws and regulations. JBIC have already started consultation with CDB regarding potential projects with an aim to finalizing the details of the projects before the end of 2019.

Meanwhile, we will further enhance our risk-taking capability. I think that it is JBIC's another role to support projects that have technological capabilities but are considered to require time before the start of commercial operations. JBIC will be more proactive in taking risks in promoting commercialization of projects, such as those for all solid-state batteries, high-performance sensors for autonomous driving, Carbon Dioxide Capture and Storage (CCS) and coal gasification technologies with little environmental impact.

With regards to support for infrastructure projects, JBIC will encourage Japanese companies to further expand and promote the export of their high-quality infrastructure, by being actively engaged in projects from the initial stage.

#### — Could you describe initiatives such as work style reforms that create an environment where employees can work more actively and effectively?

I formulated the Plan for Work Style Reform upon assuming the position of Governor in 2018. As "Team JBIC," I also adopted "One for All and All for One" as our slogan. Through the implementation of the work style reform under this slogan, JBIC aims to create an organization where all employees with diverse values can choose work styles suited to their respective values and fully utilize their own capabilities.

As part of the work style reform, we listen carefully to the opinions of employees while promoting initiatives such as further improving flexible working hour arrangements including staggered working hours and shorter working hours, as well as utilizing telecommuting. I received feedback from my employees saying that their working conditions at JBIC were improved not only to juggle work and family responsibilities such as child raising and nursing care, but also to choose to work with work-life balance meeting their values and needs. Continuing to improve employee's working conditions, we will strive to create a work place where employees can work with diverse work style and a sense of reassurance according to the situation of each employee and their values.

As for our human resource development plan to train staffs capable of working on the international environment, I drew on my own experiences when I worked at the Representative office in Washington D.C.

of the Export-Import Bank of Japan, JBIC's predecessor, in the 1980s. At that time, the Export-Import Bank of Japan played a central role in negotiating with the World Bank and the IMF. Although I was merely one staff member, I proactively interacted with top U.S. government officials to build good relationships. This experience provided me an opportunity to increase my negotiation abilities. Based on this experience, I recommend that young employees take on challenges that enable them to fully utilize their own capabilities. I have created opportunities for young employees to accompany me on overseas business trips in order to let them see how their top management negotiates on the international stage. Besides, I introduced a system for dispatching new employees to JBIC's overseas representative offices for three months. Through these initiatives, JBIC will pursue its three core values of "Hands-on Policy," "Customer-1st Approach" and "Forward-looking Action," while developing employees with diverse abilities to achieve JBIC's corporate philosophy: "Positioned at the crossroads of global business opportunities, JBIC is opening new venues to the future for the Japanese and global economy."

#### — What is your message to stakeholders?

Although the international political-economic situation is shifting dramatically, I believe Japan stands in an extremely favorable position. Infrastructure investment is expected to increase dramatically across the world and the need for natural resource procurement will also rise further. PPP (Public Private Partnership)-based projects mobilizing private-sector funds are vigorously promoted in each country and the range of PPP projects where Japanese companies can participate is expanded.

JBIC will continue to deepen its support for Japanese companies expanding overseas and create environments where private-sector financial institutions can also provide financing in collaboration with JBIC through its enhanced risk-taking ability. In particular, JBIC will actively make investments in business fields that will drive industrial development for the next generation, in anticipation of major transformations of the industrial structure in the world.

To this end, I would like to increase opportunities for policy dialogue with the governments and agencies of various countries with an eye to seeking new partnerships.

JBIC will contribute to driving Japan's growth and increasing its presence in the global markets by "serving as a navigator for Japanese companies expanding overseas in an uncertain world," while spearheading support for projects that help to secure stable supplies of natural resources and energy, increase export of Japan's quality infrastructure as well as develop new industries for the next generation.

# Directors, Managing Executive Officers and Corporate Auditors (As of October 1, 2019)



(Back row, from left)	Managing Director <b>KOIZUMI Shinichi</b>	Senior Managing Director <b>KUROISHI Kuninori</b>	Senior Managing Director <b>OYA Toshio</b>	Senior Managing Director <b>TAKESADA Tatsuhiko</b>	Managing Director <b>KAWAMURA Yoshinori</b>
(Front row, from left)	Deputy Governor <b>HAYASHI Nobumitsu</b>	Governor <b>MAEDA Tadashi</b>	Executive Managing Director <b>AMAKAWA Kazuhiko</b>		



Corporate Auditor <b>TSUCHIYA Mitsuki</b>	Corporate Auditor <b>OTA Yasuo</b>	Corporate Auditor <b>TAMAI Yuko</b>
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## ■ Directors

Governor	<b>MAEDA Tadashi</b>
Deputy Governor	<b>HAYASHI Nobumitsu</b>
Executive Managing Director	<b>AMAKAWA Kazuhiko</b>
Senior Managing Director	<b>OYA Toshio</b>
Senior Managing Director	<b>KUROISHI Kuninori</b>
Senior Managing Director	<b>TAKESADA Tatsuhiko</b>
Managing Director (Outside Director)	<b>KOIZUMI Shinichi</b>
Managing Director (Outside Director)	<b>KAWAMURA Yoshinori</b>

## ■ Corporate Auditors

Corporate Auditor (Full-Time Corporate Auditor)	<b>OTA Yasuo</b>
Corporate Auditor (Outside Corporate Auditor)	<b>TSUCHIYA Mitsuaki</b>
Corporate Auditor (Outside Corporate Auditor)	<b>TAMAI Yuko</b>

## ■ Managing Executive Officers

Managing Executive Officer, Global Head of Corporate Planning Group	<b>HASHIYAMA Shigeto</b>
Managing Executive Officer, Global Head of Credit, Assessment and Risk Management Group	<b>FUNADA Yutaka</b>
Managing Executive Officer, Global Head of Treasury and Systems Group	<b>TANAKA Kazuhiko</b>
Managing Executive Officer, Global Head of Energy and Natural Resources Finance Group	<b>NISHITANI Tsuyoshi</b>
Managing Executive Officer, Global Head of Infrastructure and Environment Finance Group	<b>TANIMOTO Masayuki</b>
Managing Executive Officer, Global Head of Industry Finance Group	<b>ISOBE Koichi</b>
Managing Executive Officer, Global Head of Equity Finance Group	<b>FUJINO Shinji</b>

Since its establishment in April 2012, JBIC has provided proactive support for the projects such as natural resources and infrastructure development projects overseas, M&A transactions involving Japanese companies and the overseas businesses of Japanese SMEs. The Bank participates from the early stages of projects, and provides funds for projects with relatively high risk profiles through various financial instruments. Under its medium-term business plan for FY2015–2017, JBIC has aimed to “contribute to exploring and creating new business opportunities that will lead to the sustainable growth of Japan, through supporting the strengthening of Japanese companies’ overseas business deployment and resource acquisition, by exercising the financial intermediary functions unique to JBIC.”

The environment surrounding Japan is changing significantly. In addition to progress in the Fourth Industrial Revolution, increasing geo-political risks and international efforts to address global environmental problems, there are structural issues, such as a declining workforce and a fast-aging population with a low birthrate in the domestic market. These factors further increase the uncertainty in

the surrounding environment. Under such circumstances, Japanese industries are facing urgent tasks, such as collaboration across different sectors to boost productivity and pursuing new technological development through innovation. Japanese industries are also continuing and strengthening their efforts to benefit from the growth of overseas markets, while managing increasing business risks in a proper manner.

JBIC’s third medium-term business plan for FY2018–2020 identifies eight key focus areas and sets out 21 action plans. Accomplishing these will allow the Bank to accurately navigate increasingly uncertain domestic and international situations and to provide support in response to the new tasks and challenges faced by Japanese industries.

JBIC will create new additional value and contribute to the sound development of Japan and the international economy and society under its third medium-term business plan by capitalizing on its relationships with stakeholders and its overseas networking and information-gathering abilities.

## Mid- to Long-term Vision Setting

In its third medium-term business plan, JBIC sets out a “mid- to long-term vision” that provides a picture of where or what JBIC wishes to be or become in 10 years, in light of the environment surrounding JBIC and its view of the

future environment. The mid- to long-term vision bridges the corporate philosophy. (Positioned at the crossroads of global business opportunities, JBIC is opening new venues to the future for the Japanese and global economy.)

### JBIC’s mid- to long-term vision

To serve as a “navigator” for Japanese companies to expand overseas business in an uncertain world

### JBIC’s view of the international environment

There are growing uncertainties in the international environment, such as complex international relations and the emergence of anti-globalization and protectionism, which will bring the world amplified risks and challenges.

### Changes in the environment surrounding JBIC

1. As a result of global population and economic growth,
  - i) Increasing demand for energy, water, food and healthcare services raises the need to increase global supplies and establish and improve supply chains;
  - ii) Increasing global demand for infrastructure raises the need to supply funds to fill the gap in financial demand and supply;
  - iii) An ongoing global effort for environmental issues, including greenhouse gas reductions, is required to achieve the international commitment for the environment.
2. A fast-aging population with a low birthrate and declining labor force, which are issues specific to Japan, raise the need to boost the productivity of domestic industries and benefit from overseas economic growth.
3. The progress in the Fourth Industrial Revolution requires Japanese industries to collaborate across different sectors to generate new products and businesses, or pursue new technological development through innovation.

## Principles, Key Focus Areas and Action Plans

JBIC's medium-term business plan identifies eight key focus areas and 21 action plans to be pursued following the three principles.

### Principles

1. Enhance JBIC's risk-taking capability by capitalizing on its strength and attributes as a policy-based financial institution
2. Respond to changing social situations and clients' needs in a flexible manner, while having the objective of supplementing the financial transactions implemented by private-sector financial institutions
3. Strengthen organizational competency

Key Focus Areas		Action Plans
Business area I	Growth areas, new fields	<ol style="list-style-type: none"> <li>1. To take strategic actions to promote innovation</li> <li>2. To support Japanese companies in expanding into frontier markets</li> <li>3. To promote energy and natural resource projects in response to the new market environment</li> </ol>
Business area II	Overseas infrastructure development	<ol style="list-style-type: none"> <li>1. To support infrastructure projects that are highly important on the policy front</li> <li>2. To help geo-economically important countries to establish frameworks for promoting infrastructure development</li> </ol>
Business area III	Global environmental preservation	<ol style="list-style-type: none"> <li>1. To contribute to global efforts for the transition to a low-carbon society</li> <li>2. To further promote global environmental preservation</li> </ol>
Business area IV	M&As	<ol style="list-style-type: none"> <li>1. To support overseas M&amp;As that are important on the policy front</li> <li>2. To support overseas M&amp;As in collaboration with private financial institutions</li> </ol>
Business area V	Consistent implementation of policy-based finance and restructuring of operations	<ol style="list-style-type: none"> <li>1. To implement policy-based finance in a consistent manner</li> <li>2. To restructure operations in response to the changing external environment</li> <li>3. To support Japanese SMEs in expanding overseas</li> </ol>
Organizational area I	Enhancement of operational functions	<ol style="list-style-type: none"> <li>1. To promote formation of projects that are geo-economically important</li> <li>2. To improve operational functions to quickly respond to the changing business environment</li> <li>3. To further mobilize private funds amid the changing business model of the financial sector</li> </ol>
Organizational area II	Enhancement of management capabilities	<ol style="list-style-type: none"> <li>1. To ensure an executive management system that facilitates speedy and decisive operation</li> <li>2. To further enhance the financial and risk management systems to support top management decisions</li> </ol>
Organizational area III	Strengthening of organizational foundation	<ol style="list-style-type: none"> <li>1. To promote work-style reform</li> <li>2. To streamline operational workflow</li> <li>3. To ensure stability and safety while performing operations</li> <li>4. To enhance human capital</li> </ol>

## Details of Action Plans for Business Performance

### I Growth areas, new fields

#### Action plan I-1. To take strategic actions to promote innovation

##### (1) Taking up innovation, Creating new business and rolling them out worldwide

Amid the progress in the Fourth Industrial Revolution, where industrial society is transforming into “Connected Industries” which are connecting humans, machines and technologies across firms and borders to create new value, JBIC will support Japanese companies in taking in innovation from overseas, creating new business through innovation and rolling them out worldwide.

##### (2) Building relationships with key entities/organizations

JBIC will promote relationships with new entities/organizations, such as start-up companies, venture companies established within universities as well as foreign companies and funds that engage in generating and developing new products and businesses through innovation, while re-building relationships with Japanese companies with a focus on advancing innovation.

#### Action plan I-2. To support Japanese companies in expanding into frontier markets

##### (1) Creating business opportunities for Japanese companies through support for identification and formation of projects

JBIC will support Japanese companies in expanding to regions which are expected to further strengthen relationships with Japan—such as Africa, the Mekong Region and South Asia—by enhancing its risk-taking capability and collaborations with international organizations and state financial institutions around the world.

##### (2) Strengthening efforts to facilitate business in Africa towards TICAD VII

JBIC will promote the formation of projects by formulating strategies to encourage Japanese companies to find business opportunities in Africa.

#### Action plan I-3. To promote energy and natural resource projects in response to the new market environment

##### (1) Structuring financing schemes to respond to changing markets

JBIC will provide financial support in response to more diversified pricing formulas and contracts in the LNG market, which is at a turning point in its supply and demand balance.

##### (2) Supporting projects that are expected to help to establish an energy value chain

JBIC will support infrastructure projects, such as projects for Gas-to-Power and LNG receiving terminals, aiming to contribute to Japan’s energy security.

##### (3) Ensuring new resources and energy sources

JBIC will provide support to secure strategic natural resources to be used for innovation, as well as support to secure new energy sources and establish supply chains to facilitate the transition to a low-carbon society.

### II Overseas infrastructure development

#### Action plan II-1. To support infrastructure projects that are highly important on the policy front

JBIC, in collaboration with the Japanese government and its agencies, will proactively lead project formation to support Japanese companies in participating in overseas infrastructure projects that are highly important on the policy front (e.g. high-speed railways and ports).

#### Action plan II-2. To help geo-economically important countries to establish frameworks for promoting infrastructure development

JBIC will help geo-economically important countries with high potential as destinations for infrastructure exports to establish a public-private partnership (PPP) framework, through policy dialogue with the governments of those countries and workshops to share knowledge of PPP.



## III Global environmental preservation

### Action plan III-1. To contribute to global efforts for the transition to a low-carbon society

Taking account of the policies of host governments and their needs, JBIC will support the transition toward low-carbonization of thermal power generation and encourage Japanese companies to develop low-carbon infrastructure projects such as renewable energy projects.

### Action plan III-2. To further promote global environmental preservation

To respond to social demand for clean air and water, and waste disposal considering environmental impact, JBIC will contribute to sustainable economic growth by promoting the use of Japanese companies' superb environmental technology and expertise such as desulfurization and denitration equipment, waste water treatment equipment and waste-to-energy generation technology.

## IV M&As

### Action plan IV-1. To support overseas M&As that are important on the policy front

JBIC will support overseas M&As by Japanese companies, while considering the importance of their business strategies and Japanese government policy.

### Action plan IV-2. To support overseas M&As in collaboration with private financial institutions

JBIC will provide financing for overseas M&A transactions in the form of two-step loans, in collaboration with Japanese private financial institutions which have broad customer bases.

## V Consistent implementation of policy-based finance and restructuring of operations

### Action plan V-1. To implement policy-based finance in a consistent manner

#### (1) Fulfilling JBIC's mission by enhancing its risk-taking capability

Amid a changing environment surrounding Japan in terms of geo-economic aspects such as the emergence of new entities/organizations, JBIC will support the business activities of Japanese companies particularly in the areas of developing and acquiring interests in strategically important energy and natural resources overseas as well as of maintaining and increasing the international competitiveness of Japanese industries. JBIC will carry out its mission by enhancing its risk-taking capability and utilizing its various financial tools, while considering the needs of host countries' governments.

#### (2) Responding to the changing international financial environment

JBIC will take measures in a proactive and flexible manner to prevent global financial disorder or respond to financial turmoil by monitoring the international financial environment and corporate funding activities.

### Action plan V-2. To restructure operations in response to the changing external environment

JBIC will restructure its existing operations for increased efficiency, in order to quickly respond to the changes in international situations, the financial environment as well as in the Japanese government's policies and clients' expectations for policy-based finance.

### Action plan V-3. To support Japanese SMEs in expanding overseas

JBIC will provide its unique support to Japanese SMEs which plan to expand overseas, in close cooperation with Japanese private-sector financial institutions such as regional banks and Shinkin (credit) banks.

## Details of Action Plans for Organizational Competency

### I Enhancement of operational functions

#### Action plan I-1. To promote formation of projects that are geo-economically important

**(1) Promoting projects that are geo-economically important, through JBIC's strategic research capability**

JBIC will offer strategic information to the Japanese government and other stakeholders and help to structure financing schemes for projects that are geo-economically important by utilizing its strategic research capability.

**(2) Collaborating with bilateral and international organizations**

JBIC will materialize strategic project formation and appropriate risk sharing with bilateral and international organizations, while contributing to rulemaking for the financing of public agencies.

**(3) Strengthening relationships with foreign governments and companies**

JBIC will enhance relationships with governments and companies in host countries in order to form projects taking into account the Japanese government's foreign policy and the importance of geo-economic aspects.

#### Action plan I-2. To improve operational functions to quickly respond to the changing business environment

JBIC will improve operational flows, launch new financial instruments and prepare operational conditions in order to deliver services in response to the changing business environment.

#### Action plan I-3. To further mobilize private funds amid the changing business model of the financial sector

Considering a changing financial environment due to factors such as the Basel requirements, JBIC will supplement the financial transactions implemented by private financial institutions through various means including co-financing, two-step loans and loan guarantees. JBIC will also strive to create new investment opportunities for private financial institutions by offering opportunities to purchase receivables related to the loans granted by JBIC or by other measures such as investment information sharing through seminars.

### II Enhancement of management capabilities

#### Action plan II-1. To ensure an executive management system that facilitates speedy and decisive operation

**(1) Strengthening capability to execute corporate strategy**

JBIC will enhance its capability to address organizational issues in an effective manner by establishing a structure under which Group-wide planning agendas are integrated.

**(2) Reviewing decision-making processes**

JBIC will eliminate/consolidate internal committees, increase/decrease the number of committee members depending on the purpose of the committees, as well as review decision-making processes.

#### Action plan II-2. To further enhance the financial and risk management systems to support top management decisions

**(1) Enhancing capital adequacy to strengthen risk-taking capability**

JBIC will enhance its capital adequacy to exert its risk-taking capability in large projects.

**(2) Improving capacity to raise funds in a diversified and stable manner, and preparing a more effective financial reporting system**

JBIC will diversify the means to raise funds over the long term, such as borrowing foreign currencies, and establish its accounting and financial reporting system in response to the changes in its operations and market regulations.

**(3) Strengthening the risk management system**

To increase risk tolerance, JBIC will improve its overall risk management process and risk analysis ability by, for example, strengthening its risk monitoring practices, increasing its analytical capabilities for asset-liability management and profitability, improving its credit risk management system used for evaluating the creditworthiness of its clients, and collecting data for credit analysis.

## III Strengthening of organizational foundation

### Action plan III-1. To promote work-style reform

JBIC will develop and implement its “Plan for Work Style Reform.”

### Action plan III-2. To streamline operational workflow

#### (1) Ensuring implementation of operational procedures without errors or omissions

JBIC will streamline its operations by using IT technologies and promote other streamlining measures to implement operations in a more accurate and flexible manner.

#### (2) Ensuring safe and stable operation of IT system

JBIC will renovate its core IT system and upgrade existing IT infrastructure.

### Action plan III-3. To ensure stability and safety while performing operations

JBIC will ensure the effectiveness of its business continuity plan (BCP) and strengthen its responsiveness to information security incidents.

### Action plan III-4. To enhance human capital

JBIC will secure and develop human resources to correspond to diversified operations.

# Outline of Operations in FY2018

## Operational Highlights

The total amount of commitments JBIC made during FY2018 in loans, equity participations, and guarantees was approximately ¥1,717.1 billion, which is an increase of 43.9% from FY 2017. The outstanding amount of loans, equity participations and guarantees as of March 31, 2019 was approximately ¥16,510.6 billion.

The following is a report on JBIC's major operations in each sector during FY2018.

### Efforts in the Energy and Natural Resources Sector

As Japan depends on imports from overseas for most of its resources, it is an important challenge that the country secures a stable supply of energy and mineral resources in the medium to long term by increasing its self-development ratio of those resources. In FY2018, JBIC made a total of eight financial commitments in the natural resources sector, amounting to approximately JPY251.0 billion in loans and equity participation.

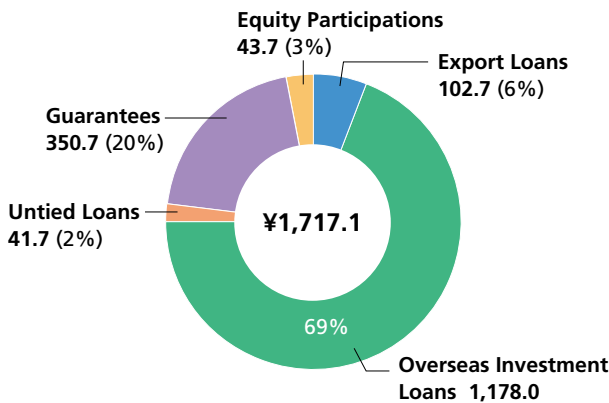
JBIC provided financing for a Japanese company to acquire interests in an offshore oil field in the Emirate of Abu Dhabi in the United Arab Emirates. JBIC also conducted equity participation in a business in Vietnam that manufactures a raw material of zirconium compounds used for various industrial goods, such as emissions purification catalysts for automobiles and other industrial catalysts, and exports them to Japan.

### Supporting Strategic Overseas Business Activities by Japanese Companies

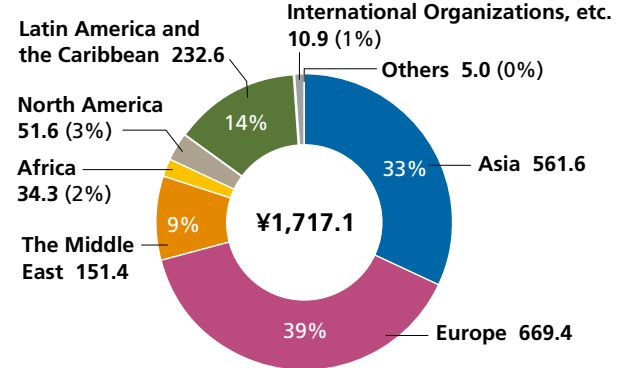
Amid a growing move by Japanese industries to seek business opportunities outside Japan due to declining domestic demand, JBIC supports Japanese companies, through its various financial instruments, in implementing their overseas business strategies as well as maintaining and strengthening their global supply chains.

With the aim of supporting overseas investments by Japanese companies, JBIC together with Japanese

**Commitments by Purpose of Financing**  
(FY2018; unit: billions of yen)

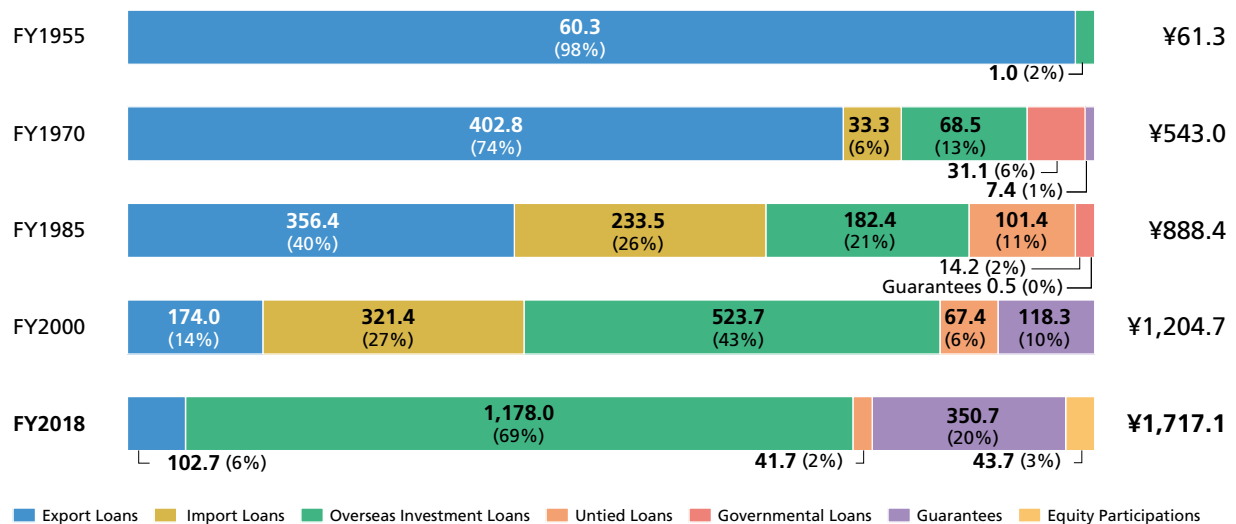


**Commitments by Region**  
(FY2018; unit: billions of yen)



**Changing Composition of Loans, Equity Participations, and Guarantees (Commitments)**

(Unit: billions of yen)





companies, invested in a fund that focuses on advanced IT companies in the Nordic and Baltic regions. The fund was launched by JBIC IG Partners<sup>1</sup>. Moreover, to support the overseas M&A activities of Japanese companies, JBIC provided a loan for funds needed for acquiring a pharmaceuticals company in Ireland by a Japanese company.

### Supporting Exports by Japanese Companies

JBIC supported Japanese companies in exporting construction-related equipment and services to the port sector in Angola as well as a complete backbone telecommunication network system to Uzbekistan. JBIC also concluded a loan agreement with Banco de la Nación Argentina, the largest commercial bank in Argentina, to set up an export credit line<sup>2</sup> to encourage Japanese exports of infrastructure equipment to Argentina.

### Supporting Overseas Business Deployment of Japanese Mid-tier Enterprises and SMEs

To assist Japanese mid-tier enterprises and small- and medium-sized enterprises (SMEs) in expanding overseas, JBIC made a total of 66 financial commitments, aggregating approximately ¥10.2 billion in loan, equity participations and guarantees, in co-financing with Japanese private financial institutions, including regional banks and Shinkin (credit) banks. The support included loans for the sales and repairing business for watches in Cambodia and Vietnam, and international courier services business in Thailand. In addition to this, JBIC, in cooperation with Japanese regional financial institutions, hosted various seminars and events to provide information that might help Japanese companies expand overseas as well as opportunities for business matching.

### Efforts in the Environment-related Sector

Under its Global action for Reconciling Economic growth and ENvironmental preservation (GREEN) Operations (refer to page 56 for detail), JBIC concluded loan agreements to set up a credit line with the Central American Bank for Economic Integration (CABEI) to finance smart energy projects in Latin America and with Banco Nacional de Desenvolvimento Econômico e Social (BNDES), Brazilian Development Bank to support renewable energy projects in Brazil. In the environmental sector, JBIC made a total of four financial commitments amounting to approximately ¥21.8 billion in loans and guarantees in FY2018.

In July 2018, JBIC launched its new Global Facility to Promote Quality Infrastructure Investment for Environmental Preservation and Sustainable Growth (QI-ESG). The aim of this facility is to provide a wide range of financing support for infrastructure development, including in the renewable energy sector, which is expected to help to preserve the global environment. Under the new facility, JBIC provided project financing<sup>3</sup> to an offshore wind power project in the U.K. and a loan to a waste treatment project in Sweden.

### Supporting Japanese Companies with Local Currency Loans

JBIC provided 19 local currency denominated loans<sup>4</sup> totaling the equivalent of approximately ¥122.7 billion. The loans included Mexican peso and Thai baht loans to fund the manufacturing and sales of automobile parts in Mexico and Thailand, as well as a Swedish krona loan to support a waste treatment project in Sweden.

- 
1. Joint venture established by JBIC and Industrial Growth Platform, Inc., in June 2017 to provide advisory services to overseas investment funds
  2. An export credit line is a form of export financing in which JBIC makes a commitment to provide a maximum amount of credit to be extended to the borrower (foreign banks or other entities) to finance exports of machinery, equipment, and services from Japan.
  3. Project finance is a financing scheme in which repayments for a loan are made solely from the cash flows generated by the project.
  4. Currencies other than JPY, USD, and EUR.

## Operation Results

JBIC made total disbursements of ¥1,451.3 billion in FY2018.

### Planned and Actual Lending and Investments

(Unit: billions of yen)

	FY2015		FY2016		FY2017		FY2018	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Export Loans	200.0	148.8	290.0	227.2	315.0	279.4	352.9	100.0
Import Loans and Overseas Investment Loans	1,450.0	1,867.9	1,560.0	1,922.4	2,115.0	1,357.2	1,730.0	1,269.6
Untied Loans	70.0	44.5	90.0	32.2	50.0	50.3	50.0	39.2
Equity Participations	100.0	42.4	120.0	18.5	130.0	39.8	124.0	42.4
Total	1,820.0	2,103.8	2,060.0	2,200.4	2,610.0	1,726.9	2,256.9	1,451.3

## Financial Results

### Principles of Accounting

#### (1) Separate Accounting

Pursuant to Article 26-2 of the Japan Bank for International Cooperation Act, JBIC shall apply separate accounting to Operations other than the Special Operations (Ordinary Operations) and Special Operations.

#### (2) Preparation of Financial Statements

Pursuant to the Companies Act and Article 26 of the Japan Bank for International Cooperation Act, JBIC prepares financial statements and submits them to the Minister of Finance. The report on the final settlement of accounts is submitted to the government of Japan, together with the financial statements and, after examination by the Board of Audit of Japan, to the Diet.

Pursuant to the Companies Act, JBIC prepares consolidated financial statements and pursuant to Article 5 of the Ordinance of the Ministry of Finance regarding Japan Bank for International Cooperation, JBIC submits the consolidated balance sheet and the consolidated statement of operations to the Minister of Finance.

### Ordinary Operations

#### (1) Statement of Operations

In FY2018, JBIC recorded ¥450.3 billion in Interest Income and ¥476.7 billion in Ordinary Income. This was for various reasons including support to promote the acquisition of interests and development of natural resources and to expand the overseas operations of Japanese companies, such as infrastructure projects. On the other hand, JBIC recorded ¥423.7 billion in Ordinary Expenses as a result of posting ¥365.8 billion funding costs, such as Interest expenses. Therefore, Net Income totaled ¥53.0 billion, which included Ordinary Profit and Extraordinary Income and others.

#### (2) Balance Sheet

Total Assets amounted to ¥17,390.6 billion. This was due primarily to a decrease in Cash and Due from Banks (decreased by ¥554.7 billion to ¥946.1 billion compared with FY2017) mainly because of a decrease in excess cash. Total Liabilities amounted to ¥14,961.8 billion. This was mainly due to a decrease in Borrowed Money (decreased by ¥796.0 billion to ¥7,574.7 billion compared with FY2017) because of a decrease in borrowing from the Fiscal Investment and Loan Program (FILP) and the Foreign Exchange Fund Special Account. Total Net Assets was ¥2,428.7 billion. This was due mainly to the capital increase and Net Income of ¥53.0 billion, despite the payment to national treasury through appropriation of retained earnings in FY2017.

### Special Operations

#### (1) Statement of Operations

In FY2018, Ordinary Income was ¥155 million. This was due mainly to Interest Income of ¥154 million. On the other hand, Ordinary Expenses of ¥328 million were recorded since ¥221 million in General and Administrative Expenses such as personnel expenses were incurred. As a result, Ordinary Loss and Net Loss amounted to ¥172 million, respectively.

#### (2) Balance Sheet

Total Assets amounted to ¥250.5 billion. This was due mainly to an increase in Loans and Bills Discounted (increased by ¥4.3 billion to ¥5.3 billion compared with FY2017) due to the execution of loans while Cash and Due from Banks decreased (decreased by ¥5.0 billion to ¥244.9 billion compared with FY2017). Total Liabilities was ¥320 million. Total Net Assets was ¥250.2 billion. This was due mainly to a Net Loss of ¥100 million.

## The Seventh Term for JBIC (FY2018)

[Consolidated Financial Statements]  
Consolidated Statement of Operations

(April 1, 2018–March 31, 2019; unit: millions of yen)

Accounts	Amounts
<b>Ordinary Income</b>	<b>479,113</b>
Interest Income	450,798
Fees and Commissions	23,030
Other Ordinary Income	272
Other Income	5,012
<b>Ordinary Expenses</b>	<b>426,085</b>
Interest Expenses	365,878
Fees and Commissions Payments	2,993
Other Ordinary Expenses	2,638
General and Administrative Expenses	21,200
Other Expenses	33,375
<b>Ordinary Profit</b>	<b>53,028</b>
<b>Extraordinary Income</b>	<b>6</b>
<b>Extraordinary Loss</b>	<b>—</b>
<b>Net Income Before Income Taxes</b>	<b>53,034</b>
<b>Income Taxes – Current</b>	<b>4</b>
<b>Total Income Taxes</b>	<b>4</b>
<b>Net Income</b>	<b>53,030</b>
<b>Net Income Attributable to Non-controlling Interests</b>	<b>7</b>
<b>Net Income Attributable to Owner of Parent</b>	<b>53,022</b>

[Non-consolidated (JBIC only)]  
Statement of Operations

(April 1, 2018–March 31, 2019; unit: millions of yen)

Accounts	Amounts
<b>Ordinary Income</b>	<b>476,885</b>
Interest Income	450,481
Fees and Commissions	22,713
Other Ordinary Income	272
Other Income	3,416
<b>Ordinary Expenses</b>	<b>424,013</b>
Interest Expenses	365,878
Fees and Commissions Payments	2,323
Other Ordinary Expenses	2,695
General and Administrative Expenses	20,801
Other Expenses	32,314
<b>Ordinary Profit</b>	<b>52,871</b>
<b>Extraordinary Income</b>	<b>6</b>
<b>Extraordinary Loss</b>	<b>—</b>
<b>Net Income</b>	<b>52,877</b>

## Consolidated Balance Sheet

(As of March 31, 2019; unit: millions of yen)

Assets		Liabilities and Net Assets	
Accounts	Amounts	Accounts	Amounts
Cash and Due from Banks	1,191,463	Borrowed Money	7,574,713
Securities Note 6	367,026	Bonds Payable Note 8	4,583,492
Loans and Bills Discounted Note 7	13,576,561	Other Liabilities	304,718
Other Assets Note 8	280,568	Provision for Bonuses	566
Property, Plant and Equipment Note 9	27,979	Provision for Directors' Bonuses	9
Intangible Assets	6,710	Net Defined Benefit Liability	6,988
Customers' Liabilities for Acceptances and Guarantees	2,491,767	Provision for Directors' Retirement Benefits	31
Allowance for Loan Losses	(293,126)	Acceptances and Guarantees	2,491,767
		<b>Total Liabilities</b>	<b>14,962,287</b>
		Capital Stock	1,785,300
		Retained Earnings	905,474
		Total Shareholder's Equity	2,690,774
		Valuation Difference on Available-for-sale Securities	(557)
		Deferred Gains or Losses on Hedges	(11,048)
		Foreign Currency Translation Adjustment	7,260
		Total Accumulated Other Comprehensive Income (Loss)	(4,345)
		Non-controlling Interests	235
		<b>Total Net Assets</b>	<b>2,686,664</b>
<b>Total Assets</b>	<b>17,648,951</b>	<b>Total Liabilities and Net Assets</b>	<b>17,648,951</b>

Note: See Notes 6 to 9 on pages 114 to 115 for details.

## Balance Sheet

(As of March 31, 2019; unit: millions of yen)

Assets		Liabilities and Net Assets	
Accounts	Amounts	Accounts	Amounts
Cash and Due from Banks	1,191,040	Borrowed Money	7,574,713
Securities	362,975	Bonds Payable	4,583,492
Loans and Bills Discounted	13,576,561	Other Liabilities	304,608
Other Assets	277,353	Provision for Bonuses	566
Property, Plant and Equipment	27,940	Provision for Directors' Bonuses	9
Intangible Assets	6,701	Provision for Retirement Benefits	6,988
Customers' Liabilities for Acceptances and Guarantees	2,491,767	Provision for Directors' Retirement Benefits	31
Allowance for Loan Losses	(293,126)	Acceptances and Guarantees	2,491,767
		<b>Total Liabilities</b>	<b>14,962,176</b>
		Capital Stock	1,785,300
		Retained Earnings	905,343
		Total Shareholder's Equity	2,690,643
		Valuation Difference on Available-for-sale Securities	(557)
		Deferred Gains or Losses on Hedges	(11,048)
		Total Valuation and Translation Adjustments	(11,606)
		<b>Total Net Assets</b>	<b>2,679,037</b>
<b>Total Assets</b>	<b>17,641,214</b>	<b>Total Liabilities and Net Assets</b>	<b>17,641,214</b>

[Ordinary Operations Account]  
Statement of Operations

(April 1, 2018–March 31, 2019; unit: millions of yen)

Accounts	Amounts
<b>Ordinary Income</b>	<b>476,750</b>
Interest Income	450,327
Fees and Commissions	22,713
Other Ordinary Income	272
Other Income	3,436
<b>Ordinary Expenses</b>	<b>423,705</b>
Interest Expenses	365,856
Fees and Commissions Payments	2,303
Other Ordinary Expenses	2,694
General and Administrative Expenses	20,601
Other Expenses	32,249
<b>Ordinary Profit</b>	<b>53,044</b>
<b>Extraordinary Income</b>	<b>6</b>
<b>Net Income</b>	<b>53,050</b>

[Special Operations Account]  
Statement of Operations

(April 1, 2018–March 31, 2019; unit: millions of yen)

Accounts	Amounts
<b>Ordinary Income</b>	<b>155</b>
Interest Income	154
Other Income	1
<b>Ordinary Expenses</b>	<b>328</b>
Interest Expenses	22
Fees and Commissions Payments	20
Other Ordinary Expenses	0
General and Administrative Expenses	221
Other Expenses	64
<b>Ordinary Loss</b>	<b>172</b>
<b>Net Loss</b>	<b>172</b>

Balance Sheet

(As of March 31, 2019; unit: millions of yen)

Assets		Liabilities and Net Assets	
Accounts	Amounts	Accounts	Amounts
Cash and Due from Banks	946,130	Borrowed Money	7,574,713
Securities	362,975	Bonds Payable	4,583,492
Loans and Bills Discounted	13,571,215	Other Liabilities	304,321
Other Assets	276,949	Provision for Bonuses	560
Property, Plant and Equipment	27,940	Provision for Directors' Bonuses	9
Intangible Assets	6,701	Provision for Retirement Benefits	6,975
Customers' Liabilities for Acceptances and Guarantees	2,491,767	Provision for Directors' Retirement Benefits	30
Allowance for Loan Losses	(293,039)	Acceptances and Guarantees	2,491,767
		<b>Total Liabilities</b>	<b>14,961,871</b>
		Capital Stock	1,534,300
		Retained Earnings	905,802
		Total Shareholder's Equity	2,440,102
		Valuation Difference on Available-for-sale Securities	(557)
		Deferred Gains or Losses on Hedges	(10,775)
		Total Valuation and Translation Adjustments	(11,333)
		<b>Total Net Assets</b>	<b>2,428,769</b>
<b>Total Assets</b>	<b>17,390,640</b>	<b>Total Liabilities and Net Assets</b>	<b>17,390,640</b>

Balance Sheet

(As of March 31, 2019; unit: millions of yen)

Assets		Liabilities and Net Assets	
Accounts	Amounts	Accounts	Amounts
Cash and Due from Banks	244,910	Other Liabilities	300
Loans and Bills Discounted	5,345	Provision for Bonuses	6
Other Assets	419	Provision for Directors' Bonuses	0
Allowance for Loan Losses	(87)	Provision for Retirement Benefits	13
		Provision for Directors' Retirement Benefits	0
		<b>Total Liabilities</b>	<b>320</b>
		Capital Stock	251,000
		Retained Earnings	(458)
		Total Shareholder's Equity	250,541
		Deferred Gains or Losses on Hedges	(272)
		Total Valuation and Translation Adjustments	(272)
		<b>Total Net Assets</b>	<b>250,268</b>
<b>Total Assets</b>	<b>250,588</b>	<b>Total Liabilities and Net Assets</b>	<b>250,588</b>

## Funding Sources

JBIC finances its operations through various sources, including borrowings from the Fiscal Investment and Loan Program (FILP) Fiscal Loan, Government-guaranteed Foreign Bond issuance, Government-guaranteed Long-term Loans in Foreign Currency, FILP Agency Bond issuance, capital contributions from FILP Industrial Investment, and borrowings from the Foreign Exchange Fund Special Account.

As JBIC provides long-term financing, its operations are financed by long-term funds to match maturities between funding and lending instruments.

Borrowings from FILP Fiscal Loan, Government-guaranteed Foreign Bond issuance, Government-guaranteed Long-term Loans in Foreign Currency, and Capital Contributions from FILP Industrial Investment, etc., are included in the national budget (either as an item in the General Account budget or the Special Account budget), and requests for them are submitted to the Diet for approval along the operating budget of JBIC. Recent funding results and plans for FY2019 are shown in the table below.

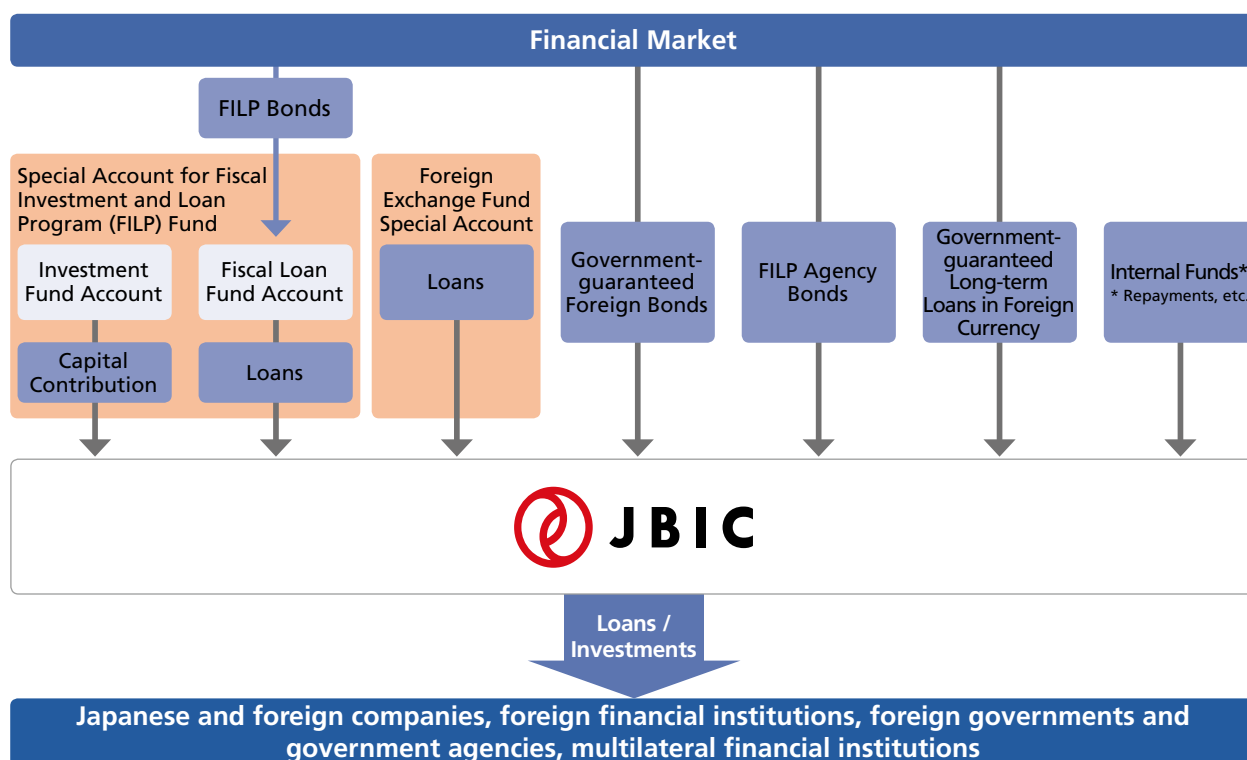
### Funding Sources: Actual and Planned

(Unit: billions of yen)

	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Planned
Capital Contribution from FILP Industrial Investment	—	142.0	82.2	20.1	63.5
Borrowing from FILP Fiscal Loan	244.9	530.5	209.5	109.6	289.3
Borrowing from Foreign Exchange Fund Special Account	1,595.8	1,142.7	854.4	654.9	—
Government-guaranteed Long-term Loans in Foreign Currency		—	—	—	40.0
Government-guaranteed Foreign Bonds*	419.0	1,106.2	1,629.7	724.2	1,079.2
FILP Agency Bonds*	—	—	60.0	—	20.0
Other Sources of Funds, Including Repayments	(155.9)	(721.0)	(1,108.9)	(57.4)	729.6
Total	2,103.8	2,200.4	1,726.9	1,451.3	2,221.6

\* Figures for bonds are indicated at face value.

### Funding Sources





### Government-guaranteed Bonds

JBIC raises part of its funds by issuing Government-guaranteed bonds in international capital markets. Outstanding Government-guaranteed bonds at the end of FY2018 amounted to ¥4,423.5 billion at face value, which accounts for 36.35% of the total outstanding borrowings and bonds. JBIC provides foreign currency loans when necessary to effectively implement policy, and funds raised by issuing Government-guaranteed bonds are used as a source of those loans.

In the FY2019 budget, JBIC plans to issue in the total amount of up to ¥1,079.2 billion in Government-guaranteed bonds.

JBIC's Government-guaranteed bonds receive the same ratings as the Government of Japan from the rating agencies (A1 from Moody's Japan K.K. (Moody's) and A+ from S&P Global Ratings Japan Inc. (S&P) as of July 31, 2019). Since they are treated as assets for which the Bank for International Settlements (BIS) assigns zero risk weight in calculating the capital adequacy ratio for depository institutions, these bonds provide a quality investment opportunity for investors in international capital markets.

### FILP Agency Bonds

In compliance with the government policy to reform FILP, JBIC has issued bonds without government guarantees (FILP agency bonds) in the Japan's capital market since FY2001, thereby raising funds based on its own creditworthiness. JBIC plans to issue up to ¥20.0 billion in FY2019.

FILP agency bonds that JBIC has already issued received the same ratings as the Government of Japan (as of July 31, 2019) as shown below. They are treated as assets for which BIS assigns 10% risk weight in calculating the capital adequacy ratio for depository financial institutions.

Rating & Investment Information, Inc. (R&I) .....	AA+
Japan Credit Rating Agency, Ltd. (JCR) .....	AAA
Moody's .....	A1
S&P .....	A+

## **2** The Environment Surrounding JBIC and Its Challenges

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# Energy and Natural Resources Finance Group

## ● Message from the Global Head of the Group



As Japan depends on overseas sources for most of its natural resources, the stable procurement of energy resources, such as oil and natural gas and mineral resources from overseas is indispensable for maintaining and strengthening the stable lives of Japanese citizens and the country's industrial infrastructure. The Energy and Natural Resources Finance Group is responsible for promoting the development and acquisition of overseas natural resources which are essential for Japan.

The global environment surrounding energy and natural resources faces important challenges such as: i) development of financing schemes to respond to the changes in the liquefied natural gas (LNG) market, including diversified LNG pricing mechanisms and contracts, ii) establishment of an energy value chain especially in Asia and iii) securing of strategic natural resources to be used for innovation and of new energy sources to facilitate the transition to a low-carbon society.

JBIC focuses on creating an environment which enables the smooth implementation of projects through active engagement in dialogues with the governments of resource countries and major resource companies in the world. JBIC will continue to contribute to securing a stable supply of natural resources essential for Japan by providing long-term funds, while supplementing private-sector funds.

### **NISHITANI Tsuyoshi**

Managing Executive Officer

Global Head of Energy and Natural Resources Finance Group

## Business Environment and Key Challenges

Global energy supply and demand balance is affected by macroeconomic trends and various other factors. At present, energy demand in Asia continues to grow steadily. In particular, Indonesia—one of the leading oil and gas producers in Asia—is exporting less energy resources due to its increasing domestic demand for energy as a result of rapid economic growth. As demonstrated by this trend, demand for oil and natural gas is increasing across the entire Asian region. Under the Paris Agreement adopted at the 21st annual session of the Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change, all participating countries are required to submit greenhouse gas reduction targets. Amid increased interest in global warming, attention is directed to the use of natural gas, which produces less CO<sub>2</sub> compared to other thermal power-generating fuels.

Under these circumstances, the global crude oil supply and demand balance have temporarily loosened in recent years due to increased shale oil production in the U.S. However, the OPEC's (Organization of the Petroleum Exporting Countries) production cut agreement and regional conflicts have pushed oil prices higher, increasing uncertainty over crude oil supply. Over 80% of Japan's crude oil imports come from the Middle East and such imports remain highly exposed to geopolitical risks in the region. Therefore, from the perspective of Japan's energy security, it is important to diversify its crude oil procurement sources to areas other than the Middle East,

while maintaining and strengthening its relationship with oil-producing countries in the region.

The LNG market will continue to have an excess supply over the short and medium terms as the large-scale LNG projects, which have started in the U.S. and Australia, are expected to boost production of LNG. In contrast, on the demand side, China and India are increasing their imports of LNG, and other Asian countries are also moving to commence or increase LNG imports. In view of this trend, Japan is required to create its strategic initiatives in response to global trends in LNG supply and demand, mainly the trends in Asia, in order to ensure Japan's medium- and long-term LNG supply security.

As for mineral resources, which are used for various purposes in Japanese industries, it is increasingly necessary to secure a stable supply of the resources amid growing demand in emerging countries such as China and India, as well as increasing needs for the transition to a low-carbon society and next-generation industries. With regards to iron ore, it is important to secure high-quality iron ore amid the deteriorating quality of that obtained from existing mines, in addition to securing the necessary quantities of iron ore. Furthermore, it is an important challenge to mine high-quality copper ore under current worsening mining conditions such as the development of mining areas which are located in remote, high altitude ranges and deeper underground. While the global supply and demand balance in energy and mineral resources is changing, there

is growing uncertainty about the environment surrounding energy supply such as intensifying trade frictions and increasing geopolitical risks. Under such circumstances, in order to secure a stable supply of resources to Japan, it is highly necessary to support Japanese companies

not only in acquiring interests in and long-term off-take agreements of energy and mineral resources, but also in making additional investments including infrastructure for resource development, with an aim to eliminate major bottlenecks in existing mine operations.

## JBIC's Activities

In FY2018, JBIC performed the following activities to secure a stable supply of energy and mineral resources from overseas.

### Oil and Natural Gas

The Japanese government set a goal of increasing its self-development ratio of oil and natural gas to 40% or more by 2030 in the Basic Energy Plan approved by the Cabinet on July 3, 2018. To this end, JBIC provides financial support for securing a stable supply of energy to Japan as well as for increasing Japan's self-development ratio of energy.

For example, JBIC provided a loan to a Japanese company to acquire and extend its interests in offshore oilfields in the Emirate of Abu Dhabi (Abu Dhabi), the United Arab Emirates (UAE), which is a vital country in Japan's resource strategy. JBIC signed a loan agreement with INPEX CORPORATION (INPEX). This loan is intended to provide necessary funds for INPEX to acquire a 40-year interest in the Lower Zakum offshore oil field (approximately 450,000 barrels per day). Additionally, JBIC provided a loan to Japan Oil Development Co., Ltd. (JODCO), a subsidiary of INPEX, to finance the extension of interests in the Satah and Umm Al-Dalkh offshore oil fields for 25 years, respectively. Abu Dhabi, which is a vital country in terms of Japan's resource strategy, allows foreign companies to enter the domestic business based on concession agreements. In light of the policy guidelines of the Abu Dhabi Supreme Petroleum Council's, JBIC has so far signed a memorandum of understanding (MOU) for business cooperation with Abu Dhabi National Oil Company (ADNOC) in order to establish a mutual understanding of the importance of acquisition of new interests in oil fields in Abu Dhabi by Japanese companies. Under these MOUs, JBIC has supported these Japanese companies in acquiring their interests in oil fields in Abu Dhabi through loans.

Turning to the LNG field, JBIC participated in the LNG Producer-Consumer Conference, which is held annually

to bring together both LNG producers and consumers in Japan. At the conference, JBIC announced that it had revised its financial framework in order to consider financing LNG projects that will be developed according to the contracts with no destination clauses, provided by Japanese companies develop LNG projects and hold the rights to handle LNG as a product.

In November 2018, JBIC concluded an MOU with Overseas Private Investment Corporation (OPIC), of the U.S., and with the Department of Foreign Affairs and Trade (DFAT) and the Export Finance and Insurance Corporation (Efic), both of Australia, to promote business cooperation for energy infrastructure development in third countries, including those in the Indo-Pacific region. JBIC will consider support for specific projects based on this framework.

### Mineral Resources

The Japanese government set a goal of increasing its self-sufficiency ratio for base metals, including iron and copper, to 80% or more by 2030 in the Basic Energy Plan approved by the Cabinet on July 3, 2018. In response to this, JBIC provides financial support for securing a stable supply of mineral resources to Japan.

Japan relies on imports for all of its copper concentrates, a raw material for copper metals, and securing a long-term, stable supply of copper resources is an immediate issue. Copper is used for various applications that include electrical wiring, electrical and electronic equipment, automobiles and construction materials, making this an essential metal resource for the Japanese industry. Global demand for copper is expected to continue expanding on the back of growing demand for infrastructure in emerging countries, especially in China and India, and increasing ownership and use of hybrid and electric vehicles. JBIC signed a loan agreement with Mitsubishi Corporation (Mitsubishi) for the Quellaveco Copper Mine Development Project in Peru. Mitsubishi owns a 40%



Abu Dhabi offshore oil field project (provided by INPEX)



Los Pelambres copper mine expansion project in Chile (provided by Antofagasta Minerals S.A.)



interest in the Quellaveco Copper Mine and will offtake the equivalent proportion of copper ore and supply this to smelters in Japan. JBIC also signed a loan agreement with Chilean corporation Minera Los Pelambres, which is invested by four Japanese companies, to provide funds for building an additional concentrator and desalinated water supply facilities to reinforce the ore processing capacity at the Los Pelambres copper mine.

### Strengthening Ties with Resource Countries and Major Global Resource Companies

JBIC continues to hold consultations and dialogues with the governments and governmental agencies of resource countries as well as with major global resource companies in order to encourage Japanese companies to acquire interests in and develop resources in those countries.

#### Russia

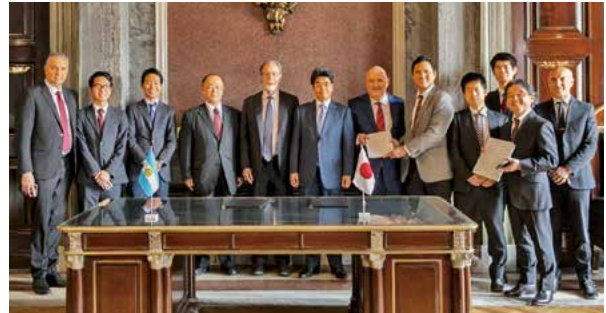
JBIC established an export credit line with Sberbank of Russia (Sberbank), the largest commercial bank in Russia, at the annual International Economic Forum held in St. Petersburg, Russia, in May 2018. There are expected to be numerous business opportunities in Russia, particularly in infrastructure and energy sectors. The purpose of the export credit line is to promote Japanese exports to Russia and its neighboring countries, including the countries of the Commonwealth of Independent States (CIS) and Central Asia.

JBIC also provided a guarantee for yen-denominated foreign bonds issued in the Japanese bond market (Samurai bonds) by Public Joint Stock Company Gazprom (Gazprom). To the present, JBIC and Gazprom have concluded an MOU aimed at building long-term cooperative relationships, while having promoted collaboration in resource and energy fields in Russia through continuous dialogue with the Russian government. The guarantee for the Samurai bonds issued by Gazprom is provided as part of cooperation in "promoting industrial diversification and enhancing productivity in Russia," which is one of the initiatives in the "Eight-point Cooperation Plan" proposed by Japanese Prime Minister ABE Shinzo to Russian President Vladimir Putin during the Japan-Russia Summit in May 2016. This will also help further deepen Japan-Russia economic relationships, which is pursued by the Japanese government.

In addition, at the Eastern Economic Forum in Vladivostok held in September 2018, JBIC concluded MOUs with State Development Corporation VEB.RF (VEB), a Russia's state financial institution, and with the Republic of Sakha, respectively for cooperation on promoting business with Japan. These MOUs are aimed at undertaking discussions on financial support for projects involving Japanese companies that help to improve quality of life mainly in the Far East and Siberia regions and in the Republic of Sakha. This is also expected to contribute to "developing industries and export bases in the Far East," one of the initiatives of the previously mentioned "Eight-point Cooperation Plan," as well as to strengthening relationships with the Republic of Sakha, which is blessed with natural resources.

#### Argentina

With abundant mineral resources such as copper and lithium, Argentina is an important country for Japan in terms of strengthening relationships. JBIC set an export credit line to Banco de la Nación Argentina (BNA), the largest commercial bank in Argentina, under its "Special Operations<sup>1</sup>" at the G20 Leaders' Summit held in Buenos Aires, Argentina in November 2018. There are expected to be numerous business opportunities in Argentina, mainly in infrastructure and energy fields. This export credit line intends to support an expansion of Japanese exports to Argentina and an increase of business transactions between Argentina and Japanese companies with operations in Argentina. JBIC also concluded separate MOUs with BNA and Corporación Andina de Fomento (CAF), respectively, with the aim of promoting the development of natural resources and infrastructure in Argentina. The MOUs help to further increase cooperation between Japan and Argentina, including cooperation on identifying specific projects which are supported under the above-mentioned export credit line.



Signing ceremony with BNA (provided by BNA)

#### Mexico

On the occasion of the seventh annual policy dialogue meeting with the Mexican Government, JBIC signed an MOU with Petr6leos Mexicanos (PEMEX) for strengthening cooperative relationship in oil and natural gas, energy-related infrastructure and environment fields. The aim of the MOU is to further strengthen cooperation and partnership with PEMEX through regular consultations, while encouraging Japanese companies to participate in upstream development and the oil refinery improvement projects in Mexico implemented by PEMEX.

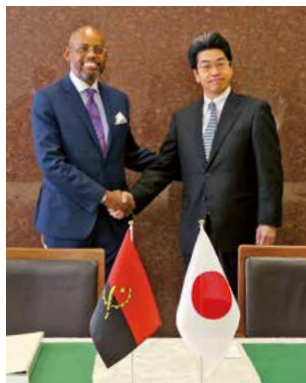


Signing ceremony with PEMEX (provided by PEMEX)



## Angola

Angola is one of the largest countries in Africa that is well endowed with natural resources such as oil, iron ore and diamonds. JBIC signed loan agreements to finance the Namibe Port container terminal expansion project and the Sacomar Port export terminal rehabilitation project, which are both executed by the government of Angola. The loans will provide necessary funds to export construction materials, equipment and services by Toyota Tsusho Corporation and Toa Corporation. In Angola, acquiring foreign currencies through greater logistics efficiency and the promotion of mineral resource exports is an important issue. Therefore, these port projects are positioned as the highest-priority projects under Angola's public investment plan.



Signing ceremony with the government of Angola

## Future Business Strategy

In the natural resources sector, of which market environment is approaching a big turning point, there is concern about a tightening supply and demand balance of resources in the medium to long term. As resource countries are faced with national financial difficulties, they expect foreign companies to promote investment in resources. On the other hand, there is rising uncertainty such as an increase in geopolitical risk. Under these circumstances, capitalizing on its status as Japan's policy-based financial institution, JBIC will contribute to securing the stable supply of natural resources to Japan by proactively supporting Japanese companies which plan to acquire interests in and develop resources overseas.

## Structuring Financing Schemes to Respond to the Changing LNG Market

Global supply and demand balance of LNG is forecast to remain loosened for the time being. Also, there is uncertainty over the outlook for LNG demand due to the mix of energy sources in the future and the deregulation of electricity and gas markets. In light of these situations, Japanese electric power and gas companies diversify their supply sources of LNG, seeking flexibility and liquidity in the LNG market such as diversification in pricing mechanism and removal of destination clauses from LNG contracts.

Under this environment, the Japanese government published the Strategy for LNG Market Development in May 2016, highlighting the creation of the LNG market with high liquidity. The Basic Energy Plan approved by the Cabinet on July 3, 2018 also emphasizes the continuing effort to create high liquidity in the LNG market. Against these backdrops, Japan's electric power and gas companies have started new businesses to spur LNG demand in Asian countries. JBIC will consider providing financial support not only to upstream investments and LNG projects by Japanese companies, but also to their new businesses to boost LNG demand in Asia.

## Building an Energy Value Chain and Securing New Resources and Energy Sources

To promote resource projects in response to the new market environment, it is important to make investment in growth areas and new fields. In particular, JBIC will support infrastructure development projects, including construction of Gas-to-Power and LNG terminals in order to ensure energy security mainly for the entire Asian region. In addition to conventional resources such as oil, natural gas and mineral resources, JBIC will also support the activities of Japanese companies for securing strategic natural resources to be used for innovation and new energy sources to transform into a low-carbon society. Looking ahead, the Fourth Industrial Revolution driven by robotics and AI, as well as innovation derived from next-generation vehicles, are expected to spur a realignment of the global manufacturing industry and a transformation of the industrial structure. Under such circumstances, JBIC will consider financing projects for increasing productivity through the use of cloud services for data and automated mining operations, as well as projects for securing new strategic resources required to support innovation.

## Strengthening Strategies on Economic Frontiers

To diversify resource supply sources, JBIC will proactively provide financing to natural resource development projects particularly in Africa and the South Asia region, that involve Japanese companies for acquiring interests in and purchasing natural resources. These regions are viewed as "The Last Frontiers" for foreign exploration as the regions are expected to be a source of extraction of natural resources-particularly oil, natural gas and minerals. There are countries which have started investing in resource development projects in these regions. Resource development projects especially in Africa contribute not only to job creation and acquisition of foreign currencies by the project host countries, but also to the promotion of related infrastructure and industrial development which drives sustainable growth of Africa. JBIC will support Japanese companies in expanding their business to Africa, including resource development, by proactively taking risk in projects as well as collaborating with international organizations and third countries.

The key to strengthening the relationship with resource countries lies not only in the cooperation in resource development projects, but also in the establishment of comprehensive and sustained partnerships while meeting the needs of these countries in relation to various fields such as: infrastructure development, industrial diversification, employment creation, technology transfer and reduced environmental burden through the use of renewable energy and energy saving technology. JBIC will maintain and strengthen the multi-layered and positive relationships with the governments of resource countries by making comprehensive efforts to support projects in infrastructure development and manufacturing sectors of the resource countries.

1. This is JBIC's financing operations which reinforce its risk-taking mechanism in further supporting Japanese companies in participating in overseas infrastructure projects with higher-risk profiles.

## ● Message from the Global Head of the Group



The global economy and industrial structure are facing dramatic changes amid the rise of emerging countries, ongoing globalization, the digitization of economies and the progress of innovation. Under these conditions, there continues to be an enormous gap between supply and demand for financing in the global infrastructure field. Due to the SDGs (Sustainable Development Goals<sup>1</sup>), there is growing global demand for low carbonization. In order to adequately respond to such a trend, it is important to promote the mobilization of private funds by proactively taking risks in financing, while working on low carbonization and global environmental protection towards reduced environmental burden.

Under such an environment and in accordance with JBIC's Medium-term Business Plan (FY2018–2020) formulated in June 2018, the Infrastructure and Environment Finance Group will collaborate with other financial institutions on identifying and developing the following projects: i) projects that promote innovation of technology, ii) social infrastructure projects such as airports, seaports and railways that are highly important on the policy front, iii) projects for building energy value chains such as for gas and hydrogen and iv) projects for low-carbon infrastructure. Geographically, we will strengthen our business activities in areas such as the Mekong region, South Asia and Africa in addition to regions where many Japanese companies have already expanded.

### TANIMOTO Masayuki

Managing Executive Officer  
Global Head of Infrastructure and Environment Finance Group

## Business Environment and Key Challenges

### Toward Enhancing International Competitiveness of Japanese Companies

There is enormous global demand for infrastructure, particularly in emerging countries, and overseas markets are expected to continue expanding in response to rapid urbanization and economic growth. On the other hand, there is concern about a shrinking of the domestic market due to further declines in birthrates and aging of the population, which makes it more important for Japanese companies to expand abroad. Moreover, the business environment surrounding Japanese companies is changing significantly as a result of the emergence of new business models driven by innovation of technologies such as the Internet of Things (IoT), Artificial Intelligence (AI) and Big Data. When looking at climate change measures and the environmental field, it is further required to work towards a sustainable world and a low-carbon society.

In view of this business environment, the Infrastructure and Environment Finance Group will strengthen its activities in the following fields.

#### (1) Growth areas, new fields

In January 2016, the Japanese government announced “Society 5.0,” an initiative aimed at solving various social issues utilizing the most advanced latest technologies. This initiative aims at creating a society where people can supply power stably based on power demand forecast “achieve local production of energy consumed locally”; “shift

energy supply between regions”; “optimize energy savings at home using supply predictions.” The initiative also states that these objectives can be achieved by analyzing data, using AI, such as the operational status of power stations as well as the discharge/charge status of electric vehicles (EVs) and energy usage of every household. With such new type of infrastructure anticipated to be exported from Japan, it is important to take this changing business environment as an opportunity to respond to innovation of technology in a flexible and appropriate manner.

Benefitting from growth in emerging markets is one of the challenges Japan faces. As Japanese companies are expected to further expand overseas, it will be necessary to strengthen relationships with and cultivate markets in countries in the Mekong region, South Asia and Africa, which are defined as “frontier markets” in our Third Medium-term Business Plan.

#### (2) Support infrastructure projects that are highly important on the policy front

The “Export Strategy for Infrastructure System” revised in June 2019 emphasizes the importance of encouraging Japanese companies with technological strengths and knowledge to go overseas markets not only by exporting equipment, but also by obtaining more orders for infrastructure as systems including design, construction, operation and management of infrastructure as well as increasing investments in local businesses.

### (3) Low-carbonization and global environmental preservation

The Paris Agreement, an international framework for cooperative action on climate change after 2020, was adopted in December 2015. Following this, guidelines for implementing the Paris climate accord were developed in December 2018. Against these backdrops, there is rising demand for low-carbon or carbon-free infrastructure across the entire world, including in developing countries. The developing countries are facing demand for high-quality drinking and industrial water due to the progress of rapid urbanization and that for infrastructure for treating increasing volume of waste. In addition to this, plastic rubbish floating in the seas of the world is recognized as



Gas turbine to be exported to Sharjah Electricity and Water Authority (SEWA) in the UAE

a global issue.

#### Approach to Identifying and Developing Potential Projects

JBIC will strengthen its business activities in the above-mentioned fields and encourage Japanese companies to participate in infrastructure projects and receive orders of infrastructure system by being proactively engaged in identifying and developing potential projects. In order to achieve these objectives, JBIC will take the following actions:

Responding to various risks: Infrastructure projects are considered to be exposed to various risks as the projects are large in size and also require a long time span from the planning and bidding phases of the project to construction and the recovery of invested funds. For example, infrastructure projects might carry a counterparty risk of central or local government of a host country with a low credit rating, i.e. the risk of failure to perform their contractual obligations, as well as a risk of uncertainty in future demand or sales of products and services delivered by the project. Profits generated by infrastructure projects are denominated in local currencies. However, if the domestic financial market of a host country is not mature enough and if they need to rely on long-term overseas financing sources denominated in foreign currencies, a currency exchange risk is also an issue to be addressed. In this case, the investment appetite of investors who are interested in the project might decline or long-term funds enough to implement the project might not be provided

by financial institutions.

Promoting to develop bankable projects<sup>2</sup>: In recent years, there has been an increase in infrastructure projects on a public-private partnership (PPP) basis. When it comes to the development of projects in cooperation between public and private sectors such as PPP projects and the Build-Operate-Transfer (BOT) model, especially in developing countries, there are cases where risks associated with the projects might not be properly assessed and shared among project participants, including the government of a host country. This results in private-sector participants being exposed to excessive risk. This situation occurs as a result of: i) a lack of integrity and clarity in the legal system in the host country, ii) a lack of ability and experience of the government agencies or organizations of the host country to organize the project, or iii) an absence of proper feasibility studies on the project. Under these circumstances, PPP projects face difficulty in obtaining funds from the private sector and the projects therefore do not progress in the way the host country's government expects. It is pointed out that it is important to share risk among all involved parties in a PPP project in an appropriate and equitable manner.

Mobilizing a wide range of private-sector funds: Global demand for infrastructure is expected to continue growing at a faster pace than actual investments amid economic and population growth and rapid urbanization, especially in emerging countries. To reduce the global demand-supply gap in infrastructure investment, it is indispensable to address the above-mentioned issues as well as mobilize funds from various private-sector financial organizations including life insurance companies, pension funds or investment funds. Financing from Multilateral Development Banks (MDBs) and public financial institutions alone in each country, such as JBIC, is not enough to meet the global demand for infrastructure investment in terms of quantity.

1. International targets for sustainable development by 2030 that were adopted at the UN Summit in September 2015
2. Projects in which the feasibility, economic performance and the risk burden of involved parties in the relevant project have been confirmed and assured, and the participation of private-sector companies and long-term funding by financial institutions can be expected.



## JBIC's Activities

The Infrastructure and Environment Finance Group performed the following activities in FY2018:

### (1) Support for building energy value chains

In FY2018, JBIC provided support for a gas-to-power project in West Java, Indonesia, to build a gas power station and related facilities in an integrated manner. This is the first gas-to-power project in Asia supported through project financing<sup>3</sup> as well as the first time for JBIC to finance such a project. In this project, JBIC not only provided financing for building the gas power plant, but also made a proposal to establish the entire gas value chain including construction of LNG gas terminals. As this suggests, JBIC facilitates the transition of energy to gas power generation in the host country and contributes to introducing low carbon energy.

### (2) Low-carbonization and global environmental preservation

Apart from the above-mentioned project that helps to introduce low carbon energy, we provided support for the Moray East offshore wind power generation project, the largest renewable energy project, in the U.K. JBIC also provided its fifth credit line under its GREEN Operations to Banco Nacional de Desenvolvimento Econômico e Social (BNDES), Brazilian Development Bank, to finance renewable energy projects in Brazil. JBIC also provided its second credit line under its GREEN Operations to the Central American Bank for Economic Integration (CABEI) to support smart energy projects, such as for maintenance and upgrading of electric power transmission and distribution networks in Central America.

In the field of global environmental preservation, JBIC made a loan to a waste treatment plant project in Sweden using methane fermentation technology. This is the first time for JBIC to offer a loan denominated in Swedish krona. The loan in the local currency helps to reduce foreign exchange risks arising from a currency mismatch between project's revenue and expenditure. In addition to this, the project plans to introduce advanced technology of a Japanese company to utilize biogas generated from waste treatment as fuel. This will also help to protect the global environment.

Through financing for environmental projects, JBIC will contribute to responding to various global environmental problems that have an impact on the global economy, such as economic growth in developing countries, reduced greenhouse gas emissions and climate change measures.

### (3) Collaboration with other countries and institutions

As for collaboration with institutions of other countries, JBIC regularly holds policy dialogues with the governments of Indonesia and Mexico. Additionally, in accordance with the Japanese



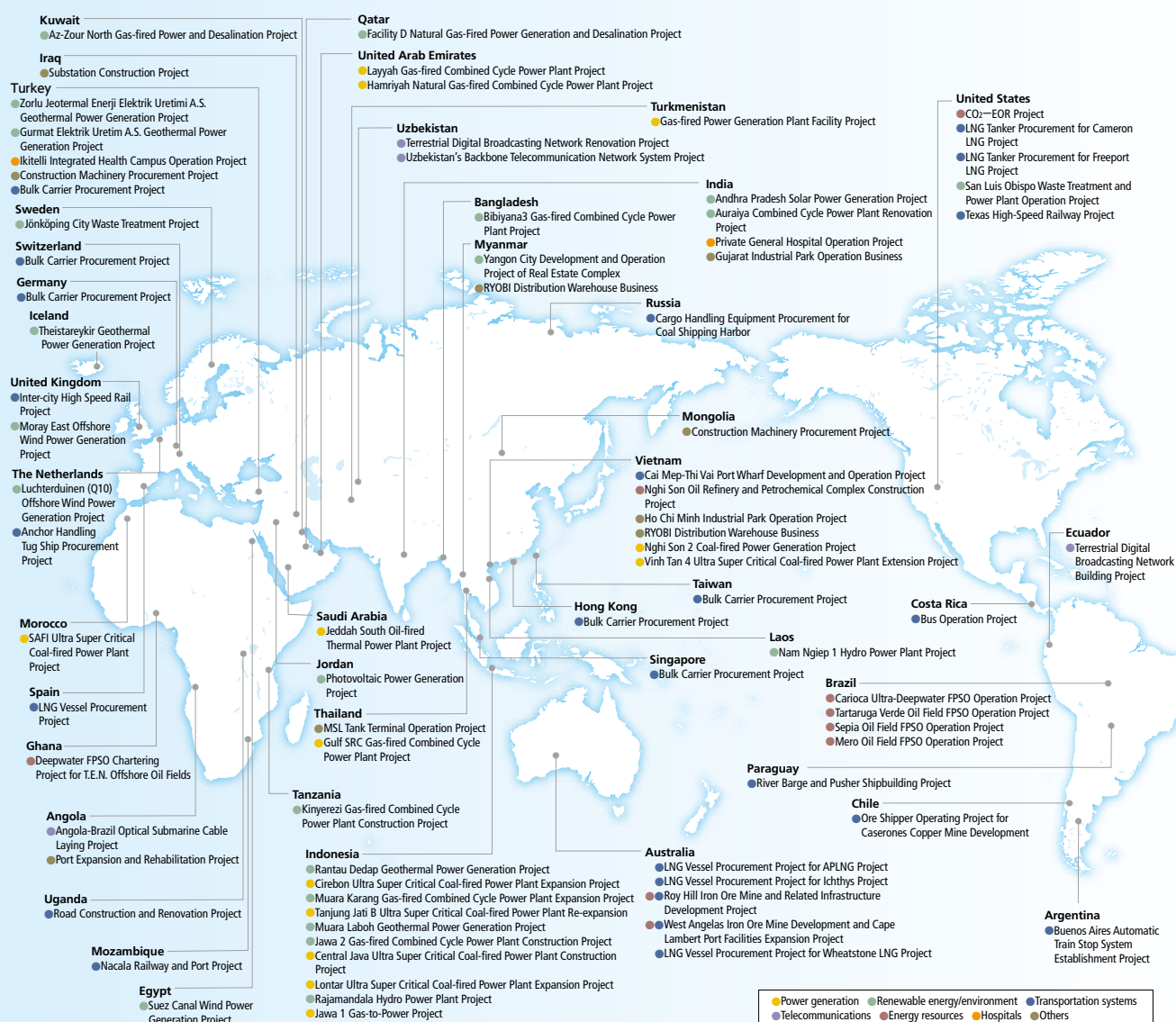
Waste treatment plant in Sweden

government's "Free and Open Indo-Pacific Strategy," JBIC further expanded a cooperate framework established with U.S.-based Overseas Private Investment Corporation (OPIC) and concluded a memorandum of understanding (MOU) for business cooperation with the Department of Foreign Affairs and Trade (DFAT) and the Export Finance and Insurance Corporation (Efic), both of Australia. Based on this MOU, JBIC promotes projects where Japan, the U.S. and Australia can collaborate in third countries including the Indo-Pacific region. JBIC also signed an MOU with the China Development Bank (CDB) to support projects involving both Japanese and Chinese corporations in third countries. Based on this agreement, JBIC identifies potential projects in third countries and develops bankable projects, while providing financial support according to the global standards for lending for infrastructure projects such as openness, transparency, economic efficiency as



Policy dialogue with the government of Mexico

## Recent Major Overseas Infrastructure Projects (Loans, equity participations, and guarantees in the last five years)



Note: "Renewable energy/environment" includes solar power, wind power, geothermal power, hydraulic power, power generation from waste, energy conservation, and other projects related to global environmental conservation.

As of the end of June 2019

well as financial soundness.

In "growth areas, new fields," JBIC signed an MOU for business collaboration with the European Investment Bank (EIB), the European Union's (EU) public financial institution, which also designates innovation of technology and environmental protection including low carbonization as priority areas. JBIC will strengthen support for projects utilizing new technologies, while sharing and deepening its knowledge of financing for innovation.

Regarding its activities in countries in frontier markets, JBIC had the opportunity for meetings with governments of countries such as Vietnam, Bangladesh and Egypt to request their support for facilitating business talks with Japanese companies. Furthermore, JBIC makes efforts to

identify potential projects in countries in frontier markets, in collaboration with other institutions, as demonstrated by our continued discussions with the Export Credit Bank of Turkey about potential projects in Africa according to the collaborative framework for businesses in third countries.

3. Project finance is a financing scheme in which repayments for a loan are made solely from the cash flows generated by the project.



## ● Message from the Global Head of the Group



The Industry Finance Group is composed of four departments and branches namely the Corporate Finance Department, Finance Office for SMEs, Marine and Aerospace Finance Department and Osaka Branch. The Industry Finance Group makes efforts to maintain and increase the international competitiveness of Japanese industries by capitalizing on its various financial instruments for financing projects overseas.

The year 2019 will witness concerns over the impact on the global economy of the trade issues that have continued since the latter half of 2018 and economic developments in emerging countries. Under JBIC's Third Medium-term Business Plan (FY2018–2020), the Industry Finance Group will continue to actively support Japanese companies, including mid-tier enterprises and small and medium-sized enterprises (SMEs) in expanding overseas, and to maintain and increase the international competitiveness of Japanese industries. In order to achieve these objectives, we will take the following actions: i) take strategic action to promote innovation, ii) support Japanese companies in expand into frontier markets, iii) support overseas M&As and iv) enhance its risk-taking capability for financing various projects.

### ISOBE Koichi

Managing Executive Officer  
Global Head of Industry Finance Group

## Business Environment and Key Challenges

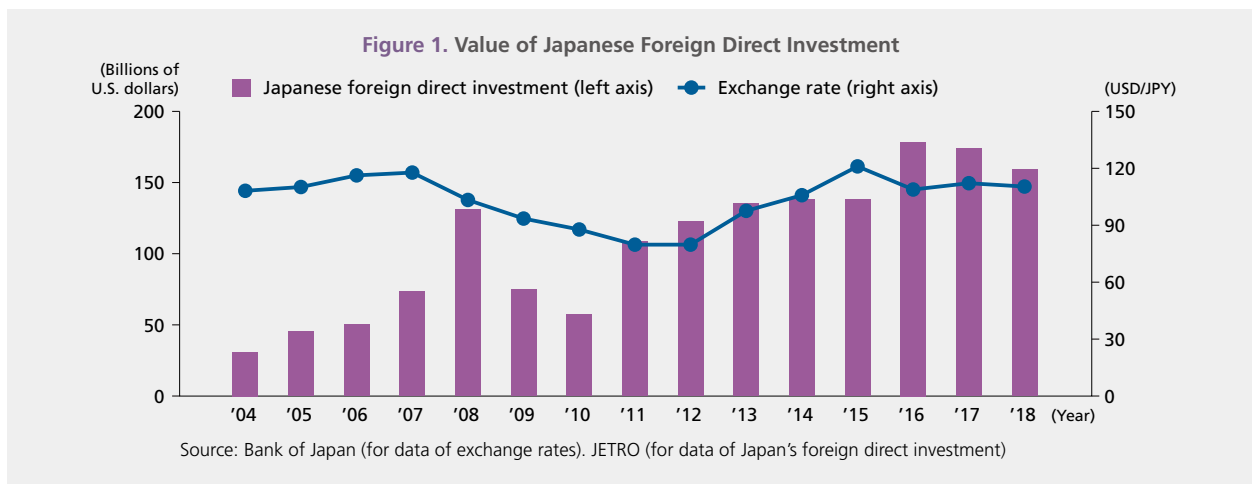
### Overseas Business Deployment of Various Industries

Despite the slowdown sparked by the global financial crisis in 2008, foreign direct investment by Japanese companies returned to a level exceeding \$100 billion in 2011. Thereafter, it remained firm, reaching \$159.1 billion in 2018 (Figure 1).

Foreign direct investment by Japanese companies, which remains stable, particularly overseas M&A activity has grown rapidly since 2009 thanks to a stronger yen. This trend continues despite subsequent currency movements, pushing up the number of M&A deals from 672 in 2017

to 777 in 2018. In recent years, Japanese companies have proactively conducted overseas M&As to acquire technologies to survive in international competition as well as develop new markets replacing the shrinking domestic markets. This indicates that the use of M&A continues to be an important strategy for Japanese companies to expand abroad.

Looking at the value of the M&A deals, the value of M&A deals in 2017 fell below ¥8 trillion, decreasing from the levels of 2015 and 2016 when values exceeded ¥10 trillion buoyed by large-scale M&A transactions. Nonetheless, in 2018 there was the largest-ever M&A

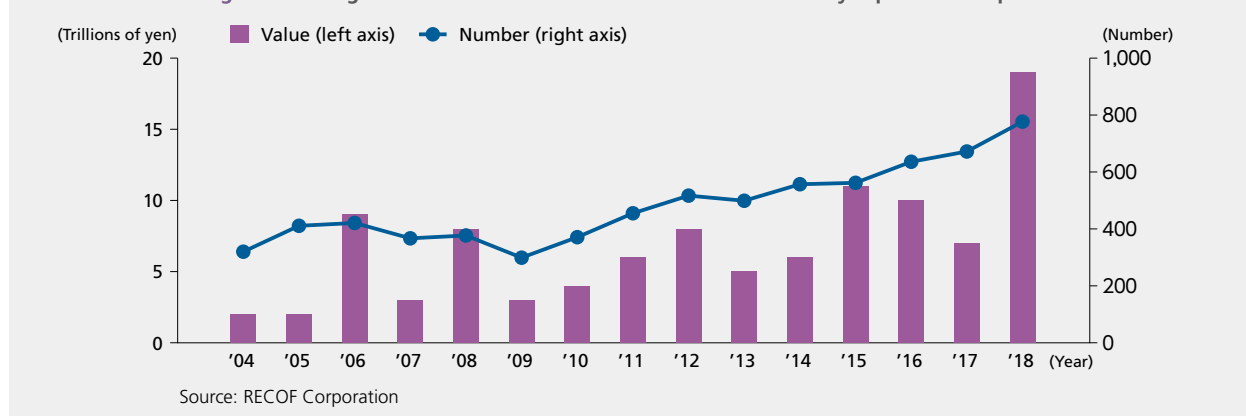


deal by a Japanese company, pushing up the value of M&A deals to around ¥19 trillion, an increase of 2.5 times compared to 2017 (Figure 2).

In order to put the Japanese economy back on a growth trajectory amid structural issues such as a shrinking population and an aging society with a falling

birthrate and to create a much more affluent society, it is indispensable to increase the productivity of the entire economy and strengthen earning power. To this end, it is increasingly necessary to proactively encourage Japanese companies to enter overseas markets for seeking new business opportunities

Figure 2. Changes in the Value and Number of Overseas M&A by Japanese Companies



### Value of Japan's Exports in a Recovery Trend

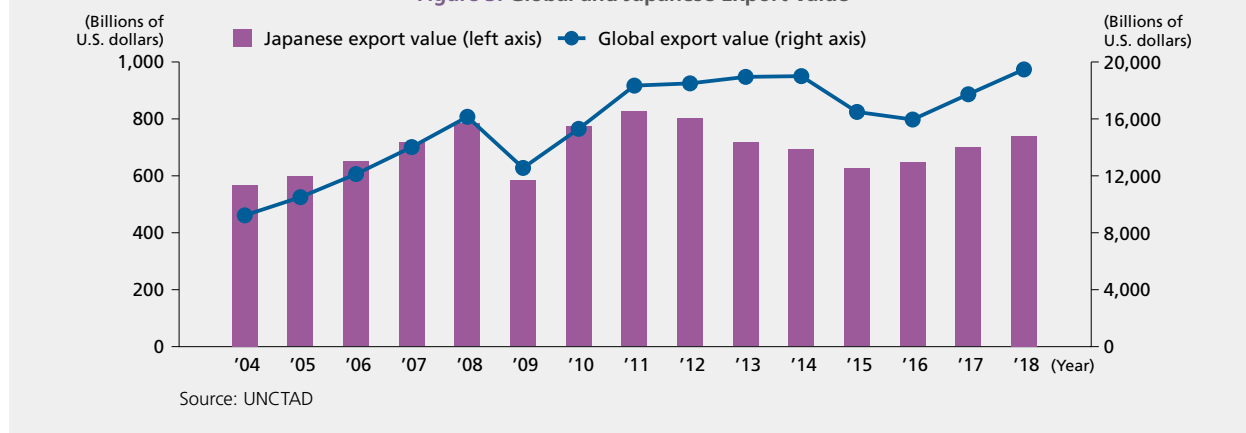
The value of global export transactions rebounded in 2017, the first positive growth in three years, thanks to accelerating growth of the world economy and soaring resource prices. In 2018, global exports decelerated towards the second half of the year, impacted by trade problems, such as U.S.-China trade frictions, and a slowdown of emerging country economies. Despite this, favorable growth in the global exports that had continued from 2017 until the middle of 2018, helped to raise the value of the exports to \$19.4 trillion in 2018, up from \$16.0 trillion in 2016 and \$17.7 trillion in 2017, marking the second consecutive year of increase.

The value of Japan's export transactions also remained firm towards the middle of 2018 on the back of increased demand for automobile-related goods in developed countries and for information-related products in Asian emerging countries. Subsequently, however, growth in export moderated in the latter half of the year due to a

lull in demand for electronic components for smartphones and a slowing global economy. Despite this, the value of Japan's export transactions in 2018 rose to \$738.4 billion, the third straight years of increase (Figure 3).

A downside risk to Japan's export shares in global markets still remains due to the decelerating global economy caused by unstable factors such as trade problems, and the expanding export shares of emerging countries. Amid the diversification of overseas sales channels of Japanese companies which intend to increase their export shares in the world, evaluation of creditworthiness of importers in foreign countries and uncertainties about their business transactions are becoming major concerns for Japanese companies. To ensure that they can cope with business risk in an appropriate manner, JBIC is required to participate in projects from the early stage of the project development process and to supply funding for projects with relatively high-risk profiles by capitalizing on its various financial tools.

Figure 3. Global and Japanese Export Value



## Overseas Business Deployment of Mid-tier Enterprises and SMEs

Japanese mid-tier enterprises and SMEs are accelerating their move to seek business opportunities outside Japan by meeting demand in overseas markets as well as responding to the needs of major Japanese manufacturers for local procurement of parts and equipment.

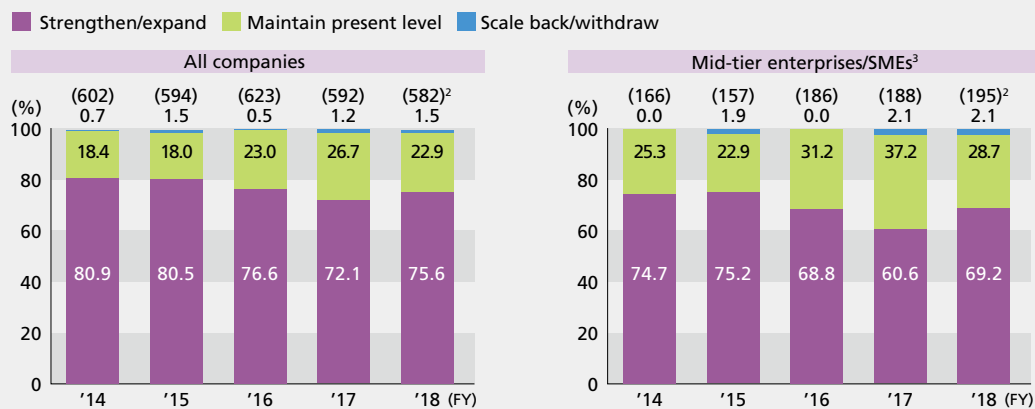
JBIC annually surveys Japanese manufacturers regarding their medium-term prospects for overseas operations in its survey called "Survey Report on Overseas Business Operations by Japanese Manufacturing Companies". In the FY2018 survey, 97.9% of mid-tier enterprises and SMEs which responded to the survey stated that they will "maintain present level" or "strengthen/

expand" their overseas business operations. This suggests that their willingness to conduct overseas operations remains high (Figure 4).

Diversification has been seen in the fields of business invested by Japanese mid-tier enterprises and SMEs, their investment destinations, and funding needs.

Meanwhile, compared with larger companies, mid-tier enterprises and SMEs might face greater constraints on various fronts, such as fund raising and the collection of information about overseas investment. Due to this, it is important that JBIC provides further detailed support to mid-tier enterprises and SMEs, while strengthening partnerships with regional financial institutions which serve as a major financing source for those companies.

Figure 4. Medium-term Prospects (Next Three Years, or So) for Overseas Operations<sup>1</sup>



Notes 1. "Overseas Operations" is defined as production, sales, and R&D activities at overseas bases, as well as the outsourcing of manufacturing and procurement overseas.

2. The numbers in the parentheses above the bar graphs indicate the numbers of responses.

3. Mid-tier enterprises/SMEs are companies whose paid-in capital is less than ¥1 billion.

Source: Results of the JBIC FY2018 Survey Report on Overseas Business Operations by Japanese Manufacturing Companies

## JBIC's Activities

### Supporting Overseas Business Expansion Using Various Financial Instruments

In the Third Medium-term Business Plan (FY2018–2020), JBIC has designated support for the overseas M&A by Japanese companies as one of the priority areas to focus

on. In FY2018, JBIC continued to flexibly provide long-term financing for Japanese companies to carry out M&A activities in various fields, including the tank terminal, pharmaceuticals, healthcare, carbon fiber composite materials, leasing, food and beverage. This funding is



Mixed-use real estate project in Myanmar



FPSO vessel chartering services (same model as FPSO being financed by JBIC (photo provided by MODEC, Inc.))

provided through direct financing from JBIC or indirect financing (two-step loans (TSLs)) utilizing M&A credit lines (credit facilities) established with Japanese private financial institutions.

Apart from support for M&A transactions, JBIC supported the development and operation of a mixed-use real estate project in Myanmar and provided project financing for FPSO (floating production, storage, and offloading) vessel chartering services for developing an offshore oilfield. These loans helped strengthen the international competitiveness of Japanese companies.

Additionally, JBIC provided loans in various local currencies such as the Mexican peso, the Chinese renminbi, the Russian ruble and the Indian rupee in order to further encourage Japanese companies to expand abroad.

### Supporting the Exports of Japanese Companies

JBIC also actively supports the exports of Japanese companies. In FY2018, JBIC provided a buyer's credit to an Indonesian company to purchase a whole set of polyethylene manufacturing plant facilities from a Japanese company. Indonesia faces increasing demand for petrochemical products due to high economic growth. Through this support, JBIC contributes to maintaining and increasing the international competitiveness of Japanese industry in Indonesia's petrochemicals sector.

As for the export of ships, JBIC contributed to maintaining and increasing the international competitiveness of Japan's shipbuilding sector by supporting the export of ships manufactured by Japanese shipbuilders. This also plays a significant role in the development of the Japanese regional economy where mid-tier enterprises and SMEs are engaged in manufacturing materials and components for building ships.



Polyethylene manufacturing plant

### Supporting Overseas Business Deployment of Mid-tier Enterprises and SMEs

Since FY2012, JBIC has enhanced its capability to assist Japanese mid-tier enterprises and SMEs in expanding abroad through its business units dedicated to this purpose at its Head Office and Osaka branch. In FY2018, the number of loans, equity participations and guarantees to mid-tier enterprises and SMEs totaled 66. JBIC encouraged mid-tier enterprises and SMEs to expand to overseas markets through its loans in U.S. dollars and local currencies such as Thai baht or long-term loans in

foreign currencies provided by Japanese regional financial institutions according to the credit lines (TSLs) offered by JBIC. Especially in FY2018, more than half of commitments for loans, equity participation and guarantees to mid-tier enterprises and SMEs was provided in the form of co-financing with regional financial institutions.

JBIC also proactively responded to the local currency needs of the overseas subsidiaries of Japanese mid-tier enterprises and SMEs by providing loans in local currencies such as Thai baht and Chinese renminbi in addition to U.S. dollars and euro.

Besides support in raising funds, JBIC held seminars and consultation meetings across Japan to provide various information from its overseas representative offices such as on overseas investment environment. JBIC encouraged mid-tier enterprises and SMEs to expand their sales channels by utilizing its broad network of contacts around the world, for example, providing business matching opportunities in cooperation with Japanese regional financial institutions and foreign embassies in Japan.



Business matching seminar for mid-tier enterprises and SMEs.

### Meeting the Needs of Japanese Companies

The international economic conditions surrounding Japan, such as political conditions in each country and economic trend in emerging countries, are constantly changing. While responding to these changes accurately, JBIC continues to provide support to maintain and increase the international competitiveness of Japanese industries.

Capitalizing on various financial instruments, the Industry Finance Group will provide further support to Japanese companies which plan to expand overseas. We will also strive to explore and create new business opportunities for Japanese companies that can lead to Japan's sustainable growth particularly in growth areas and new fields, as defined by JBIC's Third Medium-term Business Plan (FY2018–2020), and will continue to play a role in connecting Japan to the world by enhancing its risk-taking capability to finance various projects while responding to the needs of customers in a timely and accurate manner.



## ● Message from the Global Head of the Group



Since the establishment of the Equity Finance Group in October 2016, JBIC has been working to strengthen its equity financing operations. One of the growth strategies of the Japanese government aims to benefit from overseas growth markets. To achieve the government's growth strategy, it is becoming increasingly significant to supply funding through strengthening risk-taking capability. In light of this, JBIC has enhanced its capability in the area of equity financing, such as by establishing JBIC IG Partners (JBIC IG) to provide advisory services regarding overseas investment funds. JBIC has also financed overseas M&A transactions by Japanese companies in the form of equity participation.

One of the basic policies in JBIC Third Medium-term Business Plan (FY2018–FY2020) announced in 2018 is to enhance its risk-taking capability by capitalizing on its strength and characteristics as a policy-based financial institution. The Medium-term Business Plan also designates "Growth areas, new fields" and "M&A" as priority areas to focus on. We are required to supply funding to investments in those high priority fields by means of equity financing.

Under the Medium-term Business Plan, we will continue to proactively support Japanese companies in expanding overseas through our equity financing capacity.

### FUJINO Shinji

Managing Executive Officer  
Global Head of Equity Finance Group

## Business Environment and Key Challenges

### Expansion into Growth Areas, New Fields and Support for Overseas M&A

Amid the progress of innovation, the recent trends of overseas expansion by Japanese companies show a notable move towards utilizing overseas M&A as a way to obtain new technologies and technical know-how from overseas. Japanese industries are going through a major structural shift to the Fourth Industrial Revolution driven by innovation in technology such as IoT and AI. The Japanese government's Future Investment Strategy 2018 (Cabinet decision on June 15, 2018) also states that it is indispensable for Japan's future growth to promote social change through open innovation such as collaboration in the use of technologies, human resources and data across different organizations and sectors.

Looking at global markets, as evidenced by the emergence of IT platformers in the U.S. and China, competition across different industries and that for acquiring the market of new innovative technologies is expected to intensify further. Under such circumstances, it is an immediate need that Japanese industries make strategic efforts towards promoting innovation.

M&A activities by Japanese companies aimed at acquiring overseas markets and meeting their demand become more important because of Japan's structural issues such as a decreasing birthrate and an aging population as well as a shrinking labor force. Amid intense competition for acquiring foreign markets, overseas M&A activity is one of the important means adopted by Japanese companies

for accelerating growth. Under such conditions, overseas M&A activities by Japanese companies in 2018 reached a record high of 777 deals<sup>1</sup>. It is important to continue to supply funds in response to the needs of Japanese companies for M&A.

In light of these changes in the external environment, JBIC will support Japanese companies in conducting M&A activities in growth areas, new fields, in the form of equity participation as well as fund investment through JBIC IG Partners.

1. Source: RECOF M&A DATABASE



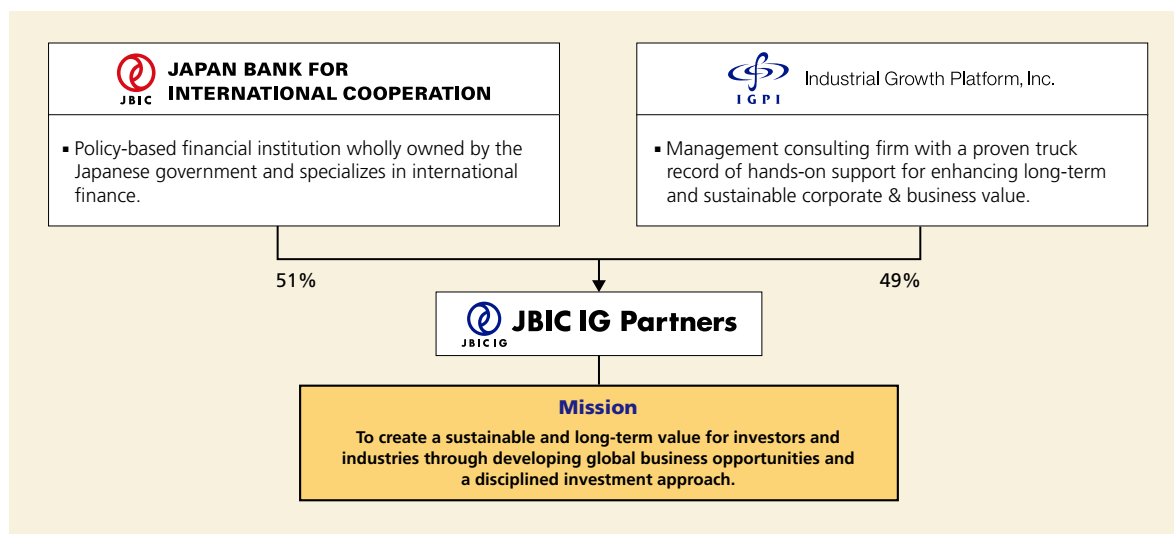
### Overview of JBIC IG Partners (JBIC IG)

JBIC IG is an investment advisory firm established in June 2017, by JBIC and Industrial Growth Platform, Inc. (IGPI). JBIC IG applies the respective strengths of JBIC and IGPI as follows: JBIC has knowledge and experience of financing international projects as Japan’s policy-based financial institution; IGPI has the knowledge of

investment business and broad experience in providing companies with hands-on support for long-term, sustainable growth in corporate and business value. JBIC IG aims to create long-term, sustainable value for Japanese investors and industries through the development of global business opportunities and a disciplined investment approach.

### About JBIC IG Partners

JBIC IG Partners is an investment advisory firm established by JBIC and IGPI.



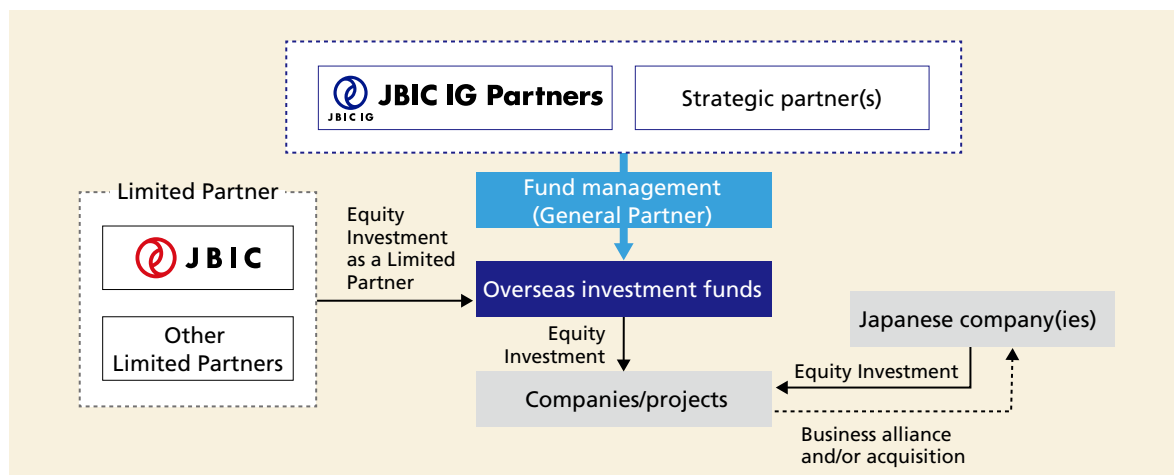
### Business Model of JBIC IG

JBIC IG composes overseas funds by partnering with foreign sovereign wealth funds (SWF) and international investors, through investment advisory services to overseas funds. As its first effort, JBIC IG entered into a co-investment framework agreement with the Russian

Direct Investment Fund. In January 2019, JBIC IG established a venture capital fund with AS BaltCap, the largest fund manager in the Baltic region. JBIC IG will continue to provide added value to Japanese industry through the creation of new investment funds.

### Overview of JBIC IG Partners' Investment Structure

JBIC makes equity investments in overseas companies through investment in funds that JBIC IG Partners launched in collaboration with overseas partners.



## JBIC's Activities

### Strengthening JBIC's Capability of Equity Financing

#### Promoting Open Innovation and Acquiring Overseas Technologies by Japanese Companies

To support open innovation of Japanese companies through investment in funds, JBIC made equity investment in JB Nordic Fund I SCSp (JB Nordic), a venture capital fund investing in early stage start-ups in the Nordic and Baltic region.

The Nordic and Baltic region is establishing itself as one of the world's start-up hubs thanks to the existence of numerous unicorn companies (unlisted companies with corporate value of \$1 billion or higher) and vibrant entrepreneurial spirit in the region. Under such circumstances, JBIC IG launched JB Nordic in cooperation with AS BaltCap, the largest fund manager in the Baltic region. In addition to JBIC, Omron Corporation, Panasonic Corporation<sup>2</sup> and Honda Motor Co., Ltd. also invest in the Fund. The aim of the Fund is not only to invest in deep-tech companies in the region, but also to create opportunities for those Japanese investors to invest in or form business alliances with local companies in the region.



An event in Helsinki for introducing the fund

JBIC and Dentsu Inc. (Dentsu) made a joint investment in DAZN Group Limited (DAZN, former Perform Group Limited), of the U.K. DAZN is a global market leader in the commercialization of sports content across multiple digital and broadcast platforms. With this investment in DAZN, Dentsu plans to strengthen their international advertisement business using digital technology, as well as their sports business.

JBIC supported JX Nippon Mining & Metals Corporation (JXNMM) by financing part of funds required for purchasing all shares in H.C. Starck Tantalum and Niobium GmbH (HCS TaNb), a German company. HCS TaNb is one of the world's leading companies in the development, production and distribution of tantalum and niobium products (high-purity metal powder), a type of rare metal, which are widely used in the Japanese electronics industry. Through the acquisition of HCS TaNb shares, JXNMM seeks to reinforce its business in the area of advanced materials by utilizing HCS TaNb's competitive technological and marketing capabilities.

### Support for Securing Important Resources through Equity Investments

In order to support the overseas business expansion by Japanese companies and secure the supply source of mineral resources to Japan, JBIC made equity participation in Vietnam Rare Elements Chemical Joint Stock Company (VREC), a Vietnam-based company invested by Daiichi Kigenso Kagaku Kogyo Co., Ltd. (DKKK).

DKKK holds the world's top-class share in production of zirconium compounds, a main raw material for ceramic products such as automobile emissions purification catalysts. The purpose of the investment in VREC is to provide necessary funds for DKKK to manufacture zirconium oxychloride used as a raw material of zirconium compounds at a plant of VREC and to export this to Japan.

Support for DKKK to secure their procurement route of zirconium oxychloride helps them expand their business in Vietnam as well as secure the stable supply of zirconium, a strategically important mineral resource for Japan.



VREC's new plant to be built

2. Panasonic Corporation commits to the Fund through its subsidiary.

### **3** Examples of Business Outcomes in FY2018

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# Overview of Business Outcomes by Region

## Geographical Distribution of Loan and Equity Participation Commitments

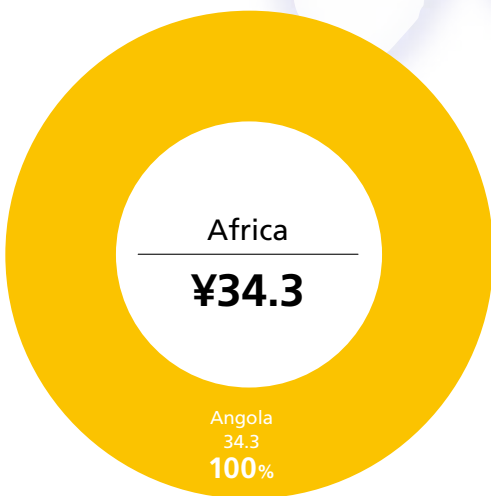
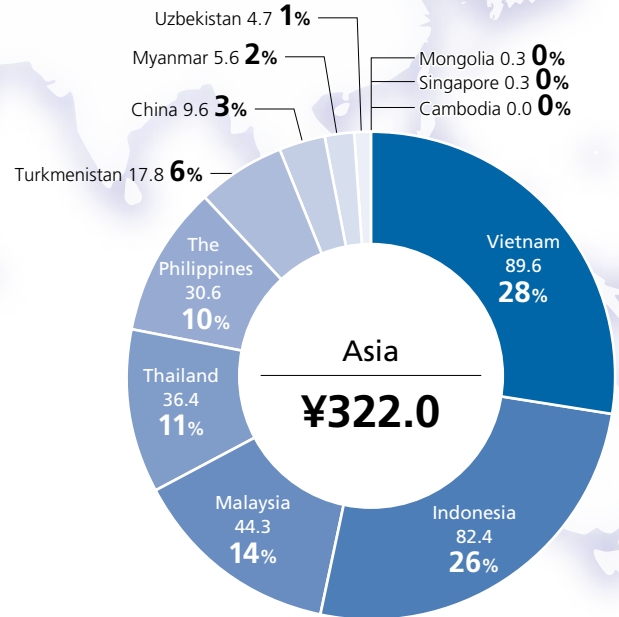
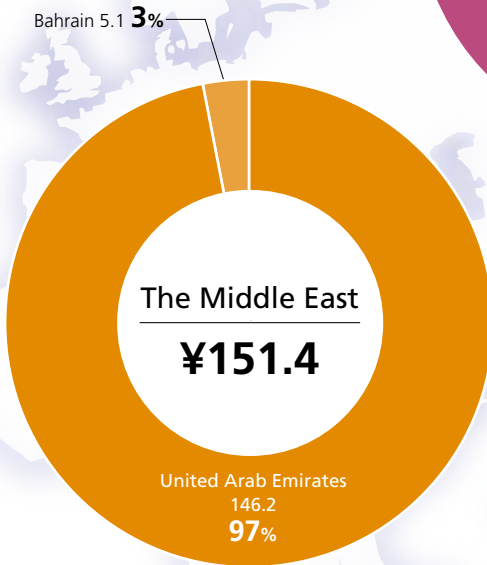
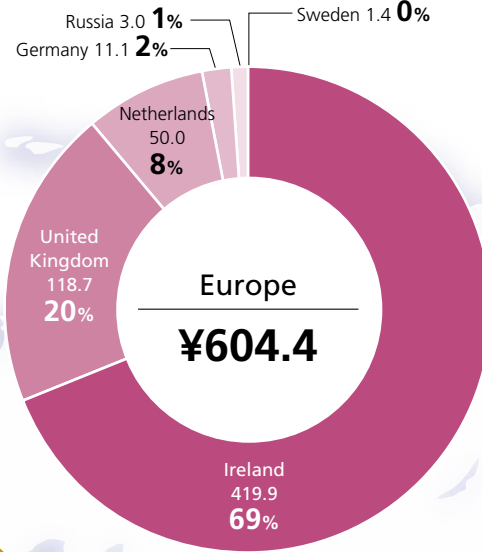
(FY2018; unit: billions of yen)

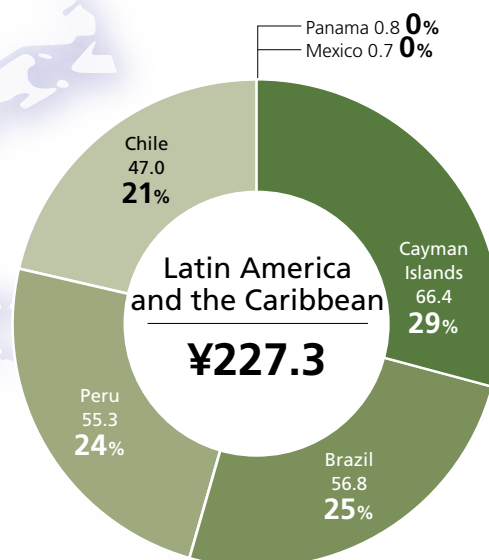
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Examples of Business Outcomes in FY2018

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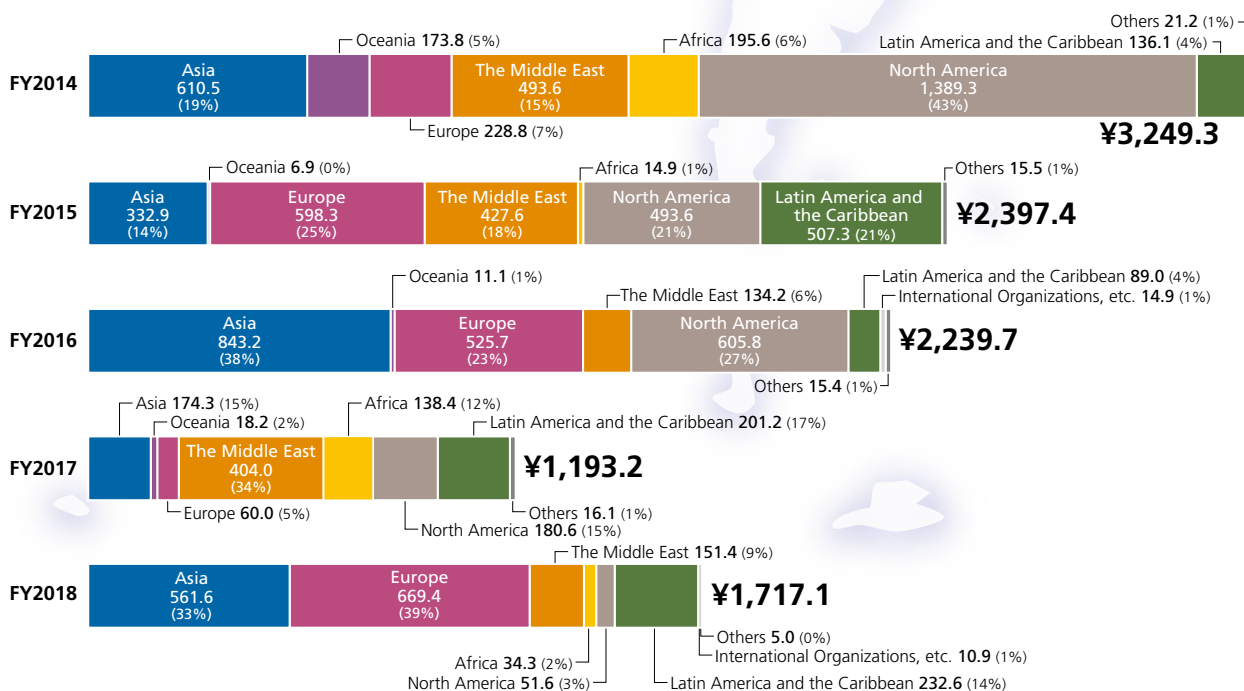
Overview of Business Outcomes by Region





### Transition in Composition of Commitments by Region (Loans, Equity Participations, and Guarantees) over the Last 5 Years

(Unit: billions of yen)





## Asia



## Mongolia

### Financing for Silica Mining and Melt-Processing

Supporting the overseas business development of Japanese mid-tier Enterprises and SMEs

JBIC concluded a loan agreement with Megatech Corporation, a small and medium-sized enterprises that repairs and maintains steel plants. The company's subsidiary, Megatech Manufacturing Mongolia LLC (MMM), needs funds for mining and melt-processing of silica in Mongolia's Dornogovi Province. The financing will be used to construct a processing plant.

After mining and melt-processing, silica is used in a wide range of products such as semiconductors, glass items, and tires. Since Megatech uses processed silica for repairing steel furnaces and other purposes, it established MMM in 2015 in anticipation of growing demand for processed silica. The loan supports Megatech's overseas business deployment.



## Indonesia

QI-ESG<sup>1</sup> project

### Project Financing for Jawa1 Gas-to-Power Project

First project financing to support Japanese companies participating in gas-to-power project in Asia

PT. Jawa Satu Power (JSP) is an Indonesian joint venture owned by Marubeni Corporation, Sojitz Corporation and PT. Pertamina (Persero), the Indonesian state-owned oil company, while PT. Jawa Satu Regas (JSR) is an Indonesian joint venture owned by Marubeni Corporation, Sojitz Corporation, Mitsui O.S.K. Lines, Ltd., PT, Pertamina, and others. JBIC concluded loan agreements for project finance<sup>2</sup> with JSP and JSR to fund a Jawa1 gas-to-power project in Indonesia.

In this project, electric generation and gas-related facilities will be developed in an integrated manner in West Java, Indonesia. JSP will build, own, and operate the gas-fired combined-cycle thermal power plant, while JSR will build, own, and operate an offshore floating LNG storage and regasification unit to supply gas to the power plant on shore. This project plans to sell the produced electricity to the state-owned power utility in Indonesia.

This is the first project financing provided for gas-to-power projects to be implemented in Asia as well as the first time for JBIC to finance such a project.



## Malaysia

### Financing for Acquisition of IHH Healthcare Berhad Shares in Malaysia

Supporting overseas M&A of Japanese company in the healthcare field

JBIC concluded a loan agreement with Mitsui & Co., Ltd. (Mitsui), providing partial funding for it to acquire additional shares of IHH Healthcare Berhad (IHH), Asia's largest private hospital group. As a result of this acquisition, Mitsui became the largest shareholder of IHH.

IHH is engaged in healthcare businesses such as hospital management and outsourced operation as well as management of medical education facilities in Asia, central and eastern Europe, and the Middle East. It provides medical services mainly for advanced treatment. Mitsui will increase involvement in IHH management through additional share acquisition. It will also create new businesses such as telemedicine by utilizing innovative technology and construction of hospital-related businesses with potential of high market growth. The aim is to build-out and expand Asia's largest healthcare ecosystem.

The financing supports new business expansion and overseas business deployment by a Japanese company, by providing the capital for overseas M&A activities.

1. QI-ESG is an abbreviation for "Global Facility to Promote Quality Infrastructure Investment for Environmental Preservation and Sustainable Growth" (see page 57)

2. Project finance is a financing scheme in which repayments for a loan are made solely from the cash flows generated by the project.



## Myanmar

QI-ESG project

### Loan for Development and Operation of Multifunctional Real Estate Complex Project

Supporting overseas business deployment of Japanese companies

JBIC concluded a loan agreement with Yangon Museum Development Pte. Ltd. (YMD), a company established in Singapore by Tokyo Tatemono Co., Ltd., Fujita Corporation, and the Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN). This loan is intended to finance the company's development and operation of multifunctional real estate complex to be built in Yangon, Myanmar, consisting of a hotel, serviced apartments, offices, and commercial facilities.

Through this project, Tokyo Tatemono and Fujita will provide services such as Japanese quality office and living spaces for customers, including Japanese companies expanding to Myanmar. The companies plan to gain their know-how in the overseas real estate business in addition to increasing their earnings. This project will install the building energy management system (BEMS) as in the latest style buildings in Japan. This project will thus contribute to global environment preservation through the efficient use of energy throughout buildings.



## The Philippines

### Partial Acquisition of Publicly Offered Samurai Bonds Issued by the Government of the Philippines and Signing of MOU

Supporting vitalization of the Samurai bond market and strengthening cooperation with the Government of the Philippines

JBIC partially acquired publicly offered yen-denominated foreign bonds (Samurai bonds)<sup>3</sup> issued by the government of the Philippines in the Tokyo bond market, through JBIC's financing facility, the Guarantee and Acquisition toward Tokyo market Enhancement (GATE)<sup>4</sup>. JBIC partially acquired such Samurai bonds issuance by the government of the Philippines, following its support with a guarantee in March 2010. Through such phased issuance of the Samurai bonds, the government of the Philippines maintains and increases its presence as the issuer in the Tokyo bond market. Such foreign issuers' active participation in the Tokyo market is expected to provide broader investment opportunities for Japanese investors and stimulate the Samurai bond market.

In addition, JBIC signed a memorandum of understanding (MOU) with the government of Philippines to enhance strategic cooperation for infrastructure development in the Philippines. This MOU aims to further strengthen close cooperation and partnership that has been fostered between the government of the Philippines and JBIC, with the objective of encouraging Japanese companies to participate in infrastructure development in the Philippines.



## Vietnam

### Equity Participation in a Vietnamese Company to Secure Strategic Mineral Resources

Supporting overseas business development and securing stable supplies of mineral resources for Japanese companies

JBIC concluded a shareholders' agreement with Daiichi Kigenso Kagaku Kogyo Co., Ltd. (DKKK) and other shareholders for an investment in Vietnam Rare Elements Chemical Joint Stock Company (VREC).

With a background of technological strength in refining and manufacturing zirconium compounds, DKKK holds the world's top class share in production output of these compounds<sup>5</sup>. This transaction is intended to support, through JBIC's investment, the provision of funds necessary for DKKK's consolidated subsidiary, VREC, to manufacture zirconium oxychloride, which is used as a raw material of zirconium compounds and export it to Japan.

Zirconium is listed as one of the Strategic Mineral Resources marked for prioritized effort in the Japanese government's Strategy for Securing Natural Resources, as it is essential to ensuring the competitiveness of the chemical industry. This transaction contributes to DKKK's overseas business development as well as the stable supply of zirconium, a strategic mineral resource.



3. Samurai bonds are yen-denominated bonds issued by foreign governments or companies in the Tokyo bond market.

4. The Guarantee and Acquisition toward Tokyo market Enhancement (GATE) facility supports the issuance of Samurai bonds through partial guarantees or partial acquisition by JBIC.

5. Zirconium compounds used for various industrial products such as industrial catalysts and automobile catalytic converters, electronic materials and oxygen sensors, refractory and brake materials, fine ceramics, and solid electrolytes for fuel cells.

## Asia



### Turkmenistan

#### Buyer's Credit for Government of Turkmenistan

##### Supporting export of gas-fired power plant facilities by Japanese companies

JBIC concluded loan agreements on buyer's credit (export loans) with the government of Turkmenistan. These loans are intended to provide financing for Turkmenenergo, Turkmen State Power Corporation, to purchase a full set of facilities from Sumitomo Corporation and construct a gas-fired power plant in Lebap Region, Turkmenistan. The gas turbine and generator to be installed at the power plant as the main equipment are manufactured by Mitsubishi Hitachi Power Systems, Ltd.

During Japan-Turkmenistan Summit Meeting in October 2015, the Japanese Government declared its cooperation towards the realization of the efficient utilization of Turkmenistan's energy and resources in the "Japan-Turkmenistan Joint Statement". The loans provided by JBIC to support the export of Japanese-made gas-fired power generation plant equipment are therefore in line with this initiative of the Japanese and Turkmenistan governments. Furthermore, this financial support will create business opportunities for Japanese companies in the infrastructure sector of Turkmenistan, thus contributing to maintaining and strengthening the international competitiveness of Japanese industries.



### Uzbekistan

#### Export Credit Line for the National Bank for Foreign Economic Activity of the Republic of Uzbekistan

##### Supporting export of equipment related to Uzbekistan's backbone telecommunication network system by Japanese companies

JBIC concluded an export credit line agreement with the National Bank for Foreign Economic Activity of the Republic of Uzbekistan (NBU). This credit line is intended to provide funds, through NBU, to Uzbektelecom JSC, a state-operated telecommunications company, for the purchase of a complete backbone telecommunication network system manufactured by NEC Corporation etc. from Toyota Tsusho Corporation.

Uzbekistan has been promoting high-speed, high-capacity telecommunications by updating the backbone telecommunication network system, responding to the progress of information technology and the growing popularity of smartphones. Through offering support by financing the export of high quality telecommunications equipment from Japan, this credit line will contribute to the capacity upgrade of Uzbekistan's backbone telecommunication network system.

## Europe

### Nordic and Baltic Region

#### Equity Participation in Fund that Invests in Deep-Tech Companies in Nordic and Baltic Region

Supporting Japanese companies in strengthening international competitiveness through investments in venture capital fund

JBIC concluded an agreement for equity participation in JB Nordic Fund I SCSp (the Fund). The fund is jointly established as a venture capital fund and managed by AS BaltCap, a leading fund manager in the Baltic States based in Estonia, and JBIC IG Partners<sup>1</sup>. The fund intends to invest in deep-tech startups in the Nordic and Baltic region<sup>2</sup>.

The Nordic and Baltic region has been establishing itself as a leading hub for deep-tech startups. OMRON Corporation, Panasonic Corporation<sup>3</sup> and Honda Motor Co., Ltd. have also committed to the fund as strategic investors. The fund will invest in deep-tech startups in the Nordic and Baltic region, while promoting business partnership opportunities between the startups and Japanese companies and investors. In this way, JBIC is supporting the overseas business strategies of Japanese companies.



Fund launching event in Helsinki



### United Kingdom

#### Equity Participation in DAZN Group Limited

Supporting Japanese companies' overseas business expansion

JBIC concluded a shareholders' agreement with Dentsu Inc. (Dentsu) for a joint investment in DAZN Group Limited (DAZN, former Perform Group Limited).

DAZN is a global market leader in the commercialization of sports content across multiple digital and broadcast platforms. With this investment, Dentsu plans to strengthen their international advertisement business using digital technology, as well as their sports business.

Changes in the business environment surrounding Japan are growing ever more rapid and disruptive, following worldwide trends such as the fourth industrial revolution. In Japan's industrial sector, efforts to improve productivity that go beyond the borders of existing industries, as well as the pursuit of leading-edge technology and innovation, have become urgent issues. In this project, JBIC supports Dentsu's efforts to strengthen their international advertisement business using digital technology, thereby contributing to maintaining and strengthening the international competitiveness of the Japanese industry.



### Ireland

#### Loan for Acquisition of Shire plc by Takeda Pharmaceutical Company Limited

Supporting overseas M&A of Japanese companies in the pharmaceutical industry

JBIC concluded a loan agreement with Takeda Pharmaceutical Company Limited (Takeda), to finance part of the funds required for acquiring Shire plc (Shire) in Ireland.

Shire has strength in pharmaceuticals for rare diseases and plasma-derived therapies<sup>4</sup>, the demand for which is expected to grow. This biopharmaceutical company also has multiple leading brands and new drug pipelines in the gastroenterology (GI) and neuroscience areas. Through the acquisition, Takeda has five focus areas: gastroenterology (GI), rare diseases, plasma-derived therapies, oncology (cancer), and neuroscience. In addition, Shire has a sizable sales share in the U.S. market, which is the largest market in the world and expected to continue to grow at a high rate. The acquisition makes it possible to gain further driving force for growth overseas.

The loan helps a Japanese company to promote new and existing business development overseas by providing it with long-term foreign currency funding necessary for M&A activities outside Japan.



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1. JBIC IG partners established in June 2017 by JBIC and Industrial Growth Platform, Inc. for the purpose of providing advice to overseas investment funds.  
 2. The region comprises eight countries: Finland, Sweden, Denmark, Norway, and Iceland (the Nordic countries) and Estonia, Latvia, and Lithuania (the Baltic countries).  
 3. Panasonic Corporation commits to the Fund through a subsidiary.  
 4. Products manufactured by separating and refining from human blood plasma various types of plasma protein necessary for treatment.

## Middle East



### Bahrain

#### Export Credit Line for Aluminium Bahrain B.S.C. (Alba) in Bahrain Providing Support for Export of Aluminium Smelting Equipment from Japan

JBIC concluded a general agreement offering an export credit line<sup>1</sup> with Aluminium Bahrain B.S.C. (Alba) of Bahrain. Alba is one of the largest aluminium smelters in the Middle East. The loan was extended to Alba to finance the purchase of a full set of equipment necessary for its brownfield Line 6 Expansion Project. In this project, Fuji Electric Co., Ltd. supplied the world's largest rectifiers and ancillary equipment while Sumitomo Corporation delivered carbon cathodes manufactured by SEC Carbon Limited, which are used in the electrolysis of alumina to produce aluminium.

In pursuit of the vision of building a nation that does not depend on oil resources, Bahrain is aiming to grow its economy by developing non-petroleum sectors through industrial diversification. This loan is in line with the policies of the government of Bahrain and will contribute to the Japanese industry in maintaining and enhancing its international competitiveness by further facilitating machinery and equipment exports from Japan.



### United Arab Emirates

QI- ESG project

#### Buyer's Credit and Project Finance for the Power Sector in Sharjah, UAE Supporting Overseas Infrastructure project under the QI-ESG

JBIC concluded a buyer's credit loan agreement with Sharjah Electricity and Water Authority (SEWA) of the Emirate of Sharjah. This loan provides financing for the purchase of a complete set of power generation equipment, including the gas turbine, manufactured by Mitsubishi Hitachi Power Systems, Ltd. This is JBIC's first loan provided to Sharjah.

JBIC also concluded a loan agreement with Sharjah Hamriyah Independent Power Company PJSC (SHIPCO) in the UAE, in which Sumitomo Corporation and Shikoku Electric Power Company, Incorporated hold an equity stake. JBIC provides project financing for the Hamriyah Gas-fired Combined Cycle Power Plant located in the Emirate of Sharjah. Under this project, SHIPCO will build, own, and operate the gas-fired combined cycle power plant and sell electricity to SEWA once the plant becomes operational. It is the first Sharjah's independent power producer (IPP)<sup>2</sup> project.

The Emirate of Sharjah is expected to enjoy stable economic growth. On the other hand, the response to increasing demand for electricity due to growing economy becomes an issue to be addressed in the emirate. JBIC will contribute to a stable power supply to the emirate through financing for the export of power generation equipment by Japanese companies and projects where they participate.



1. An export credit line is a form of export credit in which JBIC offers credit lines up to a certain amount for foreign banks or corporations which plan to purchase equipment and associated services from Japan.  
2. An IPP (Independent Power Producer) is an independent producer of electric power who builds and operates power facilities, and generates electric power available for sale.





## United Arab Emirates

### Loan for Acquiring Interests in Offshore Oil Field in Abu Dhabi

Contributing to stable supply of energy resources for Japan

JBIC concluded a loan agreement with Inpex Corporation (INPEX) to provide necessary funds for it to acquire interests in the Lower Zakum offshore oil field in the Emirate of Abu Dhabi. JBIC also concluded a loan agreement with Japan Oil Development Co., Ltd. (JODCO), a subsidiary of INPEX, to finance the extension of interests held by JODCO in the Satah and Umm Al-Dalkh offshore oil fields located in the emirate.

In the Fifth Strategic Energy Plan, the Japanese government maintains the goal of increasing its self-development ratio<sup>3</sup> of oil and natural gas to 40% or more by 2030. According to the Plan, Abu Dhabi is vital to Japan's resource strategy as the emirate allows the entry of foreign companies on the basis of concession agreements. JBIC has indirectly supported Japanese companies' interest acquisitions in Abu Dhabi through its activities such as signing of a memorandum of understanding with Abu Dhabi National Oil Company (ADNOC) which manages Abu Dhabi's oil and gas businesses. In line with these efforts, this loan contributes to enhancing its self-development ratio.



## Africa



## Angola

### Export Credit Line for the Government of Angola

Supporting export of equipment and services related to the harbor Sector by Japanese companies

JBIC concluded a general agreement with the government of Angola to provide an export credit line. Based on this agreement, two loan contracts were also concluded.

The credit line is intended to provide funds for the Angolan government to import machinery and equipment from Toyota Tsusho Corporation and TOA Corporation services for use in relation to the Namibe Comprehensive Development Project, which includes two projects being carried out by Angola's Ministry of Transport: the Namibe Port Expansion for New Container Terminal Project and the Sacomar Iron Ore Export Terminal Rehabilitation Project.

In Angola, the optimization of logistics through establishing logistics bases in the southern part of the country and the acquisition of foreign currencies by promoting mineral resource exports are important issues. Therefore, these two projects are recognized among the highest-priority projects in Angola's public investment plan. In addition to contributing to the development of the ports of Angola, these projects will contribute to maintaining and enhancing the international competitiveness of Japanese industry by promoting the export of port-related equipment to the country by Japanese companies.



3. The ratio of the value of oil and natural gas transactions pertaining to the stake owned by Japanese companies to the total value of oil and natural gas imported into or produced in the country.

## Latin America



### Brazil

#### Project Financing for FPSO Operation Project

Supporting offshore resource development business and strengthening international competitiveness of Japanese companies

JBIC concluded a loan agreement with Dutch company Libra MV31 B.V. (LMV31) incorporated by MODEC, Inc. (MODEC), Mitsui & Co., Ltd., Mitsui O.S.K. Lines, Ltd., and Marubeni Corporation. The loan is in the form of project finance to finance long-term FPSO<sup>1</sup> vessel chartering services, to be provided to Petróleo Brasileiro S.A. (Petrobras), a state-owned oil company in Brazil for developing the Mero oil field<sup>2</sup> in the Libra Block located off the coast of Brazil.

This loan will strengthen the international competitiveness of Japanese companies in offshore resource development by helping them acquire and improve technologies, management practices, and know-how regarding the operation of FPSO systems.



An FPSO vessel of the same type used in the project. (provided by MODEC, Inc.)



### Chile

#### Loan for Los Pelambres Copper Mine Expansion in Chile

Supporting Japanese Companies' Long-term, Stable Supplies of Copper Concentrate

JBIC concluded a loan agreement with the Chilean corporation Minera Los Pelambres (MLP) to finance the expansion of the Los Pelambres copper mine.

This loan is intended to provide long-term financing for the capital investment required to build an additional concentrator and desalinated water supply facilities to reinforce the ore processing capacity at the Los Pelambres copper mine, located in the Coquimbo Region in Chile. The project will be undertaken by MLP, which is owned by UK-listed Antofagasta PLC, JX Nippon Mining & Metals Corporation, Mitsubishi Materials Corporation, Marubeni Corporation and Mitsubishi Corporation.

Copper is an essential metal for Japanese industries. Since Japan relies solely on imports for copper concentrates, it is an urgent challenge to secure a long-term, stable supply of copper resources. JBIC will continue to actively support Japanese companies' development and procurement of minerals and other natural resources and provide financing to ensure a stable mineral resources supply to Japan by drawing on its various financial facilities and schemes.



### Peru

#### Loan for Quellaveco Copper Mine Development Project in Peru

Contributing to Stable Supplies of Copper Resources by Supporting Japanese Company's Large-Scale Copper Mine Development Project

JBIC concluded a loan agreement with Mitsubishi Corporation for its Quellaveco Copper Mine Development Project. This loan is intended to provide part of the funds which Mitsubishi will provide for the project. The project is undertaken by Anglo American Quellaveco S.A., a Peruvian subsidiary of Mitsubishi and British company Anglo American plc, one of the leading mining companies. Mitsubishi owns 40% interest in the Quellaveco Copper Mine, and will offtake the equivalent proportion of the copper ore produced, which it plans to supply to smelters including Japanese ones.

Since Japan relies solely on imports for copper concentrates, it is an urgent challenge to secure a long-term, stable supply of copper resources. The Strategic Energy Plan set the goal of achieving at least 80% self-sufficiency for base metals by 2030. This project supports the additional development of a copper mine in which Japanese companies hold interests and, as such, is in line with the Japanese government's policies.



1. A floating production, storage and offloading (FPSO) system is a floating vessel for the first-stage processing of crude oil produced at the oil well. It separates associated gas and water, stores, and offloads the oil.  
2. This oil field is located in the pre-salt layer of the Santos Basin, which is approximately 180 kilometers off the southeast coast of the state of Rio de Janeiro.



## Mexico

### MOU with Petróleos Mexicanos

Supporting Japanese companies' participation in oil and gas development and energy-related infrastructure business

JBIC concluded an MOU to strengthen the institutional cooperation in the oil and natural gas, energy-related infrastructure, and environment fields with Petróleos Mexicanos (PEMEX), the Mexican state-owned petroleum company, at the seventh annual meeting on policy dialogue with the Mexican Government.

This MOU aims to hold periodic discussions between JBIC and PEMEX and further enhance cooperation. The MOU also intends to promote Japanese companies' participation in upstream development and oil refinery upgrading business run by PEMEX in Mexico.

As Japan's policy-based financial institution, JBIC will continue to support the overseas development and acquisition of natural resources by Japanese companies and contribute to the creation of business opportunities for Japanese companies to participate in and to further deepen and develop the economic relationship of Japan and Mexico.



## Mexico

### Loan for Manufacturing and Sales of Automobile Parts

Supporting overseas business deployment of Japanese automobile component manufacturers through local currency financing

JBIC concluded a loan agreement with Molitec Steel Mexico, S.A. de C.V. (MSM), a Mexican subsidiary of MOLITEC STEEL CO., LTD. (MOLITEC). This loan is intended to finance for MSM's manufacturing and sales of automobile components, in particular continuously variable transmission parts, in the state of Aguascalientes in West-Central Mexico.

Mexico is a major automobile manufacturer and exporter for North America. Japanese and foreign-affiliated manufacturers of automobile-related products are developing their business in the market, and further increases in demand for automotive components are expected. Amidst this environment, MOLITEC founded MSM in 2013, and is now increasing its production capacity in order to expand its sales of automotive components in Mexico. This local currency loan is intended to support the company in expanding its overseas business.



## Argentina

### Export Credit Line for Banco de la Nación Argentina

Supporting export of infrastructure-related equipment to Argentina by Japanese companies

JBIC concluded a general agreement with Banco de la Nación Argentina (BNA), the largest commercial bank in Argentina, regarding the provision of an export credit line.

This credit line is intended to provide financial support to local companies in Argentina that require funding to purchase infrastructure-related equipment from Japanese companies and their overseas affiliates. Financing will be carried out through BNA, which will extend medium/long-term loans denominated in Japanese yen or U.S. dollars. This credit line will facilitate the expansion of business transactions between Argentina and Japanese companies, and the expansion of exports to Argentina from Japan.

In Argentina, there are prospects for enlarging business opportunities, mainly in the field of infrastructure and energy. The credit line is expected to boost the exports of Japanese companies to Argentina.



# Examples of Business Outcomes Relating to Support for Mid-tier Enterprises and SMEs

JBIC supports mid-tier enterprises and SMEs in a wide range of industries with their overseas business deployment.

3

Examples of Business Outcomes in FY2018

3

Examples of Business Outcomes Relating to Support for Mid-tier Enterprises and SMEs

## China

### Tsujitomi & Co., Ltd. (Shiga Prefecture)

#### Nonwoven Fabric Manufacturing and Sales Business

Tsujitomi is engaged in the manufacture and sale of nonwoven fabrics such as automotive materials as well as civil engineering and construction materials. In 2002, it established JIAXING HUALI NON-WOVEN FABRIC CO., LTD. (JHN) in Zhejiang Province, China, to manufacture and sell nonwoven fabrics for automobile interiors and etc. By expanding JHN's production capacity, Tsujitomi seeks to increase its market share in China, where the nonwoven fabrics market is expected to expand on the back of a growing automotive market. JBIC provided JHN with the funds necessary to expand its production capacity.



## Cambodia Vietnam

### NAKAZAWA GROUP (Shiga Prefecture)

#### Wristwatch Sales and Repair Business

NAKAZAWA GROUP is engaged in the sale and repair of wristwatches. By establishing NAKAZAWA VIETNAM CO., LTD. (NKV) in Vietnam in 2013 and NAKAZAWA (CAMBODIA) CO., LTD. (NCC) in Cambodia in 2014, NAKAZAWA GROUP started business in both countries where consumer spending is expected to rise with a growing middle class. NAKAZAWA GROUP seeks to expand its sales share by opening new stores. JBIC provided the funds necessary for NKV to open its fourth store in Vietnam, and for NCC to open its second store in Cambodia.



Cambodia



Vietnam

## Indonesia

### NIKKATSU ELECTRIC WIRE WORKS, LTD. (Aichi Prefecture)

#### Electric Wire and Cable Manufacturing and Sales Business

NIKKATSU ELECTRIC WIRE WORKS (NIKKATSU) is engaged in the manufacture and sale of electric wire, cable and etc. In 1995, it established PT. SURYAMULYA BANGUN INDO (SMBI), which conducts manufacture and sale of electric wire and cable for elevators in Indonesia. With demand for elevators expected to expand, on the back of economic growth in ASEAN countries, NIKKATSU seeks to expand its overseas production through SMBI. JBIC supports NIKKATSU's globalization effort by guaranteeing a cross-border loan from the Aichi Bank, Ltd. to SMBI, and providing loan to the Aichi Bank based on its preset credit line\*.

\*In March 2019, JBIC concluded a credit line with the Aichi Bank to support the overseas business deployment of Japanese mid-tier enterprises and SMEs as well as M&A transactions involving Japanese companies.



## Indonesia

### Hanken Works Ltd. (Nara Prefecture)

#### Manufacture and Sales of Tanks for Construction Machines

Hanken Works is engaged in the manufacture and sale of tanks for construction machines. In 1995, it established PT HANKEN INDONESIA (HKI) in Indonesia. With demand for construction machines is expanding on the back of economic growth in Indonesia and neighboring countries, Hanken Works seeks to expand its overseas production through HKI. JBIC supports HKI's cross-border borrowing by concluding a loan agreement\* and a guarantee agreement with the Hokkoku Bank, Ltd. for the funds necessary to purchase additional facilities.

\*An agreement concluded with the Hokkoku Bank in February 2019, based on an investment credit line to support the overseas business deployment of Japanese mid-tier enterprises and SMEs as well as M&A transactions involving Japanese companies.





**Myanmar**

**SUNTECH Co., Ltd. (Kagawa Prefecture)**

Plant Machinery and Equipment Manufacturing and Sales Business

**TAKAHATA Inc. (Kagawa Prefecture)**

Switchboard and Power Controller Manufacturing and Sales Business

SUNTECH, which manufactures and sells a wide range of plant machineries and equipment mainly made of stainless steel, and TAKAHATA, which manufactures and sells switchboards, power controllers and etc., established the joint venture Mooz & Company Myanmar Limited (MCM) in Myanmar. Development of transportation and electricity infrastructure is expected to grow in Myanmar, and MCM seeks to enter and capture a market share of the gasoline stand gas tanks and electrical distribution systems. JBIC provided SUNTECH and TAKAHATA with the funds necessary to establish MCM.



**The Philippines**

**MJK Ltd. (Aichi Prefecture)**

Plastic Molded Parts Manufacturing and Sales Business

MJK is engaged in the manufacture and sale of plastic molded parts and wire harnesses, mainly for automobiles. In the Philippines, the market for automotive parts is expected to expand on the back of economic growth in Asian countries. MJK established MJA MOLD PHILS. INC. (MJAM) to expand its business. JBIC provided MJAM with funds necessary in its business of manufacturing and selling plastic injection-molded pieces for automotive parts. The funds were used to increase production equipment.



**Thailand**

**JET8 Co., Ltd. (Tokyo)**

International Freight Transport Business

JET8's main business area is international logistics hang on advantage of temperature-controlled transport. In 2009, it established JET8 (Thailand) Co., Ltd. (J8TH) in Thailand and has engaged in many transportation projects for cargo such as medical products, vaccines, and medical samples. In addition to expanding its capacity and upgrading its temperature-controlled logistics services, J8TH seeks to expand its business into logistics service supporting import and export of refrigerated cargo as well as temperature-controlled supply chains among third-countries and within Thailand. JBIC provided J8TH with Thai baht-denominated funds necessary to expand its capacity.



**Thailand**

**TATSUMI SHOKAI Co., Ltd. (Osaka Prefecture)**

General Logistics Business

TATSUMI SHOKAI is engaged in marine transportation, warehousing, harbor transportation, land transportation, and air freight forwarding. It has established a global logistics network with local subsidiaries in Southeast Asia as well as in Europe and the U.S. In light of growing demand for logistics in Thailand, it established a local subsidiary in 2017 to conduct warehouse operations. It mainly stores and transports components and finished products for Japanese companies. Through its local subsidiary in Thailand, it has also acquired shares in a tank terminal operator to acquire a customer base and to expand its logistics business in Thailand. JBIC provided TATSUMI SHOKAI with the funds to establish the local subsidiary, and also provided the local subsidiary in Thailand with funds for acquiring shares in a Thai corporation.





**Thailand**

**MARUESU Corporation  
(Osaka Prefecture)**

**Food Processing and Sales Business**

MARUESU is engaged in the manufacture and sale of snacks such as fried squid. With firm economic development driving growth in demand for luxury grocery items in Southeast Asia, it established MARUESU FACTORY (THAILAND) CO., LTD. (MFT) in Thailand and seeks to expand the market, through Japanese retailers, for products adapted to local tastes. JBIC provided MFT with Thai baht-denominated funds necessary for its food processing and sale business.



**Thailand**

**VS Technology Corporation (Tokyo)**

**Industrial Lenses and Lighting Manufacturing and Sales Business**

VS Technology is engaged in the manufacture and sale of industrial lenses and inspection lighting for factory production lines in a wide range of manufacturing industries. As the automation of operational processes progresses in manufacturing industries, including the automobile industry, demand for these products is anticipated to expand in the future. VS Technology therefore established VS Technology (Thailand) Co., Ltd. (VSTT) to expand its business abroad. JBIC provided VSTT with funds necessary for expanding production in its industrial lenses and lighting manufacturing and sale business.



**Vietnam**

**Atago and Co., Ltd. (Fukui Prefecture)**

**Knitted Apparel Manufacturing and Sales**

Atago is engaged in the manufacture and sale of knitted apparel. It has been expanding its business abroad since 1996, when it ventured into China. It decided to newly establish Atago Garment Vietnam Co., Ltd. (AGV) in Vietnam to expand its production capacity abroad and to lower manufacturing costs. AGV mainly manufactures and sells knitted apparel for well-known sports brands and seeks to expand its business further. JBIC provided Atago with funds necessary for AGV's new manufacturing base.



**Vietnam**

**FUJISLATE CO., LTD.  
(Tokushima Prefecture)**

**Lightweight Roof Tile Manufacturing and Sales Business**

FUJISLATE is mainly engaged in the manufacture and sale of lightweight roof tiles. After entering into Vietnam in 2011, it decided to establish the local subsidiary FUJI STAR ROOF CO., LTD. (FSR) in light of expansion of the Vietnamese market and seeks to enter and capture a share of the Southeast Asian market, including in Vietnam. JBIC provided FUJISLATE with funds necessary for it to establish FSR and conduct the business.



**Vietnam****HASHIMOTO-CLOTH Co., Ltd.  
(Shiga Prefecture)****Nonwoven Goods Manufacturing and Sales Business**

HASHIMOTO-CLOTH is engaged in the manufacture and sale of nonwoven goods in a wide range of industries, especially industrial items such as control panel filters, cloth, and oil adsorbents. In 2018, it established HASHIMOTO CLOTH VIETNAM CO., LTD. (HACV) as a manufacturing base in Vietnam. With demand for nonwoven goods anticipated to expand in the future, especially in Asia, HASHIMOTO-CLOTH seeks to lower manufacturing costs and expand sales through capital investment into HACV. JBIC provided HACV with funds to establish a new manufacturing plant for nonwoven goods.



Conceptual image of  
Vietnamese plant



Head office building

**Mexico****Beyonz Co., Ltd. (Shizuoka Prefecture)****Automotive Parts Manufacturing and Sales Business**

Beyonz is engaged in the manufacture and sale of automotive parts. Driven by steadily growing automobile demand in North America, Mexico, as a production base for automotive parts, is anticipated to see an increase in trade for North American export. Beyonz established BEYONZ MEXICANA, S.A. DE C.V. (BM) in 2013 and aims to expand its business in Mexico. JBIC concluded an individual loan under a preset credit line\* with the Shizuoka Bank, Ltd. and provided, through the Shizuoka Bank, BM with the funds necessary for its automotive parts manufacturing and sale business.

\*JBIC concluded an investment credit line with the Shizuoka Bank in December 2016 to support the overseas business deployment of Japanese mid-tier enterprises and SMEs.



# Examples of Business Outcomes Relating to Environment

## Supporting Environmental Conservation and Improvement Projects

Achieving both environmental preservation and economic development is at present universally recognized as a common challenge for developed and developing countries alike. Given this awareness, there are growing expectations across the world on implementing projects which lead to environmental conservation and improvement.

Various efforts in this field are underway throughout the world, including energy-saving projects to increase energy efficiency; renewable energy projects such as solar and wind power generation; projects involving highly efficient, high performance coal-fired power generation

and natural gas-fired combined-cycle power generation that reduce carbon dioxide (CO<sub>2</sub>) emissions; urban transportation projects such as railroads that help alleviate traffic jams and air pollution; smart grid projects that supply electricity efficiently using IT; and eco-city projects that aim to realize environmentally sustainable cities.

Amid such developments, JBIC not only takes into consideration the environmental and social aspects of individual projects, but is also committed to support environmental conservation and improvement projects, such as measures against global warming.

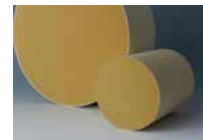
### Supporting Manufacturing and Sales Ceramic Products for Purifying Automobile Exhaust in Thailand

QI-ESG project

In recent years, economic growth and population increases have driven rising automobile demand in Asian countries, particularly in China and the ASEAN region. In response to this growth, emission regulations have been tightened. Under such circumstances, an increase in demand is expected for the ceramics that purify harmful automobile emissions such as hydrocarbon (HC), carbon monoxide (CO), and nitrogen oxide (NO<sub>x</sub>).

NGK CERAMICS (THAILAND) CO., LTD. (ACTH), a Thai subsidiary of NGK INSULATORS, LTD., aims to expand its business in Asia by increasing its manufacturing capabilities for automobile exhaust purifying ceramics for large commercial vehicles. The new manufacturing facilities are to be built in Samut Prakarn Province, Thailand.

JBIC concluded a loan agreement with ACTH to support the expansion of their manufacturing capabilities. This loan is also provided under JBIC's "Global Facility to Promote Quality Infrastructure Investment for Environmental Preservation and Sustainable Growth" (QI-ESG).



### Supporting Offshore Wind Power Generation Project in the United Kingdom

QI-ESG project

JBIC concluded a loan agreement in project financing with British company Moray Offshore Windfarm (East) Limited (MOWEL), invested in by Mitsubishi Corporation, Kansai Electric Power Co., Inc., Mitsubishi UFJ Lease & Finance Company Limited and others, for the Moray East offshore wind power generation project in the United Kingdom (U.K.). For this project, MOWEL builds, owns and operates an offshore wind farm to be located off the coast of Moray, Scotland, in northern Great Britain. Under the Contracts for Difference (CfD)<sup>1</sup>, a U.K. renewable energy subsidy scheme, MOWEL will sell electricity to power retailers for 15 years after the start of commercial operations.

In June 2019, the U.K. government legislated to pursue net zero emissions of greenhouse gases (GHGs) by 2050. Also, under the Energy Act 2013, it is striving to expand low carbon energy sources as a replacement for existing power plants through the CfD scheme. This project will contribute to the reduction of GHGs emissions in the country.



1. CfD is a contract between the UK government's wholly owned Low Carbon Contracts Company and power developers, and the scheme ensures long-term income for power developers by adjusting for the difference between the price determined by the UK government and the index price in the power market.

## Supporting a Waste Treatment Project in Sweden

QI-ESG project

JBIC concluded a loan agreement of Swedish krona with HZI Jönköping Biogas AB (HZI Jönköping Biogas), a Swedish subsidiary of Hitachi Zosen Corporation Group (Hitachi Zosen Group). This loan is intended to provide the necessary funds for HZI Jönköping Biogas to build a waste treatment plant using methane fermentation technology located in the city of Jönköping, Sweden, and to treat waste and sell biogas for 20 years.

Hitachi Zosen Group is a leading group which boasts a world-class track record in waste treatment and power generation plants. This project is the first business investment for Hitachi Zosen Group in the waste treatment field in Sweden. It is thus positioned as an important milestone in further developing the group's overseas business. In addition, the biogas sold by HZI Jönköping Biogas is scheduled to be used as fuel for public transport in the city of Jönköping. This loan will also contribute to the preservation of the global environment.



## Credit Line for CABEL to Support Renewable Energy Projects

QI-ESG project

JBIC concluded a loan agreement to set up a credit line with the Central American Bank for Economic Integration (CABEL)<sup>2</sup>. This credit line is intended to finance, through CABEL, smart energy projects such as maintenance and upgrading of transmission and distribution networks in Central America, as part of GREEN operations.

CABEL is a multilateral regional development financial institution whose objective is to promote the economic integration and balanced economic and social development of the Central American region. Advocating "environmental sustainability" as a component of its business strategy, it is enhancing initiatives targeting renewable energy and efficient transmission and distribution networks. JBIC and CABEL have built up close cooperative ties since the late 1960s through loans financing Japanese exports of machinery and equipment to Central American countries and their infrastructure projects. This loan, which finances the environment sector, will further deepen cooperative relations between the two institutions.

## Partnerships and Knowledge Sharing in the Environmental Sector

Amid growing expectations for the implementation of environment-related projects toward global environmental conservation and a low-carbon society in various parts of the world, JBIC supports Japanese overseas business deployment as well as efforts being made by foreign governments in this field, not only through financing but also by sharing information and providing knowledge

through activities such as holding seminars and participating in relevant events. JBIC also simultaneously forms close partnerships with foreign governments and government agencies, domestic prefectural and municipal governments, and other stakeholders both in Japan and abroad.

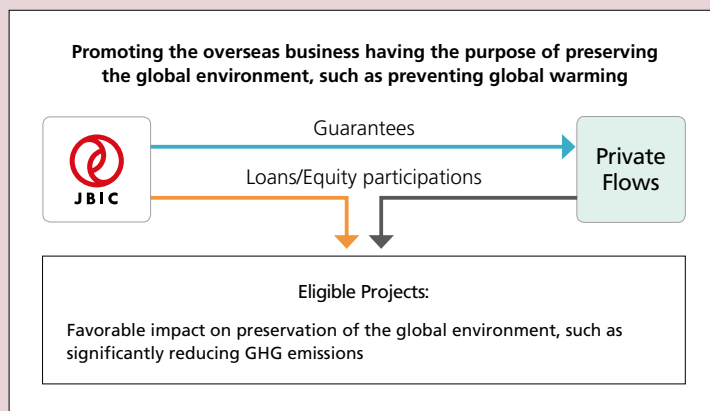
2. Spanish name: Banco Centroamericano de Integración Económica

## GREEN Operations

JBIC conducts environmental operations under Global action for Reconciling Economic growth and Environmental preservation ("GREEN"). Under GREEN operations, JBIC provides support for projects that have a high global environmental conservation effect in the form of loans, guarantees and equity participations, while mobilizing private-sector funds. GREEN's main focus has been providing support for preserving the global environment, mainly for projects that are expected to significantly reduce

GHG emissions, while paying attention to potential use of Japanese advanced technologies that are highly regarded around the world.

JBIC will promote overseas infrastructure development that contributes to preserving the global environment while widely utilizing the know-how and technologies of Japanese companies.





## Global Facility to Promote Quality Infrastructure Investment for Environmental Preservation and Sustainable Growth

JBIC launched on July 1, 2018, its new Global Facility to Promote Quality Infrastructure Investment for Environmental Preservation and Sustainable Growth (QI-ESG). With an increasing global trend for environmental, social and

governance (ESG) investment across the world, this new facility aims to provide a wide range of support for infrastructure development intended to help preserve the global environment.

### Financing Conditions of QI-ESG

Eligible projects	Projects that are expected to reduce GHGs or contribute to protecting the global environment, including those related to renewable energy, energy savings, green mobility solutions (such as a modal shift in transportation, and electric vehicles), air pollution prevention, water supply, water pollution prevention, and waste disposal, etc.
Available currencies	Japanese yen, U.S. dollar, and the Euro (other currencies to be decided separately)
Financing amount available from JBIC	Up to 60% of the total co-financing amount
Deadline for signing a financing agreement	Until the end of June 2021

### Major Features of QI-ESG

#### Expanded scope of eligible projects:

The new facility will provide various financial assistance to infrastructure development projects that are expected to global environmental protection, including those connected with air pollution prevention, water supply, water pollution prevention, and waste disposal, in addition to the projects expected to substantially reduce GHG emissions, which JBIC has supported under its GREEN Operations.

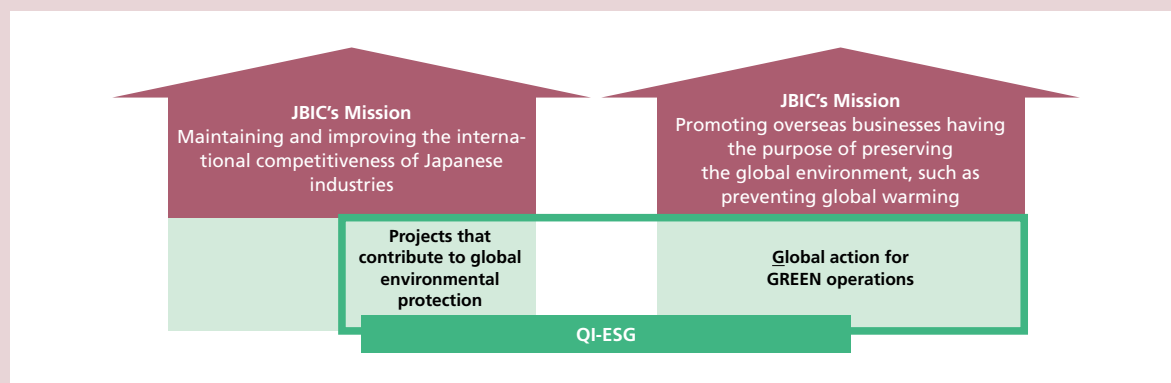
#### More diversified financial support tools:

Previously, JBIC provided financing support only in the form of untied loans and equity participation under its GREEN Operations. Under QI-ESG, to enhance the support for environmental projects through various financial tools, JBIC will offer overseas investment loans under its GREEN Operations, in addition to the above-mentioned financial instruments, for infrastructure projects that are expected to help protect the global environment. The new facility will enable JBIC to consider providing overseas investment loans to projects involving Japanese companies from the perspective of not only

maintaining and increasing the international competitiveness of Japanese industries, but also of contributing to global environmental protection.

#### More streamlined and efficient operation procedures:

Projects approved under its GREEN Operations have been required to quantify GHG emission reductions under the Guidelines for Measurement, Reporting and Verification (MRV) of GHG Emission Reductions in JBIC's GREEN. Under QI-ESG, to further promote the implementation of projects, the quantitative measurement process of GHG emission reductions applied to GREEN projects will be simplified by only evaluating an estimate of emission reductions made through projects when JBIC determines commitment of a loan, equity participation, or guarantee. Furthermore, if it is obvious that a project will help to protect the global environment based on a qualitative evaluation, the evaluation process of calculated emission reductions can be omitted for the purpose of implementing more simplified and efficient operation procedures. This will ease the burden of clients applying for JBIC's financing supports.



# Examples of Business Outcomes Relating to Studies and Collaboration with Overseas Governmental Organizations and International Organizations

JBIC conducts research and surveys related to overseas investment and international finance. These efforts include collection and analysis of a wide range of information, as well as knowledge sharing, while interacting with overseas government organizations, foreign and domestic research institutes, and experts in various fields.

## Survey Report on Overseas Business Operations by Japanese Manufacturing Companies

JBIC conducted the 30th Survey Report on Overseas Business Operations by Japanese Manufacturing Companies. Conducted since 1989, this survey attempts to identify the strategies and challenges of Japanese manufacturing companies expanding overseas, and appeals to a broad audience for its originality and continuity.



The FY2018 survey reported on regularly covered topics such as “evaluations of overseas business performance,” “overseas business prospects,” and “promising countries or regions for overseas business operations.” In addition, this survey examined “impact of protectionism” and “views on environmental regulations and development of environment-related business” as individual topics.

In terms of “impact of protectionism,” this survey suggested that protectionism could potentially cause to pause or lower foreign direct investment in the future. As for “views on environmental regulations and development of environment-related business,” with China and the EU tightening regulations, this survey observed that rising environmental awareness presents a good opportunity for business expansion.

JBIC publishes its survey results and widely announces related information, such as by holding seminars in cooperation with local chambers of commerce and regional banks. JBIC also hosts explanatory meetings for Japanese chambers of commerce located overseas, as well as for foreign governments, and the survey's results have been effectively utilized in policy recommendations to foreign governments.



Overseas investment seminar 2019: Overseas Business Operations by Japanese Manufacturing Companies

## Collaboration with Overseas Governmental Organizations and International Organizations

JBIC held a workshop in February 2019, in Manila, the Philippines, to discuss with the country's government and its agencies about issues and improvements related to infrastructure development in the country under public-private partnerships (PPPs). The purpose was to exchange views with the government of the Philippines and its agencies about the risks associated with the hybrid PPPs (a project scheme in which the government finances the construction phase of an infrastructure project while the private sector is involved in the operation and maintenance of the project), as well as to increase business opportunities for Japanese companies to participate in infrastructure development in the Philippines. The most of workshop participants were officials of international organizations such as the Asian Development Bank (ADB) and the International Finance Corporation (IFC), as well as the government of the Philippines and its agencies. The participants showed much interest in hybrid PPP projects for infrastructure development.



PPP workshop for the government of the Philippines

JBIC jointly hosted a seminar with the Ministry of Finance of Indonesia in October 2018. The seminar was titled “How to Mobilize Private Investment for Green Infrastructures Promoting Intraregional Connectivity.” It was held during the 73rd International Monetary Fund–World Bank Group Annual Meeting in Bali to share the potential opportunities of green infrastructure development in Asia, and challenges on the mobilization of private investment for green infrastructure development. There were keynote speeches and presentations by officials from the government of Indonesia, experts from international organizations and major stakeholders of the green infrastructure development. The objective of this seminar is to gain and share common awareness on this theme.

JBIC Governor MAEDA Tadashi, in the keynote speech, presented how JBIC is actively undertaking green infrastructure, which is positioned as one of the key issues in the new Medium-term Business Plan



Keynote speech by JBIC Governor MAEDA

(FY2018-2020). In addition, he introduced the Global Facility to Promote Quality Infrastructure Investment for Environmental Preservation and Sustainable Growth (QI-ESG), which was launched in July 2018, to support the promotion of investments in green infrastructure by the private sector.

In June 2018, JBIC co-hosted a seminar titled "India Industrial Corridor Seminar at Gurugram" with Indian company Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDC) in Gurugram (formerly Gurgaon).

The Delhi-Mumbai Industrial Corridor (DMIC) is a joint project led by Japan and India to intensively develop industrial parks and other infrastructure along 150 km on both sides of a Dedicated Freight Corridor (DFC) that covers a distance of 1,483 km between Delhi and Mumbai, the two largest cities in India. In 2013, JBIC signed an agreement subscribing to new shares issued by DMICDC, and it has been providing support for the formation of infrastructure development projects in the areas covered by the DMIC.

The development of the DMIC region has materialized mainly through the development of smart cities, including industrial parks. Consequently, in anticipation of the commencement of the DFC operation and clustering of companies, development projects are under way for peripheral infrastructure, such as a multi-functional logistics hub to support the manufacturing industry. Through this seminar, JBIC and DMICDC introduced to Japanese companies in India the efforts undertaken and functions served by both institutions.



India Industrial Corridor Seminar at Gurugram

JBIC held the seventh annual policy dialogue meeting with the government of Mexico in Mexico City in March 2019. This annual policy dialogue meeting was organized based on the framework agreed upon in the Memorandum of Understanding signed on February 22, 2011, with the Ministry of Finance and Public Credit of Mexico. This seventh annual policy dialogue meeting was the first policy dialogue with the new Mexican administration, which is led by President Andrés Manuel López Obrador and started in December 2018.

In this meeting, officials from the government of Mexico explained their policies on economic revitalization through the use of private-sector investments in the large-scale infrastructure and oil sector projects they are focusing on, as well as the significance of the United States-Mexico-

Canada Agreement (USMCA) that reached agreement last year. In addition, the government of Mexico referred to issues faced by the economy of the country, such as economic inequality among regions, while discussing potential areas where they could cooperate with JBIC. During the discussion, JBIC and the government of Mexico affirmed the importance of establishing an appropriate framework for risk allocation among project participants to promote infrastructure projects with private-sector participation. Both parties also shared an understanding of the importance of dialogue with the private sector, particularly in the oil sector in which policies of the new Mexican administration have attracted much attention, and in the trade and commerce field where the USMCA is expected to be ratified.

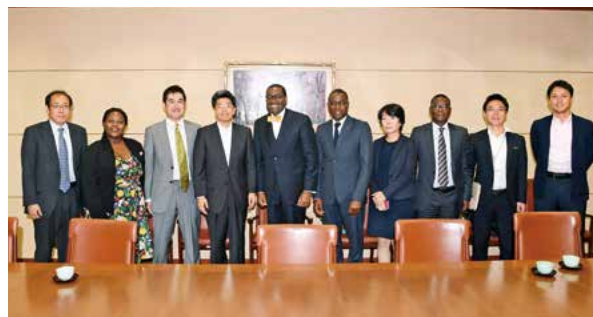


Members of the seventh-annual policy dialogue meeting

JBIC received, in September 2018, a courtesy call from President Akinwumi Ayodeji Adesina of African Development Bank (AfDB).

First, President Adesina touched upon the Nacala railway and port infrastructure project in Mozambique and Malawi, which JBIC co-financed with AfDB. President Adesina also said that AfDB is looking forward to continuing close cooperation with JBIC. JBIC indicated that it will continue contributing to high-quality infrastructure provision as well as continuous economic development in the African region together with Japanese companies.

President Adesina and JBIC Deputy Governor HAYASHI Nobumitsu agreed to further strengthen the cooperative relationship between AfDB and JBIC, and thus the economic relations between Japan and the African region.



Courtesy call by AfDB President Adesina





## **4** Financial Instruments

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## Export Loans

Export loans are provided to overseas importers and financial institutions to support finance exports of Japanese machinery, equipment, and technology mainly to developing countries. In particular, products such as marine vessels, power generation facilities, and other types of plant equipment incorporate a significant amount of advanced technology, and their export will be instrumental in enhancing the technological base of Japanese industries. Furthermore, Japanese shipbuilding and plant facilities industries have a broad range of supporting industries, including mid-tier enterprises and SMEs producing parts and components, and thus the loans are expected to positively contribute to the business of these Japanese companies. Export loans in specific sectors are also available to developed countries (see note).

Terms and conditions of export loans are determined based on the Arrangement on Officially Supported Export

Credits (OECD Arrangement). In principle, the loan amount should not exceed the value of an export contract or technical service contract, and excludes the down payment. Local costs may be covered provided that the amount is within the scope prescribed by the OECD Arrangement.

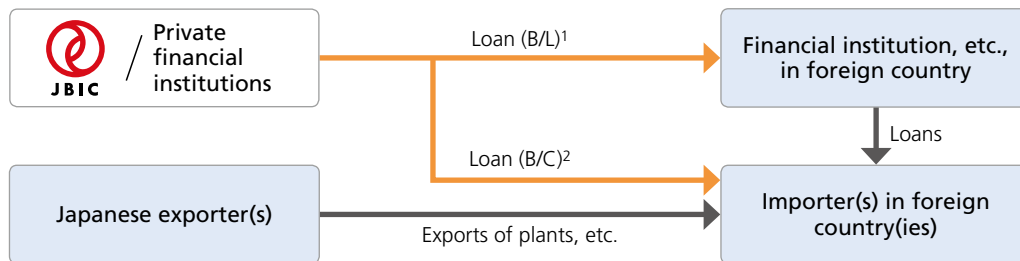
Note: Eligible Sectors of Export Loans in Developed Countries (as of August 31, 2019)

[Integrated Infrastructure System Projects]

Railways (high-speed, inter-city projects and projects in major cities), road business, water business, biomass fuel production, renewable energy power generation, nuclear power generation, power transformation, transmission and distribution, highly efficient coal-fired power generation, coal gasification, carbon capture and storage (CCS), highly efficient gas-fired power generation, petrochemical production, waste incineration and waste to energy, smart grid

[Other Export Transactions]

Ships, satellites, aircraft, medical positron beam therapy equipment



1. Loan to foreign financial institutions (bank-to-bank loan or "B/L")
2. Loan to foreign importers (buyer's credit or "B/C")

## Supporting Export of Box Shaped Bulk Carriers Built by Japanese Shipbuilders



JBIC concluded a buyer's credit agreement with MacLin Spring Maritime S.A., a Panamanian subsidiary owned by Ta Tong Marine Co., Ltd. Group (TTM Group). The TTM Group is based in Taiwan and is a shipowner and operator of bulk carriers. This loan is provided to finance the TTM Group's purchase of a 55,200 DWT box shaped bulk carrier manufactured by Oshima Shipbuilding Co., Ltd.

This loan aims to support the export of ships built by Japanese shipbuilders, which play a major role in the regional economy and associated industries, including mid-tier enterprises and small and medium-sized enterprises (SMEs). The loan is also intended to contribute to maintaining and increasing the international competitiveness of the Japanese shipbuilding industry.

## Supporting Export of a Polyethylene Manufacturing Plant by Japanese Company



JBIC concluded a buyer's credit agreement with PT. Chandra Asri Petrochemical Tbk (CAP) of Indonesia. The loan is intended to provide financing for CAP to establish a polyethylene manufacturing plant in the western part of the island of Java. The loan is used to purchase a whole set of plant facilities from Toyo Engineering Corporation and its subsidiary.

The demand for petrochemical products in Indonesia has been increasing

along with the economic growth, but the domestic supply has not been catching up and a large part of the country's demand continues to be met by imports. The project will contribute to Japanese industry maintaining and enhancing its international competitiveness through creating business opportunities for Japanese companies in the petrochemical field in Indonesia.

## Import Loans

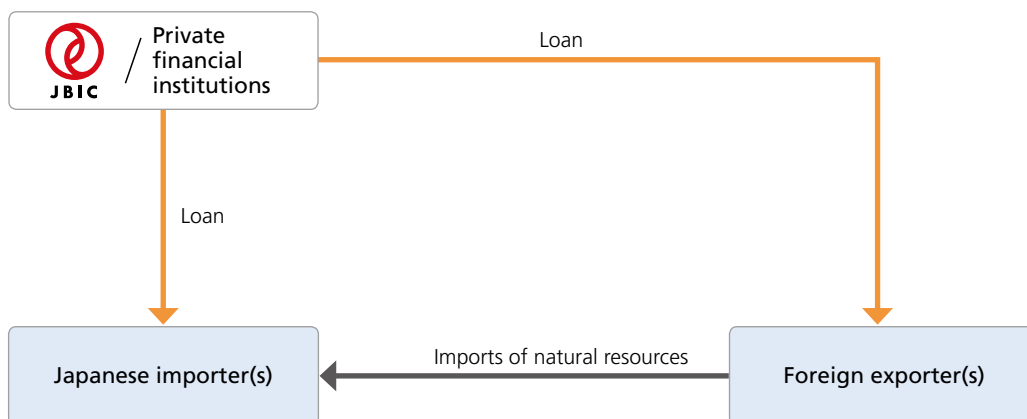
Import loans support imports of strategically important goods including natural resources. They are extended to Japanese importers or foreign exporters. As Japan is poorly endowed with natural resources, stable imports of natural resources over the long term are one of the key factors underpinning domestic economic activity. Import loans finance the development and import of energy resources, including oil and LNG, and mineral resources, including iron ore, copper, and other rare materials.

In addition to natural resources, JBIC provides a

guarantee facility for goods and services essential to the sound development of the Japanese economy, such as for the import of aircraft. (See page 67 for the scheme of guarantees for imports of manufactured products.)

### Products Eligible for Import Loans (Natural Resources)

Oil, petroleum gas, LNG, coal, uranium, metallic ores, metals, mineral phosphate, fluorite, salt, lumber, wood chips, pulp, and other materials



## Overseas Investment Loans

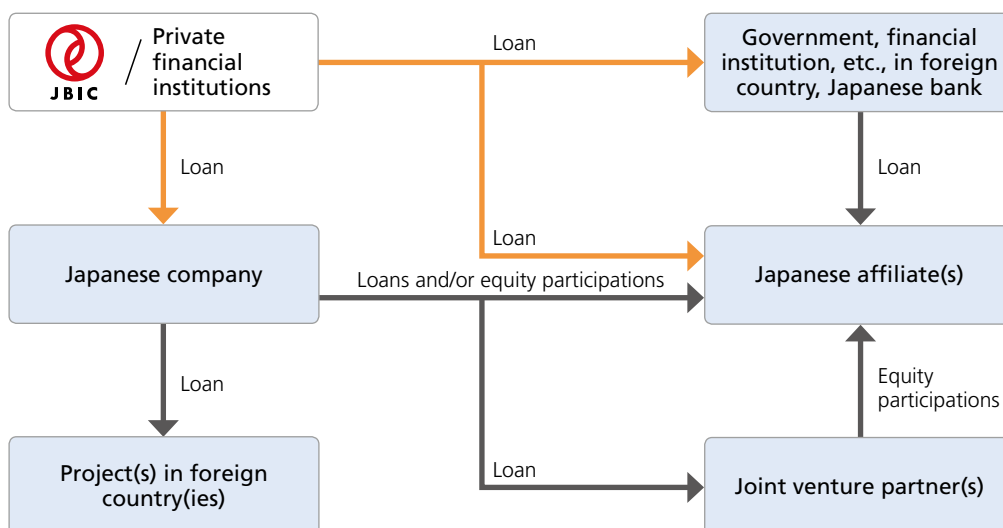
Overseas investment loans support Japanese foreign direct investments. The loans can be provided to Japanese companies (investors), overseas Japanese affiliates (including joint ventures), and foreign governments or financial institutions that have equity participations in or provide loans to such overseas affiliates.

Direct loans to Japanese companies are intended for mid-tier enterprises and SMEs, as well as to projects aimed at developing or securing interests in overseas resources that are strategically important to Japan, and projects that support merger and acquisition (M&A) activities (these projects include those of large companies). Moreover, JBIC provides two-step loans (TSL) to support the overseas business deployment of Japanese companies, including mid-tier enterprises and SMEs, as well as TSL intended to support M&A activities by Japanese companies. JBIC is also able to provide short-term loans for overseas business operations

when bridge loans are required to fill the financing gaps before that offers long-term loans. Moreover, JBIC is empowered to provide investment loans for projects in developed countries for specific sectors (see note).

Note: Eligible Sectors of Overseas Investment Loans in Developed Countries (as of August 31, 2019)

Railways (high-speed, inter-city projects and projects in major cities), road business, water business, biomass fuel production, renewable energy power generation, nuclear power generation, power transformation, transmission and distribution, highly efficient coal-fired power generation, coal gasification, CCS, highly efficient gas-fired power generation, smart grid, development of telecommunications network, shipbuilding and marine transport, satellite launching and operation, aircraft maintenance and sales, medical business (related to positron beam therapy facility), petrochemical production, waste incineration and waste to energy, M&A activities, etc.



### Supporting Japanese Company's Participation in a Gas-Fired Combined Cycle Power Plant Project in Thailand

QI-ESG project



1. Project finance is a financing scheme in which repayments for a loan are made solely from the cash flows generated by the project.

JBIC concluded a loan agreement with Gulf SRC Company Limited (GSRC) of Thailand, in which Mitsui & Co., Ltd., holds an equity stake. JBIC provides project financing<sup>1</sup> for the Gulf SRC Gas-Fired Combined Cycle Power Plant Project in Thailand. In this project, GSRC will build, own, and operate a Gas-Fired Combined Cycle Power Plant in the Hemaraj industrial park in the east of Thailand and sell electricity for 25 years.

According to the power development plan of the Thai government, the

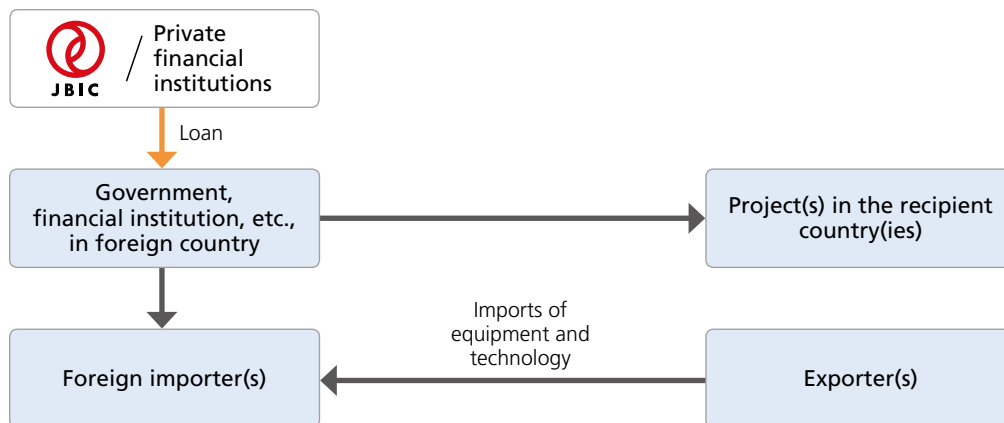
country's electricity demand is projected to grow by an annual average of approximately 3.9% until 2036, and this project is considered to be a part of the major base load. The project is also significant from the viewpoint of ensuring a stable electricity supply for Japanese firms operating in Thailand, and it will contribute not only to infrastructure development in Thailand, but also to the overseas business activities of Japanese firms.

## Untied Loans

Untied loans are intended to finance projects and the import of goods by developing countries, or for such countries to achieve equilibrium in their international balance of payments, or to stabilize their currencies. Loans are not conditional on investments or procurement of equipment and materials from Japan.

Capital procured from untied loans is used to: secure

stable supplies of energy and mineral resources for Japan; promote business activities of Japanese companies; maintain and expand trade and direct investment from Japan; finance projects having significant effects on global environmental preservation; and finance projects maintaining order in international financing.



### Supporting Renewable Energy Projects in Brazil

#### QI-ESG project



JBIC concluded a loan agreement to set up a credit line with Banco Nacional de Desenvolvimento Econômico e Social (BNDES), Brazilian Development Bank. This credit line is intended to finance, through BNDES, environment-related projects focusing on renewable energy in Brazil, as part of GREEN operations (see page 56). This credit line is provided as part of the JBIC Global Facility to Promote Quality Infrastructure Investment

for Environmental Preservation and Sustainable Growth (QI-ESG; see page 57), which aims to provide a wide range of financing support for infrastructure development that is expected to help preserve the global environment.

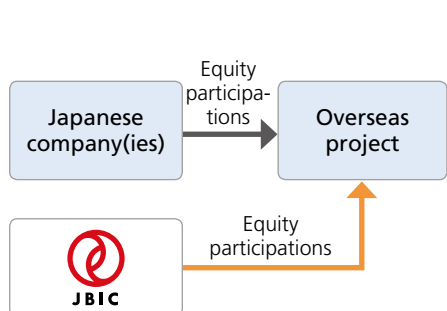
BNDES is Brazil's only policy-based financial institution. With its mission of fostering sustainable development in the Brazilian economy, BNDES actively supports environment-related projects.

## Equity Participations

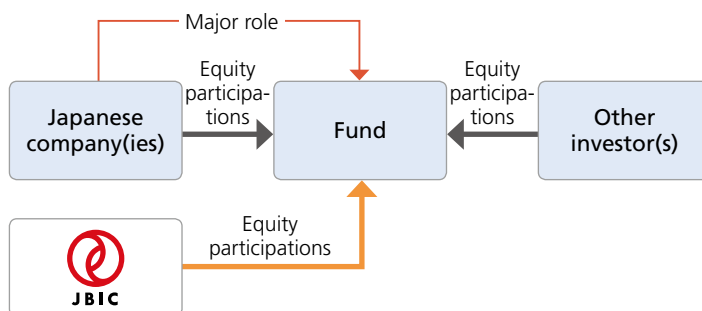
Equity participations are capital contributions to companies where Japanese companies have equity stakes to undertake overseas projects, as well as funds where Japanese

companies perform significant roles. In principle, equity participations take the following forms.

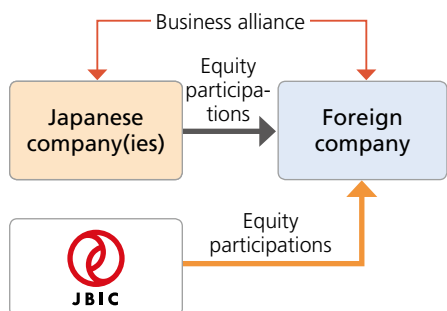
### Japanese companies make equity participations in an overseas project



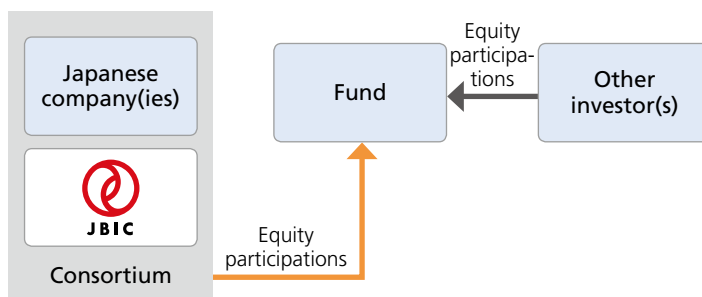
### Japanese companies participate in a fund (and perform such a major role as general partner in their management and investment decisions)



### Japanese companies acquire equity interests in a foreign company to form business alliance



### Japanese companies form a consortium and participate in an international fund



## Supporting Overseas M&A of Japanese Companies

JBIC concluded a shareholders' agreement with JX Nippon Mining & Metals Corporation (JXNMM) and JX Metals Deutschland GmbH (JXMD) to subscribe for classified shares of JXMD. This transaction is intended to support JXNMM by financing part of funds required to purchase all shares in H.C. Starck Tantalum and Niobium GmbH (HCS TaNb), from HCS TaNb's shareholder, H.C. Starck GmbH in Germany. JBIC's equity participation is undertaken through JXMD.

HCS TaNb is one of the world's leading companies conducting business in the area of development, production, and distribution of tantalum and niobium products (high-purity metal powder)<sup>1</sup>. Through the acquisition of HCS TaNb shares, JXNMM seeks to strengthen its businesses in the area of advanced materials by utilizing HCS TaNb's solid technological and marketing capabilities.

1. Tantalum and niobium products are used to produce capacitor applications for ICT equipment and digital appliances, and sputtering targets for forming thin films in the manufacture of semiconductors.



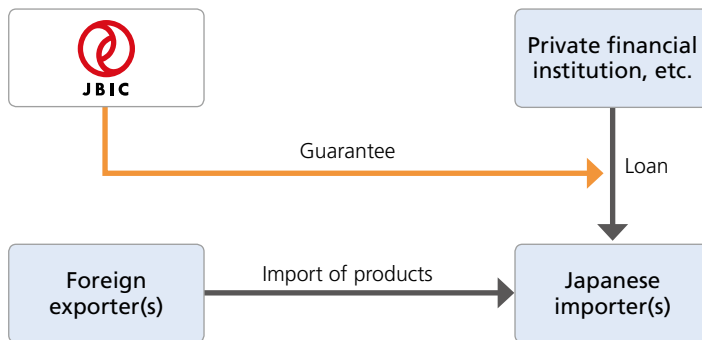
## Guarantees

In addition to loans and equity participations, JBIC provides support through its guarantee facility. Guarantees are provided for loans extended by private financial institutions, bonds issued by governments of developing countries or

overseas Japanese companies, as well as for currency swap transactions. JBIC also issues reinsurance for guarantees from export credit agencies in other countries.

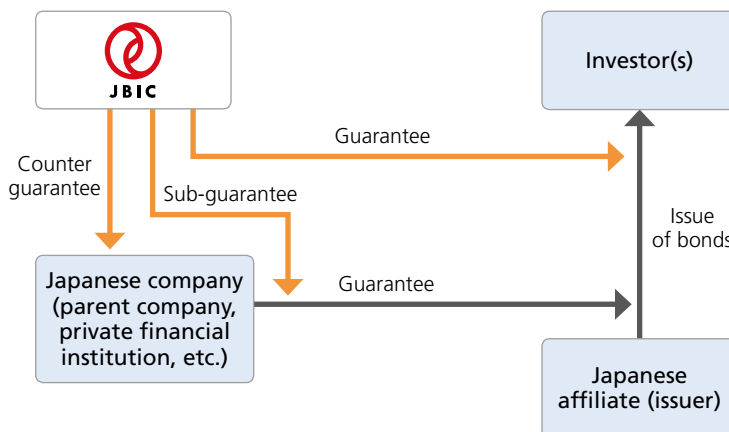
### ■ Guarantees for Imports of Manufactured Products

JBIC has a guarantee facility for the borrowings made by Japanese companies to finance the import of aircraft and other manufactured products that are vital for Japan.



### ■ Guarantees for Corporate Bonds Issued by Japanese Affiliates

JBIC supports Japanese affiliates operating overseas by providing guarantees for the bonds they issue in local capital markets.



### Guarantee for Loans by Private Financial Institutions for Importing Aircrafts



JBIC concluded a guarantee agreement with 11 private financial institutions for the principal and interest of their loans to ANA HOLDINGS INC. (ANAHD). This guarantee is intended to support ANAHD in obtaining financing from private financial institutions to import aircraft from the Boeing Company in the U.S.

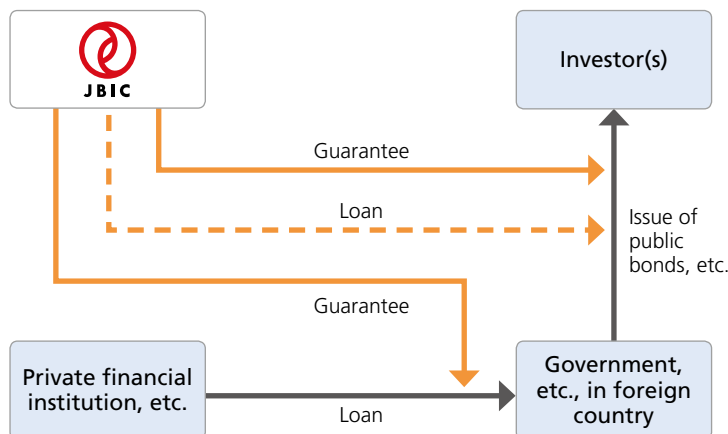
JBIC also concluded a guarantee agreement with 5 private financial institutions for the principal and interest

of their loans to Japan Airlines Co., Ltd. (JAL). This guarantee is intended to support JAL in obtaining financing from private financial institutions to import aircraft from the Boeing Company.

JBIC will contribute to maintaining and improving the international competitiveness of the Japanese aviation industry and will provide financial support for the import of aircraft that are indispensable for the lives of people in Japan.

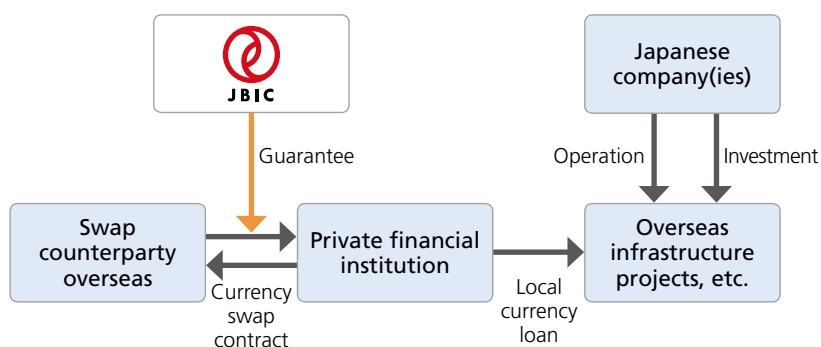
**Guarantees for Cofinancing, Overseas Syndicated Loans, and Public Sector Bonds**

Loans to developing countries involve, among others, currency conversion and transfer risks, as well as country risks. Guarantees that JBIC issues to cover such risks will enable Japanese private financial institutions to provide medium- and long-term financing for developing countries, and contribute to developing countries to bringing in private capital and facilitating private companies to expand international business activities.



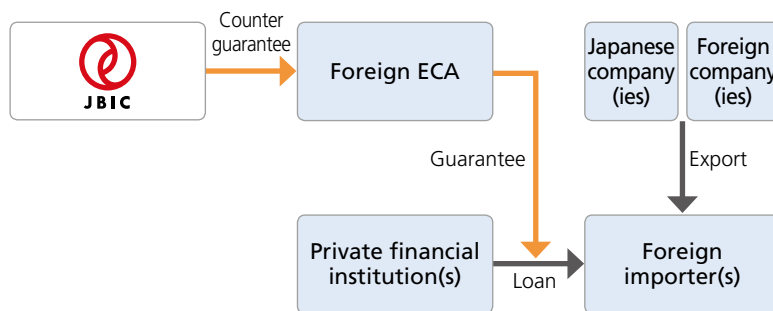
**Guarantees for Currency Swaps**

JBIC provides guarantees for swap transactions to support the local currency financing of overseas infrastructure projects and other projects undertaken by Japanese companies.



**Counter Guarantees for Export Credits**

In the cases where Japanese companies export machinery and equipment jointly with companies of another country, JBIC provides a counter guarantee for the guarantee provided by that country's export credit agency (ECA). This function enables JBIC to flexibly support export projects by Japanese companies collaborating with foreign companies through multilateral mutual guarantee schemes.



**Contributing to Japanese Companies' Funding of Local Currency through Supporting Rupiah-Denominated Loans from a Japanese Regional Financial Institution**

JBIC concluded general guarantee agreements and individual agreements with the Shizuoka Bank, Ltd. and PT Bank CIMB Niaga Tbk (CIMB Niaga) of Indonesia concerning a currency swap guarantee framework. JBIC will guarantee currency swap transactions between the two banks, and intend to support Japanese companies' funding of rupiah-denominated loans by enabling the Shizuoka Bank's smooth procurement of rupiah funds. JBIC will guarantee the payment of settlement money

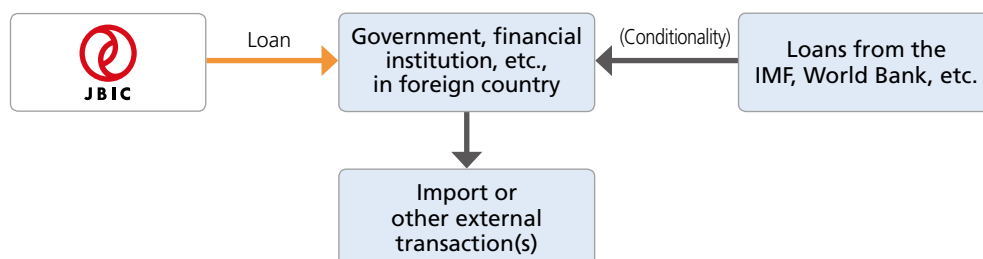
to the Shizuoka Bank in the case of early cancellation of swap transactions by CIMB Niaga. The individual agreements are intended to support, through this guarantee, the Shizuoka Bank to fund rupiah-denominated financing necessary for the automotive parts manufacturing and sales business operated locally by an Indonesian subsidiary of UNIVANCE CORPORATION. This transaction was the first rupiah-denominated loan by a Japanese regional financial institution.

## Bridge Loans

JBIC provides short-term financing for governments of developing countries to meet their foreign currency needs for external transactions when they face balance-of-payment difficulties.

JBIC provided bridge loans (short-term bridging loans)

for Myanmar in January 2013 to support the clearance of arrears of past loans from the Asian Development Bank (ADB) and the International Development Association (IDA), a member of the World Bank Group.



## Acquisition of Loan Assets and Public and Corporate Bonds

When JBIC provides export loans, import loans, overseas investment loans, and untied loans, JBIC can also provide credits, in addition to providing loans and guarantees, by purchasing loan assets and acquiring public and corporate bonds<sup>1</sup> issued by borrowers for funding. The objective of such operations is to promote private financial institutions'

loans in international finance and Japanese companies' funding in international capital markets.

1. The scope of assets and securities acquired includes public bonds, corporate bonds, debt securities, and trust beneficiary rights.

## Research and Studies

JBIC conducts research and studies on individual projects during their initial stage, as well as those focused on specific regions or industry sectors that may be conducive to specific projects. This is an effective means of identifying potentially quality projects, and is expected to lead to increasing exports of materials and services from Japan, as well as expand opportunities to participate in projects by Japanese companies. Research and studies are conducted at each stage necessary for realization of the project, including preparation of a master plan for an individual project, conducting of prefeasibility and feasibility studies (Pre-F/S, F/S), front-end engineering design (FEED), and studies of regions and industry sectors conducive to

specific projects. After the research and studies are completed, follow-up reviews are conducted at least once each year to confirm the progress of the project.

Research and studies are conducted in the following sequence.

1. Selection of a research and study subject
2. Selection of the contractor to conduct research and studies
3. Conduct of the research and studies
4. Completion of the research and study report
5. Follow-up

## Securitization and Other Financial Instruments

JBIC provides support for securitization and an increase in liquidity in order to complement and encourage the activities of private financial institutions.

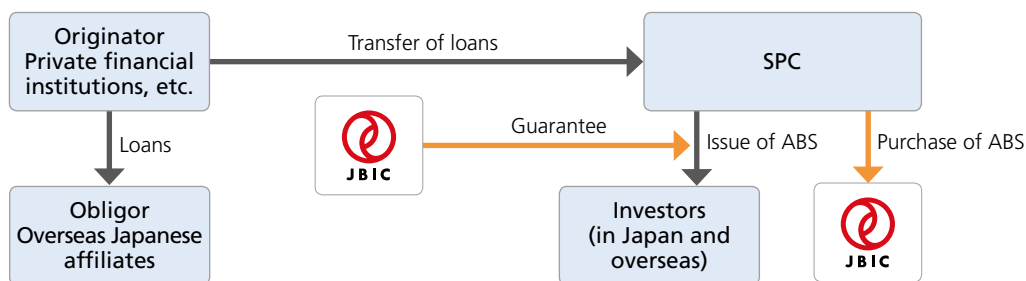
### 1. Securitization (Guarantees)

In cases where special purpose companies (SPC) or trust companies issue asset-backed securities (ABS) or other financial products with loans or other assets as collateral, JBIC guarantees the payment of such ABS to reduce country and structure risks, thereby supporting the issuance of bonds in the emerging capital markets.

### 2. Securitization (Acquisition of Securities)

JBIC supports bond issues by acquiring a portion of the ABS issued by SPC or trust companies with loans or other assets as collateral. JBIC's acquisition will support the securitization needs of the originators<sup>1</sup> and is expected to help invigorate the bond market by circulating the acquired bonds back into the market when market conditions allow.

1. An originator is the original owner of assets to be securitized and obtain funding through securitization.

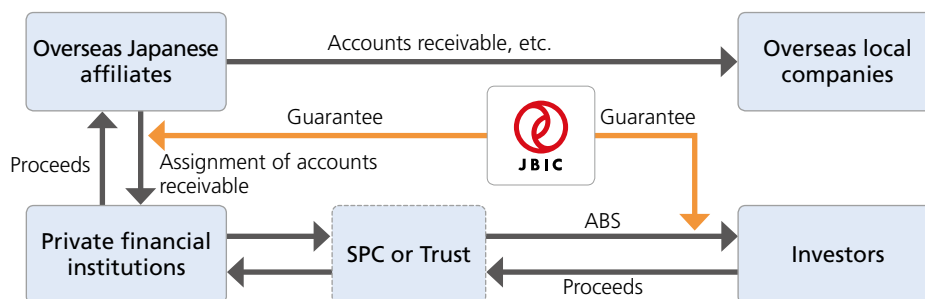


\* The above diagram depicts a scheme where SPC are used, but the clients can also use schemes where trusts are used or JBIC acquires or provides guarantees for assets backed by securitization.

### 3. Securitization and Liquidation of Receivables

JBIC provides guarantees for the receivables and other monetary claims held by overseas subsidiaries of Japanese companies in order to facilitate the purchase of such receivables by banks (an increase in their liquidity). JBIC

is also able to provide guarantees for securities issued by SPC or trust companies in cases where these securities have monetary claims acquired from overseas Japanese subsidiaries on collateral.



## Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations

Growing interest in environmental conservation has led to a worldwide trend toward more rigorous environmental regulations. There are more than a few cases, especially in overseas projects, in which insufficient risk management of possible environmental and social impacts has seriously affected project implementation or undermined its social reputation.

In conducting these operations, JBIC confirms whether the borrower has made appropriate consideration for local communities and the natural environment in all the JBIC-financed projects based on the “Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations” (Environmental Guidelines).

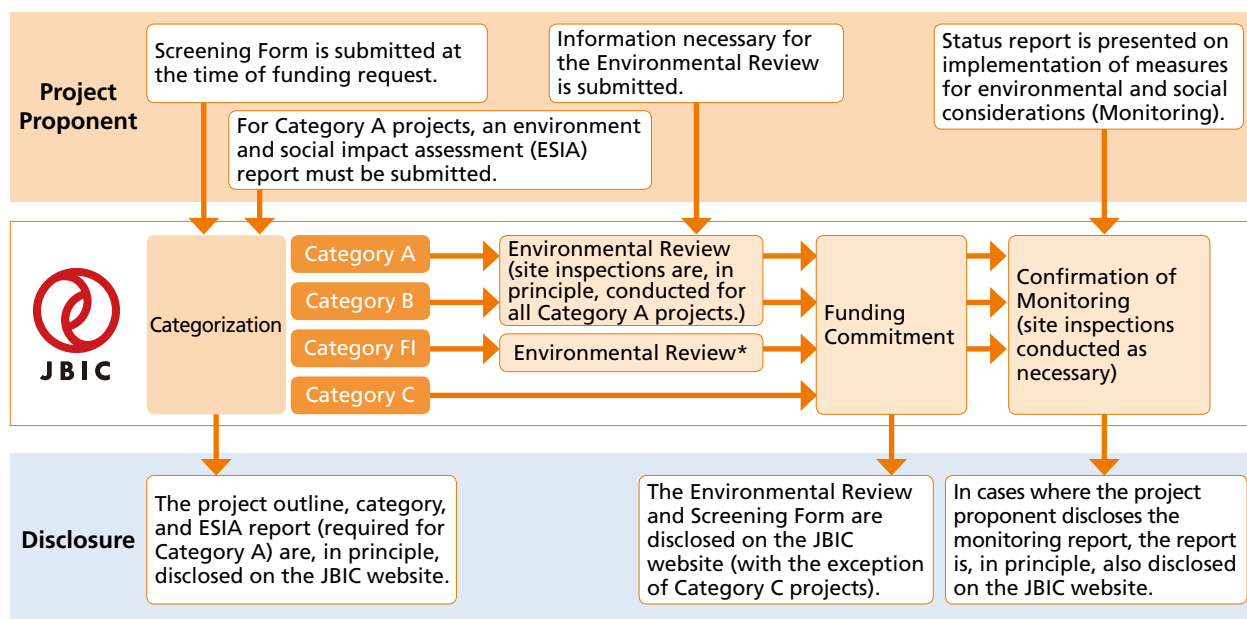
The Environmental Guidelines set out the procedures, criteria, and requirements that JBIC-financed projects must

meet in confirming environmental and social considerations. When JBIC judges that the project proponents have not made appropriate environmental and social considerations, it will encourage them to take remedial measures. If appropriate environmental and social considerations have not been taken, JBIC may decide not to extend funding.

In addition, JBIC established and made public the “Japan Bank for International Cooperation Guidelines for Confirmation of Information Disclosure Considerations for Nuclear Sector Projects” (Information Disclosure Guidelines) in December 2017. Based on the Information Disclosure Guidelines, JBIC confirms that appropriate measures are carried out by project proponents and other relevant parties to ensure information disclosure and public participation for issues specific to each project.

### Procedure for Confirmation of Environmental and Social Considerations

Prospective projects are screened prior to funding and classified into categories according to the degree of potential environmental impact. An Environmental Review is then conducted to verify that the environmental and social impacts have been considered in a proper manner. After funding has been approved, projects are monitored to assess the actual impact.



\* For Category FI projects, JBIC confirms through the financial intermediary that the proper environmental and social considerations indicated in the Environment Guidelines have been followed for the project.

Projects are classified into one of the following four categories in relation to the degree of environmental impact, based on the information provided by the project proponent during the screening process.

Category A	Project with the potential for a serious and adverse impact on the environment
Category B	Project with the potential for an adverse impact on the environment, but less than that of Category A projects
Category C	Project with the potential for minimal or no adverse impact on the environment
Category FI	Project for which JBIC provides funding to a financial intermediary, and after acceptance of JBIC funding, the financial intermediary selects and conducts screenings for specific subprojects, in cases where subprojects cannot be determined prior to acceptance of JBIC funding, and where such subprojects are anticipated to have an impact on the environment



# Prominent Initiatives in Recent Years

## Expanded Scope of Special Operations

JBIC started the Special Operations in October 2016 to enable itself to take further risks for overseas infrastructure investment, with the aim of providing more support toward Japanese companies' overseas infrastructure businesses.

In March 2019, JBIC expanded the target of eligible

projects in line with Japanese Government's initiative to promote the Quality Infrastructure Investment. By demonstrating its risk assuming functions, JBIC supports commercialization of Japanese companies' overseas infrastructure projects with cutting edge technology.



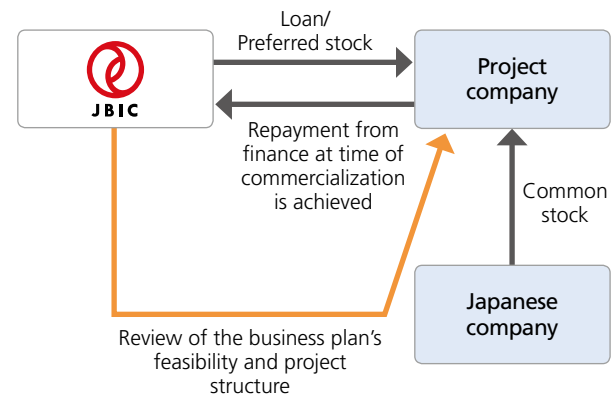
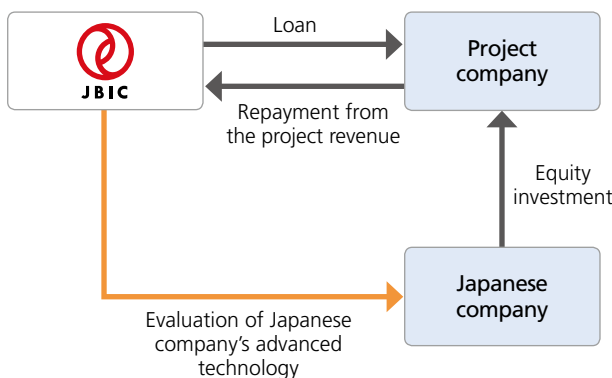
## Expanded Scope Under the Special Operations

### Technology Risk Taking

JBIC will support a project through its own evaluation/analysis of demonstration results, in the case JBIC judges the Japanese company's advanced technology used in the project is worth commercial operation even it does not have enough track record.

### Project-formation Risk Taking

While the project is yet to be in commercial operation/construction, JBIC will support the project subject to its feasibility and finance structure, in the case initial F/S is done by the project company and it is commercialization process.



## Collaboration with Other Countries and Regions to Promote Projects in Third Country Markets

A trend of Japanese companies forming partnerships with foreign governments, governmental agencies, and companies—not just among Japanese ones—to target markets in those countries or third countries is gaining attention. In order to achieve its policies such as Quality Infrastructure Investment and a Free and Open Indo-Pacific, the Japanese government as well is strengthening

its collaborative relationships, including the establishment of cooperative frameworks with other countries in third country markets. In light of such Japanese government policy, JBIC has strengthened its collaborative relationships with foreign governments, governmental agencies, and international institutions, in order to promote projects in third country markets.

### Promoting Projects in Third Countries, Including the Indo-Pacific Region, through Cooperation among Japan, the United States, and Australia



JBIC concluded a Memorandum of Understanding (MOU) on business cooperation with the United States<sup>1</sup>

Overseas Private Investment Corporation (OPIC)<sup>1</sup> and Australia's Department of Foreign Affairs and Trade (DFAT) and the Export Finance and Insurance Corporation (Efic)<sup>2</sup> in November 2018.

In August 2018, the governments of Japan, the U.S., and Australia confirmed at the Trilateral Strategic Dialogue, and other talks, their common goal of maintaining and promoting a free, open, prosperous, and inclusive Indo-Pacific region, and of improving regional connectivity through

infrastructure development in the region. The MOU concluded by the four parties aims to promote policies of the Japanese, U.S., and Australian governments. It is intended to drive individual projects on which Japanese, U.S., and Australian companies cooperate in the infrastructure, the energy and the natural resources sectors in third countries, with a focus on the Indo-Pacific region, through collaboration in financing.

1. The United States' Overseas Private Investment Corporation (OPIC) will merge with a part of the U.S. Agency for International Development (USAID) and be reorganized into the U.S. International Development Finance Corporation (DFC).
2. In July 2019, Australia's Export Finance and Insurance Corporation (Efic) was renamed Export Finance Australia.

### Promoting Cooperation of Japanese and Chinese Corporations in Third Countries

In October 2018, JBIC concluded an MOU with the China Development Bank (CDB), taking the opportunity of the Japan-China Forum on Third Country Business Cooperation, held in Beijing. This MOU is intended to promote cooperation between JBIC and CDB for projects in third country markets which Japanese and Chinese corporations participate or are involved in.

In recent years, there have been growing business opportunities in third countries for Japanese and Chinese

corporations that can complement each strengths. The governments of the two countries share the common view that the cooperation of Japanese and Chinese companies in third countries will not only expand in both countries' economic sectors, but also be beneficial for the third countries involved.

The collaboration of JBIC and CDB in providing financial support is based on the global standards such as openness, transparency, economic viability, debt sustainability, and compliance with laws



Provided by the Japan External Trade Organization (JETRO)

and regulations. Such collaboration is expected to encourage the creation of new business opportunities that will benefit Japan and China as well as the third countries in which the projects are located.

### Promoting Cooperation to Create Business Opportunities Between Japan and the EU Both in Europe and Beyond



JBIC concluded an MOU with the European Investment Bank (EIB).

EIB is the European Union (EU)'s public financial institution which provides long-term financing and expertise for projects that contribute to economic integration and balanced development both in Europe and beyond. The MOU aims to promote cooperation between the two policy-based financial institutions, JBIC and EIB, to create business opportunities for Japan and the EU both within and outside the EU.

Stronger bilateral cooperation between

Japan and the EU is expected as evident in the conclusion of the July 2018 Japan-EU Economic Partnership Agreement (EPA) and the Strategic Partnership Agreement (SPA). Furthermore, promoting innovation and environmental conservation are JBIC and EIB's shared priority areas. Given this, the MOU is expected to encourage further cooperation in co-financing and other areas between the two entities through the establishment of a collaborative relationship and the sharing of knowledge and expertise.

# Framework for Supporting Globalization Efforts of Mid-tier Enterprises and SMEs

With the economic growth of emerging market countries, especially in Asia, an increasing number of mid-tier enterprises and SMEs seek not only to meet the procurement needs of major Japanese companies with overseas production operations, but also to expand their own business in emerging markets. With such change in the purpose of overseas expansion of mid-tier enterprises and SMEs, the need for funds among mid-tier enterprises and SMEs has grown more diverse.

To respond to the diversification of financial needs of mid-tier enterprises and SMEs related to their overseas expansion, JBIC has further enhanced cooperation with Japanese private financial institutions and foreign local financial institutions. In addition to individual loan schemes based on co-financing with private financial institutions, including regional banks and Shinkin (credit) banks, JBIC provides support with two-step loans (including finance leases) through private financial institutions to enable immediate responses. JBIC also actively engages in foreign currency-denominated loans.

## Support for the Overseas Deployment of Mid-tier Enterprises and SMEs

Utilizing the know-how and experience of overseas financing that it has accumulated over the years, JBIC provides long-term financing required by Japanese companies, including mid-tier enterprises and SMEs, for

overseas investment, export of products, and other activities through co-financing with private financial institutions in the form of overseas investment loans, export loans, and other loans.

## Cooperation with Japanese Regional Financial Institutions, etc.

Regional financial institutions that mid-tier enterprises and SMEs work with play an important role when mid-tier enterprises and SMEs seek to expand overseas.

In cooperation with regional financial institutions, mainly regional banks, JBIC holds seminars on topics such as overseas expansion and takes other steps to broadly support local companies' smooth expansion overseas.

In FY2018, JBIC concluded general agreements with a number of financial institutions to establish credit lines for the funds necessary to enable mid-tier enterprises and SMEs to promote their business in developing countries (see page 75).

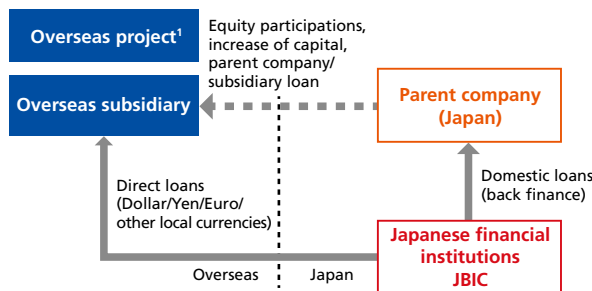
In April 2018, JBIC signed an MOU with Shinkin Central Bank (SCB), to establish a framework to provide two-step loans to Shinkin (credit) banks, for the purpose of supporting overseas expansion of mid-tier enterprises and SMEs, which have business relationships with Shinkin (credit) banks across Japan.

## Five Measures to Support Overseas Business Deployment of Mid-tier Enterprises and SMEs

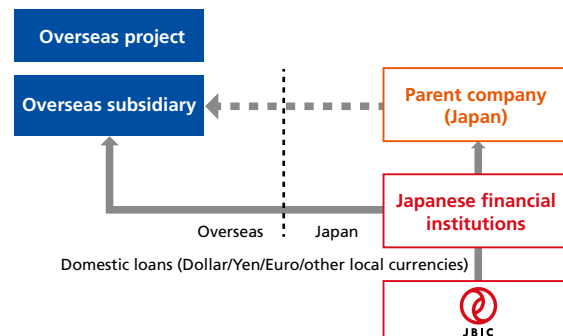
- (1) Response to small loans (several tens of millions of yen): Loans for replacement of machinery, in addition to new capital investment
- (2) U.S. dollar, Euro and local currency-denominated loans: Financing of long-term with U.S. dollar, Euro and local currency
- (3) Support for M&A overseas: Loans for acquisition funds required when entering overseas markets through M&A
- (4) Coordination and cooperation with private financial institutions (regional banks, Shinkin banks, mega banks): Support for the overseas business deployment needs of mid-tier enterprises and SMEs all through the country
- (5) Utilization of networks of JBIC overseas offices: Information service on overseas investment environment; support for solving issues with foreign governments

## Example of mid-tier enterprises and SMEs support schemes

### 1) Individual loan scheme



### 2) Two-step loan scheme (via Japanese financial institution)



1. In principle, intended to developing countries

\* Definition of mid-tier enterprises and SMEs: Companies capitalized at less than ¥1 billion or with not more than 300 employees. Consolidated subsidiaries of large companies are excluded.

### Financial Institutions with an Established Credit Line for Supporting Mid-tier Enterprises and SMEs

Signing date of Agreement	Financial Institutions
March 2015	SMFL Leasing (Thailand) Co., Ltd
October 2015	Sumitomo Mitsui Trust Leasing (Singapore) Pte. Ltd.
November 2017	PT. SMFL Leasing Indonesia
February 2018	P.T. Bank Resona Perdania
March 2018	Sumitomo Mitsui Finance and Leasing (Singapore) Pte. Ltd.
September 2018	PT. Resona Indonesia Finance
December 2018	The Shizuoka Bank, Ltd.
December 2018	The Bank of Yokohama, Ltd.
December 2018	Bangkok Mitsubishi UFJ Lease Co., Ltd.
December 2018	Saitama Resona Bank, Limited
December 2018	The Joyo Bank, Ltd.
December 2018	The Hachijuni Bank, Ltd.
January 2019	THE NISHI-NIPPON CITY BANK, LTD.
February 2019	The Toho Bank, Ltd.
February 2019	The Hokkoku Bank, Ltd.
February 2019	The Chiba Bank, Ltd.
February 2019	The Nanto Bank, Ltd.
March 2019	The Hiroshima Bank, Ltd.
March 2019	The Aichi Bank, Ltd.

Note: Limited to those banks for which the credit line was in force as of the end of FY2018

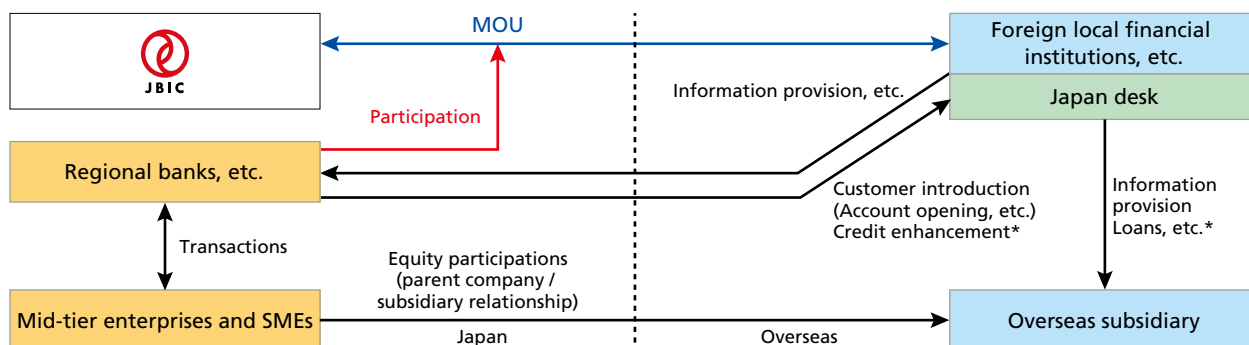
### Cooperation with Local Financial Institutions in Developing Countries

Securing the support of local financial institutions in developing countries well acquainted with the local area is also vital for mid-tier enterprises and SMEs.

Besides supporting Japanese affiliates overseas, JBIC has also strengthened its relationships with local financial institutions, by, for example, offering two-step loans to local financial institutions with the objective of fostering and supporting local companies that supply raw materials and parts to Japanese affiliates overseas.

JBIC has also concluded MOUs with local financial institutions to develop a support system for mid-tier enterprises and SMEs' overseas business expansion that involves regional financial institutions in Japan. JBIC has forged stronger relationships with local financial institutions in developing countries while it identifies the needs of mid-tier enterprises and SMEs to expand business overseas through Japan's regional financial institutions. As a part of those efforts, JBIC has concluded MOUs with local financial institutions to develop a support system for mid-tier enterprises and SMEs' overseas business expansion that involves regional financial institutions in Japan. Under these MOUs, JBIC encourages local financial institutions to set up and expand single contact points "Japan desks" for Japanese companies, and builds frameworks that enable consultations on specific cooperation and coordination together with the regional financial institutions that have business relationships with the mid-tier enterprises and SMEs in Japan. JBIC has concluded an MOU to establish Japan desks with seven local banks in five Asian countries (KASIKORNBANK Public Company Limited in Thailand, PT. Bank Negara Indonesia (Persero) Tbk in Indonesia, the State Bank of India, BDO Unibank, Inc., and the Metropolitan Bank and Trust Company (Metrobank) in the Philippines, the Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) and the Joint Stock Commercial Bank for Foreign Trade of Vietnam), as well as four local governments (the State of Aguascalientes, the State of Jalisco, the State of Guanajuato, and the State of Nuevo León) and one local bank, (BANCO NACIONAL DE MÉXICO, S.A., INTEGRANTE DEL GRUPO FINANCIERO BANAMEX [Banamex]) in Mexico.

### Diagram Outlining Collaboration with Foreign Local Financial Institutions



\* For loans from an foreign local bank based on credit enhancement from each Japanese regional bank, individual business cooperation agreements between the foreign local financial institutions and the Japanese regional bank must be concluded separately.

### Providing Local Currency-Denominated Loans

JBIC provides loans in various local currencies, including the Thai baht, Indonesian rupiah, and Chinese yuan. Especially for mid-tier enterprises and SMEs running domestic demand-based businesses in developing countries, stable financing of local currency funds is an important issue in business strategy. JBIC prepares long-term fixed-rate local currency loans and provides co-financing with private financial institutions directly to the local subsidiaries of Japanese companies who are the clients of those financial institutions. The co-financing sometimes involves JBIC providing local currency-denominated loans and the private financial institutions providing yen-denominated loans through the parent company in Japan.

### Supporting Rupiah-denominated Loans from a Japanese Regional Financial Institution

As a background of stable economic growth and the size of the market in Indonesia, local Japanese companies are more motivated to make capital investment. Japanese companies' needs for long-term rupiah funds are rising due to the obligation to use rupiah in fund settlements in the country.

Given this situation, JBIC concluded agreements with the Shizuoka Bank, Ltd. and PT Bank CIMB Niaga Tbk (CIMB Niaga) of Indonesia for it to provide a guarantee concerning currency swap transactions.<sup>1</sup> The agreements are intended to enable the Shizuoka Bank's smooth procurement of rupiah funds through JBIC guaranteeing the payment of settlement money to the Shizuoka Bank in the case of early cancellation of swap transactions by CIMB Niaga, which is the Shizuoka Bank's currency swap counterparty. This agreement intends to support local Japanese companies' funding of rupiah-denominated loans.

Also, under this framework, JBIC supported the financing of funds necessary for the automotive parts manufacturing and sales business operated in West Java, Indonesia, by PT. UNIVANCE INDONESIA, a local Indonesian subsidiary of UNIVANCE CORPORATION, by guaranteeing the borrowing of a rupiah-denominated loan from the Shizuoka Bank. This was the first rupiah-denominated loan by a Japanese regional financial institution.

1. The agreements are structured for multiple individual projects and established for a framework that can support large companies as well as mid-tier enterprises and SMEs.

### Information Services and Seminars

In addition to individual consulting services for mid-tier enterprises and SMEs' overseas expansion, JBIC provides advisory services through experts concerning the legal, accounting, and currency regulations related to tax affairs, employment and labor issues, contracts, company establishment, and other issues for China, India, the 10 member states of ASEAN, North America, Latin America, and the Middle East.

JBIC also organizes seminars and consultations on overseas business deployment in cooperation with regional banks and other regional financial institutions, prefectural and municipal governments, and local chambers of commerce and industry. In addition, it conducts field studies to assess investment climates in countries where Japanese companies are actively expanding their business. The findings of these studies are compiled into guidebooks, which are available in book form and on JBIC's website.

In FY2018, JBIC created guidebooks on the investment environments in Mexico, Myanmar, the Philippines, and China.

Moreover, JBIC offers an itinerant advisory service in many parts of Japan in cooperation with prefectural and municipal governments, as well as local chambers of commerce and industry, which support local companies in expanding their operations overseas. This service, which is available on a regular basis in Sendai City, Ota City, Tokyo, and Nagoya, offers advice on the overseas investment climate and how to obtain long-term financing, among other topics.



## **5** Operational and Administrative Policies

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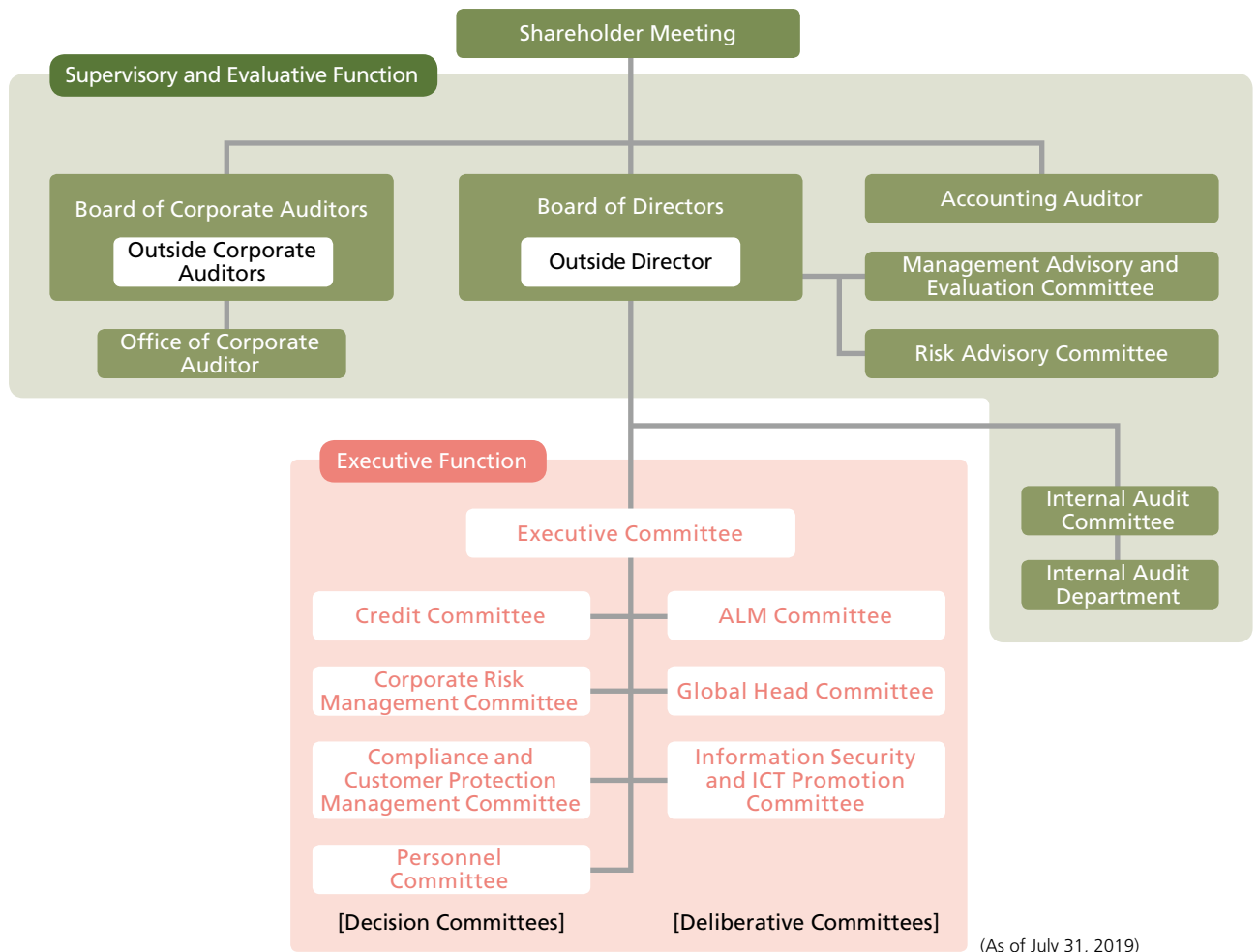


# Corporate Governance

## Fundamental Approach to Corporate Governance

JBIC is making efforts to build corporate governance structure in conducting operations with particular attention to integrity and efficiency, as it seeks to fulfill the mission

set out under the JBIC Act (Law No. 39, 2011) and realize its corporate philosophy.



## Involvement of Japanese Government

As JBIC has its shares wholly owned by the Government of Japan, it is subject to the control of the Japanese government, its sole shareholder. Additionally, it is subject to the budget passed in the Diet, inspections by the Board of Audit of Japan, by the Competent Minister, and by the Financial Services Agency whose inspection is delegated by the Competent Minister.

## Supervisory and Evaluation Function and the Conduct of JBIC Operations

To strengthen the supervisory and evaluative function of the Board of Directors as well as conduct speedy and flexible operations, JBIC has established, in addition to the Board of Directors, the Board of Corporate Auditors and other organs required by the Companies Act, the Management Advisory and Evaluation Committee, the Risk Advisory Committee, the Internal Audit Committee, and the Executive Committee. Furthermore, a variety of

committees were set up by the Executive Committee that delegates specific tasks to them.

### (1) Board of Directors

The Board of Directors consists of eight members, of which two members are outside directors as set forth in the Companies Act. The outside directors supervise the conduct of JBIC operations from the point of view of a corporate outsider, apart from representative directors of JBIC. In addition, the outside directors contribute to improving the governance of JBIC as a member of the Management Advisory and Evaluation Committee as well as the Risk Advisory Committee.

### (2) Board of Corporate Auditors

The Board of Corporate Auditors consists of three auditors, of which two are outside corporate auditors, as set forth in the Companies Act. Outside corporate auditors contribute to improving the governance structure of JBIC, as they

cooperate with the full-time auditor in auditing the conduct of its operations. As a section helping them execute their responsibilities, there is the Office of Corporate Auditor.

### (3) Management Advisory and Evaluation Committee

The Management Advisory and Evaluation Committee consists of external experts, including the outside director. They make assessment and offer advice on the matters referred to them by the Board of Directors pertaining to the business operations and management of JBIC.

### (4) Risk Advisory Committee

The Risk Advisory Committee consists of external experts, including the outside director. They offer advice on the matters referred to them by the Board of Directors pertaining to risk management and assessment framework associated with large-lot obligors and risk exposure to large-scale projects.

### (5) Internal Audit Committee

The Internal Audit Committee consists of representative directors and the outside director. They make decisions and deliberations concerning important matters pertaining to internal audit, as delegated by the Board of Directors.

### (6) Executive Committee

The Executive Committee consists of representative directors, executive directors, and all the managing executive officers. They make decisions and deliberations concerning important managerial matters, thereby taking responsibility for conducting flexible JBIC operations, as delegated by the Board of Directors. The committees below have been established as advisory bodies to the Executive Committee or as decision-making bodies on certain matters as delegated by the Executive Committee.

#### (i) Credit Committee

The Credit Committee makes decisions and deliberations concerning important matters on loans, equity participations, and guarantees by JBIC, as delegated by the Executive Committee.

#### (ii) Corporate Risk Management Committee

The Corporate Risk Management Committee makes decisions and deliberations concerning important matters pertaining to the corporate risk management of JBIC, as delegated by the Executive Committee.

#### (iii) Compliance and Customer Protection Management Committee

The Compliance and Customer Protection Management Committee makes decisions and deliberations concerning important matters pertaining to the compliance and customer protection management of JBIC, as delegated by the Executive Committee.

#### (iv) Personnel Committee

The Personnel Committee makes decisions and deliberations concerning important matters pertaining to the personnel of JBIC, as delegated by the Executive Committee.

#### (v) ALM Committee

The ALM Committee makes deliberations concerning important matters pertaining to the asset-liability management (ALM) of JBIC, as delegated by the Executive Committee and the Corporate Risk Management Committee.

#### (vi) Global Head Committee

The Global Head Committee makes deliberations concerning cross-cutting matters among internal groups, including operational policy for each country or region, as delegated by the Executive Committee.

#### (vii) Information Security and ICT Promotion Committee

The Information Security and ICT Promotion Committee makes deliberations concerning the use and management of JBIC's information assets, as well as important matters on information security, and cross-divisional matters on ICT such as measures required for the ICT plans and policies which had been determined by the Board of Directors and Executive Committee, as delegated by the Executive Committee.

#### ■ List of Members of the Management Advisory and Evaluation Committee

(As of July 31, 2019)

Name	Occupation
URATA Shujiro	Professor, Graduate School of Asia-Pacific Studies, Waseda University
ENDO Noriko	Project Professor, Graduate School of Media and Governance, Keio University
KAWAMURA Yoshinori	JBIC Managing Director (Outside Director)
KOIZUMI Shinichi	JBIC Managing Director (Outside Director)
SUZUKI Yoshikatsu	Journalist (formerly editor-in-chief <i>Diplomacy</i> )
TAKAGI Yuzo	Chairman & Representative of Audit Corporation GODAI, Certified Public Accountant
NIINAMI Takeshi	President & Chief Executive Officer, Member of the Board, Representative Director, Suntory Holdings Limited

(Listed in the order of 50 character kana syllabary, name listed without honorifics)

#### ■ List of Members of the Risk Advisory Committee

(As of December 11, 2019)

Name	Occupation
ABE Shuhei	President, CEO & CIO of SPARX Group Co., Ltd.
OGAWA Eiji	Professor, Graduate School of Commerce and Management, Hitotsubashi University
KAWAMURA Yoshinori	JBIC Managing Director (Outside Director)
KOIZUMI Shinichi	JBIC Managing Director (Outside Director)
TOMITA Toshiki	Guest Scholar, Nomura Institute of Capital Markets Research
FUJIWARA Mikiko	CEO of Alpha Associates Co., Ltd.
MATSUDA Chieko	Professor of Management, Graduate School of Social Sciences, Tokyo Metropolitan University
YOKOO Keisuke	President, Member of the Board, Chief Executive Officer, Japan Investment Corporation

(Listed in the order of 50 character kana syllabary, name listed without honorifics)

### Mission/Sector-Specific Group Structure

JBIC reconstituted its organization and adopted a mission/sector-specific group structure. Its objective is to strengthen the capacity to formulate projects by bringing together knowhow and expertise in each sector and area, thereby facilitating JBIC to perform the functions in its mission more flexibly and strategically.

Specifically, the Corporate Planning Group; Credit, Assessment and Risk Management Group; Treasury and Systems Group; Energy and Natural Resources Finance

Group; Infrastructure and Environment Finance Group; Industry Finance Group; and Equity Finance Group were set up, with each Group having departments with special expertise.

For each Group, the responsible board member is appointed, and the managing director or a managing executive officer serves as the Global Head of each Group. Each Group is managed in an integral manner under the Global Head of the Group in an effort to conduct speedy, flexible and efficient operations.

### Members of Board of Directors

(As of October 1, 2019)

<b>Governor</b>	<b>MAEDA Tadashi</b>
<b>Deputy Governor</b>	<b>HAYASHI Nobumitsu</b>
<b>Executive Managing Director</b>	<b>AMAKAWA Kazuhiko</b>
<b>Senior Managing Director</b>	<b>OYA Toshio</b>
<b>Senior Managing Director</b>	<b>KUROISHI Kuninori</b>
<b>Senior Managing Director</b>	<b>TAKESADA Tatsuhiko</b>
<b>Managing Director (Outside Director)</b>	<b>KOIZUMI Shinichi</b>
<b>Managing Director (Outside Director)</b>	<b>KAWAMURA Yoshinori</b>

### Managing Executive Officers

(As of October 1, 2019)

<b>Global Head of Corporate Planning Group</b>	<b>HASHIYAMA Shigeto</b>	<b>Corporate Planning Group</b>
<b>Global Head of Credit, Assessment and Risk Management Group</b>	<b>FUNADA Yutaka</b>	<b>Credit, Assessment and Risk Management Group</b>
<b>Global Head of Treasury and Systems Group</b>	<b>TANAKA Kazuhiko</b>	<b>Treasury and Systems Group</b>
<b>Global Head of Energy and Natural Resources Finance Group</b>	<b>NISHITANI Tsuyoshi</b>	<b>Energy and Natural Resources Finance Group</b>
<b>Global Head of Infrastructure and Environment Finance Group</b>	<b>TANIMOTO Masayuki</b>	<b>Infrastructure and Environment Finance Group</b>
<b>Global Head of Industry Finance Group</b>	<b>ISOBE Koichi</b>	<b>Industry Finance Group</b>
<b>Global Head of Equity Finance Group</b>	<b>FUJINO Shinji</b>	<b>Equity Finance Group</b>

Member of Board of Directors  
  Member of Internal Audit Committee  
  Member of Executive Committee

## Fundamental Policy on Internal Control

Pursuant to the Companies Act, JBIC has put in place an institutional structure, including internal regulations, to ensure the proper conduct of its operations and activities, based on the Basic Policy for the Internal Control System decided by the Board of Directors.

## Compliance

JBIC has set forth in its Code of Conduct to “Maintain high ethical standards and a law-abiding spirit. Observe our moral code as a JBIC member at all times.” In accordance with this Code of Conduct JBIC has formulated internal regulations concerning compliance and its implementation status under the Basic Policy for the Internal Control System. In addition, the Basic Principles of Compliance is formulated as follows.

- Recognizing JBIC’s role as a policy-based financial institution that undertakes international operations, directors and employees are keenly aware of the public missions and social responsibilities called for in the international community and in civil society. It is also well recognized that any act in violation of laws, regulations, or rules by its directors and employees will lead to denigrating confidence in JBIC as a whole and have a materially adverse effect on its operations. Attentive to these needs, JBIC is constantly pursuing toward compliance and operational integrity.
- Directors and employees recognize that JBIC has accountability to the general public regarding its operations and that it must make efforts to ensure the trust of the general public through appropriate information disclosure.
- JBIC shall not have any connections whatsoever with antisocial forces. It shall adopt an uncompromising attitude throughout its organization toward antisocial forces, and decisively reject all improper demands from such forces. This is essential for maintaining public trust in JBIC as well as for assuring the appropriateness and soundness of JBIC’s operations and it makes appropriate responses in collaboration with police and other relevant authorities.

## Compliance System

In accordance with the above Basic Principles, JBIC thoroughly engages in compliance as detailed below. JBIC makes efforts to improve compliance, primarily through the Compliance and Customer Protection Management Committee and has established the Legal Affairs and Compliance Office as an integrated compliance management unit.

Each Group and Overseas Representative Office serving as a regional headquarter has an Integrated Compliance Officer, while each department and overseas representative office has a Compliance Officer for making efforts in compliance, such as fostering such awareness among JBIC employees.

To foster an in-depth understanding of compliance, JBIC makes good use of its Compliance Manual and provides training sessions for its management and staff members. It also develops a compliance program every fiscal year as a basis for making necessary compliance arrangements and providing relevant training, and follows

up on the progress and completion.

In addition to the reporting procedures in its ordinary line of business, JBIC has put in place and is properly operating an internal reporting system such that it is capable of finding significant compliance issues at an early stage and taking appropriate remedial action.

## Internal Audit

As an internal control system for overall operations, JBIC has appropriate internal audit procedures to review as well as evaluate their appropriateness and effectiveness and make recommendations to improve them. For these purposes, JBIC has the Internal Audit Committee, which includes the outside director, as a decision-making body independent of the Executive Committee that is responsible for conducting operations. There is also the Internal Audit Department, independent of the line departments and directly reporting to the Governor.

The Internal Audit Department exchanges relevant information and cooperates with the Corporate Auditors and an Accounting Auditor for executing efficient internal audit.



In general, the operations of financial institutions involve various risks, including credit risk, market risk (such as interest rate and exchange rate risk, etc.), liquidity risk, and operational risk. As a policy-based financial institution, JBIC conducts financial operations to achieve policy objectives. Thus, JBIC differs from private financial institutions in its nature as well as the extent of risks involved in its operations and ways to deal with them. Nonetheless, recognizing the importance of appropriate risk management as a financial institution, JBIC has put in place an institutional system for risk management commensurate with different types of risks and for addressing integrated risk management.

More specifically, JBIC defines the objective of risk management as identifying, measuring, and monitoring various risks JBIC is exposed to in the process of conducting operations to ensure the soundness and integrity of operations and increase transparency. For this purpose, JBIC has designated the staff responsible for managing

various risks and has a department working on the overall risk management. In addition, there are the Corporate Risk Management Committee and the ALM Committee that hold discussions and make considerations for the effective functioning of risk management. JBIC has also set up the Risk Advisory Committee, which consists of external experts, to provide the JBIC Board of Directors with advice on the risk management and assessment system with respect to large-lot debtors and on issues referred to by the JBIC Board of Directors with respect to risks associated with large-scale projects.

JBIC has conducted risk management separated into the Ordinary Operations Account and Special Operations Account. The following sections describe how JBIC manages representative risks JBIC is facing, among various other operational risks, in conducting operations as a policy-based financial institution.

## Credit Risk

Credit risk refers to the potential loss from a decline or loss of the value of credit assets due to deterioration in the financial conditions of a debtor. This risk is inherent in JBIC's operations as it primarily engages in lending activities. Credit risk exposure to JBIC may be classified into: sovereign risk, which involves financing foreign governments; corporate risk, which involves financing business firms; project risk, which occurs when a project financed in project financing—a financing structure in which a loan is primarily secured on the cash flow generated from the project—fails to generate the planned cash flow; and country risk, which involves financing foreign firms as well as projects located in foreign countries (collateral risk arising from political and economic situations of countries where debtor companies are located or projects are under way). Given the very nature of financial support JBIC provides for promotion of overseas development and securement of strategically important resources to Japan, for maintaining and improving the international competitiveness of Japanese industries, and for promoting the overseas business for preserving the global environment, such as preventing global warming, JBIC frequently extends loans to foreign governments, government agencies, and companies. Therefore, sovereign and country risks account for a considerable share of the credit risks accompanying JBIC's operations. For credit risk, JBIC performs credit risk management for individual borrowers during each credit provision process and undertakes portfolio credit risk management by quantifying credit risks.

### Managing Credit Risk

The cornerstone of credit risk management at JBIC is the evaluation of an individual borrower's creditworthiness in the process leading to credit approval. When a new loan application is being processed, the relevant finance department and the Credit Department collect and analyze information on the borrower. The overseas representative offices also play a part in collecting information on foreign governments and companies. It is based on this information and its analysis that credit appraisal takes

place, with checks and balances at work between these different departments throughout this process, leading to the final decision by management.

In providing credit for foreign governments and companies, JBIC makes the most of its unique position as an official financier, as it exchanges views and information with the governments and relevant authorities in the recipient countries, multilateral institutions such as the International Monetary Fund (IMF) and the World Bank, other official export credit agencies and, furthermore, with private financial institutions in developed countries. Using all these channels, JBIC evaluates sovereign and country risks based on a broad range of information collected on borrowing governments, government agencies, and political and economic conditions in their countries.

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

### Internal Credit Rating

JBIC has established an internal credit rating system which covers, in principle, all the borrowers. Internal credit ratings are the cornerstone of credit risk management, being used for conducting individual credit appraisals and quantifying credit risks.

### Internal Assessment of Asset Portfolio

JBIC is undertaking the internal assessment of its loan portfolio so that the characteristics of its loan assets will be accurately reflected on its assessment. In this process, the first-stage assessment is conducted by the relevant financing departments, while the second-stage assessment is conducted by the Credit Department and the Country Credit Department, which is then inspected by the Audit Department. The results of internal assessment conducted

on the portfolio are not only used internally for the continuous reviews of the loan portfolio but are also reflected in the disclosure of asset quality to enhance the transparency of JBIC's financial position.

### Quantifying Credit Risk

In addition to individual credit risk management, JBIC is working on quantifying credit risks with a view to evaluating the risk of the overall loan portfolio.

JBIC quantifies credit risk utilizing its own proprietary credit risk quantification model that takes into account the characteristics of JBIC's loan portfolio, which holds a significant proportion of long-term loans and loans

involving sovereign and country risks and mechanisms for securing assets, such as the Paris Club<sup>1</sup>, a unique international support framework for debt management by official creditor countries. JBIC uses this quantified credit risk for credit portfolio analysis encompassing the degree of credit concentration and also for internal control.

1. The Paris Club is an informal group of official creditors whose role is to find coordinated and sustainable solutions to the payment difficulties experienced by debtor nations. Since the first meeting took place in 1956 to resolve the debt problem of Argentina, the meeting has been held in Paris, with the French Treasury acting as its secretariat. Hence, it has come to be called the Paris Club.

## Market Risk

Market risk refers to the potential loss from changes in the value of assets and liabilities as a result of fluctuations in interest rates and foreign exchange rates. JBIC manages specific market risks as follows.

### Exchange Rate Risk

Foreign currency-denominated loans involve the risk associated with exchange rate fluctuations. JBIC has a consistent policy of hedging the full amount of such exposure through currency swaps and forward exchange transactions.

### Interest Rate Risk

Funding for yen-denominated loans is mainly managed at fixed-rate interest. Interest rate risk for yen-denominated loans, however, is limited since derivative transactions such as interest rate swaps are used to hedge interest rate risk for portions of loans that are thought to have high exposures to interest rate fluctuation risk. Interest rate risks associated with foreign currency-denominated loan operations and relevant fundings are generally hedged by managing the funds with floating interest rates with the use of interest rate swap transactions. In addition, JBIC carefully calculates and analyzes projections of its future asset/liability structure and profits and losses.

## Derivatives Transactions

### (1) Basic Policy for Derivatives Transactions

JBIC engages in derivatives transactions exclusively for the purpose of hedging exchange rate and interest rate risks.

### (2) Transactions

Derivatives transactions of JBIC include interest rate and currency swaps and forward exchange contracts. The following table gives a summary of these transactions as of March 31, 2019.

### Credit Risk of Derivatives, etc.

(As of March 31, 2019; unit: 100 million yen)

	Contract Amounts / Notional Amounts	Credit Risk Amounts
Interest Rate Swaps	52,565	868
Currency Swaps	36,552	3,106
Forward Exchange Contracts	1,541	8
Other Derivatives	—	—
Credit Risk Reductions through Netting		(2,419)
Total	90,659	1,564

"The credit risk amounts" are calculated under Uniform International Standards in accordance with the Banking Act of Japan and the related regulations.

### (3) Risks Involved in Derivatives Transactions

Derivatives transactions involve the following risks.

#### ◆ Counterparty Credit Risk

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

#### ◆ Market Risk

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

### (4) Measures to Address These Risks

#### ◆ Counterparty Credit Risk

JBIC constantly monitors the fair value of a derivative in conducting a transaction with each counterparty, credit risk exposure to it, and its creditworthiness. Such information is then used to assess the eligibility of the counterparty.

Regarding the fair value of a derivative in conducting a transaction and credit risk exposure, JBIC performs detailed management by taking into account collateral transfer based on a collateral contract with the counterparty.

#### ◆ Market Risk

JBIC utilizes derivatives transactions exclusively for the purpose of hedging. Therefore, the market risk on derivatives transactions and the risk on hedged (lending or funding) transactions, in principle, offset each other.

### Liquidity Risk

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Liquidity risk refers to the potential loss resulting from difficulties in funding due to a maturity mismatch between financing and funding caused by unexpected cash-outs or from being forced to fund at an interest rate significantly higher than in normal circumstances, as well as the potential loss resulting from a failure to make transactions in the market due to market turmoil or from being forced to make transactions at a significantly disadvantageous

price compared to normal circumstances.

JBIC is minimizing liquidity risk through effective cash flow management and the diversification of its funding sources, including borrowings under the Fiscal Investment and Loan Program (FILP), government-guaranteed bond issues in international capital markets, and FILP agency bond issues in the domestic capital market.

### Operational Risks

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Operational risk refers to the potential loss resulting from inadequate or failed internal processes, people, and systems or from external events. Apart from administrative, computer system, and information security risks, JBIC recognizes that its operations involve various direct and indirect risks. JBIC will proactively identify, assess, and manage such risks.

#### Administrative Risk

Administrative risk refers to the potential loss resulting from the neglect by officers and employees to conduct administrative work properly, accidents caused by them, and violation of laws and regulations caused by them, etc., conducted in the course of the administrative work process.

JBIC has been minimizing this risk by ensuring sound operations through scrupulous checks on work processes, creating operational manuals, improving training programs, and streamlining and adopting systematic procedures.

#### Computer System Risk

Computer system risk refers to the potential loss from a breakdown or malfunction in computer systems as well as from their misuse. JBIC has been minimizing computer system risk by increasing its readiness to respond effectively to emergency situations. Specifically, (a) measures have been taken to prevent system malfunctions and leakage of client information; and (b) contingency plans have been prepared to respond to system malfunctions caused by accidents and other causes, and disaster-response drills have been conducted.

#### Information Security Risk

Information security risk refers to the potential loss due to threats to the confidentiality, integrity, and availability of information assets. JBIC has taken all possible measures to maintain information security by establishing information security regulations and a structure encompassing information management as well as by providing comprehensive education to management and staff members.

# Public Information and Disclosure

JBIC is providing and disseminating information to a broad range of the domestic and overseas public in an effort to promote further understanding of its operations and activities.

The JBIC Information Center at the Head Office and the Osaka Branch produce various brochures, annual reports, public relations magazines, and other materials available to the general public. In addition, a variety of information about JBIC is provided publicly in Japan and overseas through the JBIC website (<https://www.jbic.go.jp/en/>).

## Publications

JBIC publishes its annual operations and activities as well as its financial conditions in various disclosure materials, including annual reports, business reports, financial statements, and Form 18-K, which is submitted to the U.S. Securities and Exchange Commission.

Other publications available to the public include *JBIC Today*, a public information magazine that reports on JBIC's latest activities and topics on its operations and other relevant issues; *JBIC Profile: Role and Function*, a brochure describing JBIC operations.



*JBIC Today*

## Website

The website provides access to JBIC information, including its financial instruments, press releases, invitations to seminars, reports on various studies, annual reports, various brochures, IR information for investors, and various other types of information.

## Information Dissemination for the Media

Aside from information disseminated through various publications, the website, and other means, JBIC informs the news media about its operations and activities through press conferences, meetings, etc.

## Disseminating Information from Overseas Representative Offices

JBIC's overseas representative offices are actively contributing reports and articles to the news media to provide information, such as political, economic, and business trends in overseas development, etc.

## Promoting International Exchange

Since 1976, JBIC has held annual JBIC Seminars in Japan to promote mutual understanding with its overseas business partners and relevant organizations by inviting officials from foreign governments, government agencies, private companies, financial institutions, etc. The cumulative number of seminar participants is approximately 700 to date.



JBIC Seminar

## Disclosure

JBIC discloses to the public its operational and financial information to promote further understanding of its current activities, as follows.

Source of Information	Access
Report on Settlement of Accounts	<ul style="list-style-type: none"> <li>Available at the Head Office and the Osaka Branch</li> <li>Distributed to the National Diet Library and economic organizations, etc.</li> </ul>
Annual Report, Public Relations Magazine, etc.	<ul style="list-style-type: none"> <li>Available at the Head Office, the Osaka Branch, and Representative Offices</li> <li>Distributed to interested persons/institutions</li> </ul>
Website: <ul style="list-style-type: none"> <li>Type of Business Operations, Operational Results, Overview of Organization, Financial Composition, etc.</li> </ul>	<ul style="list-style-type: none"> <li>On the internet Address: <a href="https://www.jbic.go.jp/en/">https://www.jbic.go.jp/en/</a></li> </ul>





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## 1 Commitments

## A. Commitments by Purpose of Financing

(Unit: billions of yen, %)

	FY2014			FY2015			FY2016			FY2017			FY2018		
	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share
<b>Loans</b>															
<b>Export Loans</b>	<b>49</b>	<b>406.4</b>	<b>13</b>	<b>22</b>	<b>141.0</b>	<b>6</b>	<b>20</b>	<b>175.0</b>	<b>8</b>	<b>14</b>	<b>34.7</b>	<b>3</b>	<b>13</b>	<b>102.7</b>	<b>6</b>
Shipping	24	24.3	1	9	33.6	1	3	10.5	0	4	5.1	0	1	0.8	0
Plant	24	381.8	12	13	107.3	4	17	164.5	7	10	29.6	2	12	101.8	6
Technical Services	1	0.2	0	—	—	—	—	—	—	—	—	—	—	—	—
<b>Import Loans</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1</b>	<b>252.3</b>	<b>11</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1</b>	<b>238.0</b>	<b>20</b>	<b>—</b>	<b>—</b>	<b>—</b>
Natural Resources	—	—	—	1	252.3	11	—	—	—	1	238.0	20	—	—	—
<b>Overseas Investment Loans</b>	<b>197</b>	<b>2,451.0</b>	<b>75</b>	<b>260</b>	<b>1,858.1</b>	<b>78</b>	<b>222</b>	<b>1,721.0</b>	<b>77</b>	<b>101</b>	<b>764.4</b>	<b>64</b>	<b>83</b>	<b>1,178.0</b>	<b>69</b>
Natural Resources	20	1,059.1	33	11	236.9	10	4	250.5	11	8	256.5	21	6	239.3	14
Others	177	1,391.9	43	249	1,621.1	68	218	1,470.5	66	93	507.9	43	77	938.7	55
<b>Untied Loans</b>	<b>5</b>	<b>46.7</b>	<b>1</b>	<b>4</b>	<b>24.8</b>	<b>1</b>	<b>4</b>	<b>33.7</b>	<b>2</b>	<b>1</b>	<b>30.0</b>	<b>3</b>	<b>3</b>	<b>41.7</b>	<b>2</b>
<b>Sub Total</b>	<b>251</b>	<b>2,904.2</b>	<b>89</b>	<b>287</b>	<b>2,276.3</b>	<b>95</b>	<b>246</b>	<b>1,929.9</b>	<b>86</b>	<b>117</b>	<b>1,067.3</b>	<b>89</b>	<b>99</b>	<b>1,322.5</b>	<b>77</b>
<b>Guarantees</b>	<b>15</b>	<b>312.3</b>	<b>10</b>	<b>7</b>	<b>106.6</b>	<b>4</b>	<b>8</b>	<b>293.5</b>	<b>13</b>	<b>8</b>	<b>48.1</b>	<b>4</b>	<b>13</b>	<b>350.7</b>	<b>20</b>
<b>Equity Participations</b>	<b>5</b>	<b>32.8</b>	<b>1</b>	<b>4</b>	<b>14.3</b>	<b>1</b>	<b>3</b>	<b>16.2</b>	<b>1</b>	<b>5</b>	<b>77.7</b>	<b>7</b>	<b>5</b>	<b>43.7</b>	<b>3</b>
<b>Total</b>	<b>271</b>	<b>3,249.3</b>	<b>100</b>	<b>298</b>	<b>2,397.4</b>	<b>100</b>	<b>257</b>	<b>2,239.7</b>	<b>100</b>	<b>130</b>	<b>1,193.2</b>	<b>100</b>	<b>117</b>	<b>1,717.1</b>	<b>100</b>

## B. Commitments by Region (Loans, Equity Participations and Guarantees)

(Unit: billions of yen, %)

	FY2014			FY2015			FY2016			FY2017			FY2018		
	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share
<b>Asia</b>	<b>162</b>	<b>610.5</b>	<b>19</b>	<b>150</b>	<b>332.9</b>	<b>14</b>	<b>125</b>	<b>843.2</b>	<b>38</b>	<b>87</b>	<b>174.3</b>	<b>15</b>	<b>80</b>	<b>561.6</b>	<b>33</b>
<b>Oceania</b>	<b>6</b>	<b>173.8</b>	<b>5</b>	<b>2</b>	<b>6.9</b>	<b>0</b>	<b>4</b>	<b>11.1</b>	<b>1</b>	<b>4</b>	<b>18.2</b>	<b>2</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Europe</b>	<b>17</b>	<b>228.8</b>	<b>7</b>	<b>57</b>	<b>598.3</b>	<b>25</b>	<b>56</b>	<b>525.7</b>	<b>23</b>	<b>3</b>	<b>60.0</b>	<b>5</b>	<b>8</b>	<b>669.4</b>	<b>39</b>
<b>The Middle East</b>	<b>14</b>	<b>493.6</b>	<b>15</b>	<b>9</b>	<b>427.6</b>	<b>18</b>	<b>8</b>	<b>134.2</b>	<b>6</b>	<b>6</b>	<b>404.0</b>	<b>34</b>	<b>6</b>	<b>151.4</b>	<b>9</b>
<b>Africa</b>	<b>7</b>	<b>195.6</b>	<b>6</b>	<b>2</b>	<b>14.9</b>	<b>1</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5</b>	<b>138.4</b>	<b>12</b>	<b>4</b>	<b>34.3</b>	<b>2</b>
<b>North America</b>	<b>45</b>	<b>1,389.3</b>	<b>43</b>	<b>38</b>	<b>493.6</b>	<b>21</b>	<b>48</b>	<b>605.8</b>	<b>27</b>	<b>11</b>	<b>180.6</b>	<b>15</b>	<b>5</b>	<b>51.6</b>	<b>3</b>
<b>Latin America and the Caribbean</b>	<b>18</b>	<b>136.1</b>	<b>4</b>	<b>37</b>	<b>507.3</b>	<b>21</b>	<b>11</b>	<b>89.0</b>	<b>4</b>	<b>13</b>	<b>201.2</b>	<b>17</b>	<b>11</b>	<b>232.6</b>	<b>14</b>
<b>International Organizations, etc.</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3</b>	<b>14.9</b>	<b>1</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2</b>	<b>10.9</b>	<b>1</b>
<b>Others</b>	<b>2</b>	<b>21.2</b>	<b>1</b>	<b>3</b>	<b>15.5</b>	<b>1</b>	<b>2</b>	<b>15.4</b>	<b>1</b>	<b>1</b>	<b>16.1</b>	<b>1</b>	<b>1</b>	<b>5.0</b>	<b>0</b>
<b>Total</b>	<b>271</b>	<b>3,249.3</b>	<b>100</b>	<b>298</b>	<b>2,397.4</b>	<b>100</b>	<b>257</b>	<b>2,239.7</b>	<b>100</b>	<b>130</b>	<b>1,193.2</b>	<b>100</b>	<b>117</b>	<b>1,717.1</b>	<b>100</b>

## 2 Disbursements

(Unit: billions of yen, %)

	FY2014		FY2015		FY2016		FY2017		FY2018	
	Total	Share	Total	Share	Total	Share	Total	Share	Total	Share
<b>Loans</b>										
Export Loans	112.0	4	148.8	7	227.2	10	279.4	15	100.0	6
Import Loans	21.8	1	27.6	1	230.9	10	0.7	0	230.0	13
Overseas Investment Loans	2,049.4	79	1,840.3	82	1,691.5	72	1,356.4	75	1,039.6	57
Untied Loans	64.3	2	44.5	2	32.2	1	50.3	3	39.2	2
Sub Total	2,247.6	87	2,061.3	92	2,181.9	93	1,687.1	93	1,408.9	77
Guarantees	303.2	12	134.3	6	152.6	6	78.5	4	367.3	20
Equity Participations	30.9	1	42.4	2	18.5	1	39.8	2	42.4	2
<b>Total</b>	<b>2,581.8</b>	<b>100</b>	<b>2,238.2</b>	<b>100</b>	<b>2,353.1</b>	<b>100</b>	<b>1,805.4</b>	<b>100</b>	<b>1,818.6</b>	<b>100</b>

## 3 Repayments

(Unit: billions of yen, %)

	FY2014		FY2015		FY2016		FY2017		FY2018	
	Total	Share	Total	Share	Total	Share	Total	Share	Total	Share
<b>Loans</b>										
Export Loans	104.8	4	95.5	4	97.1	6	104.3	5	117.5	6
Import Loans	138.4	6	154.3	6	151.6	9	178.8	9	201.5	10
Overseas Investment Loans	1,795.6	73	1,760.7	72	961.6	59	1,413.2	69	1,401.6	69
Untied Loans	158.2	6	151.7	6	186.3	11	140.3	7	152.4	7
Governmental Loans	2.6	0	2.5	0	2.4	0	3.2	0	2.4	0
Sub Total	2,199.8	90	2,164.9	89	1,399.1	86	1,839.9	90	1,875.6	92
Guarantees	238.2	10	205.5	8	228.2	14	183.4	9	150.1	7
Equity Participations	12.4	1	64.5	3	4.5	0	17.9	1	14.6	1
<b>Total</b>	<b>2,450.6</b>	<b>100</b>	<b>2,435.0</b>	<b>100</b>	<b>1,631.9</b>	<b>100</b>	<b>2,041.3</b>	<b>100</b>	<b>2,040.3</b>	<b>100</b>

(Note) Prepayments in FY2017 and 2018 amounted to ¥329.9 billion and ¥339.3 billion, respectively.

## 4 Outstandings

(Unit: billions of yen, %)

	FY2014		FY2015		FY2016		FY2017		FY2018	
	Total	Share	Total	Share	Total	Share	Total	Share	Total	Share
<b>Loans</b>										
Export Loans	812.4	5	844.7	5	976.7	6	1,111.1	7	1,133.5	7
Import Loans	661.6	4	525.7	3	609.7	4	421.1	3	460.8	3
Overseas Investment Loans	11,970.5	69	11,342.0	70	12,080.8	71	11,463.0	71	11,569.3	70
Untied Loans	988.8	6	901.8	6	741.9	4	632.2	4	534.3	3
Governmental Loans	37.1	0	34.6	0	32.2	0	28.9	0	26.5	0
Sub Total	14,470.6	84	13,649.0	84	14,441.5	85	13,656.7	84	13,724.6	83
Guarantees	2,572.3	15	2,464.7	15	2,385.0	14	2,260.2	14	2,493.3	15
Equity Participations	222.3	1	194.9	1	215.8	1	262.7	2	292.6	2
<b>Total</b>	<b>17,265.3</b>	<b>100</b>	<b>16,308.6</b>	<b>100</b>	<b>17,042.4</b>	<b>100</b>	<b>16,179.6</b>	<b>100</b>	<b>16,510.6</b>	<b>100</b>

## 1 Export Loans by Industry

(Unit: billions of yen, %)

	FY2017			FY2018		
	Number	Total	Share	Number	Total	Share
<b>Shipping</b>	<b>4</b>	<b>5.1</b>	<b>15</b>	<b>1</b>	<b>0.8</b>	<b>1</b>
<b>Road Vehicles and Other Transport Equipment</b>	<b>1</b>	<b>3.4</b>	<b>10</b>	—	—	—
<b>Electrical Machinery</b>	<b>2</b>	<b>16.1</b>	<b>46</b>	<b>3</b>	<b>44.6</b>	<b>43</b>
<b>Telecommunication Equipment</b>	—	—	—	<b>1</b>	<b>4.7</b>	<b>5</b>
<b>Other Industrial Machinery and Equipment, etc.</b>	<b>7</b>	<b>10.0</b>	<b>29</b>	<b>8</b>	<b>52.5</b>	<b>51</b>
Precision Machinery	1	0.4	1	—	—	—
Mining Equipment	1	0.4	1	—	—	—
Chemical Facilities	—	—	—	2	13.0	13
Iron and Non-ferrous Metals Manufacturing Facilities	5	9.2	27	2	5.1	5
Others	—	—	—	4	34.3	33
<b>Total</b>	<b>14</b>	<b>34.7</b>	<b>100</b>	<b>13</b>	<b>102.7</b>	<b>100</b>

## 2 Natural Resource Loans by Item

(Unit: billions of yen, %)

	FY2017			FY2018		
	Number	Total	Share	Number	Total	Share
<b>Energy Resources</b>	<b>7</b>	<b>445.7</b>	<b>90</b>	<b>4</b>	<b>136.8</b>	<b>57</b>
Petroleum	3	328.8	66	3	109.1	46
Natural Gas	—	—	—	1	27.6	12
Coal	4	116.9	24	—	—	—
<b>Other Resources</b>	<b>2</b>	<b>48.8</b>	<b>10</b>	<b>2</b>	<b>102.4</b>	<b>43</b>
Copper Ore and Concentrate	1	33.5	7	2	102.4	43
Lead and Zinc	1	15.3	3	—	—	—
<b>Total</b>	<b>9</b>	<b>494.6</b>	<b>100</b>	<b>6</b>	<b>239.3</b>	<b>100</b>

### 3 Overseas Investment Loans by Industry (Excluding Natural Resource Loans)

(Unit: billions of yen, %)

	FY2017			FY2018		
	Number	Total	Share	Number	Total	Share
<b>Manufacturing Industry</b>	<b>60</b>	<b>15.1</b>	<b>3</b>	<b>43</b>	<b>483.4</b>	<b>51</b>
Food	2	0.4	0	1	0.2	0
Textiles	—	—	—	5	50.8	5
Printing	—	—	—	1	0.1	0
Chemicals	6	0.8	0	3	420.6	45
Ceramics, Stone and Clay	2	0.4	0	3	7.8	1
Iron and Non-ferrous Metal Products	6	0.4	0	7	1.0	0
Electrical Machinery	3	1.1	0	4	0.2	0
Transport Equipment	23	5.2	1	9	1.4	0
Other Manufacturing Industries	18	6.5	1	10	0.7	0
<b>Electric, Gas and Heat Supply and Water Service</b>	<b>4</b>	<b>145.8</b>	<b>29</b>	<b>6</b>	<b>322.6</b>	<b>34</b>
<b>Transport and Postal Services</b>	<b>1</b>	<b>0.5</b>	<b>0</b>	<b>3</b>	<b>0.7</b>	<b>0</b>
<b>Commerce</b>	<b>1</b>	<b>0.3</b>	<b>0</b>	<b>4</b>	<b>44.3</b>	<b>5</b>
<b>Service Industry</b>	<b>1</b>	<b>0.0</b>	<b>0</b>	<b>5</b>	<b>76.8</b>	<b>8</b>
<b>Others (Note)</b>	<b>26</b>	<b>346.0</b>	<b>68</b>	<b>16</b>	<b>10.6</b>	<b>1</b>
<b>Total</b>	<b>93</b>	<b>507.9</b>	<b>100</b>	<b>77</b>	<b>938.7</b>	<b>100</b>

(Note) "Others" includes two-step loans to regional financial institutions in Japan. JBIC supports the overseas operations of Japanese enterprises (especially SMEs) engaged in a diverse range of manufacturing and services, such as motor vehicles and parts, electrical and electronic equipment, machinery and metals, chemicals, and wholesale and retail businesses.

### 4 Commitments to Mid-tier Enterprises and SMEs to Support their Overseas Business Activities

(Unit: billions of yen)

	FY2017		FY2018	
	Number of Projects	Amount	Number of Projects	Amount
<b>Loans to Mid-tier Enterprises and SMEs</b>	<b>69</b>	<b>15.4</b>	<b>60</b>	<b>9.0</b>

(Notes) 1. In making loans to mid-tier enterprises and SMEs, JBIC applies favorable loan terms, such as interest rates.  
2. In this table, an SMEs is defined to be, in principle, an incorporated firm or individual with capital of ¥300 million or less, or having permanent employees of 300 or less. A mid-tier enterprise is defined to be an incorporated firm with capital of less than ¥1 billion (and excludes an SMEs).

### 5 Guarantee Commitments by Purpose

(Unit: billions of yen, %)

	FY2017			FY2018		
	Number	Total	Share	Number	Total	Share
<b>Guarantee for Samurai Bonds</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1</b>	<b>200.0</b>	<b>95</b>
<b>Guarantee for Import of Aircrafts</b>	<b>2</b>	<b>30.8</b>	<b>64</b>	<b>1</b>	<b>10.8</b>	<b>5</b>
<b>Guarantee for Others</b>	<b>6</b>	<b>17.2</b>	<b>36</b>	<b>2</b>	<b>0.2</b>	<b>0</b>
<b>Total</b>	<b>8</b>	<b>48.1</b>	<b>100</b>	<b>4</b>	<b>211.0</b>	<b>100</b>



## 6 Loan and Guarantee Commitments by Region

### A. Export Loan Commitments by Region

(Unit: billions of yen, %)

	FY2017			FY2018		
	Number	Total	Share	Number	Total	Share
<b>Asia</b>	<b>11</b>	<b>27.7</b>	<b>80</b>	<b>5</b>	<b>35.6</b>	<b>35</b>
East Asia	2	0.8	2	—	—	—
Southeast Asia	4	17.7	51	2	13.0	13
South Asia	5	9.2	27	—	—	—
Central Asia and the Caucasus	—	—	—	3	22.6	22
<b>Oceania</b>	<b>1</b>	<b>1.4</b>	<b>4</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>The Middle East</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3</b>	<b>31.9</b>	<b>31</b>
<b>Africa</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4</b>	<b>34.3</b>	<b>33</b>
Sub-Saharan Africa	—	—	—	4	34.3	33
<b>Latin America and the Caribbean</b>	<b>2</b>	<b>5.5</b>	<b>16</b>	<b>1</b>	<b>0.8</b>	<b>1</b>
<b>Total</b>	<b>14</b>	<b>34.7</b>	<b>100</b>	<b>13</b>	<b>102.7</b>	<b>100</b>

### B. Import Loan Commitments by Region

(Unit: billions of yen, %)

	FY2017			FY2018		
	Number	Total	Share	Number	Total	Share
<b>The Middle East</b>	<b>1</b>	<b>238.0</b>	<b>100</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>1</b>	<b>238.0</b>	<b>100</b>	<b>—</b>	<b>—</b>	<b>—</b>

### C. Overseas Investment Loan Commitments by Region

(Unit: billions of yen, %)

	FY2017			FY2018		
	Number	Total	Share	Number	Total	Share
<b>Asia</b>	<b>70</b>	<b>145.5</b>	<b>19</b>	<b>65</b>	<b>255.2</b>	<b>22</b>
East Asia	3	1.9	0	8	9.9	1
Southeast Asia	63	114.7	15	57	245.3	21
South Asia	4	28.7	4	—	—	—
<b>Oceania</b>	<b>3</b>	<b>16.7</b>	<b>2</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Europe</b>	<b>1</b>	<b>3.5</b>	<b>0</b>	<b>5</b>	<b>581.6</b>	<b>49</b>
Central and Eastern Europe and Russia	1	3.5	0	1	3.0	0
Western Europe	—	—	—	4	578.6	49
<b>The Middle East</b>	<b>3</b>	<b>119.4</b>	<b>16</b>	<b>3</b>	<b>119.5</b>	<b>10</b>
<b>Africa</b>	<b>5</b>	<b>138.4</b>	<b>18</b>	<b>—</b>	<b>—</b>	<b>—</b>
Northern Africa	1	21.4	3	—	—	—
Sub-Saharan Africa	4	116.9	15	—	—	—
<b>North America</b>	<b>8</b>	<b>144.9</b>	<b>19</b>	<b>2</b>	<b>0.6</b>	<b>0</b>
<b>Latin America and the Caribbean</b>	<b>11</b>	<b>195.7</b>	<b>26</b>	<b>8</b>	<b>220.9</b>	<b>19</b>
<b>Total</b>	<b>101</b>	<b>764.4</b>	<b>100</b>	<b>83</b>	<b>1,178.0</b>	<b>100</b>

## D. Untied Loan Commitments by Region

(Unit: billions of yen, %)

	FY2017			FY2018		
	Number	Total	Share	Number	Total	Share
<b>Asia</b>	—	—	—	<b>1</b>	<b>30.6</b>	<b>73</b>
Southeast Asia	—	—	—	1	30.6	73
<b>The Middle East</b>	<b>1</b>	<b>30.0</b>	<b>100</b>	—	—	—
<b>Latin America and the Caribbean</b>	—	—	—	<b>1</b>	<b>5.5</b>	<b>13</b>
<b>International Organizations, etc.</b>	—	—	—	<b>1</b>	<b>5.6</b>	<b>13</b>
<b>Total</b>	<b>1</b>	<b>30.0</b>	<b>100</b>	<b>3</b>	<b>41.7</b>	<b>100</b>

## E. Guarantee Commitments by Region

(Unit: billions of yen, %)

	FY2017			FY2018		
	Number	Total	Share	Number	Total	Share
<b>Asia</b>	<b>5</b>	<b>0.8</b>	<b>2</b>	<b>8</b>	<b>239.6</b>	<b>68</b>
Southeast Asia	5	0.8	2	8	239.6	68
<b>Europe</b>	—	—	—	<b>1</b>	<b>65.0</b>	<b>19</b>
Western Europe	—	—	—	1	65.0	19
<b>The Middle East</b>	<b>1</b>	<b>16.4</b>	<b>34</b>	—	—	—
<b>North America</b>	<b>2</b>	<b>30.8</b>	<b>64</b>	<b>2</b>	<b>35.5</b>	<b>10</b>
<b>Latin America and the Caribbean</b>	—	—	—	<b>1</b>	<b>5.2</b>	<b>2</b>
<b>International Organizations, etc.</b>	—	—	—	<b>1</b>	<b>5.3</b>	<b>2</b>
<b>Total</b>	<b>8</b>	<b>48.1</b>	<b>100</b>	<b>13</b>	<b>350.7</b>	<b>100</b>

## F. Equity Participations by Region

(Unit: billions of yen, %)

	FY2017			FY2018		
	Number	Total	Share	Number	Total	Share
<b>Asia</b>	<b>1</b>	<b>0.2</b>	<b>0</b>	<b>1</b>	<b>0.5</b>	<b>1</b>
East Asia	1	0.2	0	—	—	—
Southeast Asia	—	—	—	1	0.5	1
<b>Europe</b>	<b>2</b>	<b>56.5</b>	<b>73</b>	<b>2</b>	<b>22.7</b>	<b>52</b>
Central and Eastern Europe and Russia	2	56.5	73	—	—	—
Western Europe	—	—	—	2	22.7	52
<b>North America</b>	<b>1</b>	<b>4.8</b>	<b>6</b>	<b>1</b>	<b>15.5</b>	<b>35</b>
<b>Others</b>	<b>1</b>	<b>16.1</b>	<b>21</b>	<b>1</b>	<b>5.0</b>	<b>11</b>
<b>Total</b>	<b>5</b>	<b>77.7</b>	<b>100</b>	<b>5</b>	<b>43.7</b>	<b>100</b>

## 7 Geographical Distribution of Loan and Equity Participation Commitments

(Unit: billions of yen)

Region / Country			FY2017		FY2018		Accumulated	
			Number	Total	Number	Total	Number	Total
Asia	East Asia	China	3	1.9	7	9.6	1,563	3,913.6
		Hong Kong					295	318.1
		Japan	1	0.2			1	0.2
		Republic of Korea					700	1,286.2
		Mongolia	2	0.8	1	0.3	7	6.5
		Others					1,029	516.4
		<b>Sub Total</b>	<b>6</b>	<b>3.0</b>	<b>8</b>	<b>9.9</b>	<b>3,595</b>	<b>6,041.2</b>
	Southeast Asia	Brunei Darussalam					4	45.1
		Cambodia	2	0.2	1	0.0	5	0.4
		Indonesia	13	119.4	11	82.4	1,599	6,549.0
		Laos	3	0.4			8	24.8
		Malaysia	3	0.1	1	44.3	603	1,363.7
		Myanmar	5	1.0	3	5.6	72	194.2
		The Philippines	5	2.1	3	30.6	834	1,788.6
		Singapore	3	1.8	1	0.3	490	869.4
		Thailand	18	2.2	24	36.4	2,629	2,817.4
		Vietnam	15	4.8	17	89.6	239	586.2
		Others					36	213.9
		<b>Sub Total</b>	<b>67</b>	<b>132.5</b>	<b>61</b>	<b>289.4</b>	<b>6,519</b>	<b>14,453.2</b>
	South Asia	Bangladesh					9	41.8
		India	9	38.0			870	1,332.2
		Pakistan					290	298.3
		Sri Lanka					61	67.9
		Others					17	3.6
		<b>Sub Total</b>	<b>9</b>	<b>38.0</b>			<b>1,247</b>	<b>1,743.9</b>
	Central Asia and the Caucasus	Kazakhstan					25	301.8
		Turkmenistan			2	17.8	15	302.8
Uzbekistan				1	4.7	15	111.3	
Others						8	195.0	
<b>Sub Total</b>				<b>3</b>	<b>22.6</b>	<b>63</b>	<b>911.0</b>	
<b>Total</b>	<b>82</b>	<b>173.5</b>	<b>72</b>	<b>322.0</b>	<b>11,424</b>	<b>23,149.5</b>		
Oceania	Australia	3	16.7			878	3,232.0	
	Marshall Islands	1	1.4			1	1.4	
	New Zealand					147	176.8	
	Papua New Guinea					56	267.2	
	Others					52	27.0	
	<b>Total</b>	<b>4</b>	<b>18.2</b>			<b>1,134</b>	<b>3,704.6</b>	

(Unit: billions of yen)

Region / Country			FY2017		FY2018		Accumulated	
			Number	Total	Number	Total	Number	Total
Europe	Central and Eastern Europe and Russia	Bulgaria					117	134.4
		Moldova					1	5.3
		Russia	3	60.0	1	3.0	126	1,698.0
		Others					1,035	2,277.2
		<b>Sub Total</b>	<b>3</b>	<b>60.0</b>	<b>1</b>	<b>3.0</b>	<b>1,279</b>	<b>4,115.0</b>
	Western Europe	Belgium					29	159.9
		Cyprus					16	14.6
		Denmark					57	78.9
		Finland					22	24.2
		France					311	648.3
		Germany			1	11.1	296	472.6
		United Kingdom			2	118.7	568	2,202.1
		Iceland					5	8.2
		Ireland			1	419.9	48	758.6
		Italy					52	252.1
		Luxembourg					9	120.5
		Malta					4	18.7
		Netherlands			1	50.0	108	668.5
		Norway					249	462.4
		Portugal					48	40.3
		Spain					66	129.0
		Sweden			1	1.4	59	146.2
		Isle of Man					9	9.6
		Switzerland					88	161.9
		Others					579	497.9
		<b>Sub Total</b>			<b>6</b>	<b>601.3</b>	<b>2,623</b>	<b>6,875.6</b>
		<b>Total</b>	<b>3</b>	<b>60.0</b>	<b>7</b>	<b>604.4</b>	<b>3,902</b>	<b>10,990.6</b>
The Middle East	Bahrain			2	5.1	8	115.6	
	Iraq					23	252.2	
	Jordan					29	89.1	
	Kuwait					24	260.6	
	Oman					28	296.4	
	Qatar					37	891.1	
	Saudi Arabia					81	1,001.8	
	Turkey	3	111.5			201	817.7	
	United Arab Emirates	2	276.0	4	146.2	75	2,188.7	
	Yemen					11	35.8	
	Others					305	1,238.9	
	<b>Total</b>	<b>5</b>	<b>387.5</b>	<b>6</b>	<b>151.4</b>	<b>822</b>	<b>7,188.3</b>	

(Unit: billions of yen)

Region / Country			FY2017		FY2018		Accumulated	
			Number	Total	Number	Total	Number	Total
Africa	Northern Africa	Algeria					345	971.8
		Egypt	1	21.4			184	261.9
		Morocco					10	145.0
		Others					22	108.1
		<b>Sub Total</b>	<b>1</b>	<b>21.4</b>			<b>561</b>	<b>1,486.9</b>
	Sub-Saharan Africa	Angola			4	34.3	34	135.1
		Equatorial Guinea					2	17.1
		Ghana					25	59.7
		Kenya					30	19.3
		Madagascar					9	102.5
		Malawi	2	37.9			6	40.2
		Mozambique	2	79.0			19	104.3
		Seychelles					2	1.2
		South Africa					115	328.5
		Tanzania					21	32.2
		Uganda					7	8.7
		Others					1,544	1,980.7
		<b>Sub Total</b>	<b>4</b>	<b>116.9</b>	<b>4</b>	<b>34.3</b>	<b>1,814</b>	<b>2,830.1</b>
		<b>Total</b>	<b>5</b>	<b>138.4</b>	<b>4</b>	<b>34.3</b>	<b>2,375</b>	<b>4,317.1</b>
		North America	Canada					329
United States	9		149.7	3	16.1	2,718	8,977.2	
<b>Total</b>	<b>9</b>		<b>149.7</b>	<b>3</b>	<b>16.1</b>	<b>3,047</b>	<b>9,741.4</b>	
Latin America and the Caribbean	the Bahamas					22	67.7	
	Bermuda Islands	2	91.5			26	142.2	
	Bolivia					32	65.9	
	Brazil	1	52.7	2	56.8	1,960	3,377.5	
	British Virgin Islands					4	345.0	
	Cayman Islands			1	66.4	6	163.8	
	Chile	1	33.5	1	47.0	162	1,415.3	
	Colombia					122	276.2	
	Ecuador					33	81.9	
	Panama	1	2.1	1	0.8	286	418.2	
	Paraguay					16	12.8	
	Peru			1	55.3	114	542.9	
	Trinidad and Tobago					8	83.9	
	Mexico	7	17.8	4	0.7	853	2,251.4	
	Venezuela					81	661.8	
	Others	1	3.4			467	747.2	
	<b>Total</b>	<b>13</b>	<b>201.2</b>	<b>10</b>	<b>227.3</b>	<b>4,192</b>	<b>10,654.3</b>	
International Organizations, etc.	<b>Total</b>		<b>1</b>	<b>5.6</b>	<b>59</b>	<b>1,223.5</b>		
Others <sup>(Note)</sup>	<b>Total</b>	<b>1</b>	<b>16.1</b>	<b>1</b>	<b>5.0</b>	<b>115</b>	<b>1,988.5</b>	
<b>Grand Total</b>			<b>122</b>	<b>1,145.1</b>	<b>104</b>	<b>1,366.3</b>	<b>27,070</b>	<b>72,958.2</b>

(Note) Others: Two-step loans to regional financial institutions in Japan and loans for crossborder projects, etc.



## 1 Outstandings by Purpose of Financing

(Unit: billions of yen, %)

	FY2017		FY2018	
	Total	Share	Total	Share
<b>Loans</b>				
<b>Export Loans</b>	<b>1,111.1</b>	<b>7</b>	<b>1,133.5</b>	<b>7</b>
Shipping	204.7	1	172.7	1
Plant	906.2	6	960.5	6
Technical Service	0.2	0	0.2	0
<b>Import Loans</b>	<b>421.1</b>	<b>3</b>	<b>460.8</b>	<b>3</b>
Natural Resources	420.6	3	460.8	3
Manufactured Goods & Technologies	0.5	0	—	—
<b>Overseas Investment Loans</b>	<b>11,463.0</b>	<b>71</b>	<b>11,569.3</b>	<b>70</b>
Natural Resources	5,069.7	31	4,930.6	30
Others	6,393.3	40	6,638.6	40
<b>Untied Loans</b>	<b>632.2</b>	<b>4</b>	<b>534.3</b>	<b>3</b>
<b>Governmental Loans</b>	<b>28.9</b>	<b>0</b>	<b>26.5</b>	<b>0</b>
<b>Sub Total</b>	<b>13,656.7</b>	<b>84</b>	<b>13,724.6</b>	<b>83</b>
<b>Guarantees</b>	<b>2,260.2</b>	<b>14</b>	<b>2,493.3</b>	<b>15</b>
<b>Equity Participations</b>	<b>262.7</b>	<b>2</b>	<b>292.6</b>	<b>2</b>
<b>Total</b>	<b>16,179.6</b>	<b>100</b>	<b>16,510.6</b>	<b>100</b>

## 2 Guarantee Outstandings by Purpose

(Unit: billions of yen, %)

	FY2017		FY2018	
	Total	Share	Total	Share
<b>Guarantee for Samurai Bonds</b>	<b>1,438.9</b>	<b>64</b>	<b>1,703.9</b>	<b>68</b>
<b>Guarantee for Import of Aircrafts</b>	<b>399.9</b>	<b>18</b>	<b>372.4</b>	<b>15</b>
<b>Guarantee for Others</b>	<b>421.4</b>	<b>19</b>	<b>416.9</b>	<b>17</b>
<b>Total</b>	<b>2,260.2</b>	<b>100</b>	<b>2,493.3</b>	<b>100</b>

### 3 Geographical Distribution of Loan and Equity Participation Outstandings

(As of March 31, 2019; billions of yen)

Region / Country		Number	Total		
Asia	East Asia	China	58	60.6	
		Hong Kong	29	23.1	
		Japan	1	0.2	
		Republic of Korea	4	13.2	
		Mongolia	5	2.0	
		Others	7	35.5	
		<b>Sub Total</b>	<b>104</b>	<b>134.9</b>	
	Southeast Asia	Brunei Darussalam	1	7.5	
		Cambodia	5	0.2	
		Indonesia	132	688.0	
		Laos	8	25.8	
		Malaysia	15	15.1	
		Myanmar	14	37.4	
		The Philippines	25	184.0	
		Singapore	43	146.1	
		Thailand	174	122.4	
		Vietnam	123	282.4	
		<b>Sub Total</b>	<b>540</b>	<b>1,509.3</b>	
		South Asia	Bangladesh	2	12.7
			India	62	155.5
	Pakistan		3	45.9	
	Sri Lanka		3	3.3	
	<b>Sub Total</b>		<b>70</b>	<b>217.6</b>	
	Central Asia and the Caucasus	Kazakhstan	8	136.2	
Turkmenistan		7	205.6		
Uzbekistan		2	16.1		
<b>Sub Total</b>		<b>17</b>	<b>358.0</b>		
<b>Total</b>	<b>731</b>	<b>2,219.9</b>			
Oceania	Australia	51	1,510.6		
	Marshall Islands	1	1.2		
	New Zealand	4	33.4		
	Papua New Guinea	6	212.6		
	<b>Total</b>	<b>62</b>	<b>1,757.9</b>		
Europe	Central and Eastern Europe and Russia	Bulgaria	2	0.3	
		Serbia	2	2.6	
		Moldova	1	0.7	
		Russia	19	288.7	
		<b>Sub Total</b>	<b>24</b>	<b>292.4</b>	
	Western Europe	Belgium	1	0.2	
		Cyprus	2	1.6	
		Denmark	1	15.4	
		Finland	7	4.5	
		France	7	97.7	
		Germany	36	158.5	
		United Kingdom	52	557.6	
		Iceland	1	2.8	
		Ireland	10	656.3	
		Italy	10	212.7	
		Luxembourg	8	94.7	
		Malta	1	6.5	
		Netherlands	13	204.7	
		Norway	3	10.7	
		Portugal	2	2.6	
		Spain	5	14.3	
		Sweden	2	13.0	
		Isle of Man	9	8.7	
		Switzerland	3	53.7	
	<b>Sub Total</b>	<b>173</b>	<b>2,117.2</b>		
	<b>Total</b>	<b>197</b>	<b>2,409.7</b>		

(As of March 31, 2019; billions of yen)

Region / Country		Number	Total	
<b>The Middle East</b>	Bahrain	3	40.2	
	Iraq	3	13.8	
	Jordan	2	14.5	
	Kuwait	2	113.5	
	Oman	6	83.4	
	Qatar	5	420.8	
	Saudi Arabia	7	391.7	
	Turkey	27	156.1	
	United Arab Emirates	12	696.9	
	Yemen	2	13.2	
	<b>Total</b>	<b>69</b>	<b>1,944.4</b>	
<b>Africa</b>	<b>Northern Africa</b>	Algeria	4	7.9
		Egypt	3	79.4
		Morocco	3	107.9
		<b>Sub Total</b>	<b>10</b>	<b>195.3</b>
	<b>Sub-Saharan Africa</b>	Angola	6	62.1
		Equatorial Guinea	2	0.8
		Ghana	1	47.6
		Kenya	1	0.0
		Madagascar	2	85.8
		Malawi	2	35.5
		Mozambique	2	73.9
		Seychelles	1	0.4
		South Africa	5	9.9
		Tanzania	1	18.6
		Uganda	1	7.5
		<b>Sub Total</b>	<b>24</b>	<b>342.5</b>
		<b>Total</b>	<b>34</b>	<b>537.9</b>
		<b>North America</b>	Canada	11
	United States		168	2,351.2
	<b>Total</b>		<b>179</b>	<b>2,535.7</b>
	<b>Latin America and the Caribbean</b>	Argentina	3	65.5
		the Bahamas	6	33.0
		Bermuda Islands	2	63.5
		Bolivia	1	11.1
Brazil		38	503.3	
British Virgin Islands		1	322.4	
Cayman Islands		1	66.5	
Chile		22	690.4	
Colombia		2	29.2	
Ecuador		6	3.9	
Panama		10	55.2	
Paraguay		1	1.9	
Peru		2	53.2	
Trinidad and Tobago		1	45.9	
Mexico		64	123.6	
Venezuela		6	187.2	
<b>Total</b>		<b>166</b>	<b>2,256.6</b>	
<b>International Organizations, etc.</b>	<b>Total</b>	<b>5</b>	<b>10.5</b>	
<b>Others<sup>(Note)</sup></b>	<b>Total</b>	<b>32</b>	<b>344.4</b>	
	<b>Grand Total</b>	<b>1,475</b>	<b>14,017.3</b>	

(Note) Others: Two-step loans to regional financial institutions in Japan and loans for crossborder projects, etc.

## 1 Major Buyer's Credit and Bank-to-bank Loan Commitments (FY2018)

Region / Country	Project / Transaction	Borrower	Amount
Turkmenistan	Export of gas-fired power plant facility	Government of Turkmenistan	¥ 7.8 billion
Turkmenistan	Export of gas-fired power plant facility	Government of Turkmenistan	US\$ 91 million
Indonesia	Export of a polyethylene manufacturing plant	PT. Chandra Asri Petrochemical Tbk	US\$ 103 million
Angola	Export of equipment and services related to the port sector	Government of the Republic of Angola	¥ 14.4 billion
Angola	Export of equipment and services related to the port sector	Government of the Republic of Angola	US\$ 126 million
United Arab Emirates	Export of gas-fired combined cycle power plant	Sharjah Electricity and Water Authority	US\$ 241 million

(Note) A buyer's credit and a bank loan are loan facilities directly extending to a foreign importer (buyer) or a financial institution to finance imports of equipment and technologies from Japan. A buyer's credit is extended to an importer, while a bank loan is extended to a financial institution.

## 2 Untied Loan Commitments (FY2018)

Region / Country	Project / Transaction	Borrower	Amount
Brazil	Renewable Energy Projects (GREEN) <sup>(1)</sup>	Banco Nacional de Desenvolvimento Econômico e Social (BNDES)	US\$ 50 million <sup>(2)</sup>
BCIE	Energy efficiency projects (GREEN) <sup>(1)</sup>	Central American Bank for Economic Integration	US\$ 50 million <sup>(2)</sup>
Philippines	Partial acquisition of publicly offered Samurai bonds (GATE) <sup>(3)</sup>	Government of the Philippines	—

(Notes) 1. GREEN refers to the "Global action for Reconciling Economic growth and ENvironmental preservation" facility launched in April 2010. JBIC seeks to contribute to achieving both environmental and economic sustainability through its operations.

2. The figures denote loan commitments made by JBIC. Apart from them, JBIC has provided guarantees to the portion co-financed by private financial institutions.

3. GATE refers to the "Guarantee and Acquisition toward Tokyo market Enhancement" facility launched in April 2010. It will enable JBIC to acquire Samurai bonds where appropriate, in addition to providing partial guarantees for Samurai bond issues. The GATE facility will thereby support foreign governments and government agencies to raise funds in the Tokyo market.

Standard loan conditions are shown below. Loan Interest rates are linked to the funding cost of JBIC, including the rate on borrowings from the Fiscal Loan Fund Special Account, and thus they are subject to changes in conditions of the financial market. A loan applicant should make an inquiry at the relevant loan department for specific loan conditions.<sup>(1)</sup>

## 1— Standard Interest Rates

(As of August 15, 2019)

Type of Loans	Standard Interest Rate <sup>(2)</sup>	Percentage of Loan Provided by JBIC
Export Loans	<ul style="list-style-type: none"> <li>■ Fixed at commitment (Yen CIRR)<sup>(3) (8)</sup> <ul style="list-style-type: none"> <li>• 0.88% (Repayment period 5 yrs or less)</li> <li>• 0.90% (Repayment period over 5 yrs to 8.5 yrs)</li> <li>• 0.95% (Repayment period over 8.5 yrs)</li> </ul> </li> <li>■ Fixed at tenders<sup>(3) (8)</sup> <ul style="list-style-type: none"> <li>• above rate + 0.2%</li> </ul> </li> </ul>	60% limit
Import Loans / Overseas Investment Loans / Untied Loans / (Natural Resources / International Competitiveness) <sup>(1)</sup>	<ul style="list-style-type: none"> <li>■ Japanese yen<sup>(4)</sup> <ul style="list-style-type: none"> <li>• 0.2075%<sup>(6) (7)</sup></li> </ul> </li> <li>■ Foreign Currency<sup>(5)</sup> <ul style="list-style-type: none"> <li>• LIBOR+0.5875%<sup>(6) (7)</sup></li> </ul> </li> </ul>	60% limit <sup>(9)</sup>

- (Notes) 1. SMEs are eligible for preferential interest rates and other favorable loan conditions.  
 2. Premium is added based on the type of financing such as collateral/guarantee and loan schemes.  
 3. Synthetic rate based on interest rates charged by JBIC and cofinancing institutions.  
 4. Interest rates on loans in Japanese yen are determined based on specific loan periods and the amortization schedule.  
 The interest rate shown in the table is a reference rate for a 10-year loan with lump-sum repayment upon maturity. Please make an inquiry at the relevant department for interest rate on specific conditions.  
 5. Interest rates on loans in foreign currencies are linked to 6-month LIBOR for US dollars. Please contact the relevant loan department for loans in foreign currencies other than US dollars.  
 6. Special interest rates will be applied based on policy implication such as contribution to "Promoting overseas development and acquisition of strategically important natural resources to Japan" or "Maintaining and improving the International competitiveness of Japanese industries."  
 7. For loans in both Japanese yen and foreign currencies, premiums commensurate with the risk will be added based on the customer's creditworthiness, collateral/guarantees and the financing scheme etc. Also, adjustment of the premium may be required based on financial market conditions.  
 8. Risk premium is added based on the OECD Arrangement.  
 9. 70% limit for resource-related (import and overseas investment) loans.

## 2— Loan Maturity

The loan maturity for each loan will be determined by taking account of cash flows generated by each project.

## 3— Collateral, Guarantee

Collaterals and guarantees are determined in consultation with the clients.



# Breakdown of Countries and Regions

(As of July 1, 2019)

	Regions	Countries
<b>Asia</b>	<b>East Asia</b>	China, Hong Kong, Democratic People's Republic of Korea, Republic of Korea, Macao, Mongolia, Taiwan
	<b>Southeast Asia</b>	Brunei Darussalam, Cambodia, East Timor, Indonesia, Laos, Malaysia, Myanmar, The Philippines, Singapore, Thailand, Vietnam
	<b>South Asia</b>	Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka
	<b>Central Asia and the Caucasus</b>	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz, Tajikistan, Turkmenistan, Uzbekistan
<b>Oceania</b>		Australia, Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, New Caledonia, New Zealand, North Mariana Islands, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu, Niue
<b>Europe</b>	<b>Central and Eastern Europe and Russia</b>	Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Serbia, Montenegro, Moldova, Poland, Romania, Russia, Slovakia, Slovenia, Ukraine, Kosovo
	<b>Western Europe</b>	Andorra, Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, United Kingdom (U.K.), Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta, Monaco, Netherlands, Norway, Portugal, San Marino, Spain, Sweden, Switzerland, Vatican, Guernsey, Jersey
<b>The Middle East</b>		Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, West Bank and Gaza Strip, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates (UAE), Yemen
<b>Africa</b>	<b>Northern Africa</b>	Algeria, Egypt, Libya, Morocco, Tunisia
	<b>Sub-Saharan Africa</b>	Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Congo, Cote d'Ivoire, Djibouti, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, Zimbabwe, Eritrea, South Sudan
<b>North America</b>		Canada, United States (U.S.)
<b>Latin America and the Caribbean</b>		Antigua and Barbuda, Argentina, The Bahamas, Barbados, Belize, Bermuda Islands, Bolivia, Brazil, British Virgin Islands, Cayman Islands, Chile, Colombia, Costa Rica, Cuba, Commonwealth of Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Saint Christopher and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Mexico, United States Virgin Islands, Uruguay, Venezuela, Curacao
<b>International Organizations, etc.</b>		International Monetary Fund (IMF), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Asian Development Bank (ADB), Inter-American Development Bank (IDB), African Development Bank (AfDB), European Bank for Reconstruction and Development (EBRD), Banco Centroamericano de Integración Económica (BCIE), Corporación Andina de Fomento (CAF), East African Development Bank (EADB), Eastern and Southern African Trade and Development Bank (TDB), African Export-Import Bank (Afreximbank), Islamic Development Bank (IsDB), European Investment Bank (EIB), Caribbean Development Bank (CDB), etc.
<b>Others</b>		Two-step loans to regional financial institutions in Japan and loans for crossborder projects, etc.

# Financial Statements

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# Statutory Financial Statements

## Overview of Accounting

1. The consolidated financial statements of the Bank are prepared based on the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976). Moreover, its assets and liabilities are classified, also on a consolidated basis, pursuant to the Ordinance on the Accounting Practices to Be Observed by Japan Bank for International Cooperation (Ordinance of the Ministry of Finance No. 15 of 2012), while revenues and expenditures are reported on the same basis, in compliance with the latter Ordinance.
2. The non-consolidated financial statements of the Bank are prepared based on the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 59 of 1963). Furthermore, its assets and liabilities basis are classified, on a stand-alone basis, pursuant to the Ordinance on the Accounting Practices to Be Observed by Japan Bank for International Cooperation (Ordinance of the Ministry of Finance No. 15 of 2012) while non-consolidated revenues and expenditures are reported in compliance with the latter Ordinance.
3. Pursuant to provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act, audit certification has been made by Ernst & Young ShinNihon LLC for the Bank's consolidated financial statements for the fiscal year under review (from April 1, 2018, to March 31, 2019) as well as non-consolidated financial statements for the business year under review (from April 1, 2018, to March 31, 2019).

## 1. Consolidated Financial Statements

### ■ Consolidated Balance Sheets

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
<b>Assets:</b>			
<b>Cash and due from banks</b>	¥ 1,751,287	¥ 1,191,463	\$ 10,735
<b>Securities</b> <small>Note 6</small>	351,605	367,026	3,307
<b>Loans and bills discounted</b> <small>Note 7</small>	13,513,680	13,576,561	122,322
<b>Other assets</b> <small>Note 8</small>	377,809	280,568	2,529
<b>Property, plant and equipment</b> <small>Note 9</small>	28,401	27,979	252
Buildings	2,865	2,781	25
Land	24,311	24,311	219
Construction in progress	79	79	1
Other	1,145	807	7
<b>Intangible assets</b>	3,472	6,710	60
Software	3,472	6,710	60
<b>Customers' liabilities for acceptances and guarantees</b>	2,259,369	2,491,767	22,450
<b>Allowance for loan losses</b>	(273,564)	(293,126)	(2,641)
<b>Total assets</b>	¥ 18,012,060	¥ 17,648,951	\$ 159,014

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
<b>Liabilities:</b>			
<b>Borrowed money</b>	¥ 8,370,758	¥ 7,574,713	\$ 68,247
<b>Bonds payable</b> <span style="float: right;">Note 8</span>	4,392,597	4,583,492	41,296
<b>Other liabilities</b>	435,498	304,718	2,747
<b>Provision for bonuses</b>	546	566	5
<b>Provision for directors' bonuses</b>	9	9	0
<b>Net defined benefit liability</b>	6,785	6,988	63
<b>Provision for directors' retirement benefits</b>	25	31	0
<b>Acceptances and guarantees</b>	2,259,369	2,491,767	22,450
<b>Total liabilities</b>	¥ 15,465,589	¥ 14,962,287	\$ 134,808
<b>Net assets:</b>			
<b>Capital stock</b>	¥ 1,765,200	¥ 1,785,300	\$ 16,085
<b>Retained earnings</b>	883,601	905,474	8,158
<b>Total shareholder's equity</b>	2,648,801	2,690,774	24,243
<b>Valuation difference on available-for-sale securities</b>	(1,209)	(557)	(4)
<b>Deferred gains or losses on hedges</b>	(114,658)	(11,048)	(100)
<b>Foreign currency translation adjustment</b>	13,309	7,260	65
<b>Total accumulated other comprehensive income (loss)</b>	(102,558)	(4,345)	(39)
<b>Non-controlling interests</b>	227	235	2
<b>Total net assets</b>	¥ 2,546,471	¥ 2,686,664	\$ 24,206
<b>Total liabilities and net assets</b>	¥ 18,012,060	¥ 17,648,951	\$ 159,014

## ■ Consolidated Statements of Operations

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
<b>Ordinary income:</b>	<b>¥ 390,060</b>	<b>¥ 479,113</b>	<b>\$ 4,317</b>
Interest income	336,768	450,798	4,062
Interest on loans and discounts	323,960	435,549	3,924
Interest and dividends on securities	1,846	1,676	15
Interest on deposits with banks	10,948	13,538	122
Other interest income	12	34	1
Fees and commissions	23,914	23,030	207
Other ordinary income	128	272	2
Other income	29,248	5,012	46
Recoveries of written-off claims	0	3,208	29
Other	Note 11 29,248	1,804	17
<b>Ordinary expenses:</b>	<b>327,996</b>	<b>426,085</b>	<b>3,839</b>
Interest expense	249,256	365,878	3,296
Interest on borrowed money and rediscounts	115,370	156,898	1,414
Interest on bonds	90,627	113,064	1,019
Interest on interest swaps	43,192	95,797	863
Other interest expense	65	118	0
Fees and commissions payments	2,043	2,993	27
Other ordinary expenses	5,363	2,638	24
General and administrative expenses	19,660	21,200	191
Other expenses	51,672	33,375	301
Provision of allowance for loan losses	51,528	19,561	176
Other	Note 12 144	13,814	125
<b>Ordinary profit</b>	<b>62,063</b>	<b>53,028</b>	<b>478</b>
<b>Extraordinary income</b>	<b>9</b>	<b>6</b>	<b>0</b>
Gain on disposal of noncurrent assets	9	6	0
<b>Extraordinary loss</b>	<b>8</b>	<b>—</b>	<b>—</b>
Loss on disposal of noncurrent assets	8	—	—
<b>Net income before income taxes</b>	<b>62,065</b>	<b>53,034</b>	<b>478</b>
<b>Income taxes – current</b>	<b>0</b>	<b>4</b>	<b>0</b>
<b>Total income taxes</b>	<b>0</b>	<b>4</b>	<b>0</b>
<b>Net income</b>	<b>62,064</b>	<b>53,030</b>	<b>478</b>
<b>Net income (loss) attributable to non-controlling interests</b>	<b>(17)</b>	<b>7</b>	<b>0</b>
<b>Net income attributable to owner of parent</b>	<b>¥ 62,081</b>	<b>¥ 53,022</b>	<b>\$ 478</b>

## ■ Consolidated Statements of Comprehensive Income

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
<b>Net income</b>	<b>¥ 62,064</b>	<b>¥ 53,030</b>	<b>\$ 478</b>
<b>Other comprehensive income (loss)</b>	<b>(102,771)</b>	<b>98,212</b>	<b>885</b>
Valuation difference on available-for-sale securities	(3,677)	651	5
Deferred gains or losses on hedges	(94,435)	103,610	934
Foreign currency translation adjustment	168	(2,019)	(18)
Share of other comprehensive income (loss) of equity method investments	(4,826)	(4,029)	(36)
<b>Comprehensive income (loss)</b>	<b>¥ (40,706)</b>	<b>¥ 151,243</b>	<b>\$ 1,363</b>
(Comprehensive income (loss) attributable to)			
Owner of parent	(40,689)	151,235	1,363
Non-controlling interests	(17)	7	0



## ■ Consolidated Statements of Changes in Net Assets

From April 1, 2017 to March 31, 2018

(In millions of yen)

	Shareholder's equity		
	Capital stock	Retained earnings	Total shareholder's equity
Balance at the beginning of current period	¥ 1,683,000	¥ 842,366	¥ 2,525,366
Changes of items during the period			
Issuance of new shares	82,200		82,200
Payment to national treasury		(20,846)	(20,846)
Net income attributable to owner of parent		62,081	62,081
Net changes of items other than shareholder's equity			
Total changes of items during the period	82,200	41,234	123,434
Balance at the end of current period	¥ 1,765,200	¥ 883,601	¥ 2,648,801

(In millions of yen)

	Accumulated other comprehensive income (loss)				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income (loss)		
Balance at the beginning of current period	¥ 2,468	¥ (20,223)	¥ 17,968	¥ 213	¥ —	¥ 2,525,580
Changes of items during the period						
Issuance of new shares						82,200
Payment to national treasury						(20,846)
Net income attributable to owner of parent						62,081
Net changes of items other than shareholder's equity	(3,677)	(94,435)	(4,658)	(102,771)	227	(102,543)
Total changes of items during the period	(3,677)	(94,435)	(4,658)	(102,771)	227	20,891
Balance at the end of current period	¥ (1,209)	¥ (114,658)	¥ 13,309	¥ (102,558)	¥ 227	¥ 2,546,471

From April 1, 2018 to March 31, 2019

(In millions of yen)

	Shareholder's equity		
	Capital stock	Retained earnings	Total shareholder's equity
Balance at the beginning of current period	¥ 1,765,200	¥ 883,601	¥ 2,648,801
Changes of items during the period			
Issuance of new shares	20,100		20,100
Payment to national treasury		(31,150)	(31,150)
Net income attributable to owner of parent		53,022	53,022
Net changes of items other than shareholder's equity			
Total changes of items during the period	20,100	21,872	41,972
Balance at the end of current period	¥ 1,785,300	¥ 905,474	¥ 2,690,774

(In millions of yen)

	Accumulated other comprehensive income (loss)				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income (loss)		
Balance at the beginning of current period	¥ (1,209)	¥ (114,658)	¥ 13,309	¥ (102,558)	¥ 227	¥ 2,546,471
Changes of items during the period						
Issuance of new shares						20,100
Payment to national treasury						(31,150)
Net income attributable to owner of parent						53,022
Net changes of items other than shareholder's equity	651	103,610	(6,049)	98,212	7	98,220
Total changes of items during the period	651	103,610	(6,049)	98,212	7	140,192
Balance at the end of current period	¥ (557)	¥ (11,048)	¥ 7,260	¥ (4,345)	¥ 235	¥ 2,686,664

## From April 1, 2018 to March 31, 2019

(In millions of U.S. dollars)

	Shareholder's equity		
	Capital stock	Retained earnings	Total shareholder's equity
Balance at the beginning of current period	\$ 15,904	\$ 7,961	\$ 23,865
Changes of items during the period			
Issuance of new shares	181		181
Payment to national treasury		(281)	(281)
Net income attributable to owner of parent		478	478
Net changes of items other than shareholder's equity			
Total changes of items during the period	181	197	378
Balance at the end of current period	\$ 16,085	\$ 8,158	\$ 24,243

(In millions of U.S. dollars)

	Accumulated other comprehensive income (loss)				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income (loss)		
Balance at the beginning of current period	\$ (11)	\$ (1,033)	\$ 120	\$ (924)	\$ 2	\$ 22,943
Changes of items during the period						
Issuance of new shares						181
Payment to national treasury						(281)
Net income attributable to owner of parent						478
Net changes of items other than shareholder's equity	7	933	(55)	885	0	885
Total changes of items during the period	7	933	(55)	885	0	1,263
Balance at the end of current period	\$ (4)	\$ (100)	\$ 65	\$ (39)	\$ 2	\$ 24,206

## ■ Consolidated Statements of Cash Flows

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
<b>Cash flows from operating activities</b>			
Net income before income taxes	¥ 62,065	¥ 53,034	\$ 478
Depreciation and amortization	1,460	1,944	18
Losses (profits) of equity method investments	(22,207)	2,026	18
Increase (decrease) in allowance for loan losses	51,528	19,561	176
Increase (decrease) in provision for bonuses	26	20	0
Increase (decrease) in provision for directors' bonuses	2	0	0
Increase (decrease) in net defined benefit liability	(21)	202	2
Increase (decrease) in provision for directors' retirement benefits	8	5	0
Interest income	(336,768)	(450,798)	(4,062)
Interest expense	249,256	365,878	3,296
Loss (gain) related to securities	(6,925)	10,075	91
Foreign exchange losses (gains)	(1,747)	(1,223)	(11)
Loss (gain) on disposal of noncurrent assets	(1)	(6)	(0)
Net decrease (increase) in loans and bills discounted	795,457	(62,880)	(567)
Net increase (decrease) in borrowed money	(1,537,947)	(796,045)	(7,172)
Net decrease (increase) in deposits (excluding deposits paid to Bank of Japan)	120,028	64,667	583
Increase (decrease) in straight bonds-issuance and redemption	1,088,786	188,604	1,699
Interest received	321,636	424,053	3,821
Interest paid	(236,406)	(349,679)	(3,151)
Other	(231,464)	82,357	743
Subtotal	316,767	(448,202)	(4,038)
Income taxes paid	—	(3)	(0)
Net cash provided by (used in) operating activities	316,767	(448,205)	(4,038)
<b>Cash flows from investing activities</b>			
Purchase of securities	(69,024)	(69,622)	(627)
Proceeds from sales of securities	25,866	25,817	233
Proceeds from redemption of securities	12,900	12,500	113
Purchase of property, plant and equipment	(1,214)	(237)	(3)
Proceeds from sales of property, plant and equipment	15	9	0
Purchase of intangible assets	(1,806)	(4,529)	(41)
Net cash provided by (used in) investing activities	(33,263)	(36,062)	(325)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of new shares	82,200	20,100	181
Repayments of lease obligations	(6)	—	—
Payment to national treasury	(20,846)	(31,150)	(281)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	245	—	—
Net cash provided by (used in) financing activities	61,591	(11,050)	(100)
<b>Effect of exchange rate change on cash and cash equivalents</b>	—	—	—
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>345,094</b>	<b>(495,318)</b>	<b>(4,463)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>884,516</b>	<b>1,229,610</b>	<b>11,079</b>
<b>Cash and cash equivalents at end of period</b>	Note 15 ¥ <b>1,229,610</b>	¥ <b>734,292</b>	\$ <b>6,616</b>

## ■ Notes to Consolidated Financial Statements

### 1. Basis of presentation

The accompanying consolidated financial statements have been prepared from the accounting records maintained by Japan Bank for International Cooperation ("JBIC") and its subsidiaries (the "JBIC Group") in accordance with the accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards ("IFRS").

The amounts indicated in millions of yen are rounded down by omitting figures less than one million. As a result the totals in yen do not necessarily agree with the sum of the individual amounts. Items less than 1 million yen are presented as "0," which are presented as "-" in the consolidated financial statements prepared in accordance with IFRS (Exhibit 7).

Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥110.99=\$1.00, the foreign exchange rate on March 31, 2019, has been used in translations. The presentation of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized, or settled in U.S. dollars at the aforementioned rate or any other rates.

### 2. Scope of consolidation

#### (a) Consolidated subsidiaries

The number of consolidated subsidiaries is two.

Company names: JBIC IG Partners

Russia-Japan Investment Fund, L.P.

#### (b) Unconsolidated subsidiaries

There are no applicable subsidiaries.

#### (c) Other company whose majority of voting rights is owned by JBIC on its own account but which is not determined to be its subsidiary

Company name: RJIF Management Limited

(Reason for determining not to be a subsidiary)

JBIC has determined that RJIF Management Limited is not its subsidiary because, while JBIC indirectly owns a majority of voting rights of RJIF Management Limited through JBIC IG Partners, which is its consolidated subsidiary, JBIC needs to obtain agreement from other JV company for making decisions on significant financial and business policies.

### 3. Application of the equity method

#### (a) Unconsolidated subsidiaries accounted for using the equity method

There are no applicable subsidiaries.

#### (b) Affiliates accounted for using the equity method

The number of affiliates accounted for using the equity method is two.

Company names: IFC Capitalization (Equity) Fund, L.P.

IFC Capitalization (Subordinated Debt) Fund, L.P.

#### (c) Unconsolidated subsidiaries that are not accounted for using the equity method

There are no applicable subsidiaries.

#### (d) Affiliates that are not accounted for using the equity method

Major company names: Credit Guarantee and Investment Facility

RJIF Management Limited

These companies were not included in the scope of the equity method primarily because they do not have significant impacts on the consolidated financial statements in respect of any of the following items: Net income (the amount proportionate to the share of net income of such companies), Retained earnings (the amount proportionate to the share of retained earnings of such companies) and Accumulated other comprehensive income (loss) (the amount proportionate to the share of other comprehensive income (loss) of such companies).

#### 4. Balance sheet dates of consolidated subsidiaries

The financial statements of the consolidated subsidiaries are used in preparing the consolidated financial statements. The balance sheet dates of the consolidated subsidiaries are as follows:

	March 31	2019
December 31		1
March 31		1

Appropriate adjustments are made for significant transactions that occurred during the period between the consolidated closing date and the subsidiary's balance sheet date above.

#### 5. Significant accounting policies

##### (a) Securities

Held-to-maturity securities are carried at amortized cost based on the moving average method. Investments in affiliates that are not accounted for by the equity method are carried at cost based on the moving average method. Available-for-sale securities are in principle stated at fair value with changes in net unrealized gains or losses included directly in Net assets. However, available-for-sale securities whose fair value cannot be readily determined are carried at cost based on the moving average method. Securities held by the consolidated foreign subsidiary (including investments in affiliates) are classified as a financial asset designated as fair value through profit or loss based on IFRS. These securities are recognized as trading securities in JBIC's consolidated financial statements and are measured at fair value.

Investments in partnerships for investment, which are regarded as securities under Article 2, Paragraph 2 of the Japanese Financial Instruments and Exchange Act (Act No. 25 of 1948), are recognized at an amount equivalent to JBIC's percentage share of the net assets of such partnerships, based upon the most recent financial statements available depending on the reporting date stipulated in the partnership agreement.

##### (b) Valuation method for derivative financial instruments

Derivative financial instruments are carried at fair value.

##### (c) Depreciation and amortization basis for fixed assets

###### (i) Property, plant and equipment

Property, plant and equipment of JBIC are depreciated by the declining balance method over their useful economic lives except for buildings excluding installed facilities as well as installed facilities and structures acquired on or after April 1, 2016, which are depreciated by the straight-line method.

Depreciation is based on the following range of estimated useful lives:

Buildings: 3 years to 50 years

Other: 2 years to 35 years

Property, plant and equipment of consolidated subsidiaries are depreciated primarily by the straight-line method based on the estimated useful lives of the assets.

###### (ii) Intangible assets

Amortization of intangible fixed assets is computed by the straight-line method. Software used by JBIC and its consolidated subsidiaries is amortized over its useful life (5 years or less) at JBIC and its consolidated subsidiaries.

##### (d) Allowance for loan losses

Allowance for loan losses is recognized in accordance with internally established standards.

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 as below and the deductions of the amount expected to be collected through the disposal of collateral and the execution of guarantees. The allowance for claims on debtors who are not legally bankrupt but are likely to become bankrupt ("Potentially bankrupt borrowers") is provided based on an assessment of the overall solvency of the debtors after deducting the amount expected to be collected through the disposal of collateral and the execution of guarantees.

The allowance for claims on debtors other than Bankrupt borrowers, Substantially bankrupt borrowers and Potentially bankrupt borrowers is provided primarily based on the default rate, which is calculated based on the actual defaults during a certain period in the past. The allowance for possible losses on specific overseas loans is provided based on the expected loss amount taking into consideration the political and economic situations of these countries.

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

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 collectable through the disposal of collateral or the execution of guarantees is written off. There are no accumulated write-offs as of March 31, 2019.

**(e) Provision for bonuses**

The Provision for bonuses is calculated and provided for based on the estimated amounts of future payments attributable to the services that have been rendered by employees to the date of the consolidated balance sheet.

**(f) Provision for directors' bonuses**

The Provision for directors' bonuses is calculated and provided for based on the estimated amounts of future payments attributable to the services that have been rendered by directors to the date of the consolidated balance sheet.

**(g) Provision for directors' retirement benefits**

The Provision for directors' retirement benefits which provides for future retirement pension payments to directors, is recognized at the amount accrued at the end of the current fiscal year.

**(h) Accounting for retirement benefits**

(i) Method of attributing the projected benefits to periods of services

In calculating the projected benefit obligation, the estimated amount of retirement benefit payments is attributed to the period up to the end of the fiscal year based on the benefit formula.

(ii) Accounting for actuarial gains or losses and prior service costs

Actuarial gains or losses and prior service costs are expensed as they are incurred.

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

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

Assets and liabilities denominated in foreign currencies and held by consolidated subsidiaries are translated at the market exchange rate prevailing at respective balance sheet dates and other base dates.

**(j) Accounting for hedges of interest rate risk**

(i) Hedge accounting

The deferral method is applied to derivatives used for interest risk hedging purposes.

(ii) Hedging instruments and hedged items

Hedging instruments: interest rate swaps

Hedged items: loans, borrowed money, bonds and notes

(iii) Hedging policy

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

(iv) Assessment of hedge effectiveness

JBIC assesses the effectiveness of designated hedges by measuring and comparing the change in fair value or cumulative change of cash flows of both hedging instruments and corresponding hedged items from the date of inception of the hedges to the assessment date.

**(k) Accounting for hedges of foreign exchange risks**

Hedging instruments used to hedge foreign exchange risks associated with foreign currency denominated monetary assets and liabilities are accounted for primarily using the deferral method under “Accounting and Auditing Treatment Relating to Adoption of Accounting Standard for Foreign Currency Transactions for Banks” (The Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 25 of July 29, 2002).

The effectiveness of the hedges described above is assessed by comparing the foreign currency position of the hedged loans and bills discounted and bonds payable denominated in foreign currencies with that of the hedging instruments, such as currency swaps and forward foreign exchange contracts which are used for hedging the foreign exchange risks of loans and bills discounted and bonds payable denominated in foreign currencies.

Furthermore, deferral hedge accounting is applied to some forward foreign exchange contracts as hedging instruments used to hedge the foreign exchange risk arising from individual investments in affiliates denominated in foreign currencies.

**(l) Scope of cash and cash equivalents in the consolidated statements of cash flows**

“Cash and cash equivalents” as stated in the consolidated statements of cash flows consists of cash on hand and deposits with the Bank of Japan in Cash and due from banks in the consolidated balance sheets.

(m) Consumption and other taxes

Consumption taxes and local consumption taxes ("consumption taxes") of JBIC and its domestic consolidated subsidiaries are excluded from transaction amounts. Non-deductible consumption taxes related to property, plant and equipment are expensed as incurred.

6. Equity and other securities of or investments in unconsolidated subsidiaries and affiliates

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Equity and other securities	¥ 5,439	¥ 19,609	\$ 177
Investments	133,783	121,329	1,093

7. Loans

(a) Bankrupt loans and non-accrual loans included in Loans and bills discounted:

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Bankrupt loans	¥ —	¥ —	\$ —
Non-accrual loans	188,842	191,105	1,722

Bankrupt loans are loans, defined in Article 96, Paragraph 1, Item (iii), a. through e. and Item (iv) of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965), on which accrued interest income is not recognized as there is substantial uncertainty over the ultimate collectability of either principal or interest because they have been in arrears for a considerable period of time or for other reasons.

Non-accrual loans are loans on which accrued interest income is not recognized, although this excludes Bankrupt loans and the loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.

(b) Loans with interest or principal repayments three months or more in arrears included in Loans and bills discounted:

There are no applicable loans.

Loans with interest or principal repayments three months or more in arrears are loans whose principal or interest payment is three months or more in arrears, and which do not fall under the category of Bankrupt loans and Non-accrual loans.

(c) Restructured loans included in Loans and bills discounted:

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Restructured loans	¥ 225,846	¥ 188,036	\$ 1,694

Restructured loans are loans whose repayment terms and conditions have been amended in favor of the borrowers (e.g. reduction of or exemption from the stated interest rate, deferral of interest payments, extension of principal repayments or waiver of claims) in order to support the borrowers' recovery from financial difficulties, and which do not fall under the category of Bankrupt loans, Non-accrual loans, or Loans with interest or principal repayments three months or more in arrears.

(d) The total amount of bankrupt loans, non-accrual loans, loans with interest or principal repayments three months or more in arrears, and restructured loans:

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Total amount	¥ 414,688	¥ 379,142	\$ 3,416

The amounts of loans indicated in table (a) through (d) above are the gross amounts before the deduction of Allowance for loan losses.

- (e) JBIC, as a policy, does not extend loans to borrowers in part or in full immediately after the execution of the loan agreements, but instead executes loans, in accordance with the progress of the underlying projects. These undrawn amounts are not included in the loans on deeds recognized in the consolidated balance sheets. The balance of undrawn amounts is as follows:

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Balance of undrawn loans	¥ 1,665,471	¥ 1,539,647	\$ 13,872

## 8. Assets pledged as collateral

Pursuant to Article 34 of the Japan Bank for International Cooperation Act ("JBIC Act"), all JBIC assets are pledged as general collateral for bonds:

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Bonds payable	¥ 4,392,597	¥ 4,583,492	\$ 41,296

Other assets include cash collateral paid for financial instruments as follows:

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Cash collateral paid for financial instruments	¥ 141,180	¥ 123,340	\$ 1,111

## 9. Accumulated depreciation of Property, plant and equipment

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Accumulated depreciation	¥ 2,104	¥ 2,528	\$ 23

## 10. Contingent liabilities

Japan Finance Corporation ("JFC") assumed the obligations of the JFC bonds on April 1, 2012, and JBIC is jointly responsible for the obligations of these bonds. In accordance with Article 17 (2) of the Supplementary Provisions of the JBIC Act, all of JBIC's assets are pledged as general collateral for these joint obligations as follows.

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Joint obligations	¥ 140,000	¥ 140,000	\$ 1,261

## 11. Items included in Other under Other income

Other under Other income includes the following:

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Gains on sales of equity and other securities	¥ —	¥ 1,190	\$ 11
Gains on investments in partnerships	¥ 6,884	¥ 467	\$ 4
Profits of equity method investments	¥ 22,207	¥ —	\$ —

## 12. Items included in Other under Other expenses

Other under Other expenses includes the following:

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Losses on sales of equity and other securities	¥ 88	¥ —	\$ —
Losses on devaluation of equity and other securities	¥ —	¥ 11,787	\$ 106
Losses of equity method investments	¥ —	¥ 2,026	\$ 18

### 13. Reclassification adjustments and tax effects of other comprehensive income (loss)

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Valuation difference on available-for-sale securities:			
Amount recognized in the current fiscal year	¥ (3,586)	¥ 2,715	\$ 24
Reclassification adjustments	(91)	(2,063)	(19)
Before tax effect adjustment	(3,677)	651	5
Tax effect	—	—	—
Valuation difference on available-for-sale securities	(3,677)	651	5
Deferred gains or losses on hedges:			
Amount recognized in the current fiscal year	(138,278)	8,029	73
Reclassification adjustments	43,843	95,580	861
Before tax effect adjustment	(94,435)	103,610	934
Tax effect	—	—	—
Deferred gains or losses on hedges	(94,435)	103,610	934
Foreign currency translation adjustment:			
Amount recognized in the current fiscal year	167	(2,071)	(19)
Reclassification adjustments	0	51	1
Before tax effect adjustment	168	(2,019)	(18)
Tax effect	—	—	—
Foreign currency translation adjustment	168	(2,019)	(18)
Share of other comprehensive income (loss) of equity method investments:			
Amount recognized in the current fiscal year	(3,087)	(2,998)	(27)
Reclassification adjustments	(1,739)	(1,031)	(9)
Before tax effect adjustment	(4,826)	(4,029)	(36)
Tax effect	—	—	—
Share of other comprehensive income (loss) of equity method investments	(4,826)	(4,029)	(36)
Total other comprehensive income (loss)	¥ (102,771)	¥ 98,212	\$ 885

### 14. Changes in Net assets

#### (a) Issued shares and treasury stocks

For the fiscal year ended March 31, 2018, the type and the number of issued shares and treasury stocks are as follows:

(unit: thousands of shares)

Types	The number of shares at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	The number of shares at the end of the fiscal year	Remarks
Issued shares					
Common stocks	1,533,000,000	82,200,000	—	1,615,200,000	Note
Classified stock	—	—	—	—	
Total	1,533,000,000	82,200,000	—	1,615,200,000	Note
Treasury stock					
Common stocks	—	—	—	—	
Classified stock	—	—	—	—	
Total	—	—	—	—	

(Note) The reason for an increase in shares is the issuance of 82,200,000 thousand new shares.

For the fiscal year ended March 31, 2019, the type and the number of issued shares and treasury stocks are as follows:

(unit: thousands of shares)

Types	The number of shares at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	The number of shares at the end of the fiscal year	Remarks
Issued shares					
Common stocks	1,615,200,000	20,100,000	—	1,635,300,000	Note
Classified stock	—	—	—	—	
Total	1,615,200,000	20,100,000	—	1,635,300,000	Note
Treasury stock					
Common stocks	—	—	—	—	
Classified stock	—	—	—	—	
Total	—	—	—	—	

(Note) The reason for an increase in shares is the issuance of 20,100,000 thousand new shares.

## 15. Cash flows

A reconciliation of Cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2018 and 2019 to Cash and due from banks in the consolidated balance sheets is as follows:

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Cash and due from banks	¥ 1,751,287	¥ 1,191,463	\$ 10,735
Time deposits and others	(521,676)	(457,170)	(4,119)
Cash and cash equivalents	¥ 1,229,610	¥ 734,292	\$ 6,616

## 16. Financial instruments and related disclosure

### (a) Status of financial instruments

#### (i) Policies for financial instruments

Based on the JBIC Act, JBIC is a policy-based financial institution wholly owned by the Japanese government, which has the purpose of contributing to the sound development of Japan and the international economy and society while supplementing the financial transactions implemented by private-sector financial institutions, by performing the financial function to promote the overseas development and securement of resources which are important for Japan; maintaining and improving the international competitiveness of Japanese industries; promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming, as well as preventing disruptions to international financial order or taking appropriate measures with respect to damages caused by such disruption.

JBIC's principal operations consist of providing "export loans," "import loans," "investment financing," "financing for business development" (including guarantees) and "capital investment." To conduct these operations, funds are raised through borrowings from the fiscal investment and loans and the foreign exchange fund special account, and the issuing of bonds. An ALM (asset and liability management) function has been established in respect of JBIC's financial assets and liabilities that are subject to interest rate and currency fluctuations to assist in ensuring that such fluctuations do not have an adverse effect on JBIC's operations. In addition, derivative transactions are entered into for the purpose of mitigating risk inherent in foreign currency denominated transactions. Financial instruments that can be used for the management of surplus funds are limited to safe instruments such as Japanese government bonds, etc., as stipulated in the JBIC Act.

The budget required for governmental financial operations is decided upon by the Diet of Japan, and business plans and financial plans (borrowings from fiscal investment and loans, bonds, general accounting investment, and loans, etc.) are appended to the budget and submitted to the Diet of Japan.

The consolidated foreign subsidiary of JBIC engage in investments and other related activities as their principal operation.

#### (ii) Types of financial instruments and risks

The assets that JBIC holds mainly include loans to borrowers in Japan and overseas, and securities and liabilities mainly include borrowed money and bonds. The consolidated foreign subsidiary of JBIC holds securities subject to price fluctuations.

The associated risks of financial assets and financial liabilities held by JBIC are described below.

##### ① Credit risk

Credit risk is the risk that JBIC will suffer losses if the financial conditions of the borrower deteriorate and the

value of assets (including off-balance sheet assets) declines or is impaired.

The credit risks associated with JBIC include sovereign risk, country risk, corporate risk, and project risk. JBIC engages in significant financing activities with overseas governments, governmental institutions, and overseas corporations as part of its support to overseas economic transactions. Because of the characteristics of these activities, sovereign or country risk is a significant part of the credit risk JBIC is exposed to in connection with these activities.

As a result, if the financial conditions of the individual borrower significantly deteriorate due to political and economic trends in the borrower's country or region, JBIC's performance and financial conditions can be adversely affected.

(Note) Sovereign risk refers to risk associated with credit extended to foreign governments. Country risk refers to risk associated with the country in which the corporation or project is located (risk, in addition to corporate risk or project risk, associated with the country in which the corporation or the project is located). Corporate risk refers to the risk associated with credit to corporations and project risk refers to the risk that the cash flows generated from the project fail to generate the planned cash flows, in the case of project finance, where the repayment of the borrowing is primarily secured by the cash flow of the project to which credit is extended.

② Market risk

Market risk is the risk that the value of assets and liabilities (including off-balance sheet items) will fluctuate and losses will be incurred, or profits derived from assets and liabilities (including off-balance sheet items) will fluctuate and losses will be incurred due to changes in various market risk factors, such as interest rates and exchange rates.

The market risk borne by JBIC mainly consists of foreign exchange risk and interest rate risk, and JBIC may suffer losses from these risks due to fluctuations in the markets such as market turmoil. However, in principle, these risks are hedged through interest rate swaps, currency swaps, and forward foreign exchange contracts.

JBIC uses hedge accounting for interest rate hedges, where the hedging instrument is interest rate swaps to hedge the risk of changes in interest rates associated with loans, borrowed money and bonds. The effectiveness of the hedges is assessed by measuring and comparing the change in fair value or cumulative change in cash flows of both hedging instruments and corresponding hedged items from the date of inception of the hedges to the assessment date.

JBIC uses hedge accounting for foreign exchange hedges, where currency swaps and forward foreign exchange contracts are used to hedge items such as loans and bonds, etc. for foreign exchange risk. The effectiveness of the hedging with currency swaps and forward foreign exchange contracts is assessed by comparing the foreign currency position of the hedged financial assets and liabilities with that of the hedging instruments.

Furthermore, some of the foreign exchange risk arising from investments in affiliates denominated in foreign currencies are individually hedged by forward foreign exchange contracts as hedging instruments.

③ Liquidity risk

Liquidity risk is the risk that losses will be incurred as a result of difficulties in obtaining the funds necessary due to a maturity mismatch between financing and funding or unexpected outflow of funds, or being forced to fund at an interest rate significantly higher than that under normal circumstances (funding risk). It is also the risk that losses will be incurred from being unable to conduct market transactions due to market turmoil or being forced to transact at far more unfavorable prices than those under normal circumstances (market liquidity risk).

Long-term and stable funds, such as fiscal loan funds, government-guaranteed bonds and FILP agency bonds, are secured to finance JBIC and deposits are not accepted. Therefore, JBIC considers liquidity risk to be limited. However, financing costs could increase due to market turmoil and unexpected events.

(iii) Risk management structure for financial instruments

The risk management structure of JBIC is described below.

① Credit risk management

The cornerstone of credit risk management at JBIC is the evaluation of an individual borrower's creditworthiness in advance of credit approval.

When a new credit application is processed, the relevant finance departments (sales promotion departments) and credit departments collect and analyze information on the borrower. JBIC's overseas representative offices also play a part in collecting information on foreign governments and companies. Credit appraisal takes place based on the information that has been gathered and analyzed with the different departments ensuring appropriate checks throughout the process, leading to the final decision by management.

In providing credit to foreign governments and companies, JBIC takes maximum advantage of its unique position as a public financial institution. This includes exchanging views and information with governments and relevant authorities in the recipient countries, multilateral international institutions such as the International



Monetary Fund (IMF) and the World Bank, other regional development banks such as export credit agencies, and private financial institutions in developed countries. Using all these channels to exchange views and information, JBIC evaluates sovereign and country risks (risk in addition to corporate risk associated with the country in which the corporation is located) based on the broad range of information collected on the borrowing governments, the government agencies and the political and economic conditions in their countries.

The relevant finance departments and credit departments conduct proper credit risk management based on the credit risk rating system for segmented risk categories and the asset self assessment system. In addition, an Integrated Risk Management Committee is held regularly to report the status of credit management to the JBIC's management. The credit management is also checked by an independent auditing department.

In addition, a claims protection mechanism exists based on an international framework unique to official creditors, that is not applied to private sector financial institutions, for public claims on foreign governments. This mechanism consists of international financial assistance upon international approval by the Paris Club, an international group focusing on debt, to allow the debtor country to continue debt repayment when the debtor country becomes temporarily unable to service its debt due to economic conditions. As part of this international financial assistance, the debtor country conducts an economic reform program agreed by the IMF in order to secure the ability to sustainably service its debt. In view of JBIC's position as a public financial institution, it will use the framework of the Paris Club to preserve its public claims on foreign governments.

In addition to the above credit risk management related to individual borrowers, JBIC quantifies credit risk with a view to evaluating the risk of the overall loan portfolio. To quantify credit risks, it is important to take into account the characteristics of JBIC's loan portfolio, which are not typically seen in other private financial institutions, namely that JBIC holds a significant proportion of long-term loans that entail sovereign and country risks. Also to be taken into account are mechanisms for securing assets under an international supporting framework, such as the Paris Club, which is unique to official creditors. JBIC uses a unique model to quantify the credit risk taking account of the above factors and measures the amount of credit risk, which are utilized for credit risk management.

## ② Market risk management

JBIC manages foreign exchange risk and interest rate risk through its ALM. Market risk management protocols contain detailed stipulations in respect of risk management methods and procedures, and JBIC established an ALM Committee to assess and confirm the execution of ALM, and to discuss future responses to market risk. In addition, JBIC assesses and monitors the interest rate and terms of financial assets and liabilities in detail through a gap analysis and an interest rate sensitivity analysis as well as Value at Risk ("VaR"). The results are reported to the ALM Committee on a regular basis.

The basic policy for managing foreign exchange risk and interest rate risk at JBIC is described below.

### 1) Foreign exchange risk

Foreign currency-denominated loans conducted in JBIC involve risks related to exchange rate fluctuations. JBIC has a consistent policy of managing this risk by fully hedging this risk exposure through the use of currency swaps and forward foreign exchange contracts. Furthermore, some of the foreign exchange risk arising from investments in affiliates denominated in foreign currencies is individually hedged using forward foreign exchange contracts as hedging instruments.

### 2) Interest rate risk

Interest rate risk arises from exposure to market interest rate fluctuations for yen-denominated loan and foreign currency-denominated loan operations and the policy for managing interest rate risk is described below.

#### a. Yen-denominated loan operations

Yen-denominated loan operations are mainly managed by using fixed-rate loans. However, swaps are used to hedge interest rate risk for the portion of loans that are deemed to have high exposures to interest rate fluctuations and therefore interest rate risk is limited.

#### b. Foreign currency-denominated loan operations

For foreign currency-denominated loan operations, interest rate risk is hedged through the application of a consistent policy of using interest rate swaps and managing the funds with floating interest rates for both loans and related funding arrangements.

### 3) Status of market risk

JBIC only maintains a banking book and does not have financial instruments in a trading book. While in principle JBIC holds derivatives only for hedging purposes, as stated previously, market risk (VaR) that takes into account the correlation between interest rate risk and foreign exchange risk is measured in order to assess potential risk exposures. The following represents the market risk (VaR) exposure in the current fiscal year.

## a. Market risk (VaR)

As of March 31, 2019 (In billions of yen)		As of March 31, 2019 (In billions of U.S. dollars)	
¥	158.6	\$	1.4

## b. Market risk (VaR) measurement model

Historical model (Confidence interval: 99%, Holding period: 1 year, Observation period: 5 years)

## c. Risk management using VaR

VaR is a market risk measure that assesses the maximum possible fluctuation of gains or losses in fair values that could be incurred after a certain period of time ("Holding period") based on historical market movements of interest rates or exchange rates, etc., over a specific period in the past ("Observation period") within a given probability ("Confidence interval"), that is derived statistically by employing the theory of probability distribution.

The measurement assumes historical market trends and the theory of probability distribution. Based on the possibility that future market trends could deviate from these assumptions, a back-test is performed to cross-check the model-measured VaR with actual profits or losses, in order to confirm the effectiveness of market risk measurements using VaR. In addition, a stress test, which goes beyond the probability distribution of historical market movements, is carried out in order to capture risks from various perspectives.

The following points should generally be noted in measuring VaR:

- VaR will differ depending on the choice of confidence interval, holding period or observation period;
- VaR indicates the maximum fluctuation of gains or losses in fair values at the time of measurement. In practice, the actual results at a point in the future may differ from the VaR calculation due to changes in the assumptions caused by market movements during the holding period; and
- VaR indicates the maximum value based on specific assumption. As such, when utilizing VaR as a risk management measure, it is imperative to keep in mind that VaR may underestimate the potential losses.

## ③ Liquidity risk management related to funding

Long-term and stable funds, such as fiscal loan funds, government-guaranteed bonds and FILP agency bonds, are used to finance the operations and deposits are not accepted.

Cash flows are assessed and proper measures, including establishing overdraft facility accounts with multiple private sector financial institutions, are taken to maintain daily cash flows for proper risk management.

## ④ Derivative transactions

For derivative transactions, the internal checks and balances are established by assigning the execution of transactions, the assessment of hedge effectiveness and the management of administrative work to separate divisions. In addition, derivative transactions are carried out in accordance with the derivatives related protocol.

## (iv) Supplementary explanation concerning fair value of financial instruments

Fair values of financial instruments are based on their market prices or, in cases where market prices are not available, on reasonably calculated prices. These prices have been calculated using certain assumptions, and may differ depending on the assumptions.

**(b) Fair value of financial instruments**

The carrying amount on the consolidated balance sheets as of March 31, 2018 and 2019 and the related fair value, and difference are as follows. Note that unlisted securities whose fair value is extremely difficult to be determined are not included in the following tables (refer to Note 2).

As of March 31, 2018

(In millions of yen)

	Amount on consolidated balance sheet	Fair value	Difference
(1) Cash and due from banks	¥ 1,751,287	¥ 1,751,287	¥ —
(2) Securities			
Trading securities	9,837	9,837	—
Available-for-sale securities	76,197	76,197	—
(3) Loans and bills discounted	13,513,680		
Allowance for loan losses <sup>(*)</sup>	(265,189)		
	13,248,491	13,342,813	94,322
(4) Other assets <sup>(*)</sup>	141,180	141,180	—
<b>Total assets</b>	<b>¥ 15,226,993</b>	<b>¥ 15,321,316</b>	<b>¥ 94,322</b>
(1) Borrowed money	8,370,758	8,425,665	54,906
(2) Bonds payable	4,392,597	4,315,172	(77,424)
(3) Other liabilities <sup>(*)</sup>	56,280	56,280	—
<b>Total liabilities</b>	<b>¥ 12,819,635</b>	<b>¥ 12,797,117</b>	<b>¥ (22,518)</b>
Derivative transactions <sup>(*)</sup>			
Derivative transactions not qualifying for hedge accounting	—	—	—
Derivative transactions qualifying for hedge accounting	(137,746)	(137,746)	—
<b>Total derivative transactions</b>	<b>¥ (137,746)</b>	<b>¥ (137,746)</b>	<b>¥ —</b>

<sup>(\*)</sup> General allowance for loan losses and specific allowance for loan losses, and the allowance for possible loan losses on specific overseas loans have been deducted from Loans and bills discounted.

<sup>(\*)</sup> This does not include derivative transactions, but presents Other assets and Other liabilities that are financial instruments subject to fair value disclosure.

<sup>(\*)</sup> Derivatives recorded in Other assets and Other liabilities are collectively presented. Assets and liabilities arising from derivative transactions are presented on a net basis. The figures in parenthesis indicate net liabilities.

As of March 31, 2019

(In millions of yen)

	Amount on consolidated balance sheet	Fair value	Difference
(1) Cash and due from banks	¥ 1,191,463	¥ 1,191,463	¥ —
(2) Securities			
Trading securities	10,932	10,932	—
Available-for-sale securities	83,892	83,892	—
(3) Loans and bills discounted	13,576,561		
Allowance for loan losses <sup>(*)</sup>	(284,842)		
	13,291,718	13,435,564	143,846
(4) Other assets <sup>(*)</sup>	123,340	123,340	—
<b>Total assets</b>	<b>¥ 14,701,346</b>	<b>¥ 14,845,192</b>	<b>¥ 143,846</b>
(1) Borrowed money	7,574,713	7,636,800	62,087
(2) Bonds payable	4,583,492	4,589,487	5,995
(3) Other liabilities <sup>(*)</sup>	44,620	44,620	—
<b>Total liabilities</b>	<b>¥ 12,202,825</b>	<b>¥ 12,270,908</b>	<b>¥ 68,082</b>
Derivative transactions <sup>(*)</sup>			
Derivative transactions not qualifying for hedge accounting	56	56	—
Derivative transactions qualifying for hedge accounting	(98,162)	(98,162)	—
<b>Total derivative transactions</b>	<b>¥ (98,105)</b>	<b>¥ (98,105)</b>	<b>¥ —</b>

As of March 31, 2019

(In millions of U.S. dollars)

	Amount on consolidated balance sheet	Fair value	Difference
(1) Cash and due from banks	\$ 10,735	\$ 10,735	\$ —
(2) Securities			
Trading securities	98	98	—
Available-for-sale securities	756	756	—
(3) Loans and bills discounted	122,322		
Allowance for loan losses (*1)	(2,566)		
	119,756	121,052	1,296
(4) Other assets (*2)	1,111	1,111	—
<b>Total assets</b>	<b>\$ 132,456</b>	<b>\$ 133,752</b>	<b>\$ 1,296</b>
(1) Borrowed money	68,247	68,806	559
(2) Bonds payable	41,296	41,351	55
(3) Other liabilities (*2)	402	402	—
<b>Total liabilities</b>	<b>\$ 109,945</b>	<b>\$ 110,559</b>	<b>\$ 614</b>
Derivative transactions (*3)			
Derivative transactions not qualifying for hedge accounting	0	0	—
Derivative transactions qualifying for hedge accounting	(884)	(884)	—
<b>Total derivative transactions</b>	<b>\$ (884)</b>	<b>\$ (884)</b>	<b>\$ —</b>

(\*1) General allowance for loan losses and specific allowance for loan losses, and the allowance for possible loan losses on specific overseas loans have been deducted from Loans and bills discounted.

(\*2) This does not include derivative transactions, but presents Other assets and Other liabilities that are financial instruments subject to fair value disclosure.

(\*3) Derivatives recorded in Other assets and Other liabilities are collectively presented. Assets and liabilities arising from derivative transactions are presented on a net basis. The figures in parenthesis indicate net liabilities.

#### (Note 1) Valuation methodologies used for estimating fair values for financial instruments

##### Assets

##### (1) Cash and due from banks

For Due from banks that have no specific maturity or have a maturity under three months, the carrying amounts are used as fair value because the carrying amount approximates the fair value.

##### (2) Securities

Trading securities (including investments in affiliates) are held by the consolidated foreign subsidiary and are measured at fair value through profit or loss based on IFRS.

The fair value of available-for-sale securities is based upon the prices that are indicated from the financial institutions that JBIC transacts with.

##### (3) Loans and bills discounted

For loans with variable interest rates, since such loans reflect market interest rates over the short term, an amount calculated by the floating rate note method is used for fair value.

For loans with fixed interest, the total principal and interest is discounted by a risk free rate that incorporates the default ratio and coverage ratio to calculate fair value.

However, for claims on Bankrupt borrowers, Substantially bankrupt borrowers, and Potentially bankrupt borrowers, expected credit losses on such claims are calculated based on the expected collectable amount from the collateral or guarantee. Since fair value approximates the amount on the consolidated balance sheets at the fiscal year end after the deduction of the allowance for loan losses, this amount is used for fair value.

##### (4) Other assets

Of Other assets, for cash collateral paid for financial instruments, the carrying amount is used as fair value because the carrying amount approximates the fair value.

##### Liabilities

##### (1) Borrowed money

Borrowed money with variable interest rates reflect short-term market interest rates and the credit conditions of JBIC and its consolidated subsidiaries have not changed significantly since the execution of borrowings. Therefore, the carrying amount is used as fair value because it is considered that the carrying amount approximates the fair value. For borrowed money with a fixed interest rate, in principle, fair value is calculated by discounting the principal and interest of the borrowings by the risk free rate (the standard Japanese government bond rate).

##### (2) Bonds payable

Market value is used as fair value of bonds.

## (3) Other liabilities

Of Other liabilities, for cash collateral received for financial instruments, the carrying amount is used as fair value because the carrying amount approximates the fair value.

Derivative transactions

Derivative transactions are disclosed in Note 18 "Derivative transactions."

(Note 2) Financial instruments whose fair values are considered to be extremely difficult to determine are as follows. They are not included in "Assets, (2) Securities."

## Classification

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
1) Unlisted stocks (unconsolidated subsidiaries and affiliates) <sup>(*)1</sup>	¥ 5,439	¥ 17,862	\$ 161
2) Unlisted stocks (other than unconsolidated subsidiaries and affiliates) <sup>(*)1</sup> <sup>(*)2</sup>	75,393	74,270	669
3) Partnership investments (unconsolidated subsidiaries and affiliates) <sup>(*)3</sup>	133,783	121,329	1,093
4) Partnership investments (other than unconsolidated subsidiaries and affiliates) <sup>(*)3</sup>	50,952	58,739	529
Total	¥ 265,569	¥ 272,201	\$ 2,452

<sup>(\*)1</sup> Since Unlisted stocks do not have quoted market prices available and their fair value is extremely difficult to determine, fair values are not stated.

<sup>(\*)2</sup> No impairment loss is recognized for unlisted stocks (other than unconsolidated subsidiaries and affiliates) for the fiscal year ended March 31, 2018.

Impairment loss of ¥11,787 million (\$106 million) is recognized for unlisted stocks (other than unconsolidated subsidiaries and affiliates) for the fiscal year ended March 31, 2019.

<sup>(\*)3</sup> For Partnership investments composed of unlisted stocks that do not have quoted market prices available and for which fair value is extremely difficult to be determined, fair values are not stated.

(Note 3) Redemption schedule for receivables and redeemable securities with future redemption dates

As of March 31, 2018

(In millions of yen)

	Due within one year	Due after one year but within three years	Due after three years but within five years	Due after five years but within seven years	Due after seven years but within ten years	Due after ten years
Due from banks <sup>(*)1</sup>	¥ 1,751,287	¥ —	¥ —	¥ —	¥ —	¥ —
Securities						
Available-for-sale securities	12,500	53,500	9,802	—	—	—
Loans and bills discounted <sup>(*)2</sup>	1,431,414	3,067,267	2,569,023	2,327,348	2,234,766	1,695,017
Total	¥ 3,195,201	¥3,120,767	¥2,578,826	¥2,327,348	¥2,234,766	¥1,695,017

<sup>(\*)1</sup> Demand deposits in Due from banks are included in "Due within one year."

<sup>(\*)2</sup> Loans and bills discounted of ¥188,842 million whose redemption is not estimable, such as claims against Bankrupt borrowers, Substantially bankrupt borrowers, and Potentially bankrupt borrowers, are not included in the tables above.

<sup>(\*)3</sup> Of Other assets, the information about cash collateral paid for financial instruments is omitted since there is no fixed maturity date for repayments.

As of March 31, 2019

(In millions of yen)

	Due within one year	Due after one year but within three years	Due after three years but within five years	Due after five years but within seven years	Due after seven years but within ten years	Due after ten years
Due from banks <sup>(*)1</sup>	¥1,191,463	¥ —	¥ —	¥ —	¥ —	¥ —
Securities						
Available-for-sale securities	23,500	30,000	2	—	30,600	—
Loans and bills discounted <sup>(*)2</sup>	1,530,222	3,040,088	2,607,551	2,630,725	1,960,695	1,616,170
Total	¥ 2,745,186	¥ 3,070,088	¥ 2,607,554	¥ 2,630,725	¥ 1,991,295	¥ 1,616,170

As of March 31, 2019

(In millions of U.S. dollars)

	Due within one year	Due after one year but within three years	Due after three years but within five years	Due after five years but within seven years	Due after seven years but within ten years	Due after ten years
Due from banks <sup>(*)1</sup>	\$ 10,735	\$ —	\$ —	\$ —	\$ —	\$ —
Securities						
Available-for-sale securities	212	270	0	—	275	—
Loans and bills discounted <sup>(*)2</sup>	13,787	27,391	23,494	23,702	17,666	14,561
Total	\$ 24,734	\$ 27,661	\$ 23,494	\$ 23,702	\$ 17,941	\$ 14,561

<sup>(\*)1</sup> Demand deposits in Due from banks are included in "Due within one year."

<sup>(\*)2</sup> Loans and bills discounted of ¥191,105 million (\$1,722 million) whose redemption is not estimable, such as claims against Bankrupt borrowers, Substantially bankrupt borrowers, and Potentially bankrupt borrowers, is not included in the tables above.

<sup>(\*)3</sup> Of Other assets, the information about cash collateral paid for financial instruments is omitted since there is no fixed maturity date for repayments.

(Note 4) Redemption schedule for Borrowed money and Bonds payable with future redemption dates

As of March 31, 2018

(In millions of yen)

	Due within one year	Due after one year but within three years	Due after three years but within five years	Due after five years but within seven years	Due after seven years but within ten years	Due after ten years
Borrowed money	¥ 809,379	¥ 2,189,642	¥ 3,985,736	¥ 585,900	¥ 631,100	¥ 169,000
Bonds payable	684,000	1,288,777	863,360	318,720	1,247,072	—
Total	¥ 1,493,379	¥ 3,478,419	¥ 4,849,096	¥ 904,620	¥ 1,878,172	¥ 169,000

(\*1) Of Other liabilities, the information about cash collateral received for financial instruments is omitted since there is no fixed maturity date for repayments.

As of March 31, 2019

(In millions of yen)

	Due within one year	Due after one year but within three years	Due after three years but within five years	Due after five years but within seven years	Due after seven years but within ten years	Due after ten years
Borrowed money	¥ 521,428	¥ 1,792,627	¥ 4,240,158	¥ 233,800	¥ 617,700	¥ 169,000
Bonds payable	458,465	1,378,001	1,011,162	519,455	1,226,439	—
Total	¥ 979,893	¥ 3,170,628	¥ 5,251,320	¥ 753,255	¥ 1,844,139	¥ 169,000

As of March 31, 2019

(In millions of U.S. dollars)

	Due within one year	Due after one year but within three years	Due after three years but within five years	Due after five years but within seven years	Due after seven years but within ten years	Due after ten years
Borrowed money	\$ 4,698	\$ 16,151	\$ 38,203	\$ 2,107	\$ 5,565	\$ 1,523
Bonds payable	4,131	12,416	9,110	4,680	11,050	—
Total	\$ 8,829	\$ 28,567	\$ 47,313	\$ 6,787	\$ 16,615	\$ 1,523

(\*1) Of Other liabilities, the information about cash collateral received for financial instruments is omitted since there is no fixed maturity date for repayments.

## 17. Market value of securities

The following tables contain information relating to negotiable certificates included in "Cash and due from banks" as well as "Securities" that are presented in the consolidated balance sheets.

Information relating to "Equity securities of and other investments in subsidiaries and affiliates" is presented in the notes to the consolidated financial statements.

### (a) Trading securities

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Unrealized gains (losses) included in profit or loss for the fiscal year	¥ (31)	¥ 1,214	\$ 11

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

Fiscal year ended March 31, 2018

Not applicable.

Fiscal year ended March 31, 2019

Not applicable.

### (c) Available-for-sale securities

As of March 31, 2018

(In millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	Stocks	¥ —	¥ —	¥ —
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	46,203	45,800	403
Subtotal		46,203	45,800	403
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	69,994	70,000	(6)
Subtotal		69,994	70,000	(6)
Total		¥ 116,197	¥ 115,800	¥ 397

As of March 31, 2019

(In millions of yen)



	Type	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	Stocks	¥ —	¥ —	¥ —
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	54,660	54,100	560
Subtotal		54,660	54,100	560
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	69,232	70,000	(768)
Subtotal		69,232	70,000	(768)
Total		¥ 123,892	¥ 124,100	¥ (207)

As of March 31, 2019

(In millions of U.S. dollars)

	Type	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	Stocks	\$ —	\$ —	\$ —
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	492	487	5
Subtotal		492	487	5
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	624	631	(7)
Subtotal		624	631	(7)
Total		\$ 1,116	\$ 1,118	\$ (2)

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

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

Not applicable.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable.

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

Fiscal year ended March 31, 2018

(In millions of yen)

	Amount of sales	Total gain on sales	Total loss on sales
Stocks	¥ —	¥ —	¥ —
Debt securities	—	—	—
Japanese government bonds	—	—	—
Corporate bonds	—	—	—
Other	¥ 8,886	¥ 128	¥ 57
Total	¥ 8,886	¥ 128	¥ 57

Fiscal year ended March 31, 2019

(In millions of yen)

	Amount of sales	Total gain on sales	Total loss on sales
Stocks	¥ —	¥ —	¥ —
Debt securities	—	—	—
Japanese government bonds	—	—	—
Corporate bonds	—	—	—
Other	¥ 10,462	¥ 116	¥ —
Total	¥ 10,462	¥ 116	¥ —

Fiscal year ended March 31, 2019

(In millions of U.S. dollars)

	Amount of sales	Total gain on sales	Total loss on sales
Stocks	\$ —	\$ —	\$ —
Debt securities	—	—	—
Japanese government bonds	—	—	—
Corporate bonds	—	—	—
Other	\$ 94	\$ 1	\$ —
Total	\$ 94	\$ 1	\$ —

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

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

Not applicable.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable.

**(g) Impairment of securities**

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

Not applicable.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable.

**(h) Money held in trust**

(i) Money held in trust for trading purposes

Fiscal year ended March 31, 2018

Not applicable.

Fiscal year ended March 31, 2019

Not applicable.

(ii) Money held in trust for holding-to-maturity purposes

Fiscal year ended March 31, 2018

Not applicable.

Fiscal year ended March 31, 2019

Not applicable.

(iii) Other money held in trust (other than trading and holding-to-maturity purposes)

Fiscal year ended March 31, 2018

Not applicable.

Fiscal year ended March 31, 2019

Not applicable.

**(i) Net unrealized gains (losses) on available-for-sale securities are as follows:**

Fiscal year ended March 31, 2018

(In millions of yen)

Valuation difference	¥	(1,209)
Available-for-sale securities (*)		(1,209)
Other money held in trust		—
(+) Deferred tax assets (or (-) Deferred tax liabilities)		—
Valuation difference on available-for-sale securities (before following adjustments)	¥	(1,209)
(-) Non-controlling interests		—
(+) JBIC's interest in valuation difference on available-for-sale securities held by affiliates accounted for using the equity method		—
Valuation difference on available-for-sale securities	¥	(1,209)

(\*) Available-for-sale securities includes foreign exchange translation differences in respect of available-for-sale securities whose fair value cannot be readily determined.

Fiscal year ended March 31, 2019		(In millions of yen)	
Valuation difference	¥		(557)
Available-for-sale securities (*)			(557)
Other money held in trust			—
(+/-) Deferred tax assets (or (-) Deferred tax liabilities)			—
Valuation difference on available-for-sale securities (before following adjustments)	¥		(557)
(-) Non-controlling interests			—
(+/-) JBIC's interest in valuation difference on available-for-sale securities held by affiliates accounted for using the equity method			—
Valuation difference on available-for-sale securities	¥		(557)

Fiscal year ended March 31, 2019		(In millions of U.S. dollars)	
Valuation difference	\$		(5)
Available-for-sale securities (*)			(5)
Other money held in trust			—
(+/-) Deferred tax assets (or (-) Deferred tax liabilities)			—
Valuation difference on available-for-sale securities (before following adjustments)	\$		(5)
(-) Non-controlling interests			—
(+/-) JBIC's interest in valuation difference on available-for-sale securities held by affiliates accounted for using the equity method			—
Valuation difference on available-for-sale securities	\$		(5)

(\*) Available-for-sale securities includes foreign exchange translation differences in respect of available-for-sale securities whose fair value cannot be readily determined.

## 18. Derivative transactions

Notes to derivative transactions for the fiscal years ended March 31, 2018 and March 31, 2019 are as follows:

### (a) Derivative transactions not qualifying for hedge accounting

For derivative transactions not qualifying for hedge accounting, the contract value at the fiscal year end or notional amount defined in agreements, and fair value and valuation gain (loss) and the fair value calculation method are as follows. The contract value does not indicate the market risk of the derivative transactions.

#### (i) Interest rate-related transactions

Fiscal year ended March 31, 2018

Not applicable

Fiscal year ended March 31, 2019

Not applicable

#### (ii) Currency-related transactions

Fiscal year ended March 31, 2018

Not applicable

Fiscal year ended March 31, 2019

		(In millions of yen)					
Category	Type	Contract value		Contract value (Maturing after one year)		Fair value	Valuation gain (loss)
Over-the-counter	Forward foreign exchange contracts						
	Sell	¥	—	¥	—	¥	—
	Buy		66,594		—		56
	Total	¥	—	¥	—	¥	56

		(In millions of U.S. dollars)					
Category	Type	Contract value		Contract value (Maturing after one year)		Fair value	Valuation gain (loss)
Over-the-counter	Forward foreign exchange contracts						
	Sell	\$	—	\$	—	\$	—
	Buy		600		—		1
	Total	\$	—	\$	—	\$	1

(Notes) 1. Transactions above are measured at fair value and valuation gain (loss) is recognized in the consolidated statements of operations.  
2. Calculation of fair value is based on the discounted cash flows.

- (iii) Equity-related transactions  
Fiscal year ended March 31, 2018  
Not applicable.  
Fiscal year ended March 31, 2019  
Not applicable.
- (iv) Bond-related transactions  
Fiscal year ended March 31, 2018  
Not applicable.  
Fiscal year ended March 31, 2019  
Not applicable.
- (v) Commodity-related transactions  
Fiscal year ended March 31, 2018  
Not applicable.  
Fiscal year ended March 31, 2019  
Not applicable.
- (vi) Credit derivative transactions  
Fiscal year ended March 31, 2018  
Not applicable.  
Fiscal year ended March 31, 2019  
Not applicable.

(b) Derivative transactions qualifying for hedge accounting

For derivative transactions qualifying for hedge accounting, the contract value at the fiscal year end or notional amount defined in agreements, and fair value and its calculation method, by hedged item and by hedge accounting method, are as follows. The contract value does not indicate the market risk of the derivative transactions.

(i) Interest rate-related transactions

Fiscal year ended March 31, 2018

(In millions of yen)

Hedge accounting	Type	Major hedged items	Contract value	Contract value (Maturing after one year)	Fair value
Basic accounting method	Interest rate swap	Loans and bills discounted			
		Borrowed money			
		Bonds payable			
		Receive/fixed and pay/floating	¥ 3,985,081	¥ 3,374,201	¥ (115,742)
		Receive/floating and pay/fixed	717,401	704,092	(4,117)
	Receive/floating and pay/floating	212,480	212,480	(105)	
	Total		¥ —	¥ —	¥ (119,965)

(Note) Calculation of fair value is based on the discounted cash flows.

Fiscal year ended March 31, 2019

(In millions of yen)

Hedge accounting	Type	Major hedged items	Contract value	Contract value (Maturing after one year)	Fair value
Basic accounting method	Interest rate swap	Loans and bills discounted			
		Borrowed money			
		Bonds payable			
		Receive/fixed and pay/floating	¥ 4,239,345	¥ 3,866,375	¥ (22,574)
		Receive/floating and pay/fixed	733,572	715,692	(15,013)
	Receive/floating and pay/floating	221,980	166,485	(380)	
	Total		¥ —	¥ —	¥ (37,969)

Fiscal year ended March 31, 2019

(In millions of U.S. dollars)

Hedge accounting	Type	Major hedged items	Contract value	Contract value (Maturing after one year)	Fair value
Basic accounting method	Interest rate swap	Loans and bills discounted			
		Borrowed money			
		Bonds payable			
		Receive/fixed and pay/floating	\$ 38,196	\$ 34,835	\$ (203)
	Receive/floating and pay/fixed	6,609	6,448	(135)	
	Receive/floating and pay/floating	2,000	1,500	(4)	
	Total	\$ —	\$ —	\$ (342)	

(Note) Calculation of fair value is based on the discounted cash flows.

## (ii) Currency-related transactions

Fiscal year ended March 31, 2018

(In millions of yen)

Hedge accounting	Type	Major hedged items	Contract value	Contract value (Maturing after one year)	Fair value
Basic accounting method	Currency swap	Loans and bills discounted	¥ 3,274,459	¥ 2,761,005	¥ (17,161)
		Bonds payable			
	Forward foreign exchange contracts	Loans and bills discounted			
		Sell	Investments in capital and other items	87,304	—
	Buy		7,527	—	(16)
	Total		¥ —	¥ —	¥ (17,780)

Note 1. These are mainly accounted for using the deferral method of hedge accounting under "Accounting and Auditing Treatment Relating to Adoption of Accounting Standard for Foreign Currency Transactions for Banks" (JICPA Industry Audit Committee Report No. 25 of July 29, 2002).

Note 2. Calculation of fair value is based on the discounted cash flows.

Fiscal year ended March 31, 2019

(In millions of yen)

Hedge accounting	Type	Major hedged items	Contract value	Contract value (Maturing after one year)	Fair value
Basic accounting method	Currency swap	Loans and bills discounted	¥ 3,655,284	¥ 3,118,590	¥ (59,959)
		Bonds payable			
	Forward foreign exchange contracts	Loans and bills discounted			
		Sell	Investments in capital and other items	87,596	—
	Buy		120	—	0
	Total		¥ —	¥ —	¥ (60,193)

Fiscal year ended March 31, 2019

(In millions of U.S. dollars)

Hedge accounting	Type	Major hedged items	Contract value	Contract value (Maturing after one year)	Fair value
Basic accounting method	Currency swap	Loans and bills discounted	\$ 32,933	\$ 28,098	\$ (540)
		Bonds payable			
	Forward foreign exchange contracts	Loans and bills discounted			
		Sell	Investments in capital and other items	789	—
	Buy		1	—	0
	Total		\$ —	\$ —	\$ (542)

Note 1. These are mainly accounted for using the deferral method of hedge accounting under "Accounting and Auditing Treatment Relating to Adoption of Accounting Standard for Foreign Currency Transactions for Banks" (JICPA Industry Audit Committee Report No. 25 of July 29, 2002).

Note 2. Calculation of fair value is based on the discounted cash flows.

## (iii) Equity-related transactions

Fiscal year ended March 31, 2018

Not applicable.

Fiscal year ended March 31, 2019

Not applicable.

## (iv) Bond-related transactions

Fiscal year ended March 31, 2018

Not applicable.

Fiscal year ended March 31, 2019

Not applicable.

## 19. Retirement benefits

### (a) Overview of retirement benefit plans

JBIC abolished the welfare pension fund plan effective October 1, 2014 and has established a defined benefit corporate pension plan and a defined contribution pension plan.

JBIC has a defined benefit pension plan comprised of a corporate pension plan (transferred from a welfare pension fund plan effective October 1, 2014) and a lump-sum severance indemnity plan. Although JBIC's corporate pension plan is a multi-employer plan, the amount of the pension assets corresponding to its own contribution can be reasonably calculated based on the ratio of the projected benefit obligations, and therefore the related notes are included in the following notes related to the defined benefit pension plan.

Under the corporate pension plan (funded type), pension or lump-sum payments are provided based on salary and service period. Under the lump-sum severance indemnity plan (unfunded type), lump-sum payments are provided as retirement benefits based on salary and service period. In addition, JBIC has established a defined contribution-type retirement benefit plan effective October 1, 2014.

Effective April 1, 2013, JBIC has been authorized by the Minister of Health, Labour and Welfare to be exempt from the obligations to pay future amounts in respect of the portion of the welfare pension fund it manages for the government. Subsequently on October 1, 2014, JBIC has been authorized to transfer to the government the past substitutional portion of the aforesaid fund. On September 22, 2017, *Kouko Kigyō Nenkin Kikin* (*Kouko* corporate pension fund) which JBIC participates in paid to the government ¥52,817 million of the transfer amount of the substitutional portion (i.e., minimum reserve). Its impact on profit or loss in the fiscal year ended March 31, 2018 amounted to ¥3 million which was recognized in Other of Other expenses.

### (b) Defined benefit pension plan

#### (i) Changes in the projected benefit obligation

Category	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Projected benefit obligation at the beginning of the fiscal year	¥ 13,772	¥ 11,197	\$ 101
Service cost	445	446	4
Interest cost	35	26	0
Actuarial losses	383	497	4
Retirement benefit paid	(733)	(695)	(6)
Decrease due to the transfer of the substitutional portion of the welfare pension fund	(2,706)	—	—
Projected benefit obligation at the end of the fiscal year	¥ 11,197	¥ 11,472	\$ 103

#### (ii) Changes in the plan assets

Category	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Pension assets at the beginning of the fiscal year	¥ 6,964	¥ 4,411	\$ 40
Expected return on plan assets	106	110	1
Actuarial gains	156	119	1
Contributions by the employer	122	125	1
Retirement benefit paid	(229)	(283)	(3)
Decrease due to the transfer of the substitutional portion of the welfare pension fund	(2,709)	—	—
Pension assets at the end of the fiscal year	¥ 4,411	¥ 4,483	\$ 40

#### (iii) Reconciliation of the projected benefit obligation and plan assets and net defined benefit liability and net defined benefit asset in the consolidated balance sheets

Category	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Funded projected benefit obligation	¥ 6,090	¥ 6,154	\$ 55
Fair value of plan assets	(4,411)	(4,483)	(40)
	1,679	1,671	15
Unfunded projected benefit obligation	5,106	5,317	48
Net amount of assets and liabilities in the consolidated balance sheets	¥ 6,785	¥ 6,988	\$ 63
Defined benefit liability	6,785	6,988	63
Defined benefit asset	—	—	—
Net amount of assets and liabilities in the consolidated balance sheets	¥ 6,785	¥ 6,988	\$ 63



## (iv) Components of retirement benefit expense

Category	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Service cost	¥ 445	¥ 446	\$ 4
Interest cost	35	26	0
Expected return on plan assets	(106)	(110)	(1)
Realized actuarial loss	226	377	3
Retirement benefit expense	¥ 601	¥ 740	\$ 6

(Note) In addition to the above, ¥3 million was recognized in Other of Other expenses in the fiscal year ended March 31, 2018 as a result of the transfer of the substitutional portion of the welfare pension fund.

## (v) Plan assets

## ① Major components of plan assets

Percentages of components to the total are as follows:

Category	As of March 31, 2018	As of March 31, 2019
Debt securities	61%	62%
Stocks	24%	24%
General accounts of life insurance companies	14%	13%
Cash and due from banks	1%	1%
Total	100%	100%

## ② Method of determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined based on the current and projected pension asset allocations as well as on the current and future rates of return expected from various assets that are components of plan assets.

## (vi) Principal assumptions used

Principal assumptions used in actuarial calculations

Category	As of March 31, 2018	As of March 31, 2019
Discount rate	0.24%	0.10%
Expected rate of return on plan assets	2.50%	2.50%
Expected rate of an increase in salary	4.35%	4.33%

## (c) Defined contribution plan

Fiscal year ended March 31, 2018

The amount of contribution required to be made to the defined contribution plan was ¥25 million for the fiscal year ended March 31, 2018.

Fiscal year ended March 31, 2019

The amount of contribution required to be made to the defined contribution plan was ¥26 million (\$0 million) for the fiscal year ended March 31, 2019.

## 20. Deferred tax accounting

## (a) Breakdown of deferred tax assets and deferred tax liabilities

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Deferred tax assets			
Tax loss carryforward	¥ 8	¥ 3	\$ 0
Other	1	2	0
Sub total	9	6	0
Valuation allowance	(9)	(6)	(0)
Total deferred tax assets	¥ —	¥ —	\$ —

## (b) Breakdown of major items resulting in a significant difference between the effective statutory tax rate and the rate of income tax and other taxes after applying deferred tax accounting

This information is omitted since JBIC is a nontaxable entity defined in the Article 2, Item 5 of the Corporation Tax Act (Act No. 34 of 1965) and therefore there is no significant difference between the effective statutory tax rate and the rate of income tax and other taxes after applying deferred tax accounting.

## 21. Segment information

### (a) Segment summary

The JBIC Group's operating segments are those for which discrete financial information is available, and whose operating results are regularly reviewed by JBIC's management.

The JBIC Group is a policy-based financial institution wholly owned by the Japanese government, which has the purpose of contributing to the sound development of Japan and the international economy and society, while supplementing the financial transactions implemented by private-sector financial institutions by performing financial operations from four viewpoints: i.e., "promotion of the overseas development and securement of resources which are important for Japan"; "maintenance and improvement of the international competitiveness of Japanese industries"; "promotion of the overseas business having the purpose of preserving the global environment, such as preventing global warming"; and "prevention of disruptions to international financial order or implementation of appropriate measures with respect to damages caused by such disruption." To achieve these purposes, for business operations defined under the Act on Japan Bank for International Cooperation and other acts, JBIC has two reporting segments: "Ordinary Operations" account and "Special Operations" account. Accounting operations are separately carried out for respective accounts.

The "Ordinary Operations" account covers the businesses which are not included in the "Special Operations" account of the JBIC Group. The Ordinary Operations account also includes the investment business of the consolidated subsidiaries.

The "Special Operations" account includes the businesses that offer financing services such as lending to overseas infrastructure business projects that generate a higher expected return in exchange for higher risk.

### (b) Method of calculating ordinary income, profit or loss, assets, liabilities and other items by reportable segment

Accounting treatments applied to business segments reported are the same as those disclosed in "Notes to Consolidated Financial Statements." The amount of profit (or loss) of reportable segments is based on Net income attributable to owner of parent.

### (c) Information about the amount of ordinary income, profit or loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2018

(In millions of yen)

	Ordinary Operations	Special Operations	Sub-total for reportable segments	Adjustments	Amount reported in the consolidated financial statements
Ordinary income					
(1) Ordinary income from customers	¥ 390,057	¥ 2	¥ 390,060	¥ —	¥ 390,060
(2) Intersegment ordinary income	12	0	12	(12)	—
Total	¥ 390,070	¥ 2	¥ 390,073	¥ (12)	¥ 390,060
Segment profit (loss)	62,286	(204)	62,081	—	62,081
Segment assets	17,760,961	251,110	18,012,072	(11)	18,012,060
Segment liabilities	15,465,378	222	15,465,600	(11)	15,465,589
Other items					
Depreciation and amortization	1,460	—	1,460	—	1,460
Interest income	336,767	1	336,768	—	336,768
Interest expense	249,256	0	249,256	—	249,256
Profits of equity method investments	22,207	—	22,207	—	22,207
Extraordinary income	9	—	9	—	9
Gain on disposal of noncurrent assets	9	—	9	—	9
Extraordinary loss	8	—	8	—	8
Loss on disposal of noncurrent assets	8	—	8	—	8
Income tax expenses	0	—	0	—	0
Equity method investments	100,453	—	100,453	—	100,453
Increase in Property, plant and equipment and Intangible assets	3,024	—	3,024	—	3,024
Provision of allowance for loan losses	51,505	22	51,528	—	51,528

Notes 1. Ordinary income is disclosed in place of sales for non-financial companies. Adjustments for the difference represent adjustments related to the difference between ordinary income and Ordinary income disclosed in the consolidated statements of operations.  
2. Adjustments above represents elimination of intersegment transactions.

Fiscal year ended March 31, 2019

(In millions of yen)

	Ordinary Operations	Special Operations	Sub-total for reportable segments	Adjustments	Amount reported in the consolidated financial statements
Ordinary income					
(1) Ordinary income from customers	¥ 478,958	¥ 155	¥ 479,113	¥ —	¥ 479,113
(2) Intersegment ordinary income	20	—	20	(20)	—
Total	¥ 478,978	¥ 155	¥ 479,134	¥ (20)	¥ 479,113
Segment profit (loss)	53,195	(172)	53,022	—	53,022
Segment assets	17,398,378	250,588	17,648,966	(14)	17,648,951
Segment liabilities	14,961,981	320	14,962,302	(14)	14,962,287
Other items					
Depreciation and amortization	1,944	—	1,944	—	1,944
Interest income	450,644	154	450,798	—	450,798
Interest expense	365,856	22	365,878	—	365,878
Losses of equity method investments	2,026	—	2,026	—	2,026
Losses on devaluation of equity and other securities	11,787	—	11,787	—	11,787
Extraordinary income	6	—	6	—	6
Gain on disposal of noncurrent assets	6	—	6	—	6
Income tax expenses	4	—	4	—	4
Equity method investments	86,860	—	86,860	—	86,860
Increase in Property, plant and equipment and Intangible assets	4,763	—	4,763	—	4,763
Provision of allowance for loan losses	19,497	64	19,561	—	19,561

(In millions of U.S. dollars)

	Ordinary Operations	Special Operations	Sub-total for reportable segments	Adjustments	Amount reported in the consolidated financial statements
Ordinary income					
(1) Ordinary income from customers	\$ 4,315	\$ 2	\$ 4,317	\$ —	\$ 4,317
(2) Intersegment ordinary income	0	—	0	(0)	—
Total	\$ 4,315	\$ 2	\$ 4,317	\$ (0)	\$ 4,317
Segment profit (loss)	479	(1)	478	—	478
Segment assets	156,756	2,258	159,014	(0)	159,014
Segment liabilities	134,805	3	134,808	(0)	134,808
Other items					
Depreciation and amortization	18	—	18	—	18
Interest income	4,060	2	4,062	—	4,062
Interest expense	3,296	0	3,296	—	3,296
Losses of equity method investments	18	—	18	—	18
Losses on devaluation of equity and other securities	106	—	106	—	106
Extraordinary income	0	—	0	—	0
Gain on disposal of noncurrent assets	0	—	0	—	0
Income tax expenses	0	—	0	—	0
Equity method investments	783	—	783	—	783
Increase in Property, plant and equipment and Intangible assets	43	—	43	—	43
Provision of allowance for loan losses	176	0	176	—	176

Notes 1. Ordinary income is disclosed in place of sales for non-financial companies. Adjustments for the difference represent adjustments related to the difference between ordinary income and Ordinary income disclosed in the consolidated statements of operations.  
2. Adjustments above represents elimination of intersegment transactions.

**(d) Related information**

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

**(i) Information about services**

The information about services is omitted since ordinary income from outside customers in relation to the loan, guarantee and equity participation operations is more than 90% of Ordinary income on the consolidated statements of operations.

## (ii) Information about geographical areas

## ① Ordinary income: (In millions of yen)

	Japan	Asia/Oceania	Europe/Middle East /Africa	North America/ Latin America	Total
¥	91,138	¥ 102,256	¥ 91,918	¥ 104,747	¥ 390,060

Notes 1. Ordinary income is disclosed in place of sales for non-financial companies.

2. Ordinary income is disclosed based on the location of the customers and is classified by country or region.

## ② Property, plant and equipment

The information about property, plant and equipment is omitted since more than 90% of Property, plant equipment on the consolidated balance sheets is located in Japan.

## (iii) Information about major customers

The information about major customers is omitted since there are no transactions with a certain customer which result in more than 10% of Ordinary income on the consolidated statements of operations.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

## (i) Information about services

The information about services is omitted since ordinary income from outside customers in relation to the loan, guarantee and equity participation operations is more than 90% of Ordinary income on the consolidated statements of operations.

## (ii) Information about geographical areas

## ① Ordinary income: (In millions of yen)

	Japan	Asia/Oceania	Europe/Middle East /Africa	North America/ Latin America	Total
¥	130,353	¥ 127,889	¥ 127,700	¥ 93,169	¥ 479,113

(In millions of U.S. dollars)

	Japan	Asia/Oceania	Europe/Middle East /Africa	North America/ Latin America	Total
\$	1,174	\$ 1,152	\$ 1,151	\$ 840	\$ 4,317

Notes 1. Ordinary income is disclosed in place of sales for non-financial companies.

2. Ordinary income is disclosed based on the location of the customers and is classified by country or region.

## (Change in presentation)

Ordinary income attributable to "U.S.," which was separately presented for the fiscal year ended March 31, 2018 is included in "North America/ Latin America" for the fiscal year ended March 31, 2019 since the amount is less than 10% of Ordinary income reported in the consolidated statements of operations.

Therefore, "(ii) Information about geographical areas, ① Ordinary income" for the fiscal year ended March 31, 2018 is reclassified, and as a result, ¥40,948 million, which was presented in "U.S." for the fiscal year ended March 31, 2018, is reclassified to "North America/ Latin America."

## ② Property, plant and equipment

The information about property, plant and equipment is omitted since more than 90% of Property, plant equipment on the consolidated balance sheets is located in Japan.

## (iii) Information about major customers

The information about major customers is omitted since there are no transactions with a certain customer which result in more than 10% of Ordinary income on the consolidated statements of operations.

## (e) Information about impairment losses of property, plant and equipment in reportable segments Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

Not applicable.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable.

## (f) Information about the amortization and balance of goodwill in reportable segments

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

Not applicable.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable.

## (g) Information about gains from the recognition of negative goodwill in reportable segments

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

Not applicable.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable.

**22. Related-party information**

## 1. Related party transactions

## (1) Related party transactions with JBIC

## (a) Transactions with major shareholder

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(In millions of yen)

	Related Party Name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relationship with related parties	Transactions	Amounts of transactions (Note 4)	Items	Balance as of March 31, 2018 (Note 4)
Principal shareholder	Ministry of Finance (Minister of Finance)	Chiyoda-ku, Tokyo	—	Administration for policy based financing	100 (Direct)	Receipt of funds, etc.	Capital subscription (Note 1)	¥ 82,200	—	¥ —
							Receipt of funds (Note 2)	4,808,429	Borrowed money	8,370,758
							Repayment of borrowed money	6,004,411		
							Payment of interest on borrowed money	115,370	Accrued expense	27,232
							Guarantee for corporate bonds (Note 3)	4,202,610	—	—

Notes 1. Ministry of Finance subscribed new shares issued by JBIC through an allotment to the shareholder for ¥1 per share.

2. Receipt of funds represents borrowings from the FILP special account and foreign exchange funds special account. FILP interest rates are applied in accordance with the FILP agreement, while the interest rates under the respective agreements related to foreign exchange funds special account are applied to borrowings from foreign exchange funds.

3. No guarantee fee has been paid for the guarantee of bonds.

4. Figures in the table above do not include consumption taxes.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(In millions of yen)

	Related Party Name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relationship with related parties	Transactions	Amounts of transactions (Note 4)	Items	Balance as of March 31, 2019 (Note 4)
Principal shareholder	Ministry of Finance (Minister of Finance)	Chiyoda-ku, Tokyo	—	Administration for policy based financing	100 (Direct)	Receipt of funds, etc.	Capital subscription (Note 1)	¥ 20,100	—	¥ —
							Receipt of funds (Note 2)	764,559	Borrowed money	7,574,713
							Repayment of borrowed money	1,821,286		
							Payment of interest on borrowed money	156,898	Accrued expense	35,397
							Guarantee for corporate bonds (Note 3)	4,413,497	—	—

(In millions of U.S. dollars)

	Related Party Name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relationship with related parties	Transactions	Amounts of transactions (Note 4)	Items	Balance as of March 31, 2019 (Note 4)
Principal shareholder	Ministry of Finance (Minister of Finance)	Chiyoda-ku, Tokyo	—	Administration for policy based financing	100 (Direct)	Receipt of funds, etc.	Capital subscription (Note 1)	\$ 181	—	\$ —
							Receipt of funds (Note 2)	6,889	Borrowed money	68,247
							Repayment of borrowed money	16,409		
							Payment of interest on borrowed money	1,414	Accrued expenses	319
							Guarantee for corporate bonds (Note 3)	39,765	—	—

Notes 1. Ministry of Finance subscribed new shares issued by JBIC through an allotment to the shareholder for ¥1 (\$0.009) per share.

2. Receipt of funds represents borrowings from the FILP special account and foreign exchange funds special account. FILP interest rates are applied in accordance with the FILP agreement, while the interest rates under the respective agreements related to foreign exchange funds special account are applied to borrowings from foreign exchange funds.

3. No guarantee fee has been paid for the guarantee of bonds.

4. Figures in the table above do not include consumption taxes.

## (b) Transactions with fellow subsidiaries and subsidiaries of any other associated companies

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(In millions of yen)

	Corporate name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relationship with related parties	Transactions	Amounts of transactions	Items	Balance as of March 31, 2018
Entities that had the majority of their voting rights held by principal shareholder	Japan International Cooperation Agency	Chiyoda-ku, Tokyo	¥8,099,860	Official development assistance	None	Joint obligor	Joint obligations	¥ 100,000 (Notes 1, 4)	—	¥ —
							Joint obligations	152,800 (Notes 2, 4)	—	—
							Joint obligations	140,000 (Notes 3, 4)	—	—

Notes 1. JBIC assumed the obligations of the JBIC bonds in accordance with Article 12 (1) of the Supplementary Provisions of the JBIC Act, and the Japan International Cooperation Agency ("JICA") is jointly responsible for the obligations of these bonds in accordance with the provision of Article 4 (1) of Supplementary Provisions of the Japan International Cooperation Agency Act (Act No. 136 of 2002). Pursuant to Article 4 (2) hereof, all of JICA assets are pledged as general collateral for these joint obligations.

2. JBIC assumed the obligations of the JFC bonds in accordance with Article 12 (1) of Supplementary Provisions of the JBIC Act, and JFC is jointly responsible for the obligations of these bonds in accordance with Article 46-2 (1) of Supplementary Provisions of the JFC Act (Act No. 57 of 2007). Pursuant to Article 46-2 (2) hereof, all of JFC's assets are pledged as general collateral for these joint obligations.

3. JBIC is jointly responsible for the obligations of JFC bonds in accordance with Article 17 (1) (ii) of Supplementary Provisions of the JBIC Act. In accordance with Article 17 (2) hereof, all of JBIC's assets are all pledged as general collateral for these joint obligations.

4. In relation to these joint obligations, no transactions are recognized in the consolidated statements of operations.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(In millions of yen)

	Corporate name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relationship with related parties	Transactions	Amounts of transactions	Items	Balance as of March 31, 2019
Entities that had the majority of their voting rights held by principal shareholder	Japan International Cooperation Agency	Chiyoda-ku, Tokyo	¥8,145,870	Official development assistance	None	Joint obligor	Joint obligations	¥ 80,000 (Notes 1, 4)	—	¥ —
							Joint obligations	20,000 (Notes 2, 4)	—	—
							Joint obligations	140,000 (Notes 3, 4)	—	—



(In millions of U.S. dollars)

	Corporate name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relationship with related parties	Transactions	Amounts of transactions	Items	Balance as of March 31, 2019
Entities that had the majority of their voting rights held by principal shareholder	Japan International Cooperation Agency	Chiyoda-ku, Tokyo	\$ 73,393	Official development assistance	None	Joint obligor	Joint obligations	\$ 721 (Notes 1, 4)	—	\$ —
	Japan Finance Corporation	Chiyoda-ku, Tokyo	37,804	Finance	None	Joint obligor	Joint obligations	180 (Notes 2, 4) 1,261 (Notes 3, 4)	—	—

Notes 1. JBIC assumed the obligations of the JBIC bonds in accordance with Article 12 (1) of the Supplementary Provisions of the JBIC Act, and the Japan International Cooperation Agency ("JICA") is jointly responsible for the obligations of these bonds in accordance with the provision of Article 4 (1) of Supplementary Provisions of the Japan International Cooperation Agency Act (Act No. 136 of 2002). Pursuant to Article 4 (2) hereof, all of JICA assets are pledged as general collateral for these joint obligations.

2. JBIC assumed the obligations of the JFC bonds in accordance with Article 12 (1) of Supplementary Provisions of the JBIC Act, and JFC is jointly responsible for the obligations of these bonds in accordance with Article 46-2 (1) of Supplementary Provisions of the JFC Act (Act No. 57 of 2007). Pursuant to Article 46-2 (2) hereof, all of JFC's assets are pledged as general collateral for these joint obligations.

3. JBIC is jointly responsible for the obligations of JFC bonds in accordance with Article 17 (1) (ii) of Supplementary Provisions of the JBIC Act. In accordance with Article 17 (2) hereof, all of JBIC's assets are all pledged as general collateral for these joint obligations.

4. In relation to these joint obligations, no transactions are recognized in the consolidated statements of operations.

## (2) Transactions between consolidated subsidiaries and related parties

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

Not applicable.

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable.

## 2. Notes to the parent company or significant affiliates

### (1) Parent company information

Not applicable.

### (2) Condensed financial information of significant affiliates

Significant affiliates of JBIC are IFC Capitalization (Subordinated Debt) Fund, L.P. and IFC Capitalization (Equity) Fund, L.P. in the current fiscal year. Their condensed financial information is as shown below:

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Total assets	¥ 286,987	¥ 225,501	\$ 2,032
Total liabilities	119,422	91,540	825
Total net assets	167,564	133,960	1,207
Gain on investment	14,967	13,481	121
Net income (loss) before income taxes	38,117	(5,213)	(47)
Net income (loss)	38,117	(5,213)	(47)

Note: IFC Capitalization (Subordinated Debt) Fund, L.P. and IFC Capitalization (Equity) Fund, L.P. were deemed as a significant affiliate from the fiscal year ended March 31, 2018 as their materiality has increased.

## 23. Amounts per share

Amounts per share as of and for the fiscal years ended March 31, 2018 and 2019 are calculated as follows:

	For the year ended March 31, 2018 (In yen)	For the year ended March 31, 2019 (In yen)	For the year ended March 31, 2019 (In U.S. dollars)
Net assets per share of common stock	¥ 1.57	¥ 1.64	\$ 0.01
Net income per share of common stock	0.04	0.03	0.00

Note 1. Net income per share of common stock is based on the following information.

Diluted net income per share of common stock is not presented since there are no dilutive shares.

	For the year ended March 31, 2018 (In millions of yen)	For the year ended March 31, 2019 (In millions of yen)	For the year ended March 31, 2019 (In millions of U.S. dollars)
Net income attributable to owner of parent	¥ 62,081	¥ 53,022	\$ 478
Amount not attributable to common stock	—	—	—
Net income attributable to owner of parent related to common stock	62,081	53,022	478
Average number of outstanding shares of common stock (during the fiscal year)	1,533,900,821 thousand shares	1,615,750,684 thousand shares	

Note 2. Net assets per share of common stock is based on the following information.

	As of March 31, 2018 (In millions of yen)	As of March 31, 2019 (In millions of yen)	As of March 31, 2019 (In millions of U.S. dollars)
Net assets	¥ 2,546,471	¥ 2,686,664	\$ 24,206
Deductions from net assets	227	235	2
(Non-controlling interests)	227	235	2
Net assets related to common stock	2,546,243	2,686,428	24,204
Year-end number of outstanding shares of common stock based on which net assets per share was calculated	1,615,200,000 thousand shares	1,635,300,000 thousand shares	

## 24. Bonds payable

Major components of bonds payable as of March 31, 2019 are as follows:

(In millions of yen)

Name of company	Description of bonds payable	Date of issuance	Balance at the beginning of the current fiscal year	Balance at the end of the current fiscal year	Interest rate (%)	Collateral	Maturity date	Remarks
JBIC	Government guaranteed JFC (JBIC) foreign bonds 9 <sup>th</sup>	February 7, 2012	¥ 132,754 (USD 1,249,574,000)	¥ —	2.125	General collateral	February 7, 2019	*2
	Government guaranteed JBIC foreign bonds 3 <sup>rd</sup> - 37 <sup>th</sup>	July 31, 2013 – October 31, 2018	4,069,855 (USD 37,713,465,000) (GBP 424,461,000)	4,413,497 [388,303] (USD 39,210,115,000) [USD 3,498,548,000] (GBP 424,660,000)	1.500~ 3.500	General collateral	July 31, 2018 – October 31, 2028	
	JBIC bonds 13 <sup>th</sup> , 16 <sup>th</sup> , 19 <sup>th</sup> , 22 <sup>nd</sup> , and 23 <sup>rd</sup>	May 28, 2004 – March 14, 2006	99,989	79,994 [39,998]	1.670~ 2.090	General collateral	March 20, 2019 – December 19, 2025	*1
	JFC corporate bonds 3 <sup>rd</sup>	October 29, 2009	19,997	19,999 [19,999]	1.430	General collateral	September 20, 2019	*2
	Non-guaranteed JBIC domestic bonds 1 <sup>st</sup> - 3 <sup>rd</sup>	January 27, 2015 – August 10, 2017	70,000	70,000 [10,000]	0.001~ 0.120	General collateral	December 20, 2019 – June 20, 2022	
	Total	—	¥ 4,392,597	¥ 4,583,492	—	—	—	—

(In millions of U.S. dollars)

Name of company	Description of bonds payable	Date of issuance	Balance at the beginning of the current fiscal year	Balance at the end of the current fiscal year	Interest rate (%)	Collateral	Maturity date	Remarks
JBIC	Government guaranteed JFC (JBIC) foreign bonds 9 <sup>th</sup>	February 7, 2012	\$ 1,196 (USD 1,249,574,000)	\$ —	2.125	General collateral	February 7, 2019	*2
	Government guaranteed JBIC foreign bonds 3 <sup>rd</sup> - 37 <sup>th</sup>	July 31, 2013 – October 31, 2018	36,669 (USD 37,713,465,000) (GBP 424,461,000)	39,765 [3,499] (USD 39,210,115,000) [USD 3,498,548,000] (GBP 424,660,000)	1.500~ 3.500	General collateral	July 31, 2018 – October 31, 2028	
	JBIC bonds 13 <sup>th</sup> , 16 <sup>th</sup> , 19 <sup>th</sup> , 22 <sup>nd</sup> , and 23 <sup>rd</sup>	May 28, 2004 – March 14, 2006	901	720 [360]	1.670~ 2.090	General collateral	March 20, 2019 – December 19, 2025	*1
	JFC corporate bonds 3 <sup>rd</sup>	October 29, 2009	180	180 [180]	1.430	General collateral	September 20, 2019	*2
	Non-guaranteed JBIC domestic bonds 1 <sup>st</sup> - 3 <sup>rd</sup>	January 27, 2015 – August 10, 2017	631	631 [90]	0.001~ 0.120	General collateral	December 20, 2019 – June 20, 2022	
	Total	—	\$ 39,577	\$ 41,296	—	—	—	—

- Notes 1. The amounts of foreign currency-denominated bonds are shown with original currencies in parentheses ( ).  
2. Figures indicated in brackets [ ] represent the amounts to be redeemed within one year.  
3. (\*1) JBIC assumed the obligations in respect of the JBIC bonds which had been issued by JBIC before JFC was established, and JBIC and JICA are jointly responsible for these obligations in accordance with the JBIC Act.  
(\*2) JBIC also assumed from JFC the obligations concerning the government guaranteed JFC (JBIC) foreign bonds and the JFC corporate bonds, and JBIC and JFC are now jointly responsible for these obligations pursuant to the JBIC Act.  
4. The redemption schedule of bonds payable for each of the next five years as of March 31, 2019 is as follows:

(In millions of yen)

	Within 1 year	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 4 years	After 4 years but within 5 years
Bonds payable	¥ 458,465	¥ 878,546	¥ 499,455	¥ 511,707	¥ 499,455

(In millions of U.S. dollars)

	Within 1 year	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 4 years	After 4 years but within 5 years
Bonds payable	\$ 4,131	\$ 7,916	\$ 4,500	\$ 4,610	\$ 4,500

**25. Borrowings**

Borrowings as of March 31, 2019 are as follows;

	Balance at the beginning of the current fiscal year (In millions of yen)	Balance at the beginning of the current fiscal year (In millions of U.S. dollars)	Balance at the end of the current fiscal year (In millions of yen)	Balance at the end of the current fiscal year (In millions of U.S. dollars)	Average interest rate (%)	Due date of payment
Borrowed money	¥ 8,370,758	\$ 75,419	¥ 7,574,713	\$ 68,247	2.13	—
Borrowings	8,370,758	75,419	7,574,713	68,247	2.13	May 2019 – November 2037
Other interest-bearing liabilities	56,280	507	44,620	402	(0.06)	—
Cash collateral received for financial instruments	56,280	507	44,620	402	(0.06)	—

Notes 1. "Average interest rate" represents the weighted-average interest rates of debts calculated from "Interest rates" and "Balance at the end of the current fiscal year."  
2. There is no fixed maturity date for the repayment of Cash collateral received for financial instruments.  
3. Maturities of borrowings for the next five years as of March 31, 2019 are as follows:

(In millions of yen)

	Within 1 year	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 4 years	After 4 years but within 5 years
Borrowings	¥ 521,428	¥ 1,600,827	¥ 191,800	¥ 3,483,224	¥ 756,933

(In millions of U.S. dollars)

	Within 1 year	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 4 years	After 4 years but within 5 years
Borrowings	\$ 4,698	\$ 14,423	\$ 1,728	\$ 31,383	\$ 6,820

**26. Asset retirement obligations**

This information is omitted because the amount of asset retirement obligations as of the beginning and end of the current fiscal year is equal to, or less than, one hundredth of the aggregated amount of Liabilities and Net assets as of the beginning and end of the current fiscal year.

**27. Other**

Not applicable.

# (Supplementary Information) Financial Statements for Each Operation

JBIC is required to maintain separate accounts for the Ordinary Operations and the Special Operations in accordance with Article 26-2 of the Japan Bank for International Cooperation Act (JBIC Act). The separate financial statements for those operations that are prepared pursuant to Article 26-3 of the JBIC Act and Article 435-2 of the Companies Act of Japan have been subject to audit by Ernst & Young ShinNihon LLC

according to Article 26-3 of the JBIC Act and Article 436-2(i) of the Companies Act. Although the balance sheets and statement of operations for each operation, as provided below, have been prepared based on the above-mentioned audited financial statements, the statements of cash flows have not been audited.

## ■ Balance Sheets

### [Ordinary Operations Account]

(In millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets:</b>		
<b>Cash and due from banks</b>	<b>1,500,902</b>	<b>946,130</b>
Cash	0	0
Due from banks	1,500,902	946,130
<b>Securities</b>	<b>338,928</b>	<b>362,975</b>
Equity Securities	255	255
Other securities	338,673	362,720
<b>Loans and bills discounted</b>	<b>13,512,657</b>	<b>13,571,215</b>
Loans on deeds	13,512,657	13,571,215
<b>Other assets</b>	<b>377,190</b>	<b>276,949</b>
Prepaid expenses	625	590
Accrued income	84,657	110,720
Derivatives other than for trading-assets	43,181	42,253
Cash collateral paid for financial instruments	141,180	123,040
Other	107,546	345
<b>Property, plant and equipment</b>	<b>28,355</b>	<b>27,940</b>
Buildings	2,841	2,758
Land	24,311	24,311
Construction in progress	79	79
Other	1,122	790
<b>Intangible assets</b>	<b>3,464</b>	<b>6,701</b>
Software	3,464	6,701
<b>Customers' liabilities for acceptances and guarantees</b>	<b>2,259,369</b>	<b>2,491,767</b>
<b>Allowance for loan losses</b>	<b>(273,542)</b>	<b>(293,039)</b>
<b>Total assets</b>	<b>17,747,325</b>	<b>17,390,640</b>

(In millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities:</b>		
<b>Borrowed money</b>	<b>8,370,758</b>	<b>7,574,713</b>
Borrowings	8,370,758	7,574,713
<b>Bonds payable</b>	<b>4,392,597</b>	<b>4,583,492</b>
<b>Other liabilities</b>	<b>435,186</b>	<b>304,321</b>
Accrued expenses	54,095	68,147
Unearned revenue	54,322	51,281
Derivatives other than for trading-assets	181,102	140,073
Cash collateral received for financial instruments	56,080	44,620
Other	89,585	199
<b>Provision for bonuses</b>	<b>541</b>	<b>560</b>
<b>Provision for directors' bonuses</b>	<b>9</b>	<b>9</b>
<b>Provision for retirement benefits</b>	<b>6,779</b>	<b>6,975</b>
<b>Provision for directors' retirement benefits</b>	<b>25</b>	<b>30</b>
<b>Acceptances and guarantees</b>	<b>2,259,369</b>	<b>2,491,767</b>
<b>Total liabilities</b>	<b>15,465,266</b>	<b>14,961,871</b>
<b>Net assets:</b>		
<b>Capital stock</b>	<b>1,514,200</b>	<b>1,534,300</b>
<b>Retained earnings</b>	<b>883,901</b>	<b>905,802</b>
Legal retained earnings	821,601	852,751
Other retained earnings	62,300	53,050
Retained earnings brought forward	62,300	53,050
<b>Total shareholder's equity</b>	<b>2,398,101</b>	<b>2,440,102</b>
<b>Valuation difference on available-for-sale securities</b>	<b>(1,209)</b>	<b>(557)</b>
<b>Deferred gains or losses on hedges</b>	<b>(114,833)</b>	<b>(10,775)</b>
<b>Total valuation and translation adjustments</b>	<b>(116,042)</b>	<b>(11,333)</b>
<b>Total net assets</b>	<b>2,282,059</b>	<b>2,428,769</b>
<b>Total liabilities and net assets</b>	<b>17,747,325</b>	<b>17,390,640</b>

**[Special Operations Account]**

(In millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets:</b>		
<b>Cash and due from banks</b>	<b>249,919</b>	<b>244,910</b>
Due from banks	249,919	244,910
<b>Loans and bills discounted</b>	<b>1,023</b>	<b>5,345</b>
Loans on deeds	1,023	5,345
<b>Other assets</b>	<b>190</b>	<b>419</b>
Prepaid expenses	5	6
Accrued income	6	108
Derivatives other than for trading-assets	174	0
Cash collateral paid for financial instruments	—	300
Other	4	3
<b>Allowance for loan losses</b>	<b>(22)</b>	<b>(87)</b>
<b>Total assets</b>	<b>251,110</b>	<b>250,588</b>

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities:</b>		
<b>Other liabilities</b>	<b>210</b>	<b>300</b>
Accrued expenses	2	4
Unearned revenue	0	0
Derivatives other than for trading-assets	0	285
Cash collateral received for financial instruments	200	—
Other	7	10
<b>Provision for bonuses</b>	<b>4</b>	<b>6</b>
<b>Provision for directors' bonuses</b>	<b>0</b>	<b>0</b>
<b>Provision for retirement benefits</b>	<b>6</b>	<b>13</b>
<b>Provision for directors' retirement benefits</b>	<b>0</b>	<b>0</b>
<b>Total liabilities</b>	<b>222</b>	<b>320</b>
<b>Net assets:</b>		
<b>Capital stock</b>	<b>251,000</b>	<b>251,000</b>
<b>Retained earnings</b>	<b>(286)</b>	<b>(458)</b>
Other retained earnings	(286)	(458)
Retained earnings brought forward	(286)	(458)
<b>Total shareholder's equity</b>	<b>250,713</b>	<b>250,541</b>
<b>Deferred gains or losses on hedges</b>	<b>174</b>	<b>(272)</b>
<b>Total valuation and translation adjustments</b>	<b>174</b>	<b>(272)</b>
<b>Total net assets</b>	<b>250,888</b>	<b>250,268</b>
<b>Total liabilities and net assets</b>	<b>251,110</b>	<b>250,588</b>



## ■ Statements of Operations

### [Ordinary Operations Account]

(In millions of yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019
<b>Ordinary income:</b>	<b>389,599</b>	<b>476,750</b>
Interest income	336,747	450,327
Interest on loans and discounts	323,959	435,395
Interest and dividends on securities	1,829	1,361
Interest on deposits with banks	10,946	13,536
Other interest income	12	34
Fees and commissions	23,722	22,713
Other fees and commissions	23,722	22,713
Other ordinary income	128	272
Gain on sales of bonds	128	54
Income from derivatives other than for trading or hedging	—	197
Other	—	20
Other income	29,000	3,436
Recoveries of written-off claims	0	3,208
Gain on sales of stocks and other securities	—	61
Gain on investments in partnerships	28,832	—
Other	168	165
<b>Ordinary expenses:</b>	<b>327,300</b>	<b>423,705</b>
Interest expense	249,256	365,856
Interest on borrowed money and rediscounts	115,370	156,898
Interest on bonds	90,627	113,064
Interest on interest swaps	43,191	95,774
Other interest expense	65	118
Fees and commissions payments	1,792	2,303
Other fees and commissions	1,792	2,303
Other ordinary expenses	5,410	2,694
Loss on foreign exchange transactions	138	1,008
Amortization of bond issuance cost	2,309	1,081
Expenses on derivatives other than for trading or hedging	2,218	—
Other	743	604
General and administrative expenses	19,272	20,601
Other expenses	51,569	32,249
Provision of allowance for loan losses	51,505	19,497
Loss on sales of stocks and other securities	57	—
Losses on devaluation of stocks and other securities	—	11,787
Gain on investments in partnerships	—	964
Other	6	—
<b>Ordinary profit</b>	<b>62,298</b>	<b>53,044</b>
<b>Extraordinary income</b>	<b>9</b>	<b>6</b>
Gain on disposal of noncurrent assets	9	6
<b>Extraordinary loss</b>	<b>8</b>	<b>—</b>
Loss on disposal of noncurrent assets	8	—
<b>Net income</b>	<b>62,300</b>	<b>53,050</b>

**[Special Operations Account]**

(In millions of yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019
<b>Ordinary income:</b>	<b>2</b>	<b>155</b>
Interest income	1	154
Interest on loans and discounts	1	153
Interest on deposits with banks	0	0
Other interest income	0	0
Other income	1	1
Other	1	1
<b>Ordinary expenses:</b>	<b>207</b>	<b>328</b>
Interest expense	0	22
Interest on interest swaps	0	22
Other interest expense	0	0
Fees and commissions payments	14	20
Other fees and commissions	14	20
Other ordinary expenses	—	0
Loss on foreign exchange transactions	—	0
General and administrative expenses	169	221
Other expenses	22	64
Provision of allowance for loan losses	22	64
<b>Ordinary loss</b>	<b>204</b>	<b>172</b>
<b>Net loss</b>	<b>204</b>	<b>172</b>

## ■ Statements of Cash Flows

### [Ordinary Operations Account]

(In millions of yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019
<b>Cash flows from operating activities</b>		
Net income	62,300	53,050
Depreciation and amortization	1,452	1,932
Increase (decrease) in allowance for loan losses	51,505	19,497
Increase (decrease) in provision for bonuses	26	18
Increase (decrease) in provision for directors' bonuses	2	0
Increase (decrease) in provision for retirement benefits	(27)	195
Increase (decrease) in provision for directors' retirement benefits	8	5
Interest income	(336,747)	(450,327)
Interest expense	249,256	365,856
Loss (gain) related to securities	(28,904)	12,636
Foreign exchange losses (gains)	(1,748)	(1,227)
Loss (gain) on disposal of noncurrent assets	(1)	(6)
Net decrease (increase) in loans and bills discounted	796,480	(58,558)
Net increase (decrease) in borrowed money	(1,537,947)	(796,045)
Net decrease (increase) in deposits (excluding deposits paid to Bank of Japan)	120,480	64,464
Increase (decrease) in straight bonds-issuance and redemption	1,088,786	188,604
Interest received	321,618	423,680
Interest paid	(236,405)	(349,657)
Other	(231,345)	85,778
Subtotal	318,791	(440,101)
Net cash provided by (used in) operating activities	318,791	(440,101)
<b>Cash flow from investing activities</b>		
Purchase of securities	(69,885)	(73,010)
Proceeds from sales of securities	25,883	26,106
Proceeds from redemption of securities	12,900	12,500
Purchase of property, plant and equipment	(1,161)	(235)
Proceeds from sales of property, plant and equipment	15	9
Purchase of intangible assets	(1,796)	(4,525)
Net cash provided by (used in) investing activities	(34,045)	(39,156)
<b>Cash flow from financing activities</b>		
Proceeds from issuance of new shares	33,700	20,100
Repayments of lease obligations	(6)	—
Payment to national treasury	(20,846)	(31,150)
Net cash provided by (used in) financing activities	12,846	(11,050)
<b>Effect of exchange rate change on cash and cash equivalents</b>	—	—
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>297,592</b>	<b>(490,307)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>682,106</b>	<b>979,699</b>
<b>Cash and cash equivalents at end of period</b>	<b>979,699</b>	<b>489,391</b>

**[Special Operations Account]**

(In millions of yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019
<b>Cash flows from operating activities</b>		
Net loss	(204)	(172)
Increase (decrease) in allowance for loan losses	22	64
Increase (decrease) in provision for bonuses	0	1
Increase (decrease) in provision for directors' bonuses	0	0
Increase (decrease) in provision for retirement benefits	5	6
Increase (decrease) in provision for directors' retirement benefits	0	0
Interest income	(1)	(154)
Interest expense	0	22
Net decrease (increase) in loans and bills discounted	(1,023)	(4,322)
Net decrease (increase) in deposits (excluding deposits paid to Bank of Japan)	2	(2)
Interest received	0	54
Interest paid	(0)	(22)
Other	200	(485)
Subtotal	(998)	(5,010)
Net cash provided by (used in) operating activities	(998)	(5,010)
<b>Cash flow from investing activities</b>		
Net cash provided by (used in) investing activities	—	—
<b>Cash flow from financing activities</b>		
Proceeds from issuance of new shares	48,500	—
Net cash provided by (used in) financing activities	48,500	—
<b>Effect of exchange rate change on cash and cash equivalents</b>	—	—
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>47,501</b>	<b>(5,010)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>202,409</b>	<b>249,911</b>
<b>Cash and cash equivalents at end of period</b>	<b>249,911</b>	<b>244,900</b>

# Composition of Liabilities and Net Assets

## [The Bank]

(Unit: millions of yen, %)

	March 31, 2018		March 31, 2019	
	Amount	% (Note)	Amount	% (Note)
Liabilities	15,465,477	85.9	14,962,176	84.8
Borrowed Money	8,370,758	46.5	7,574,713	42.9
Bonds Payable	4,392,597	24.4	4,583,492	26.0
Acceptances and Guarantees	2,259,369	12.6	2,491,767	14.1
Other	442,752	2.5	312,203	1.8
Net Assets	2,532,947	14.1	2,679,037	15.2
Capital Stock	1,765,200	9.8	1,785,300	10.1
Retained Earnings	883,615	4.9	905,343	5.1
Valuation Difference on Available-for-sale Securities	(1,209)	(0.0)	(557)	(0.0)
Deferred Gains or Losses on Hedges	(114,658)	(0.6)	(11,048)	(0.1)
<b>Total Liabilities and Net Assets</b>	<b>17,998,424</b>	<b>100</b>	<b>17,641,214</b>	<b>100</b>

(Note) Ratio to Liabilities and Net Assets added.

### (Information on the Capital Adequacy Ratios)

Although JBIC is not subject to Article 14-2 of the Banking Act of Japan, capital adequacy ratios have been calculated in accordance with "Standards for Determining Capital Adequacy of a Financial Institution in Light of Assets Held, etc. under the Provision of Article 14-2 of the Banking Act" (2006, Financial Services Agency Notification No. 19). JBIC applies uniform international standards and calculate credit risk-weighted assets using the standardized approach.

(Unit: %, billions of yen)

Total risk-weighted capital ratio	19.38
Tier 1 risk-weighted capital ratio	18.58
Common Equity Tier 1 risk-weighted capital ratio	18.58
Total capital (Common Equity Tier 1 capital + Additional Tier 1 capital + Tier 2 capital)	2,771.4
Tier 1 capital (Common Equity Tier 1 capital + Additional Tier 1 capital)	2,656.8
Common Equity Tier 1 capital	2,656.8
Risk-weighted assets	14,296.8
The amount of minimum capital requirements	1,143.7

**[Ordinary Operations Account]**

(Unit: millions of yen, %)

	March 31, 2018		March 31, 2019	
	Amount	% (Note)	Amount	% (Note)
Liabilities	15,465,266	87.1	14,961,871	86.0
Borrowed Money	8,370,758	47.2	7,574,713	43.6
Bonds Payable	4,392,597	24.8	4,583,492	26.4
Acceptances and Guarantees	2,259,369	12.7	2,491,767	14.3
Other	442,541	2.5	311,897	1.8
Net Assets	2,282,059	12.9	2,428,769	14.0
Capital Stock	1,514,200	8.5	1,534,300	8.8
Retained Earnings	883,901	5.0	905,802	5.2
Valuation Difference on Available-for-sale Securities	(1,209)	(0.0)	(557)	(0.0)
Deferred Gains or Losses on Hedges	(114,833)	(0.6)	(10,775)	(0.1)
<b>Total Liabilities and Net Assets</b>	<b>17,747,325</b>	<b>100</b>	<b>17,390,640</b>	<b>100</b>

(Note) Ratio to Liabilities and Net Assets added.

**[Special Operations Account]**

(Unit: millions of yen, %)

	March 31, 2018		March 31, 2019	
	Amount	% (Note)	Amount	% (Note)
Liabilities	222	0.1	320	0.1
Borrowed Money	—	—	—	—
Bonds Payable	—	—	—	—
Acceptances and Guarantees	—	—	—	—
Other	222	0.1	320	0.1
Net Assets	250,888	99.9	250,268	99.9
Capital Stock	251,000	100.0	251,000	100.2
Retained Earnings	(286)	(0.1)	(458)	(0.2)
Valuation Difference on Available-for-sale Securities	—	—	—	—
Deferred Gains or Losses on Hedges	174	0.1	(272)	(0.1)
<b>Total Liabilities and Net Assets</b>	<b>251,110</b>	<b>100</b>	<b>250,588</b>	<b>100</b>

(Note) Ratio to Liabilities and Net Assets added.



# The Average Balance of Interest-earning Assets and Interest-bearing Liabilities, Interest and Earning Yields

**[The Bank]**

(Unit: millions of yen, %)

	Fiscal Year Ended March 31, 2018			Fiscal Year Ended March 31, 2019		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-earning Assets	15,415,567	336,671	2.18	14,695,413	450,338	3.06
Loans and Bills Discounted	14,210,257	323,960	2.28	13,584,378	435,549	3.21
Due from Banks	863,557	10,946	1.27	688,325	13,536	1.97
Interest-bearing Liabilities	13,651,238	249,179	1.83	12,793,375	365,734	2.86
Borrowed Money	9,457,769	115,370	1.22	8,094,303	156,898	1.94
Bonds Payable	4,168,081	90,627	2.17	4,655,772	113,064	2.43

**[Ordinary Operations Account]**

(Unit: millions of yen, %)

	Fiscal Year Ended March 31, 2018			Fiscal Year Ended March 31, 2019		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-earning Assets	15,415,403	336,669	2.18	14,692,302	450,184	3.06
Loans and Bills Discounted	14,210,231	323,959	2.28	13,581,324	435,395	3.21
Due from Banks	863,550	10,946	1.27	688,298	13,536	1.97
Interest-bearing Liabilities	13,651,195	249,178	1.83	12,793,117	365,712	2.86
Borrowed Money	9,457,769	115,370	1.22	8,094,303	156,898	1.94
Bonds Payable	4,168,081	90,627	2.17	4,655,772	113,064	2.43

**[Special Operations Account]**

(Unit: millions of yen, %)

	Fiscal Year Ended March 31, 2018			Fiscal Year Ended March 31, 2019		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-earning Assets	163	1	0.83	3,111	153	4.95
Loans and Bills Discounted	25	1	5.57	3,054	153	5.04
Due from Banks	6	0	0.20	26	0	0.20
Interest-bearing Liabilities	42	0	1.26	257	21	8.50
Borrowed Money	—	—	—	—	—	—
Bonds Payable	—	—	—	—	—	—

# Breakdown of Operating Expenses

## [The Bank]

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Salaries and Other Compensations	5,559	5,772
Expenses for Retirement Benefits	626	767
Welfare Benefits	769	788
Depreciation of Property, Plant and Equipment	1,452	1,932
Leasing on Land, Buildings and Machinery	215	191
Building Maintenance	305	91
Supplies	282	211
Utilities	81	84
Traveling Expenses	1,477	1,519
Communications	181	277
Advertising Expenses	3	3
Fees, Donations and Social Expenses	21	46
Taxes	452	541
Other	7,999	8,572
<b>Total</b>	<b>19,429</b>	<b>20,801</b>

## [Ordinary Operations Account]

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Salaries and Other Compensations	5,511	5,710
Expenses for Retirement Benefits	620	758
Welfare Benefits	762	780
Depreciation of Property, Plant and Equipment	1,452	1,932
Leasing on Land, Buildings and Machinery	213	189
Building Maintenance	303	90
Supplies	279	209
Utilities	80	83
Traveling Expenses	1,465	1,503
Communications	180	274
Advertising Expenses	3	3
Fees, Donations and Social Expenses	20	45
Taxes	448	536
Other	7,929	8,481
<b>Total</b>	<b>19,272</b>	<b>20,601</b>

## [Special Operations Account]

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Salaries and Other Compensations	47	61
Expenses for Retirement Benefits	6	8
Welfare Benefits	6	8
Leasing on Land, Buildings and Machinery	14	22
Building Maintenance	2	0
Supplies	2	1
Utilities	0	0
Traveling Expenses	12	16
Communications	1	2
Advertising Expenses	0	0
Fees, Donations and Social Expenses	0	0
Taxes	3	5
Other	69	90
<b>Total</b>	<b>169</b>	<b>221</b>

# Balance of Due from Banks, Receivables under Resale Agreements and Securities—Application of Surplus Funds

**[The Bank]**

(Unit: millions of yen)

	March 31, 2018	March 31, 2019
Due from Banks in Japanese Yen	90,000	90,000
Due from Banks in Foreign Currencies	423,756	344,838
Receivables under Resale Agreements	—	—
Securities	—	—

**[Ordinary Operations Account]**

(Unit: millions of yen)

	March 31, 2018	March 31, 2019
Due from Banks in Japanese Yen	90,000	90,000
Due from Banks in Foreign Currencies	423,756	344,838
Receivables under Resale Agreements	—	—
Securities	—	—

**[Special Operations Account]**

(Unit: millions of yen)

	March 31, 2018	March 31, 2019
Due from Banks in Japanese Yen	—	—
Due from Banks in Foreign Currencies	—	0
Receivables under Resale Agreements	—	—
Securities	—	—

# Information on Derivatives Transactions

## (1) Basic Policy for Derivatives Transactions

JBIC engages in derivatives transactions exclusively for the purpose of hedging exchange rate and interest rate risks.

## (2) Transactions

Derivatives transactions of JBIC include interest rate and currency swaps and forward exchange contracts. The following table gives a summary of these transactions.

## (3) Risks Involved in Derivatives Transactions

Derivatives transactions involve the following risks.

### Counterparty Credit Risk

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

### Market Risk

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

## (4) Measures to Address These Risks

### Counterparty Credit Risk

JBIC constantly monitors the fair value of a derivative in conducting transaction with each counterparty, credit risk exposure to it and its creditworthiness. Such information is then used to assess the eligibility of the counterparty.

### Market Risk

JBIC utilizes derivatives transactions exclusively for the purpose of hedging. Therefore, the market risk on derivatives transactions and the risk on hedged (lending or funding) transactions, in principle, offset each other.

(As of March 31, 2019; 100 millions of yen)

	Contract Amounts / Notional Amounts	Credit Risk Amounts	Market Value
Interest Rate Swaps	52,565	868	(379)
Currency Swaps	36,552	3,106	(599)
Forward Exchange Contracts	1,541	8	(1)
Other Derivatives	—	—	—
Credit Risk Mitigation through Netting		(2,419)	
<b>Total</b>	<b>90,659</b>	<b>1,564</b>	<b>(981)</b>

(Note) "The credit risk amounts" are calculated under Uniform International Standards in accordance with the Banking Act of Japan and the related regulations.

# Yield / Interest Rate

## [The Bank]

(Unit: %)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
(A) – (B)	0.19	0.03
Yields on Interest-earning Assets (A)	2.18	3.06
Costs of Interest-bearing Liabilities (B)	1.99	3.03

(Note) Yields on Interest-earning Assets = Interest / Average Balance of Interest-earning Assets  
 Costs of Interest-bearing Liabilities = (Interest Expenses + Bonds Payable + Expenses) / Average Balance of Interest-bearing Liabilities  
 Cf. Interest = Interest on Loans and Discounts + Interest and Dividends on Securities + Interest on Receivables under Resale Agreements + Interest on Deposits with Banks + Interest on interest swaps + Other interest income  
 Average Balance of Interest-earning Assets = Loans and Bills Discounted + Securities + Receivables under Resale Agreements + Cash Equivalents (excluding current account deposit and others) + Cash collateral paid for financial instruments  
 Interest Expenses = Interest on Borrowings and Rediscounts + Interest on Bonds + Interest on interest swaps + Other interest expenses  
 Average Balance of Interest-bearing Liabilities = Borrowed Money + Bonds Payable + Cash collateral received for financial instruments

## [Ordinary Operations Account]

(Unit: %)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
(A) – (B)	0.20	0.03
Yields on Interest-earning Assets (A)	2.18	3.06
Costs of Interest-bearing Liabilities (B)	1.99	3.03

(Note) Yields on Interest-earning Assets = Interest / Average Balance of Interest-earning Assets  
 Costs of Interest-bearing Liabilities = (Interest Expenses + Bonds Payable + Expenses) / Average Balance of Interest-bearing Liabilities  
 Cf. Interest = Interest on Loans and Discounts + Interest and Dividends on Securities + Interest on Receivables under Resale Agreements + Interest on Deposits with Banks + Interest on interest swaps + Other interest income  
 Average Balance of Interest-earning Assets = Loans and Bills Discounted + Securities + Receivables under Resale Agreements + Cash Equivalents (excluding current account deposit and others) + Cash collateral paid for financial instruments  
 Interest Expenses = Interest on Borrowings and Rediscounts + Interest on Bonds + Interest on interest swaps + Other interest expenses  
 Average Balance of Interest-bearing Liabilities = Borrowed Money + Bonds Payable + Cash collateral received for financial instruments

## [Special Operations Account]

(Unit: %)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
(A) – (B)	(395.43)	(89.37)
Yields on Interest-earning Assets (A)	0.83	4.95
Costs of Interest-bearing Liabilities (B)	396.26	94.32

(Note) Yields on Interest-earning Assets = Interest / Average Balance of Interest-earning Assets  
 Costs of Interest-bearing Liabilities = (Interest Expenses + Bonds Payable + Expenses) / Average Balance of Interest-bearing Liabilities  
 Cf. Interest = Interest on Loans and Discounts + Interest and Dividends on Securities + Interest on Receivables under Resale Agreements + Interest on Deposits with Banks + Interest on interest swaps + Other interest income  
 Average Balance of Interest-earning Assets = Loans and Bills Discounted + Securities + Receivables under Resale Agreements + Cash Equivalents (excluding current account deposit) + Cash collateral paid for financial instruments  
 Interest Expenses = Interest on Borrowings and Rediscounts + Interest on Bonds + Interest on interest swaps + Other interest expenses  
 Average Balance of Interest-bearing Liabilities = Borrowed Money + Bonds Payable + Cash collateral received for financial instruments

# Loans Outstanding per Employee

(Unit: millions of yen)

March 31, 2018	March 31, 2019
23,502	22,856

# Loans Outstanding by Industry

(Unit: millions of yen)

Industry	March 31, 2018		March 31, 2019	
	Number of Loans	Balance	Number of Loans	Balance
Manufacturing	114	413,682	114	755,099
Mining and Quarrying of Stone and Gravel	7	301,241	8	321,951
Construction	—	—	1	240
Electricity, Gas, Heat Supply, and Water	5	227,705	4	139,710
Transport and Postal Services	4	10,447	4	10,088
Wholesale Trade	23	597,248	21	551,345
Retail Trade	1	318	1	266
Finance and Insurance	21	2,848,383	24	2,662,796
Real Estate	1	361	1	618
Goods Rental and Leasing	3	128,400	3	176,675
Scientific Research, Professional and Technical Service	1	642	2	433
Accommodations	1	388	1	357
Overseas Yen Loan and Domestic Loans Transferred Overseas	519	9,052,082	502	9,020,991
<b>Total, Including Others</b>	<b>700</b>	<b>13,580,902</b>	<b>686</b>	<b>13,640,575</b>
Loans Outstanding to Small and Medium-sized Enterprises, and Mid-tier Enterprises	480	189,431	497	183,706

(Note) In this table, small and medium-sized enterprises are defined as domestic corporations with the capital of ¥300 million or less or corporations and individuals having 300 or less employees on the regular pay roll.

Mid-tier enterprises are defined as domestic corporations with the capital of ¥1 billion or less (excluding small and medium-sized enterprises).

## 10 Write-off of Loans

### [Ordinary Operations Account]

(Unit: millions of yen)

Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
—	—

### [Special Operations Account]

(Unit: millions of yen)

Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
—	—



# Assets in Foreign Currencies (Loans and Equity Participation)

## [The Bank]

(Unit: millions of yen)

	March 31, 2018	March 31, 2019
Investments in Foreign Currency (USD)	171,073	170,487
Investments in Foreign Currency (RUB)	10,047	15,770
Equity Investments in Foreign Currency (USD)	47,577	49,877
Equity Investments in Foreign Currency (EUR)	16,185	26,108
Equity Investments in Foreign Currency (THB)	19	19
Equity Investments in Foreign Currency (CNY)	1,727	2,011
Equity Investments in Foreign Currency (INR)	1,875	1,978
Equity Investments in Foreign Currency (SGD)	13,449	—
Equity Investments in Foreign Currency (RUB)	—	518
Loans in Foreign Currency (USD)	11,887,060	12,233,708
Loans in Foreign Currency (GBP)	105,646	168,555
Loans in Foreign Currency (EUR)	247,736	214,531
Loans in Foreign Currency (ZAR)	1,490	—
Loans in Foreign Currency (AUD)	242,320	114,460
Loans in Foreign Currency (THB)	21,484	20,132
Loans in Foreign Currency (SDR)	10,085	3,456
Loans in Foreign Currency (CAD)	80,955	53,716
Loans in Foreign Currency (CNY)	1,458	1,828
Loans in Foreign Currency (INR)	1,140	1,569
Loans in Foreign Currency (MXN)	5,300	5,287
Loans in Foreign Currency (IDR)	419	83
Loans in Foreign Currency (RUB)	6,660	9,234

## [Ordinary Operations Account]

(Unit: millions of yen)

	March 31, 2018	March 31, 2019
Investments in Foreign Currency (USD)	171,073	170,487
Investments in Foreign Currency (RUB)	10,047	15,770
Equity Investments in Foreign Currency (USD)	47,577	49,877
Equity Investments in Foreign Currency (EUR)	16,185	26,108
Equity Investments in Foreign Currency (THB)	19	19
Equity Investments in Foreign Currency (CNY)	1,727	2,011
Equity Investments in Foreign Currency (INR)	1,875	1,978
Equity Investments in Foreign Currency (SGD)	13,449	—
Equity Investments in Foreign Currency (RUB)	—	518
Loans in Foreign Currency (USD)	11,886,491	12,232,643
Loans in Foreign Currency (GBP)	105,646	168,555
Loans in Foreign Currency (EUR)	247,736	214,531
Loans in Foreign Currency (ZAR)	1,490	—
Loans in Foreign Currency (AUD)	242,320	114,460
Loans in Foreign Currency (THB)	21,484	20,132
Loans in Foreign Currency (SDR)	10,085	3,456
Loans in Foreign Currency (CAD)	80,955	53,716
Loans in Foreign Currency (CNY)	1,458	1,828
Loans in Foreign Currency (INR)	1,140	1,569
Loans in Foreign Currency (MXN)	5,300	5,287
Loans in Foreign Currency (IDR)	419	83
Loans in Foreign Currency (RUB)	6,660	9,234

**[Special Operations Account]**

(Unit: millions of yen)

	March 31, 2018	March 31, 2019
Investments in Foreign Currency (USD)	—	—
Investments in Foreign Currency (RUB)	—	—
Equity Investments in Foreign Currency (USD)	—	—
Equity Investments in Foreign Currency (EUR)	—	—
Equity Investments in Foreign Currency (THB)	—	—
Equity Investments in Foreign Currency (CNY)	—	—
Equity Investments in Foreign Currency (INR)	—	—
Equity Investments in Foreign Currency (SGD)	—	—
Equity Investments in Foreign Currency (RUB)	—	—
Loans in Foreign Currency (USD)	568	1,064
Loans in Foreign Currency (GBP)	—	—
Loans in Foreign Currency (EUR)	—	—
Loans in Foreign Currency (ZAR)	—	—
Loans in Foreign Currency (AUD)	—	—
Loans in Foreign Currency (THB)	—	—
Loans in Foreign Currency (SDR)	—	—
Loans in Foreign Currency (CAD)	—	—
Loans in Foreign Currency (CNY)	—	—
Loans in Foreign Currency (INR)	—	—
Loans in Foreign Currency (MXN)	—	—
Loans in Foreign Currency (IDR)	—	—
Loans in Foreign Currency (RUB)	—	—

# Administrative Expense Ratio

**[The Bank]**

(Units: %)

Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
0.12	0.13

(Note) Administrative Expense Ratio = General and Administrative Expenses / (Average Balance of Loans and Bills Discounted + Average Balance of Securities + Average Balance of Customers' Liabilities for Acceptances and Guarantees)

**[Ordinary Operations Account]**

(Units: %)

Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
0.11	0.13

(Note) Administrative Expense Ratio = General and Administrative Expenses / (Average Balance of Loans and Bills Discounted + Average Balance of Securities + Average Balance of Customers' Liabilities for Acceptances and Guarantees)

**[Special Operations Account]**

(Units: %)

Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
670.50	7.24

(Note) Administrative Expense Ratio = General and Administrative Expenses / (Average Balance of Loans and Bills Discounted + Average Balance of Securities + Average Balance of Customers' Liabilities for Acceptances and Guarantees)

# Balance of Loans / Borrowings, Bonds and Notes by Maturity

## Maturity Structure of Loans as of March 31, 2019

(Unit: 100 millions of yen)

Maturity	Collection from Loans
1 Year or Less	15,302
1-2 Years	16,881
2-3 Years	13,519
3-4 Years	14,431
4-5 Years	11,644
5-6 Years	12,406
6-7 Years	13,900
7-8 Years	7,015
8-9 Years	7,649
9-10 Years	4,941
11-15 Years	12,202
16-20 Years	2,688
21-25 Years	1,271
26-30 Years	—
31-35 Years	—
36-40 Years	—
Over 40 Years	—
<b>Total</b>	<b>133,854</b>

(Note) The figures exclude: ¥191,105 million, the amount of loans and other credits to debtors who are legally or substantially bankrupt, as well as those who are likely to become bankrupt, since they have no prospect for redemption.

## Maturity Structure of Borrowings from FILP Fiscal Loan and Foreign Exchange Fund Special Account in total as of March 31, 2019

(Unit: 100 millions of yen)

Maturity	Repayment of Borrowings
1 Year or Less	5,214
1-2 Years	16,008
2-3 Years	1,918
3-4 Years	34,832
4-5 Years	7,569
5-6 Years	1,108
6-7 Years	1,230
7-8 Years	3,871
8-9 Years	1,210
9-10 Years	1,096
Over 10 Years	1,690
<b>Total</b>	<b>75,747</b>

## Maturity Structure of Bonds and Notes as of March 31, 2019

(Unit: 100 millions of yen)

Maturity	Redemption of Bonds and Notes
1 Year or Less	4,584
1-2 Years	8,785
2-3 Years	4,994
3-4 Years	5,117
4-5 Years	4,994
5-6 Years	2,219
6-7 Years	2,974
7-8 Years	5,327
8-9 Years	4,717
9-10 Years	2,219
Over 10 Years	—
<b>Total</b>	<b>45,935</b>

Although the Banking Act and Act on Emergency Measures for the Revitalization of the Financial Functions of 1998 (the “Financial Revitalization Act”) do not apply to JBIC, JBIC has made a self-assessment of the quality of its assets since the fiscal year ended March 31, 2001. This was aimed at increasing disclosure on its asset quality and improving the internal management of credit risks.

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

The loans rescheduled under the agreement in the Paris Club have a high probability of repayment, because, unlike loans provided by private financial institutions, their nature as official credit provides an asset-securing mechanism under the above international framework. Nonetheless, to facilitate comparison with private financial institutions, JBIC, in principle, discloses the loans rescheduled in the Paris Club and whose debtor countries are categorized as “Needs Attention” in its self-assessment of asset quality, as loan assets required to be disclosed classifying them either as restructured loans (under the Banking Act) or substandard loans (under the Financial Revitalization Act).

ERNST & YOUNG SHINNIHON LLC audited JBIC’s self-assessment regarding the quality of its assets, including the following risk-monitored loans, loans to be disclosed under the Financial Revitalization Act and reserves for possible loan losses, in accordance with the *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 the Ad Hoc Committee for Audits of Banks, the Japanese Institute of Certified Public Accountants (JICPA)).

### 1. Risk-Monitored Loans

The following table shows the classification of risk-monitored loans based on the self-assessment of asset quality in accordance with the disclosure standard of risk-monitored loans applied to commercial financial institutions (under the Banking Act).

Each category of risk-monitored loans is defined as follows:

#### i. Bankrupt Loans

Among loans that are placed in non-accrual status (except the portion deducted as allowance for loan losses), when collection of either principal or interest becomes doubtful for the reason that principal or interest is past due for a considerable period of time or for other reasons, those loans for which there is filing of reorganization procedures under the Corporate Reorganization Act rehabilitation procedures under the Civil Rehabilitation Act, bankruptcy procedures under the Bankruptcy Act, special liquidation procedures under the Companies Act or other relevant laws, or there is suspension of transactions in promissory notes issued by the debtors in the clearing house.

#### ii. Non-accrual Loans

Loans that are placed in non-accrual status except those classified as “Bankrupt Loans” or those whose interest payments are deferred in order to expedite the debtors’ business restructuring or support their business operations.

#### iii. Past Due Loans (3 months or more)

Loans whose principal or interest is past due 3 months or more from the date following the contractually scheduled payment date and not classified as “Bankrupt Loans” or “Non-accrual Loans”.

#### iv. Restructured Loans

Loans whose terms and conditions are modified in favor of the debtors in order to expedite the debtors’ business restructuring or support their business operations by, among others, reducing the stated interest rate, deferring interest payments or write-downs, and that are not classified as “Bankrupt Loans”, “Non-accrual Loans” and “Past Due Loans (3 months or more)”.<sup>(Note)</sup>

#### [Ordinary Operations Account]

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Bankrupt Loans	—	—
Non-accrual Loans	188,842	191,105
Past Due Loans (3 months or more)	—	—
Restructured Loans	225,846	188,036
Total (1)	414,688	379,142
Total Amounts of Loans (2)	13,512,657	13,571,215
(1) / (2) (%)	3.07	2.79

#### [Special Operations Account]

Not applicable.

## 2. Loan Assets to Be Disclosed under the Financial Revitalization Act

The following table shows the classification of loans based on the self-assessment of asset quality in accordance with the disclosure standard of the Financial Revitalization Act.

### i. Bankrupt and Quasi-bankrupt Assets

"Bankrupt and Quasi-bankrupt Assets" are loans and other credits to debtors who have begun proceedings under the Bankruptcy Act, the Corporate Reorganization Act, the Civil Rehabilitation Act and other similar laws of Japan and have financially failed. In the asset quality self-assessment, these loans are loans to debtors who are legally or substantially bankrupt.

### ii. Doubtful Assets

"Doubtful Assets" are loans and other credits to debtors whose financial and operational conditions have deteriorated and who have a possibility that payment of principal and / or interest will not be made on a contractual basis. In the asset quality self-assessment, these loans are loans to the debtors who are likely to become bankrupt.

### iii. Substandard Loans

"Substandard Loans" are loans to debtors who are categorized as "Needs Attention Debtor" in the asset quality self-assessment, and

- A. loans whose principal and / or interest is overdue 3 months or more from the date following the scheduled payment date but which are not categorized as "Bankrupt and Quasi-bankrupt Assets" and "Doubtful Assets" ("Past Due Loans (3 months or more)").
- B. restructured loans on which the Bank granted concessions to debtors in financial difficulties through amending terms and conditions of the loans to assist them to recover and eventually be able to pay to creditors, but which are not categorized as "Bankrupt and Quasi-bankrupt Assets", "Doubtful Assets" or "Overdue Loans (3 months or more)". (Note)

### iv. Normal Assets

"Normal Assets" are loans to debtors with no particular problem in their financial conditions, categorized in the asset quality self-assessment either as "Loans to Normal Debtors" or "Loans to Needs Attention Debtors (excluding substandard loans)", but which are not categorized as "Bankrupt and Quasi-bankrupt Assets", "Doubtful Assets" and "Substandard Loans".

## [Ordinary Operations Account]

(Unit: millions of yen)

		Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Loans	Bankrupt and Quasi-bankrupt Assets	—	—
	Doubtful Assets	188,842	191,105
	Substandard Loans	225,846	188,036
	Subtotal (1)	414,688	379,142
	Normal Assets	15,440,235	15,792,843
	Total (2)	15,854,923	16,171,985
	(1) / (2) (%)	2.62	2.34

## [Special Operations Account]

Not applicable.

### Note

In the event that a debtor country encounters temporary repayment difficulties in respect of external public debt (sovereign debt, trade insurance institutions and export credit institutions, etc.) due to the deteriorating balance of payments, meetings of creditor countries (the "Paris Club") will be held to mutually agree on debt relief measures (rescheduling), and implementing of temporary support for overcoming the liquidity problem (balance of payment support under an international cooperative framework). With this temporary liquidity support, debtors carry out IMF-agreed economic restructuring programs and continue to make debt repayments. The principal amount of loans for which JBIC has agreed to provide debt relief pursuant to the Paris Club agreements is ¥88,536 million as of the end of the fiscal year ended March 31, 2019.

Loans to debtors classified under the self-assessment as "Needs Attention" (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 ¥56,684 million.



# Consolidated Financial Statements in Accordance with International Financial Reporting Standards (IFRS) for Reference Only

## 1. Excerpt from the consolidated financial statements in accordance with IFRS

The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) as of March 31, 2019. The consolidated financial statements are presented in yen. Unless otherwise stated, all amounts are rounded down and stated in millions of yen.

Ernst & Young ShinNihon LLC has audited the consolidated financial statements of JBIC and its subsidiaries (the "JBIC Group"), which comprise the consolidated statements of financial position as of March 31, 2019 and 2018, and the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of

changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information, in accordance with International Standards on Auditing.

This document is an excerpt of the JBIC Group's consolidated financial statements prepared in accordance with IFRS as issued by the IASB that are included in JBIC's annual report on Form 18-K filed with the U.S. Securities and Exchange Commission. This document does not contain all of the information in the Form 18-K that is important to you. You should read the Form 18-K carefully to obtain a comprehensive understanding of the JBIC Group's consolidated financial statements under IFRS and related information.

## Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2019	As of March 31, 2018
<b>Assets</b>		
Cash and due from banks	1,191,463	1,751,287
Derivative financial instrument assets	145,235	149,506
Financial assets at fair value through profit or loss	361,964	9,204
Securities	84,087	208,385
Loans and other receivables	13,298,146	13,452,950
Equity method investments	145,834	137,078
Property and equipment	27,979	28,401
Other assets	133,145	255,046
<b>Total assets</b>	<b>15,387,859</b>	<b>15,991,860</b>
<b>Liabilities</b>		
Derivative financial instrument liabilities	243,346	287,429
Borrowings	7,574,713	8,370,758
Bonds payable	4,606,882	4,388,754
Financial guarantee contracts	75,346	72,285
Other liabilities	137,720	227,980
<b>Total liabilities</b>	<b>12,638,008</b>	<b>13,347,209</b>
<b>Equity</b>		
Capital stock	1,785,300	1,765,200
Retained earnings	947,978	856,640
Other reserves	16,335	22,582
Non-controlling interests	235	227
<b>Total equity</b>	<b>2,749,850</b>	<b>2,644,651</b>
<b>Total liabilities and equity</b>	<b>15,387,859</b>	<b>15,991,860</b>

## Consolidated Income Statements

(Millions of yen)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income	453,200	344,801
Interest expense	271,366	206,624
Net interest income	181,834	138,177
Fee and commission income	16,892	15,018
Fee and commission expense	2,993	2,043
Net expense from derivative financial instruments	19,527	138,389
Net loss from financial assets at fair value through profit or loss	1,794	146
Net investment income	—	88
Net gains on derecognition of financial assets measured at amortized cost	74	—
Other income	150	3,552
Net non-interest expense	7,197	121,921
<b>Total operating income *1</b>	<b>174,636</b>	<b>16,256</b>
Impairment losses on financial assets	15,669	109,978
<b>Net operating income (loss)*2</b>	<b>158,967</b>	<b>(93,722)</b>
Operating expenses	20,938	19,545
Other expenses	1,440	822
Total operating expenses	22,379	20,367
Profits (losses) of equity method investments	(887)	22,480
<b>Profit (loss) before income tax</b>	<b>135,700</b>	<b>(91,609)</b>
Income tax expense	4	—
<b>Net profit (loss)</b>	<b>135,695</b>	<b>(91,609)</b>
<b>Attributable to:</b>		
Shareholder of JBIC	135,688	(91,592)
Non-controlling interests	7	(17)

\*1 Aggregate of "Net interest income" and "Net non-interest expense"

\*2 "Total operating income" less "Impairment losses on financial assets"

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Net profit (loss)</b>	<b>135,695</b>	<b>(91,609)</b>
<b>Other comprehensive income (loss)</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Remeasurement of defined benefit plans:		
Remeasurement arising during the year	(236)	(184)
Total of items that will not be reclassified to profit or loss	(236)	(184)
<b>Items that may be reclassified to profit or loss:</b>		
Available-for-sale financial assets:		
Net gains arising during the year	—	4,759
Reclassification adjustments	—	(171)
Deferred gains (losses) on hedges:		
Reclassification adjustments	(3,952)	(2,342)
Exchange differences on translation of foreign operations:		
Net gains (losses) arising during the year	6,614	(8,052)
Reclassification adjustments	(1,017)	(1,754)
Total of items that may be reclassified to profit or loss	1,645	(7,562)
<b>Other comprehensive income (loss)</b>	<b>1,409</b>	<b>(7,747)</b>
<b>Total comprehensive income (loss)</b>	<b>137,105</b>	<b>(99,356)</b>
<b>Attributable to:</b>		
Shareholder of JBIC	137,097	(99,339)
Non-controlling interests	7	(17)

## Consolidated Statements of Changes in Equity

(Millions of yen)

	Attributable to shareholder of JBIC							Sub Total
	Capital stock	Retained earnings	Other reserves				Other reserves, Total	
			Remeasurement of defined benefit plans	Available-for-sale financial assets	Deferred gains (losses) on hedges	Exchange differences on translation of foreign operations		
<b>April 1, 2017</b>	<b>1,683,000</b>	<b>969,264</b>	—	<b>3,304</b>	<b>6,368</b>	<b>20,471</b>	<b>30,145</b>	<b>2,682,409</b>
Net loss	—	(91,592)	—	—	—	—	—	(91,592)
Other comprehensive income (loss)	—	—	(184)	4,587	(2,342)	(9,807)	(7,747)	(7,747)
Total comprehensive income (loss)	—	(91,592)	(184)	4,587	(2,342)	(9,807)	(7,747)	(99,339)
Issuance of new shares	82,200	—	—	—	—	—	—	82,200
Payment to national treasury	—	(20,846)	—	—	—	—	—	(20,846)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	—	—	—	—	—	—	—	—
Other	—	(184)	184	—	—	—	184	—
<b>March 31, 2018</b>	<b>1,765,200</b>	<b>856,640</b>	—	<b>7,892</b>	<b>4,025</b>	<b>10,664</b>	<b>22,582</b>	<b>2,644,423</b>
Effects of changes in accounting policies	—	(12,963)	—	(7,892)	—	—	(7,892)	(20,855)
<b>April 1, 2018</b>	<b>1,765,200</b>	<b>843,677</b>	—	—	<b>4,025</b>	<b>10,664</b>	<b>14,690</b>	<b>2,623,567</b>
Net profit	—	135,688	—	—	—	—	—	135,688
Other comprehensive income (loss)	—	—	(236)	—	(3,952)	5,597	1,409	1,409
Total comprehensive income (loss)	—	135,688	(236)	—	(3,952)	5,597	1,409	137,097
Issuance of new shares	20,100	—	—	—	—	—	—	20,100
Payment to national treasury	—	(31,150)	—	—	—	—	—	(31,150)
Other	—	(236)	236	—	—	—	236	—
<b>March 31, 2019</b>	<b>1,785,300</b>	<b>947,978</b>	—	—	<b>73</b>	<b>16,261</b>	<b>16,335</b>	<b>2,749,614</b>

(Millions of yen)

	Non-controlling interests	Total equity
<b>April 1, 2017</b>	—	<b>2,682,409</b>
Net loss	(17)	(91,609)
Other comprehensive income (loss)	—	(7,747)
Total comprehensive income (loss)	(17)	(99,356)
Issuance of new shares	—	82,200
Payment to national treasury	—	(20,846)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	245	245
Other	—	—
<b>March 31, 2018</b>	<b>227</b>	<b>2,644,651</b>
Effects of changes in accounting policies	—	(20,855)
<b>April 1, 2018</b>	<b>227</b>	<b>2,623,795</b>
Net profit	7	135,695
Other comprehensive income (loss)	—	1,409
Total comprehensive income (loss)	7	137,105
Issuance of new shares	—	20,100
Payment to national treasury	—	(31,150)
Other	—	—
<b>March 31, 2019</b>	<b>235</b>	<b>2,749,850</b>

## Consolidated Statements of Cash Flows

(Millions of yen)

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Cash flows from operating activities</b>		
Profit (loss) before income tax	135,700	(91,609)
Depreciation and amortization	1,944	1,460
Increase (decrease) in liability for retirement benefits	182	53
Net loss from financial assets at fair value through profit or loss	1,794	146
Losses (profits) from equity method investments	887	(22,480)
Net decrease (increase) in loans and other receivables	(81,408)	899,770
Net increase (decrease) in borrowings	(796,045)	(1,537,947)
Net decrease (increase) in deposits (excluding demand deposits)	68,193	191,404
Net change in derivative financial instrument assets and liabilities	(39,812)	(193,728)
Net increase (decrease) in financial guarantee contracts	1,459	(12,627)
Net increase (decrease) in bonds payable	218,127	1,089,256
Other	40,157	71,413
<b>Net cash provided by (used in) operating activities</b>	<b>(448,819)</b>	<b>395,112</b>
<b>Cash flows from investing activities</b>		
Purchase of financial assets at fair value through profit or loss	(29,216)	(9,717)
Sale of financial assets at fair value through profit or loss	6,851	—
Purchase of securities	(30,600)	(41,155)
Proceeds from sales or redemption of securities	22,354	29,126
Purchase of equity method investments	(12,570)	(18,151)
Proceeds from return of equity method investments	9,111	9,640
Other	(4,798)	(3,005)
<b>Net cash provided by (used in) investing activities</b>	<b>(38,867)</b>	<b>(33,263)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of new shares	20,100	82,200
Payment to national treasury	(31,150)	(20,846)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	—	245
Other	—	(6)
<b>Net cash provided by (used in) financing activities</b>	<b>(11,050)</b>	<b>61,591</b>
<b>Exchange difference on cash and cash equivalents</b>	<b>7,106</b>	<b>(6,957)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(491,630)</b>	<b>416,482</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,498,807</b>	<b>1,082,325</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,007,176</b>	<b>1,498,807</b>
<b>Net cash provided by (used in) operating activities includes the following:</b>		
Interest received	416,979	322,349
Interest paid	(253,882)	(193,214)

## 2. Reconciliation between Japanese GAAP and IFRS

Reconciliation of assets, liabilities, and equity of the JBIC Group as of March 31, 2019 and 2018, and reconciliation of net profit or loss of the JBIC Group for the fiscal years ended March 31, 2019 and 2018, between accounting

principles generally accepted in Japan ("Japanese GAAP") and IFRS as issued by the IASB.\*

\* JBIC has adopted Japanese GAAP for reporting purposes. Audited consolidated financial statements of the JBIC Group for the fiscal years ended March 31, 2019 and 2018 prepared in accordance with IFRS are disclosed for reference purposes in order to improve comparability with other issuers outside of Japan.

### Reconciliation of assets, liabilities, and equity as of March 31, 2019

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Accounts under IFRS
<b>Assets</b>					<b>Assets</b>
Cash and due from banks	1,191,463	—	—	1,191,463	Cash and due from banks
	—	145,242	(6)	145,235	Derivative financial instrument assets
	—	358,278	3,686	361,964	Financial assets at fair value through profit or loss
Securities	367,026	(283,239)	300	84,087	Securities
Loans and bills discounted	13,576,561	(389,138)	110,723	13,298,146	Loans and other receivables
	—	130,079	15,754	145,834	Equity method investments
Property, plant and equipment	27,979	—	—	27,979	Property and equipment
Intangible assets	6,710	(6,710)	—	—	
Other assets	280,568	(144,650)	(2,772)	133,145	Other assets
Customers' liabilities for acceptances and guarantees	2,491,767	—	(2,491,767)	—	
Allowance for loan losses	(293,126)	293,126	—	—	
<b>Total assets</b>	<b>17,648,951</b>	<b>102,988</b>	<b>(2,364,081)</b>	<b>15,387,859</b>	<b>Total assets</b>
<b>Liabilities</b>					<b>Liabilities</b>
	—	243,347	—	243,346	Derivative financial instrument liabilities
Borrowed money	7,574,713	—	—	7,574,713	Borrowings
Bonds payable	4,583,492	—	23,389	4,606,882	Bonds payable
	—	—	75,346	75,346	Financial guarantee contracts
Net defined benefit liability	6,988	(6,988)	—	—	
Provision for directors' retirement benefits	31	(31)	—	—	
Other liabilities	304,718	(132,763)	(34,235)	137,720	Other liabilities
Provision for bonuses	566	(566)	—	—	
Provision for directors' bonuses	9	(9)	—	—	
Acceptances and guarantees	2,491,767	—	(2,491,767)	—	
<b>Total liabilities</b>	<b>14,962,287</b>	<b>102,988</b>	<b>(2,427,267)</b>	<b>12,638,008</b>	<b>Total liabilities</b>
<b>Net assets</b>					<b>Equity</b>
Capital stock	1,785,300	—	—	1,785,300	Capital stock
Retained earnings	905,474	—	42,504	947,978	Retained earnings
	—	(4,345)	20,681	16,335	Other reserves
Valuation difference on available-for-sale securities	(557)	557	—	—	
Deferred gains or losses on hedges	(11,048)	11,048	—	—	
Foreign currency translation adjustment	7,260	(7,260)	—	—	
Non-controlling interests	235	—	—	235	Non-controlling interests
<b>Total net assets</b>	<b>2,686,664</b>	<b>—</b>	<b>63,186</b>	<b>2,749,850</b>	<b>Total equity</b>
<b>Total liabilities and net assets</b>	<b>17,648,951</b>	<b>102,988</b>	<b>(2,364,081)</b>	<b>15,387,859</b>	<b>Total liabilities and equity</b>

## Reconciliation of assets, liabilities, and equity as of March 31, 2018

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Accounts under IFRS
<b>Assets</b>					<b>Assets</b>
Cash and due from banks	1,751,287	—	—	1,751,287	Cash and due from banks
	—	149,706	(200)	149,506	Derivative financial instrument assets
	—	9,838	(633)	9,204	Financial assets at fair value through profit or loss
Securities	351,605	(135,919)	(7,299)	208,385	Securities
Loans and bills discounted	13,513,680	(190,684)	129,954	13,452,950	Loans and other receivables
	—	126,081	10,996	137,078	Equity method investments
Property, plant and equipment	28,401	—	—	28,401	Property and equipment
Intangible assets	3,472	(3,472)	—	—	
Other assets	377,809	(122,763)	—	255,046	Other assets
Customers' liabilities for acceptances and guarantees	2,259,369	—	(2,259,369)	—	
Allowance for loan losses	(273,564)	273,564	—	—	
<b>Total assets</b>	<b>18,012,060</b>	<b>106,350</b>	<b>(2,126,551)</b>	<b>15,991,860</b>	<b>Total assets</b>
<b>Liabilities</b>					<b>Liabilities</b>
	—	287,453	(23)	287,429	Derivative financial instrument liabilities
Borrowed money	8,370,758	—	—	8,370,758	Borrowings
Bonds payable	4,392,597	—	(3,842)	4,388,754	Bonds payable
	—	—	72,285	72,285	Financial guarantee contracts
Net defined benefit liability	6,785	(6,785)	—	—	
Provision for directors' retirement benefits	25	(25)	—	—	
Other liabilities	435,498	(173,736)	(33,781)	227,980	Other liabilities
Provision for bonuses	546	(546)	—	—	
Provision for directors' bonuses	9	(9)	—	—	
Acceptances and guarantees	2,259,369	—	(2,259,369)	—	
<b>Total liabilities</b>	<b>15,465,589</b>	<b>106,350</b>	<b>(2,224,731)</b>	<b>13,347,209</b>	<b>Total liabilities</b>
<b>Net assets</b>					<b>Equity</b>
Capital stock	1,765,200	—	—	1,765,200	Capital stock
Retained earnings	883,601	—	(26,961)	856,640	Retained earnings
	—	(102,558)	125,140	22,582	Other reserves
Valuation difference on available-for-sale securities	(1,209)	1,209	—	—	
Deferred gains or losses on hedges	(114,658)	114,658	—	—	
Foreign currency translation adjustment	13,309	(13,309)	—	—	
Non-controlling interests	227	—	—	227	Non-controlling interests
<b>Total net assets</b>	<b>2,546,471</b>	<b>—</b>	<b>98,179</b>	<b>2,644,651</b>	<b>Total equity</b>
<b>Total liabilities and net assets</b>	<b>18,012,060</b>	<b>106,350</b>	<b>(2,126,551)</b>	<b>15,991,860</b>	<b>Total liabilities and equity</b>

## Reconciliation of net profit for the year ended March 31, 2019

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Accounts under IFRS
Interest income	450,798	(7,073)	9,475	453,200	Interest income
Interest expense	365,878	(95,797)	1,285	271,366	Interest expense
				181,834	Net interest income
Fees and commissions	23,030	(163)	(5,974)	16,892	Fee and commission income
Fees and commissions payments	2,993	—	—	2,993	Fee and commission expense
	—	95,599	(76,072)	19,527	Net expense from derivative financial instruments
	—	3,380	(1,586)	1,794	Net loss from financial assets at fair value through profit or loss
	—	20	54	74	Net gains on derecognition of financial assets measured at amortized cost
	—	(518)	668	150	Other income
Other ordinary income	272	(272)	—	—	
Other income*1	1,337	(1,337)	—	—	
Extraordinary income	6	(6)	—	—	
				7,197	Net non-interest expense
				174,636	<b>Total operating income</b>
	—	16,353	(684)	15,669	Impairment losses on financial assets
Recoveries of written-off claims*1	3,208	(3,208)	—	—	
Provision of allowance for loan losses*2	19,561	(19,561)	—	—	
				158,967	<b>Net operating income</b>
General and administrative expenses	21,200	—	(261)	20,938	Operating expenses
	—	2,638	(1,197)	1,440	Other expenses
Other ordinary expenses	2,638	(2,638)	—	—	
Other*2	11,788	(11,788)	—	—	
				22,379	Total operating expenses
Losses of equity method investments*2	2,026	(1,138)	—	887	Losses of equity method investments
Gain on investments in partnerships*1	467	(467)	—	—	
				135,700	<b>Profit before income tax</b>
Income tax expense	4	—	—	4	Income tax expense
<b>Net income</b>	<b>53,030</b>	<b>—</b>	<b>82,665</b>	<b>135,695</b>	<b>Net profit</b>

\*1 The sum of these amounts is included in "Other income" in the consolidated statements of operations prepared under Japanese GAAP.

\*2 The sum of these amounts is included in "Other expenses" in the consolidated statements of operations prepared under Japanese GAAP.



## Reconciliation of net loss for the year ended March 31, 2018

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Accounts under IFRS
Interest income	336,768	(17)	8,050	344,801	Interest income
Interest expense	249,256	(43,192)	559	206,624	Interest expense
				138,177	Net interest income
Fees and commissions	23,914	—	(8,896)	15,018	Fee and commission income
Fees and commissions payments	2,043	—	—	2,043	Fee and commission expense
	—	45,410	92,979	138,389	Net expense from derivative financial instruments
	—	13	133	146	Net loss from financial assets at fair value through profit or loss
	—	71	16	88	Net investment income
	—	7,234	(3,682)	3,552	Other income
Other ordinary income	128	(128)	—	—	
Other income*1	156	(156)	—	—	
Extraordinary income	9	(9)	—	—	
				121,921	Net non-interest expense
				16,256	<b>Total operating income</b>
	—	51,528	58,449	109,978	Impairment losses on financial assets
Recoveries of written-off claims*1	—	—	—	—	
Provision of allowance for loan losses*2	51,528	(51,528)	—	—	
				93,722	<b>Net operating loss</b>
General and administrative expenses	19,660	—	(114)	19,545	Operating expenses
	—	3,667	(2,844)	822	Other expenses
Other ordinary expenses	5,363	(5,363)	—	—	
Other*2	144	(144)	—	—	
Extraordinary loss	8	(8)	—	—	
				20,367	Total operating expenses
Profits of equity method investments*1	22,207	273	—	22,480	Profits of equity method investments
Gain on investments in partnerships*1	6,884	(6,884)	—	—	
				91,609	<b>Loss before income tax</b>
Income tax expense	—	—	—	—	Income tax expense
<b>Net income</b>	<b>62,064</b>	<b>—</b>	<b>(153,674)</b>	<b>91,609</b>	<b>Net loss</b>

\*1 The sum of these amounts is included in "Other income" in the consolidated statements of operations prepared under Japanese GAAP.

\*2 The sum of these amounts is included in "Other expenses" in the consolidated statements of operations prepared under Japanese GAAP.

## Notes to the reconciliation of assets, liabilities, and equity as of March 31, 2019 and 2018, and the reconciliation of net profit or loss for the fiscal years ended March 31, 2019 and 2018

### A. Derivative financial instrument assets and liabilities

#### i. Hedge accounting

The JBIC Group uses derivative financial instruments to hedge interest rate risk and foreign exchange risk. Although fluctuations in the market value of derivatives may result in large valuation gains or losses, the JBIC Group does not realize these gains or losses because it uses derivatives for hedging and, in principle, does not terminate derivatives before maturity. Therefore, the JBIC Group has been applying hedge accounting under Japanese GAAP to derivative transactions in order to eliminate net gains or losses from the valuation of derivatives from its net income.

The JBIC Group has started applying hedge accounting under IFRS 9 from the fiscal year ended March 31, 2019 in order to reflect the effect of risk management activities in its consolidated financial statements and to reduce the significant impact of gains or losses from valuation of derivatives on net profit. However, since IFRS hedge accounting has been applied to the transactions effective from April 1, 2018 and the number of hedged items were limited, the effect of hedge accounting was also limited. Of the total gain from valuation of derivatives amounting to 107.0 billion yen, 29.1 billion yen was eliminated from the net profit for the fiscal year ended March 31, 2019. Hedge accounting under IFRS is explained in Note 3.G of its consolidated financial statements.

From April 1, 2012 to March 31, 2018, the JBIC Group had not applied hedge accounting under IAS 39 *Financial Instruments: Recognition and Measurement*. At the date of transition in 2012, the JBIC Group discontinued hedge accounting under Japanese GAAP in accordance with IAS 39 and IFRS 1 *First-time Adoption of International Financial Reporting Standards*. After the transition, the JBIC Group has amortized the adjusted amounts of the hedged items using the effective interest method.

#### ii. Offsetting derivative financial instrument assets and liabilities

Derivative financial instrument assets and liabilities that meet offset requirements under Japanese GAAP are presented on a net basis by counterparty and included in "Other assets" or "Other liabilities." Of these assets and liabilities, assets and liabilities that do not meet the offset requirements under IFRS are presented on a gross basis as "Derivative financial instrument assets" and "Derivative financial instrument liabilities."

#### iii. Credit risk adjustments

Under IFRS, the JBIC Group determines fair values of derivative financial instrument assets and liabilities in consideration of counterparties or its own credit risks calculated from observable market data.

### B. Financial assets at fair value through profit or loss

Under IFRS, if contractual cash flows of financial assets are not solely payments of principal and interest, the JBIC Group measures such financial assets at fair value through profit or loss. If contractual cash flows of financial assets are solely payments of principal and interest, and financial assets are held within a business model whose objective is to hold the assets in order to collect contractual cash flows, financial assets are measured at amortized cost. Whereas, Japanese GAAP sets out the approach to measure financial assets according to their legal form and the entity's intention to hold the financial assets.

Stocks, investments in partnerships and some of loans excluding investments held by the JBIC Group and accounted for using the equity method are measured at fair value and presented as "Financial assets at fair value through profit or loss" under IFRS, whereas they are measured at either cost or fair value according to their legal form and holding intention and presented as "Securities" or "Loans and other receivables" under Japanese GAAP. If the net asset value of shares has declined significantly due to a deterioration in the financial position of an issuer, the carrying amount is written down and such valuation difference is recognized as impairment loss for the current period.

Under IFRS, the JBIC Group presents gains and losses arising from such assets are presented as "Net gain (loss) from financial assets at fair value through profit or loss." Under Japanese GAAP, the JBIC Group presents interest income and dividend income as "Interest income," upfront and commitment fees as "Fee and commissions," and realized gains and losses arising from changes in fair value and sales of such assets as "Other income" (when it is a gain) or "Other" (when it is a loss).

### C. Securities

The JBIC Group presents investments in associates and joint ventures as "Securities" under Japanese GAAP and "Equity method investments" under IFRS. For the differences in the measurement method between the accounting standards, see "E. Equity method investments."

Stocks and investments in partnerships other than investments in associates and joint ventures are presented as "Securities" under Japanese GAAP and "Financial assets at fair value through profit or loss" under IFRS. For the differences in the measurement method between the accounting standards, see "B. Financial assets at fair value through profit or loss."

Debt securities included in "Securities" under Japanese GAAP are also presented as "Securities" under IFRS. For the measurement method, debt securities are measured at fair value and valuation gains and losses are recognized as "Valuation difference on available-for-sale securities" under Japanese GAAP, whereas these debt securities are measured at amortized cost under IFRS.

Under IFRS, impairment losses are recognized for securities measured at amortized cost under the expected credit loss model. Impairment losses are estimated at the amount of the expected credit losses expected to occur within the next 12-months from the reporting date or on a lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition of the financial assets. Such impairment losses measured are deducted from securities using an allowance for loan losses.

### D. Loans and other receivables

"Loans and other receivables" under IFRS include accrued interest income on loans in "Other assets" under Japanese GAAP and also financial assets associated with financial guarantee contracts described in "G. Financial guarantee contracts," but do not include loans and other receivables measured at fair value through profit or loss.

Under IFRS, the JBIC Group measures loans and other receivables initially at fair value plus transaction costs directly attributable to loan origination, and subsequently at amortized cost using the effective interest method. The JBIC Group amortizes loan origination fees, which are considered integral to the origination using the effective interest method. As described in "A. i. Hedge accounting," the JBIC Group adjusted the carrying amounts of loans for which hedge accounting was discontinued at the date of transition and has amortized them in accordance with IFRS 1.

Under Japanese GAAP, the JBIC Group recognizes general allowance as well as specific allowance for loan losses.

In accordance with the expected credit loss model under IFRS, the JBIC Group recognizes impairment losses, and the carrying amount of loans

and other receivables is reduced by the amount of impairment losses measured through the allowance for loan losses. See "C. Securities" for the method for recognizing expected credit losses.

#### **E. Equity method investments**

The JBIC Group's investments in associates and joint ventures are comprised mainly of investments in partnerships. Under Japanese GAAP, the JBIC Group applies the equity method to certain investments in partnerships. Under IFRS, the JBIC Group adopts the equity method to all of its investments in partnerships that are determined as investments in associates and joint ventures, except for investments held by the investment company which is the subsidiary of JBIC. Gains or losses on investments in partnerships to which the equity method is not applied under Japanese GAAP but applied under IFRS are recognized as "Profits of equity method investments" under IFRS.

The JBIC Group presents exchange differences on translation of foreign operations from applying the equity method as "Other reserves" under IFRS, whereas they are presented as "Foreign currency translation adjustment" under Japanese GAAP.

#### **F. Bonds payable**

Under Japanese GAAP, the JBIC Group expenses bond issuance costs as incurred. Under IFRS, the JBIC Group measures bonds payable initially at fair value less transaction costs directly attributable to bond issuance, such as fees paid to underwriters and discounts at issuance, and subsequently at amortized cost using the effective interest method.

As described in "A. i. Hedge accounting," the JBIC Group adjusted the carrying amounts of bonds payable for which hedge accounting was discontinued at the date of transition and has amortized them in accordance with IFRS 1. For bonds payable to which hedge accounting is applied in accordance with IFRS 9, their carrying amount is adjusted to reflect changes in fair value arising from the underlying hedged risks.

#### **G. Financial guarantee contracts**

Under Japanese GAAP, the JBIC Group records the same contractual amounts of financial guarantee obligations in both "Customers' liabilities for acceptances and guarantees" as assets and in "Acceptances and guarantees" as liabilities. Under IFRS, the JBIC Group initially measures financial liabilities associated with financial guarantee contracts at fair value as well as financial assets associated with financial guarantee contracts.

For the year ended March 31, 2019, they are subsequently measured at the higher of (a) the amount of the loss allowance determined in accordance with IFRS 9 and (b) the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS 15 *Revenue from Contracts with Customers*.

For the year ended March 31, 2018, they are subsequently measured at the higher of (a) the amount initially recognized less cumulative amortization recognized in accordance with IAS 18 *Revenue* and (b) the amount determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

#### **H. Liability for retirement benefits**

Under Japanese GAAP, the JBIC Group expenses actuarial gains or losses on defined benefit plans in profit or loss as incurred.

Under IFRS, the JBIC Group recognizes remeasurement of defined benefit plans directly in "Other reserves" as incurred and reclassifies immediately to retained earnings. The JBIC Group remeasures retirement benefit obligations under IFRS, and charges for differences caused by the period allocation method of retirement benefit obligations, etc. as "Operating expenses." The JBIC Group includes a liability for retirement benefits in "Other liabilities."

#### **I. Difference between the reporting date of consolidated financial statements and of subsidiaries**

Under Japanese GAAP, if the difference between the reporting date of consolidated financial statements and of the subsidiary does not exceed three months, it is required that only important inter-company transactions made during that period be reflected in the financial statements of the subsidiary. Accordingly, the JBIC Group adjusts only important inter-company transactions in the consolidated financial statements under Japanese GAAP.

On the other hand, IFRS requires that financial statements of consolidated subsidiaries be prepared on the reporting date of the parent company, except it is impracticable. For this reason, the JBIC Group prepares the financial statements of the subsidiaries whose reporting dates are different from JBIC to conform to the reporting date of JBIC.

## Data **3** Corporate Data

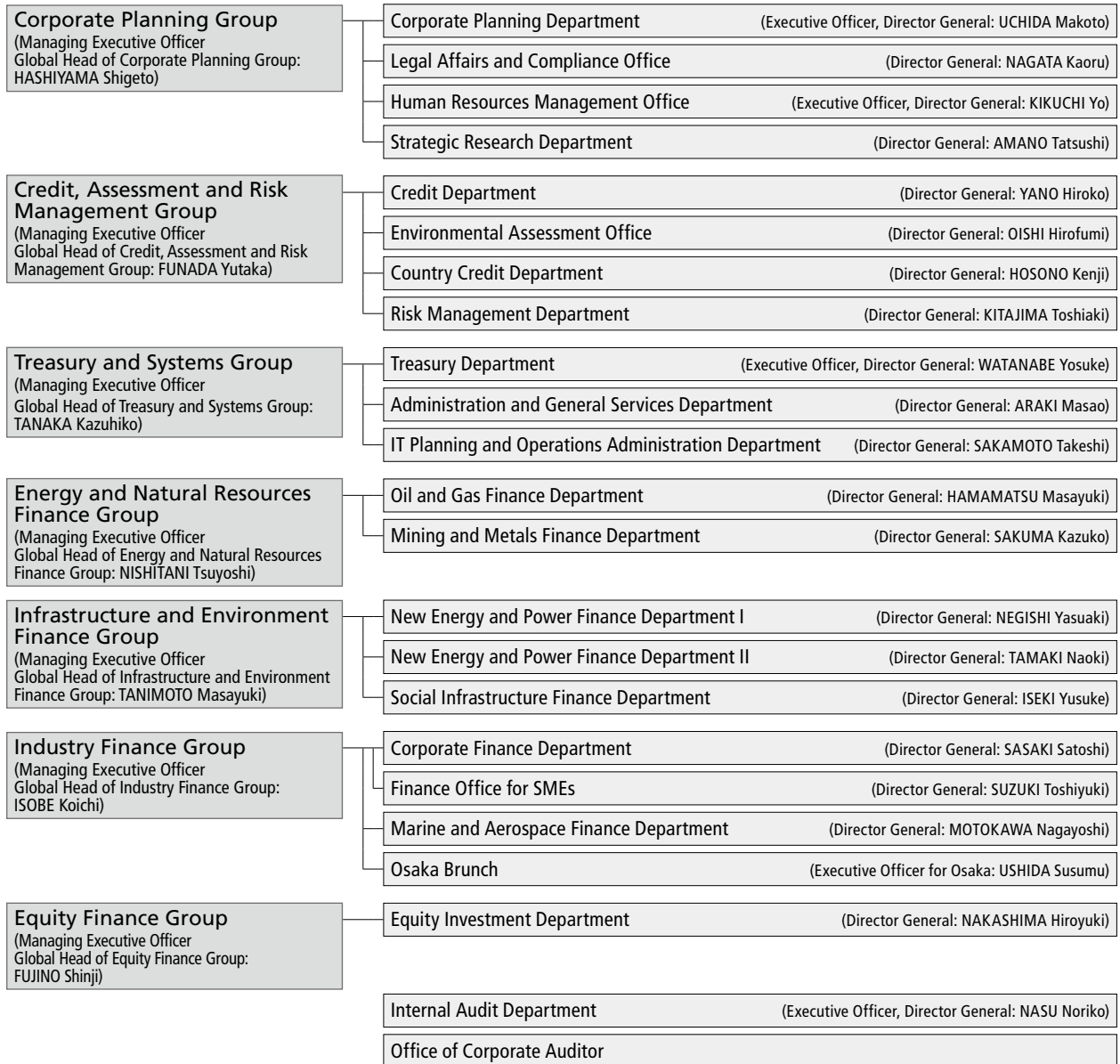
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# Organizational Chart (As of October 1, 2019)

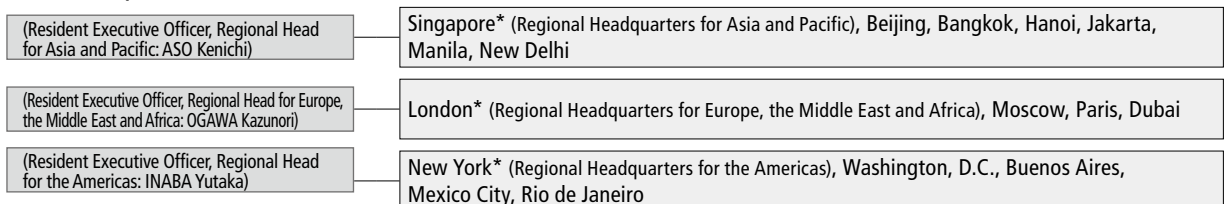
JBIC is constituted by four mission/sector-specific finance groups (Energy and Natural Resources Finance Group; Infrastructure and Environment Finance Group; Industry Finance Group; and Equity Finance Group) and the Corporate Planning Group, the Credit, Assessment and Risk Management Group and the Treasury and Systems Group which support these finance groups.

This organizational structure was intended to strengthen the capacity to formulate projects by bringing together

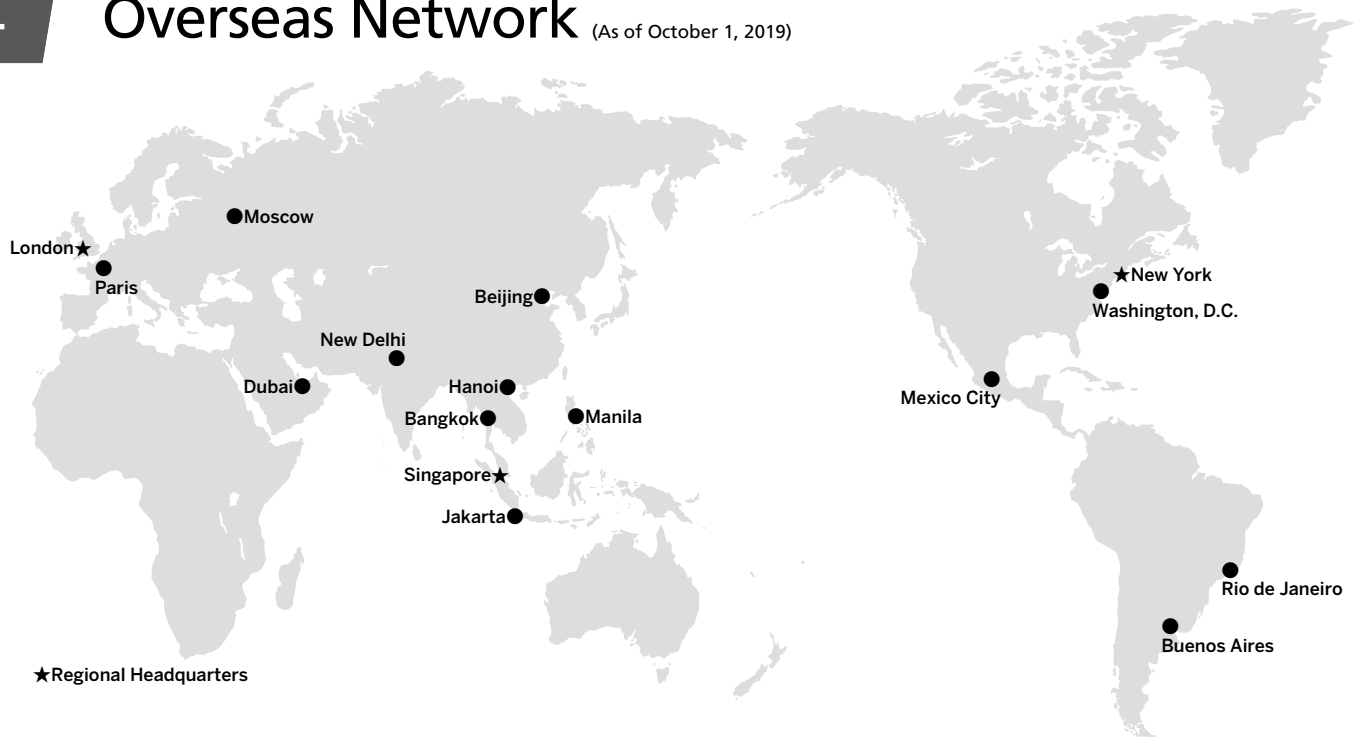
know-how and expertise in each sector and area, thereby creating an institution that can execute the functions in its mission more flexibly and strategically: the mission directly linked to Japan's economic policy. In the network of overseas representative offices, Singapore, London and New York are assigned as core regional headquarters to supervise business and administrative activities as well as support project formulation in Asia and Pacific; Europe, the Middle East and Africa, and the Americas respectively.



## Overseas Representative Offices



\* Singapore, London and New York are assigned as core regional headquarters to supervise business and administrative activities and support project formulation in Asia and Pacific; Europe, the Middle East and Africa, and the Americas, respectively.



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**Events related to The Export-Import Bank of Japan (JEXIM)**

December 1950	The Japan Export Bank Act promulgated and enforced; The Japan Export Bank established
April 1952	The Japan Export Bank changed its name to The Export-Import Bank of Japan

**Events related to the Japan Bank for International Cooperation (former JBIC)**

April 1999	The Japan Bank for International Cooperation Act promulgated and enforced
September 1999	Order for the Japan Bank for International Cooperation Act promulgated and enforced
October 1999	The Japan Bank for International Cooperation (former JBIC) established (taking over operations of the Export-Import Bank of Japan and those of the Overseas Economic Cooperation Fund)

**Events related to the Japan Finance Corporation**

June 2006	The Act on Promotion of Administrative Reform for Realization of Small and Efficient Government promulgated and enforced
May 2007	The Japan Finance Corporation Act promulgated and enforced
April 2008	Order for the Japan Finance Corporation Act promulgated and enforced
October 2008	The Japan Finance Corporation established
March 2010	The Revision of Japan Finance Corporation Act enforced (Promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming was added to JBIC mission)
April 2010	The Account for Facilitating Realignment of United States Forces in Japan created

**Events related to the Japan Bank for International Cooperation (JBIC)**

May 2011	The Japan Bank for International Cooperation Act promulgated and partially enforced
July 2011	Order for Enforcement of the Japan Bank for International Cooperation Act and Cabinet Order for Revising Part of the Japan Finance Corporation Act promulgated and enforced (The scope of operations was expanded, including the rule on export financing to developed countries)
April 2012	The Japan Bank for International Cooperation (JBIC) established
November 2012	The Account for Facilitating Realignment of United States Forces in Japan closed
May 2016	The Act for Partial Amendment of the Japan Bank for International Cooperation Act promulgated and partially enforced  The Cabinet Order for Revising Part of the Order for Enforcement of the JBIC Act promulgated and enforced
October 2016	The account for the Special Operations created



## Excerpt of the Japan Bank for International Cooperation Act (Act No. 39 of 2011)

**Article 1: Purpose**

Japan Bank for International Cooperation shall be a *Kabushiki-Kaisha*, which has the purpose of contributing to the sound development of Japan and the international economy and society, by taking responsibility for the financial function to promote the overseas development and securement of resources which are important for Japan, to maintain and improve the international competitiveness of Japanese industries and to promote the overseas business having the purpose of preserving the global environment, such as preventing global warming, also providing the financial services that are necessary to prevent disruptions to international financial order or to take appropriate measures with respect to damages caused by such disruption, while having the objective of supplementing the financial transactions implemented by ordinary financial institutions.

**Article 3: Holding of Shares by Government**

The Government shall, at all times, hold the total number of outstanding shares of JBIC.

**Article 4: Government's Contribution**

1. The Government may, when it finds it to be necessary, make contributions to JBIC within the amount appropriated in the budget.
2. When a contribution is made by the Government pursuant to the provisions of the preceding Paragraph, JBIC shall, notwithstanding the provisions of Paragraph 2 of Article 445 of the Companies Act (Act No. 86 of 2005), be allowed not to record the amount exceeding half of such contribution amount as the capital. In this case, "this Act" referenced in Paragraph 1 of the same Article shall be deemed to be replaced with "this Act or Japan Bank for International Cooperation Act (Act No. 39 of 2011)."
3. When a contribution is made by the Government pursuant to the provisions of Paragraph 1, JBIC shall allocate the capital and reserves increased thereby, to the accounts related to the operations listed in each Item of Article 26-2, in accordance with the separation of accounting set forth in Article 26-2.

**Article 5: Limitation, etc. on Use of Name**

1. No person other than JBIC shall use the words "Japan Bank for International Cooperation" in its name.
2. The provisions of Paragraph 2 of Article 6 of the Banking Act shall not be applied to JBIC.

**Article 6: Resolution for Appointment and Removal, etc. of Officers, etc.**

1. The resolution for the appointment and removal of the Officers, etc. (meaning Directors, Executive Officers and Auditor(s); the same shall apply hereinafter) of JBIC shall not take effect unless the authorization of the Minister of Finance is granted.
2. The resolution for selection and displacement of a Representative Director or Representative Executive Officer of JBIC shall not take effect unless the authorization of the Minister of Finance is granted.

**Article 11: Scope of Operations**

JBIC shall, for attaining its purpose, engage in the operations listed below:

- (1) The loan of funds necessary for the Export of Equipment, etc., the acquisition by assignment of loan receivables related to such funds, the Guarantee, etc. of Liabilities related to such funds, in the case where the Foreign Financial Institutions, etc. or the Foreign Governments, etc. provide the Guarantee, etc. of Liabilities with respect to such funds, the Guarantee, etc. of Liabilities related to such Guarantee, etc. of Liabilities, or the acquisition of the Public/Corporate Bonds, etc. issued in order to procure such funds by certain measures, such as acquisition through subscription;
- (2) The loan of funds necessary to ensure the reliable and timely Import of Important Goods, etc., the acquisition by assignment of loan receivables related to such funds, the Guarantee, etc. of Liabilities related to such funds or the acquisition of the Public/Corporate Bonds, etc. to be issued in order to procure such funds by certain measures, such as acquisition through subscription;
- (3) The loan of funds to be used directly or indirectly for the business which the Juridical Persons, etc. of Japan, Foreign Governments, etc. or Foreign Juridical Persons, etc. Invested in conduct outside Japan, the acquisition by assignment of loan receivables related to such funds, the Guarantee, etc. of Liabilities related to such funds, in the case where the Juridical Persons, etc. of Japan, Foreign Juridical Persons, etc. Invested in, Foreign Financial Institutions, etc. or Foreign Governments, etc. provide the Guarantee, etc. of Liabilities to the Juridical Persons, etc. of foreign countries with respect to such funds, the Guarantee, etc. of Liabilities related to such Guarantee, etc. of Liabilities, or the acquisition of the Public/Corporate Bonds, etc. to be issued in order to procure such funds by certain measures, such as acquisition through subscription;
- (4) (i) The loan to the Foreign Governments, etc., Foreign Financial Institutions, etc. or international organizations, such as the International Monetary Fund, of long-term funds (meaning the funds required to be provided for more than one (1) year) required for their overseas business or the import of goods or introduction of technologies by the foreign country concerned, or funds required to attain the international balance of payments or achieve the stability of the currency of the foreign country concerned, (ii) the acquisition by assignment of loan receivables related to such funds or the Guarantee, etc. of Liabilities related to such funds or (iii) the acquisition of the Public/Corporate Bonds, etc. issued in order to procure such funds by certain measures, such as acquisition through subscription;
- (5) When it is found remarkably difficult for a foreign government or foreign resident to conduct overseas transactions, such as import by reason of the international balance of payments of the foreign country concerned, and it is found urgently necessary, the loan to the governments, governmental agencies or banks of the foreign country concerned, of the short-term funds (meaning the funds required necessary to be provided for one (1) year or less than one (1) year; the same shall apply hereinafter) necessary to facilitate overseas transactions, such as import, until the International Monetary Fund, etc. (meaning international organizations, such as the International

Monetary Fund, or governments, governmental agencies or banks of more than two (2) countries other than that foreign country concerned; the same shall apply hereinafter) provides funds to assist the development of the economy of the foreign country concerned (hereinafter referred to as the "Funds for Economic Assistance");

- (6) The provision of contributions to persons who are carrying on business outside Japan (including those Juridical Persons, etc. of Japan whose sole purpose is to make overseas investments and who make contributions to those carrying on the aforesaid business) to contribute funds required for their business;
- (7) The carrying out of the necessary studies related to the operations listed in each of the preceding Items;
- (8) The provision of information to the users of operations provided by JBIC that pertains to such operations; and
- (9) Any other operations incidental to those listed in each of the preceding Items (excluding those listed in Item (7)).

#### Article 12:

1. Among the operations listed in Item (1) of the preceding Article, those which are related to the Export of Equipment, etc. destined for any area other than developing overseas areas (hereinafter referred to as the "Developing Areas") may be conducted only in the cases listed below:
  - (1) when necessary countermeasures are taken in accordance with multilateral arrangements in the case where the Foreign Governments, etc., in which exporters conduct the export destined for the said area, grant credit, underwrite insurance or provide an interest (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to an interest; the same shall apply hereinafter in Paragraph 2 of Article 16) support with more favorable conditions than usual in order to promote the export from such foreign countries; or
  - (2) when it is prescribed by a Cabinet Order as being a case recognized especially necessary in order to promote the policies of the Government concerning the maintenance or improvement of the international competitiveness of Japanese industries.
2. Among the operations listed in Item (1) of the preceding Article, those relating to the funds provided to the Juridical Persons, etc. of Japan may be conducted only in the cases listed below:
  - (1) where Banks, etc. provide Foreign Juridical Persons, etc. with the loan of funds with respect to the Export of Equipment, etc. necessary for the business with respect to the development of infrastructure and other foundation for socioeconomic activities overseas, and JBIC provides the loan of necessary funds for such loan to the Banks, etc.; or
  - (2) where the execution of the export by the Juridical Persons, etc. of Japan has become remarkably difficult due to disruptions to international financial order and the Minister of Finance determines that the exceptions of operations of JBIC are necessary in order to deal therewith.
3. Among the operations listed in Item (2) of the preceding Article, other than those conducted in order to promote overseas development and securement of resources important for Japan, only those relating to the funds listed below that are the Guarantee, etc. of Liabilities may be conducted:
  - (1) funds necessary to import the products, such as aircraft, specified by the Minister of Finance, with respect to which the products made in Japan are not sufficient to replace and the import to Japan is essential; or
  - (2) funds necessary to introduce such technologies specified by the Minister of Finance, with respect to which the technologies of Japan are not sufficient to replace and the introduction to Japan is essential.
4. Among the operations listed in Item (3) of the preceding Article, those relating to the short-term loans may be conducted only in the case where JBIC has agreed to make loan of funds (excluding short-term funds) set forth in the same Item for the execution of business conducted by the Juridical Persons, etc. of Japan and the Foreign Juridical Persons, etc. Invested in and such loan of funds is recognized especially necessary in order to execute such business.
5. Among the operations listed in Item (3) of the preceding Article, the loan of funds necessary for the overseas business to be conducted by the Juridical Persons, etc. of Japan, other than those listed in Item (2) of the following Paragraph, may be conducted only if such loan is provided directly to such Juridical Persons, etc.
6. Among the operations listed in Item (3) of the preceding Article (excluding those conducted in order to promote overseas development and securement of resources important for Japan), loans to the Juridical Persons, etc. of Japan, other than the loans to the Small and Medium Enterprises, etc. (meaning the Small and Medium Enterprises or medium enterprises specified by the Minister of Finance; hereinafter the same shall apply) may be conducted only in the cases listed below.
  - (1) When the Juridical Persons, etc. of Japan begin or expand overseas business, or improve the efficiency thereof by contributing to the foreign juridical persons or accepting the assignment of all or part of the business of the foreign juridical persons (hereinafter referred to as "Contributions, etc." in this Item), in the case where the loan of funds necessary for such Contributions, etc. is provided (only when it is prescribed by a Cabinet Order as being a case recognized especially necessary in order to promote the policies of the Government concerning the maintenance or improvement of the international competitiveness of Japanese industries).
  - (2) When the Banks, etc. provide the loan of funds listed below, in the case where the loan of funds necessary for such loan by such Banks, etc. is provided to such Banks, etc.:
    - a. loan of funds set forth in Item (3) of the preceding Article to the Small and Medium Enterprises, etc. or the Foreign Juridical Persons, etc. Invested in related to the contribution of the Small and Medium Enterprises, etc.;
    - b. loan of funds set forth in the preceding Item to the Juridical Persons, etc. of Japan (limited to those prescribed by the Cabinet Order set forth in the same Item); or
    - c. loan of funds set forth in Item (3) of the preceding Article to the Juridical Persons, etc. of Japan, Foreign Governments, etc., or Foreign Juridical Persons, etc. Invested in (limited to those related to the business with respect to the development of infrastructure and other foundation for socioeconomic activities overseas).
  - (3) When the loan of necessary funds is provided to the Juridical Persons, etc. of Japan for such Juridical Persons, etc. to conduct a business of leasing equipment made in Japan to overseas market (limited to those prescribed

by a Cabinet Order as being a case recognized especially necessary in order to promote the policies of the Government concerning the maintenance or improvement of the international competitiveness of Japanese industries).

- (4) When the execution of overseas business of the Juridical Persons, etc. of Japan has become remarkably difficult due to disruptions to international financial order, in the case where the Minister of Finance determines that the exceptions of operations of JBIC are necessary in order to deal therewith.
7. Among the operations listed in Item (3) of the preceding Article (excluding those conducted in order to promote overseas development and securement of resources important for Japan), with respect to the business in any area other than the Developing Areas may be conducted only when it is prescribed by a Cabinet Order as being a case recognized especially necessary in order to promote the policies of the Government concerning the maintenance or improvement of the international competitiveness of Japanese industries.
8. The loan to the governments, governmental agencies or banks of foreign countries listed in Item (5) of the preceding Article may be conducted by obtaining the authorization of the Minister of Finance only when the provision of the Funds for Economic Assistance from the International Monetary Fund, etc. is expected to be certain and only in the cases listed below:
  - (1) where, by appropriating all or part of the Funds for Economic Assistance from the International Monetary Fund, etc. (excluding JBIC) for the redemption of the funds related to the loan, the redemption is expected to be secured; or
  - (2) where adequate underlying assets are secured for the loan.
9. Among the operations listed in Items (1) through (4) of the preceding Article, the Guarantee, etc. of Liabilities related to the liabilities of any person other than the Juridical Persons, etc. of Japan (excluding those related to the Public/Corporate Bonds, etc.) may be provided only in the cases listed below:
  - (1) When the Banks, etc., Foreign Financial Institutions, etc. or Foreign Governments, etc. provide the loan of such funds set forth in Items (1) through (4) of the preceding Article, in the case where the Guarantee, etc. of Liabilities related to such loan is provided (including the case in which the loan receivables related to such loan are assigned to the persons specified by the Minister of Finance);
  - (2) In the case where the Guarantee, etc. of Liabilities related to the Guarantee, etc. of Liabilities set forth in Items (1) and (3) of the preceding Article is provided;
  - (3) When, among the Guarantee, etc. of Liabilities related to the funds set forth in Item (3) of the preceding Article, the Juridical Persons, etc. of Japan or the Foreign Juridical Persons, etc. Invested in assign the monetary claims related to the overseas business to be conducted by the Juridical Persons, etc. of Japan or the Foreign Juridical Persons, etc. Invested in to the Banks, etc. or Foreign Financial Institutions, etc. and use the proceeds from the assignment for such business, in the case where the Guarantee, etc. of Liabilities related to such monetary claims is provided; or
  - (4) When the Banks, etc. or Foreign Financial Institutions, etc. provide the loan of funds set forth in Item (3) of the preceding Article in foreign currency, in the case where the Guarantee, etc. of Liabilities related
- to swap transactions (transactions listed in Item 5 of Paragraph 22 of Article 2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948)) related to such funds conducted by such Banks, etc. or Foreign Financial Institutions, etc., is provided.
10. Among the operations listed in Items (1) through (4) of the preceding Article, the Guarantee, etc. of Liabilities (limited to those related to the Public/Corporate Bonds, etc.) and the acquisition of the Public/Corporate Bonds, etc. may be conducted only in the cases listed below (with respect to the operations listed in Items (1) through (3) of the same Article, the cases listed in Items (2) through (7) below shall apply):
  - (1) where part of the Public/Corporate Bonds, etc. (limited to those with a redemption period of more than one (1) year; the same shall apply in the following Item and Item (3) below) that were issued by the Foreign Financial Institutions, etc., the Foreign Governments, etc. or international organizations, such as the International Monetary Fund, are acquired;
  - (2) where the Public/Corporate Bonds, etc. are acquired and then such Public/Corporate Bonds, etc. are assigned to the Specific Purpose Company, etc. within the period specified by the Minister of Finance or where the Specific Trust is established, the Public/Corporate Bonds, etc. are entrusted to the Trust Company, etc. as assets of such Specific Trust, and then all or part of beneficial interests in such Specific Trust is assigned;
  - (3) where the Public/Corporate Bonds, etc. to be issued by the Specific Purpose Company, etc. or the Trust Company, etc. which are secured by loan receivables or the Public/Corporate Bonds, etc. are acquired;
  - (4) where the Guarantee, etc. of Liabilities relating to the Public/Corporate Bonds, etc. to be issued by the Foreign Juridical Persons, etc. Invested in, the Foreign Financial Institutions, etc., the Foreign Governments, etc. or international organizations, such as the International Monetary Fund, is provided;
  - (5) where the Guarantee, etc. of Liabilities related to such loan receivables, Public/Corporate Bonds, etc. or the monetary claims, which constitute such underlying assets, or the Public/Corporate Bonds, etc. to be issued by the Specific Purpose Company, etc. or the Trust Company, etc. is provided (excluding the Guarantee, etc. of Liabilities related to the Public/Corporate Bonds, etc. to be issued by the Banks, etc.) when the Specific Purpose Company, etc. or the Trust Company, etc. issues the Public/Corporate Bonds, etc. which are secured by loan receivables, the Public/Corporate Bonds, etc. or the monetary claims set forth in Item (3) of the preceding Paragraph;
  - (6) where the Guarantee, etc. of Liabilities related to the borrowing of funds by the Specific Purpose Company, etc. for the purpose of acquiring by assignment, or acquiring, such loan receivables or Public/Corporate Bonds, etc., which constitute such underlying assets, is provided when the Specific Purpose Company, etc. issues the Public/Corporate Bonds, etc., which are secured by loan receivables or the Public/Corporate Bonds, etc.; or
  - (7) where corporate bonds, any equivalent bond certificates or beneficial interests in trust (limited to those with a redemption period of more than one (1) year) that were issued by Juridical Persons, etc. in order to procure the funds necessary for the business with respect to the development of infrastructure and other foundation for socioeconomic activities overseas, are acquired.

11. Among the operations listed in Items (1) through (4) of the preceding Article, those listed below shall be conducted only when the loan thereof or the loan related to the loan receivables to be assigned is the Co-financing; provided, however, that this shall not apply, with respect to the operations listed in Item (1) below, in the case where it is recognized that it is remarkably difficult for the Banks, etc. to provide a loan of funds together with JBIC and the loan from JBIC is urgently necessary to attain the purpose of such loan, or if the case falls under any of the cases listed in Item (1) of Paragraph 2 or Item (2) of Paragraph 6 hereof, with respect to the operations listed in Item (2) below, in the case where the loan receivables to the Foreign Juridical Persons, etc. Invested in with a redemption period of more than one (1) year are acquired by assignment within the period specified by the Minister of Finance for the purpose of assigning the same to the Specific Purpose Company, etc. or for the purpose of establishing the Specific Trust, with respect to the same, in the Trust Company, etc. and assigning all or part of the beneficial interest in such Specific Trust:
- (1) loan of funds pursuant to the provisions of Items (1) through (3) of the preceding Article made to the Juridical Persons, etc. of Japan; or
  - (2) acquisition by assignment of the loan receivables pursuant to the provisions of Items (1) through (4) of the preceding Article.
12. The operations listed in Item (7) of the preceding Article may be conducted only if they are the minimum necessary to promote the performance of the operations listed in Items (1) through (6) of the same Article smoothly and effectively.

#### Article 13: Practice of the Operation

1. The loan of funds, the acquisition by assignment of loan receivables, the acquisition of the Corporate/Public Bonds, etc., the Guarantee, etc. of Liabilities or the provision of contributions pursuant to the provisions of Items (1) through (6) of Article 11 hereof may be conducted only in the cases listed below:
  - (1) when the repayment of the funds so loaned, the collection of loan receivables so acquired, the redemption of Corporate/Public Bonds, etc. so acquired, the performance of the liabilities so guaranteed, etc. or the realization of profits that enable the payment of dividends resulting from business so contributed is recognized as being certain; or
  - (2) when the conditions, such as the interest rates (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to interest rates; the same shall apply hereinafter in the following Paragraph) of loans (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to a loan; the same shall apply hereinafter in the following Paragraph and Paragraph 2 of Article 16) and yield on loan receivables related to such loan (excluding loan of funds pursuant to the provisions of Items (2) and (5) of Article 11), such acquisition by assignment (excluding acquisition by assignment of loan receivables pursuant to the provisions of Item (2) of the same Article), such acquisition (excluding the acquisition of the Public/Corporate Bonds, etc. pursuant to the provisions of the same Item), such Guarantees, etc. of Liabilities (excluding guarantee, etc. of liabilities pursuant to the provisions of the same Item) or such contribution (for all such operations, limited to

those related to the businesses with respect to the development of infrastructure and other foundation for socioeconomic activities overseas), are recognized as being appropriate, in light of the risks, etc. of such loans, such assigned loan receivables and other assets becoming irrecoverable (excluding the cases listed in the preceding Item).

2. The conditions, such as the interest rates of loans and yield on assigned loan receivables related to the operations listed in Items (1) through (6) of Article 11, shall be determined in light of usual conditions for transactions by the Banks, etc. or the trends of financial markets, so that revenue of each of the accounts of the respective operations listed in each of the Items of Article 26-2 will be sufficient to cover the expenses therefor.

#### Article 13-2: Special Operations Guidelines

1. The Minister of Finance shall prescribe and make public the guidelines (hereinafter referred to as the "Special Operations Guidelines" in the following Paragraph and Paragraph 1 of the following Article) that JBIC shall follow upon conducting the operations listed below (hereinafter referred to as the "Special Operations"):
  - (1) Operations listed in Items (1), (3), (4) and (6) of Article 11 that are conducted in the cases listed in Item (2), Paragraph 1 of the preceding Article;
  - (2) Operations listed in Item (7) of Article 11 related to the operations listed in the preceding Item;
  - (3) Operations listed in Item (8) of Article 11 related to the operations listed in the preceding two (2) Items; or
  - (4) Operations listed in Item (9) of Article 11 related to the operations listed in the preceding three (3) Items (excluding operations listed in Item (2)).
2. The Special Operations Guidelines shall set forth the following matters:
  - (1) Standards to follow upon conducting the loan of funds, the acquisition by assignment of loan receivables, acquisition of the Public/Corporate Bonds, etc., the Guarantee, etc. of Liabilities or conducting the contributions related to the Special Operations;
  - (2) Matters regarding appropriate financial management of the Special Operations;
  - (3) Matters regarding supplement of financial transactions implemented by ordinary financial institutions in respect of the Special Operations;
  - (4) Matters regarding the system for conducting evaluation and monitoring with respect to the status of the implementation of the Special Operations;
  - (5) Matters regarding reports to the Minister of Finance with respect to the status of the implementation of the Special Operations; and
  - (6) Other matters necessary to ensure appropriate implementation of the Special Operations.

#### Article 13-3: Basic Policy concerning the Special Operations

1. JBIC shall set forth a basic policy concerning the Special Operations (hereinafter referred to as the "Special Operations Basic Policy" in the following Paragraph) with respect to the implementation of matters regarding the Special Operations as prescribed by the Ordinance of the Ministry of Finance, pursuant to the Special Operations Guidelines, and obtain the authorization of the Minister of Finance. The same shall apply if JBIC intends to make any changes thereto.
2. When the Minister of Finance determines that the Special Operations Basic Policy, approved pursuant to the provisions



of the preceding Paragraph, has become inappropriate for JBIC to conduct the Special Operations appropriately, the Minister of Finance may order JBIC to change it.

#### Article 15: Business Year

The business year of JBIC shall begin on April 1 of each year and end on March 31 of the following year.

#### Article 16: Budget

1. JBIC shall prepare the budget for revenues and expenditures and submit it to the Minister of Finance for each business year.
2. The revenues set forth in the preceding Paragraph mean interest on loans (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to an interest), interest on the Corporate/Public Bonds, etc., dividends on contributions, debt guarantee fees and other incomes related to asset management and miscellaneous incidental income, and the expenditures set forth in the same Paragraph mean expense of operations, business entrustment fees, interest on borrowings (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to a borrowing; the same shall apply hereinafter in Paragraphs 1 and 3 of Article 33), interest on bonds and notes and incidental expenses.
3. Upon receipt of the budget submitted pursuant to the provisions of Paragraph 1 above, the Minister of Finance shall examine such budget and make any necessary adjustments thereto, and obtain the Cabinet's decision thereon.
4. After the Cabinet's decision is made pursuant to the provisions of the preceding Paragraph, the Cabinet shall submit such budget to the Diet together with the national budget.
5. The form and content of the budget and procedures for the preparation and submission thereof shall be specified by the Minister of Finance.

#### Article 26: Submission of Financial Statements

1. JBIC shall prepare the list of assets every business year.
2. JBIC shall, within three (3) months after the end of every business year, submit to the Minister of Finance the balance sheets, statements of operations and list of assets (hereinafter referred to as the "Balance Sheets, etc.") and business report (including the Electro-Magnetic Record (which means the record specified by the Minister of Finance as a record which is produced by electronic, magnetic, or any other means unrecognizable by human perception and which is used for data-processing by a computer; the same shall apply hereinafter) which has recorded the matters to be described in such Balance Sheets, etc. and its business report) for each business year.

#### Article 26-2: Separate Accounting

JBIC shall separate the accounting for each category of operations listed below and allocate it by establishing the respective accounts for each category:

- (1) Operations other than the Special Operations (referred to in Article 33 as "Ordinary Operations"); and
- (2) Special Operations.

#### Article 26-3: Mutatis Mutandis Application of the Companies Act, etc. in respect of Separate Accounting

1. The provisions of Article 295, 337, 374, 396, Articles 431 through 443, and Articles 446 and 447 of the Companies Act shall apply *mutatis mutandis* to the separate accounting

implemented by JBIC pursuant to the provisions of the preceding Paragraph. In such case, the term, "of a Stock Company", referenced in Article 446 of the same Act, shall be deemed to be replaced with "that belongs to the account established under the provision of Article 26-2 of Japan Bank for International Cooperation Act (Act No. 39 of 2011)"; the term, "the amounts listed in item (v) through (vii) from the sum", also referenced therein, shall be deemed to be replaced with "the amounts listed in item (v) through (vii), which is recorded in the account to which the said surplus belongs to, from the sum which is recorded in the account to which the said surplus belongs to"; and the term, "stated capital", referenced in Paragraphs 1 and 2 of Article 447 of the same Act, shall be deemed to be replaced with "stated capital belonging to the account established pursuant to the provision of Article 26-2 of Japan Bank for International Cooperation Act"; the term, "reserves", referenced in Item 2 of Paragraph 1 of the same Article, shall be deemed to be replaced with "reserves belonging to the account established pursuant to the provision of the same Article"; and the term, "and the reserves", also referenced therein, shall be deemed to be replaced with "and such reserves"; the term "the stated capital", referenced in Paragraph 3 of the same Article, shall be deemed to be replaced with "the stated capital belonging to the account established pursuant to the provision of Article 26-2 of Japan Bank for International Cooperation Act"; and the term, "the stated capital", also referenced therein, shall be deemed to be replaced with "the stated capital belonging to the account established pursuant to the provision of the same Article"; and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

2. The provisions of Article 448, 449, and Paragraphs 1 (limited to the portions related to Item 5 thereof) and 2 (limited to the portions related to Item 5 thereof) of Article 828 of the Companies Act shall apply *mutatis mutandis* to the accounting practices implemented by JBIC by separating it pursuant to the provisions of the preceding Article, except for the case where any surplus is accumulated as a reserve under the provisions of Paragraph 1 of Article 31 hereof and the case where such reserve is drawn down pursuant to the provision of Paragraph 2 of Article 31 hereof. In this case, the term "the reserves", referenced in Paragraphs 1 and 2 of Article 448 of the same Act, shall be deemed to be replaced with "the reserves belonging to the account established pursuant to the provision of Article 26-2 of Japan Bank for International Cooperation Act"; the term "the stated capital", referenced in Item 2 of Paragraph 1 of the same Article shall be deemed to be replaced with "the stated capital that shall belong to the account established pursuant to the provision of the same Article"; the term, "and the stated capital", also referenced therein, shall be deemed to be replaced with "and such stated capital"; the term, "the reserves", referenced in Paragraph 3 of the same Article, shall be deemed to be replaced with "the reserves belonging to the account established pursuant to the provision of Article 26-2 of Japan Bank for International Cooperation Act"; and the term, "the reserves", also referenced therein in the same Paragraph, shall be deemed to be replaced with "the reserves belonging to the account established pursuant to the provision of the same Article"; and any other necessary technical replacement of terms shall be specified by a Cabinet Order.
3. In the case where JBIC increases or reduces the amount of its stated capital belonging to the account established pursuant to the provisions of the preceding Article, an amount of JBIC's stated capital shall be the sum of the amounts of

stated capital belonging to all the accounts of JBIC after the implementation of such increase or reduction; and in the case where JBIC increases or reduces the amount of its reserves belonging to the account established pursuant to the provision of the same Article, the amount of JBIC's reserves shall be the sum of the amounts of the reserves belonging to all the accounts of JBIC after the implementation of such increase or reduction. In this case, the provisions of Articles 447 through 449, and Paragraphs 1 (limited to the portions related to Item 5) and 2 (limited to the portions related to Item 5) of Article 828 of the Companies Act shall not apply.

#### **Article 27: Preparation and Submission of Report on Settlement of Accounts**

1. After submitting the Balance Sheets, etc. pursuant to the provisions of Paragraph 2 of Article 26, JBIC shall, every business year, prepare a report on the settlement of accounts for the relevant business year (including the Electro-Magnetic Record which has recorded the matters to be described in such report on the settlement of accounts; the same shall apply hereinafter) and submit it to the Minister of Finance, without delay, by attaching the opinion of the Auditor(s), Audit and Supervisory Committee or Audit Committee concerning such report on the settlement of accounts, together with such submitted Balance Sheets, etc.
2. Upon receiving the report on the settlement of accounts pursuant to the provisions of the preceding Paragraph, the Minister of Finance shall send it to the Cabinet, together with the Balance Sheets, etc. referenced in the same Paragraph.
3. Upon making the submission pursuant to the provisions of Paragraph 1 of this Article, JBIC shall, without delay, keep the report on the settlement of accounts and the document stating the opinion of the Auditor(s), Audit and Supervisory Committee or Audit Committee at its head office and branch offices and make them available for public inspection during the period prescribed by the Ordinance of the Ministry of Finance.
4. The form and content of the report on the settlement of accounts shall be specified by the Minister of Finance.

#### **Article 28: Sending of Report on Settlement of Accounts to Board of Audit of Japan**

Upon receiving JBIC's report on the settlement of accounts pursuant to the provisions of Paragraph 2 of the preceding Article, the Cabinet shall send it, together with the Balance Sheets, etc. set forth in Paragraph 1 of the same Article, to the Board of Audit of Japan no later than November 30 of the following business year.

#### **Article 29: Submission of Report on Settlement of Accounts to Diet**

The Cabinet shall submit JBIC's report on the settlement of accounts for which the Board of Audit of Japan has finished its inspection, to the Diet, by attaching the Balance Sheets, etc. set forth in Paragraph 1 of Article 27 hereof, together with the settlement of accounts for national revenues and expenditures.

#### **Article 31: Payment to National Treasury**

1. In each of the accounts related to the operations listed in each Item of Article 26-2, in the event that the amount of the surplus recorded in the settlement of accounts for each business year exceeds zero, JBIC shall accumulate, as a reserve, the amount calculated in accordance with

the standards prescribed by a Cabinet Order, among such surplus, until it reaches the amount prescribed by the Cabinet Order, and if there is still a surplus, JBIC shall pay the amount of such surplus into the National Treasury within three (3) months after the end of such business year.

2. In the event that the amount of the surplus recorded in the settlement of accounts for each business year falls below zero in the respective accounts set forth in the preceding Paragraph, JBIC shall allocate such surplus by drawing down the reserve set forth in the same Paragraph until the amount of such surplus becomes zero.
3. The procedures for the payment into the National Treasury pursuant to the provisions of Paragraph 1 of this Article, the account into which such payment is to be made and other necessary matters concerning the payment to the National Treasury shall be prescribed by a Cabinet Order.
4. The reserves set forth in Paragraph 1 shall be allocated for each category of the accounts related to the operations listed in each Item of Article 26-2.
5. JBIC shall not be allowed to make any appropriation of its surplus, such as dividend of its surplus, nor any appropriation of its surplus belonging to the accounts related to the operations listed in each Item of Article 26-2, such as dividends of such surplus, unless such disposition is made pursuant to the provisions of Paragraphs 1 and 2 of this Article.

#### **Article 32: Provision of Loans by Government**

The Government may provide monetary loans to JBIC.

#### **Article 33: Borrowings and Corporate Bonds**

1. Borrowing of funds (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to a borrowing; the same shall apply hereinafter in this Article, Paragraph 1 of Article 35 and Item 5 of Article 46) made in order to meet JBIC's fund requirements for the performance of its operations shall be limited to the borrowings of short-term loans (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to short-term loans; the same shall apply hereinafter in the following Paragraph and Paragraph 6), or long-term loans in foreign currency (meaning a borrowing of an amount in foreign currency with a repayment period of more than one (1) year; the same shall apply hereinafter in this Article and Paragraph 1 of Article 35), from financial institutions, such as banks, or the borrowings related to the monetary loans obtained from the Government pursuant to the provisions of the preceding Article.
2. The short-term loans (excluding those in foreign currency) set forth in the preceding Paragraph shall be repaid during the business year in which these borrowings are made; provided, however, that in cases where repayment cannot be made due to shortage of funds, JBIC may reborrow (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to an act of reborrowing; the same shall apply hereinafter in the following Paragraph and Paragraph 7) only the amount which cannot be so repaid, with the authorization of the Minister of Finance.
3. Loans reborrowed pursuant to the proviso of the preceding Paragraph shall be repaid within one (1) year.
4. Pursuant to the provisions of a Cabinet Order, JBIC shall, every business year, prepare a basic policy concerning the issuance of corporate bonds and the borrowing of long-term loans in foreign currency made in order to meet fund

requirements for the performance of its operations and obtain the authorization of the Minister of Finance. When JBIC intends to make any change to the policy, the same shall apply.

5. When JBIC has issued corporate bonds or borrowed the long-term loans in foreign currency pursuant to the provisions of preceding Paragraph, it shall, without delay, make a notification of such fact to the Minister of Finance pursuant to the provisions prescribed by a Cabinet Order; provided, however, that this shall not apply if JBIC issues the certificates of corporate bonds, as prescribed by a Cabinet Order, in order to deliver to anyone who has lost such certificates of corporate bonds and, as a result of the issuance of such certificates of corporate bonds, JBIC assumes new liabilities.
6. The total amount of (i) the outstanding amounts of the short-term loans, the long-term loans in foreign currency and the borrowings related to the monetary loans obtained from the Government as set forth in Paragraph 1 of this Article that are made in order to meet JBIC's fund requirements for the performance of its Ordinary Operations, and (ii) the outstanding amount of liabilities relating to the principal amount of corporate bonds set forth in Paragraph 4 of this Article that are issued in order to meet JBIC's fund requirements for the performance of its Ordinary Operations shall not exceed the amount (hereinafter referred to as the "Limitation Amount Related to Ordinary Operations" in this Article) equivalent to ten (10) times the total amount of the capital and reserves belonging to the account related to the Ordinary Operations of JBIC (hereinafter referred to as the "Base Amount Related to Ordinary Operations" in this Article).
7. Notwithstanding the provisions of the preceding Paragraph, when the issuance of new bonds is necessary to reborrow the issued corporate bonds with respect to corporate bonds set forth in Paragraph 4 of this Article that were issued in order to meet JBIC's fund requirements for the performance of its Ordinary Operations, the corporate bonds may be issued in excess of the Limitation Amount Related to Ordinary Operations only within the period necessary to make such reborrowing.
8. Among the Ordinary Operations, the total amount of the outstanding amounts of (i) monetary loans, (ii) acquisition of the receivables related to assignment and the Corporate/Public Bonds, etc., (iii) liabilities relating to the Guarantee, etc. of Liabilities and (iv) contributions, all of which are made pursuant to the provisions of Items (1) through (6) of Article 11 hereof, shall not exceed the aggregate amount of the Base Amount Related to Ordinary Operations and the Limitation Amount Related to Ordinary Operations.
9. The provisions set forth in the preceding three (3) paragraphs shall apply *mutatis mutandis* to the Special Operations. In this case, the term, "Base Amount Related to Ordinary Operations", referenced in Paragraphs 6 and the preceding Paragraph, shall be deemed to be replaced with "Base Amount Related to Special Operations"; the term, "Limitation Amount Related to Ordinary Operations", referenced in the preceding three (3) paragraphs, shall be deemed to be replaced with "Limitation Amount Related to Special Operations"; and the term, "through (6)", referenced in the preceding Paragraph, shall be deemed to be replaced with "Item (3), (4) and (6)".
10. The monetary funds financed through the borrowing of funds or the issuance of the corporate bonds pursuant to the provisions of this Article shall, in accordance with the separate accounting set forth in Article 26-2 hereof, be allocated to the respective accounts relevant to the

operations listed in each Item of the same Article.

#### Article 34: Statutory Lien

1. A holder of JBIC's corporate bonds shall, with respect to the property of JBIC, have the right to have his/her receivables satisfied in preference to other creditors.
2. The order of the statutory lien set forth in the preceding Paragraph shall be next to the general liens prescribed by the provisions of the Civil Code (Act No. 89 of 1896).

#### Article 35: Government Guarantee

1. Notwithstanding the provisions of Article 3 of the Act Concerning Restrictions on Financial Assistance by the Government to Corporations (Act No. 24 of 1946), the Government may execute a guarantee agreement with respect to the liabilities related to JBIC's corporate bonds (excluding the liabilities with respect to which the Government may execute a guarantee agreement under Paragraph 2 of Article 2 of the Act on Special Measures Pertaining to the Acceptance of Foreign Capital from the International Bank for Reconstruction and Development, etc. (Act No. 51 of 1953) (referred to as the "Foreign Capital Acceptance Act" in the following Paragraph and Paragraph 1 of Article 16 of the Supplementary Provisions)) or the liabilities related to the long-term loans in foreign currency, within the scope of the amount fixed by the budget.
2. Among the amount fixed by the budget set forth in the preceding Paragraph, the amount of liabilities related to the corporate bonds issued in a foreign country and denominated in Japanese currency may be fixed by adding up to the amount fixed by the budget as set forth in Paragraph 2 of Article 2 of the Foreign Capital Acceptance Act, when it is difficult to fix the said amount of liabilities separately from the said amount fixed by the budget set forth in the same paragraph of the Foreign Capital Acceptance Act.
3. The Government may, in addition to the provisions of Paragraph 1 of this Article, execute a guarantee agreement with respect to the liabilities related to the certificates of corporate bonds or coupons thereof, which are issued by JBIC, pursuant to the provisions prescribed by a Cabinet Order, in order to deliver to a person who has lost the certificates of corporate bonds or coupons thereof.

#### Article 36: Investment of Surplus Funds

JBIC shall not invest any surplus funds of its business except by means of:

- (1) Acquisition of national government bonds, local government bonds or government-guaranteed bonds (which mean the bonds for which the redemption of its principal and payment of interest thereon are guaranteed by the Government) and other securities designated by the Minister of Finance;
- (2) Deposit with the Fiscal Loan Fund;
- (3) Deposit with banks or other financial institutions designated by the Minister of Finance;
- (4) Holding of negotiable deposit certificates;
- (5) Money trust to the financial institutions engaging in trust business (which mean the financial institutions that have obtained the authorization set forth in Paragraph 1 of Article 1 of the Act on Provision, etc. of Trust Business by Financial Institutions);
- (6) Lending of call funds; or
- (7) Means prescribed in the Ordinance of the Ministry of Finance as the means equivalent to the means listed in each of the preceding Items.



**Article 38: Supervision**

1. The Minister of Finance shall supervise JBIC in accordance with the provisions of this Act.
2. With respect to the management or administration of JBIC, in the case where the Minister of Finance finds that there is a violation of laws and regulations or the Articles of Incorporation or any grossly unjust matter exists and in other cases where they find it necessary for the enforcement of this Act, the Minister of Finance may issue JBIC orders concerning its operations as are necessary for the supervision.

**Article 39: Report and Inspection**

1. If the Minister of Finance finds it necessary for the enforcement of this Act, the Minister of Finance may cause JBIC or the Juridical Person Delegated to submit reports or may cause its officials to enter the facilities of JBIC or of the Juridical Person Delegated, such as the offices to inspect the accounting books, documents and other necessary objects; provided, however, that, with respect to the Juridical Person Delegated, such action shall be limited to the scope of operations delegated to it by JBIC.
2. When an official of the Minister of Finance carries out an on-site inspection pursuant to the provisions of the preceding Paragraph, he/she shall carry with him/her identification certifying his/her status and present it to parties concerned.
3. The authority to carry out the on-site inspection pursuant to the provisions of Paragraph 1 above shall not be construed to be that given for the investigation of a criminal offense.

**Article 40: Delegation of Authority**

1. The Minister of Finance may, as prescribed by a Cabinet Order, delegate part of the authority to carry out an on-site inspection pursuant to the provisions of Paragraph 1 of the preceding Article to the Prime Minister.
2. If the Prime Minister has carried out an on-site inspection pursuant to the provisions of Paragraph 1 of the preceding Article on the basis of the delegation pursuant to the provisions of the preceding Paragraph, he/she shall promptly submit a report of the results of the inspection to the Minister of Finance.
3. The Prime Minister shall delegate both the authority delegated pursuant to the provisions of Paragraph 1 above and the authority set forth in the provisions of the preceding Paragraph to the Commissioner of Financial Services Agency.
4. The Commissioner of Financial Services Agency may, as prescribed by a Cabinet Order, delegate all or part of the authority delegated pursuant to the provisions of the preceding Paragraph, to Director-General of the Local Finance Bureau or the Director-General of the Local Finance Branch Bureau.
5. Part of the authority of the Minister of Finance set forth in this Act (excluding that delegated to the Prime Minister pursuant to the provisions of Paragraph 1 above) may, as prescribed by a Cabinet Order, be delegated to the Director-General of the Local Finance Bureau or the Director-General of the Local Finance Branch Bureau.

**Article 41: Articles of Incorporation**

1. In the Articles of Incorporation of JBIC, in addition to the matters listed in each of the Items of Article 27 of the Companies Act, matters relating to the procedures and requirements for the appointment of a person to assume management responsibility from among the Representative Directors or Representative Executive Officers shall be described or recorded.

2. With respect to the matters related to the requirements for the appointment of a person to assume management responsibility set forth in the preceding Paragraph, the provisions that the requirements listed below be satisfied shall be incorporated:
  - (1) A person who has discernment and the capability recognized as necessary in light of the purposes set forth in Article 1 hereof and the operations set forth in Article 11 hereof shall be appointed; and
  - (2) Due consideration shall be required in order to avoid automatically appointing such persons who have held certain specific governmental positions.
3. The resolution for the amendment of the Articles of Incorporation of JBIC shall not take effect unless the authorization of the Minister of Finance is granted.

**Article 42: Merger, Company Split, Share Exchange, Assignment and Acceptance of Assignment of Business and Dissolution**

Notwithstanding the provisions of Part II, Chapters VII and VIII and Part V, Chapters II, III and IV, Section I of the Companies Act, the merger, company split, share exchange, assignment and acceptance of assignment of all or part of business, to which JBIC becomes a party, and dissolution of JBIC shall be provided for separately by an Act.

**Article 43: Exclusion from Application, etc. of Financial Instruments and Exchange Act**

1. When JBIC performs the actions listed in each of the Items of Paragraph 8 of Article 2 of the Financial Instruments and Exchange Act pursuant to the provisions of Article 11, the provisions of Article 29 of the same Act shall not apply.
2. In the case set forth in the preceding Paragraph (excluding the case set forth in the following Paragraph), JBIC shall be deemed as the Financial Instruments Business Operator defined in Paragraph 9 of Article 2 of the Financial Instruments and Exchange Act, and the provisions of Chapter III, Section I, Subsection V and Section II (excluding Article 35, Article 35-2, Articles 36-2 through 36-4, Item (2) of Paragraph 1 of Article 37, Item (2) of Paragraph 1 of Article 37-3, Article 37-7 and Item (7) of Article 38) of the same Act and the provisions of Chapters VIII and VIII-II of the same Act relating to such provisions shall apply.
3. When JBIC performs the actions listed in each of the Items of Paragraph 1 of Article 63 of the Financial Instruments and Exchange Act pursuant to the provisions of Article 11 hereof, the provisions of Paragraph 2 of the said Article 63 shall not apply.
4. In the case set forth in the preceding Paragraph, JBIC shall be deemed as the Financial Instruments Business Operator defined in Paragraph 9 of Article 2 of the Financial Instruments and Exchange Act, and the provisions of Chapter III, Section I, Subsection V, Paragraph 1 of Article 36, Article 37 (excluding Item (2) of Paragraph 1), Article 37-3 (excluding Item (2) of Paragraph 1), Article 37-4, Article 38 (limited to the portions related to Items (1), (2) and (9)), Article 39 (excluding Paragraphs 4 and 6), Article 40, Article 40-3, Article 40-3-2, Article 42, Article 42-2, Article 42-4, Article 42-7 and Article 45 of the same Act and the provisions of Chapters VIII and VIII-II of the same Act related to such provisions shall apply.

*This English version of the Act has been prepared purely for information purpose, and should not be considered as an official translation of the Japan Bank for International Cooperation Act or any authorities of Japanese Government.*

# Basic Policy for the Internal Control System

## Article 1. Ensuring Compliance with Laws, Regulations, and Articles of Incorporation in Performance of Duties by Directors and Employees

1. The Japan Bank for International Cooperation ("JBIC") and its subsidiaries (both collectively called "JBIC Group") shall establish a corporate philosophy, code of conduct, as well as the policy for compliance with laws and regulations and other internal rules for compliance, and notify directors and employees of those principles and rules, for the purpose of ensuring that directors and employees including temporary workers (this definition is applied throughout this document) perform their duties in compliance with laws, regulations, and the articles of incorporation ("Laws and Regulations").
2. Directors and employees of the JBIC Group shall abide by the internal rules for compliance.
3. JBIC shall set up a department responsible for compliance and appoint a compliance officer in order to establish and reinforce a framework for compliance with Laws and Regulations within the JBIC Group.
4. JBIC shall establish a committee to deliberate important matters related to compliance within the JBIC Group and monitor the status of compliance with Laws and Regulations.
5. JBIC shall establish an effective internal anonymous reporting system and implement it in an appropriate manner so that important facts related to compliance within the JBIC Group can be detected earlier and necessary corrective measures can be taken.
6. The JBIC Group shall not have any connections whatsoever with antisocial forces. It shall adopt an uncompromising attitude, throughout its organization, toward antisocial forces, and decisively reject all improper demands from such forces.

## Article 2. Retention and Management of Information concerning Performance of Duties by Directors

1. JBIC shall establish the information asset management regulations and other internal rules for retention and management of information in order that information concerning the performance of duties by directors, customer information and other information handled by JBIC can be appropriately retained and managed.
2. JBIC shall retain and manage the minutes of Board of Directors meetings and other documents relating to the performance of duties by directors, in accordance with laws, regulations, or internal rules for retention and management of information.
3. Directors and employees shall retain and manage information in an appropriate manner according to the internal rules for retention and management of information.

## Article 3. Rules and Structures for Managing Risk of Loss

1. In recognition of the importance of risk management practices throughout its entire organization, JBIC and its subsidiaries shall individually control various risks in an appropriate manner by establishing the integrated risk management regulations and other internal rules for risk management, which stipulate the management of various risks that should be recognized in the course of business operations at the JBIC Group as well as the organizational structure that is needed for integrated risk management.
2. JBIC shall set up a department responsible for risk management and appoint a risk management officer. In addition, JBIC shall establish a committee to conduct deliberations and considerations on implementing effective

risk management practices.

3. JBIC and its subsidiaries shall strive to create a crisis management structure in preparation for disasters and other crisis situations, by individually establishing the crisis management regulations and other internal rules for crisis management.
4. In the case where normal business operations of the JBIC Group are disrupted or might be affected by crisis situations, JBIC shall set up an emergency response office as necessary, in accordance with the internal rules for crisis management, to restore operations in a prompt and efficient manner.

## Article 4. Ensuring Efficient Execution of Directors' Duties

1. The Board of Directors shall establish business plans and properly manage business of the JBIC Group.
2. JBIC shall establish the Executive Committee to which authority is delegated by the Board of Directors for approval of certain matters. In addition to making decisions on those specific matters by exercising the delegated authority, the Executive Committee shall deliberate matters requiring approval of the Board of Directors prior to Board of Directors meetings, in order to aid decision-making among the Board of Directors. Moreover, JBIC shall establish an advisory body to the Executive Committee or other various committees to which authority is delegated by the Executive Committee for approval of certain matters.
3. JBIC shall establish the internal rules for organizational structure stipulating the roles and responsibilities of the Board of Directors, for the purpose of efficiently executing matters approved by a Board of Directors meeting.
4. To expedite the decision-making process, JBIC shall introduce a function-based organization and an executive officer system in which authority is delegated by management for approval of specific matters in accordance with the organization rules, authority rules and other related internal rules.

## Article 4 (2): Structures for Ensuring Proper Operations of JBIC Group's Business

1. JBIC shall take appropriate measures for business management and operations in its subsidiaries, to ensure proper operations of JBIC Group's business.
2. JBIC shall establish a structure where its subsidiaries report to JBIC, in a proper manner, the important matters that their Board of Directors execute.

## Article 5. Internal Audit for Ensuring Proper Operations of JBIC's Business

1. JBIC shall establish the internal audit regulations and other internal rules for internal audit to ensure the appropriateness and soundness of its operations.
2. JBIC shall set up the Internal Audit Committee to make decisions or deliberations on important matters related to internal audit for the JBIC Group.
3. JBIC shall set up the Internal Audit Department, separated from the departments subject to audit, to supervise the operations of internal audit.
4. The Internal Audit Department shall conduct an internal audit for JBIC and its subsidiaries as necessary, and report to the director responsible for internal audit on the results, pursuant to the internal rules for internal audit.
5. The Internal Audit Department shall periodically and as necessary, as well as upon request of a director or a corporate auditor of JBIC ("Corporate Auditor"), report the results of internal audits to the Board of Directors, other bodies or committees.

6. The Internal Audit Department shall strive to perform an internal audit in an efficient manner by collaborating and exchanging necessary information with Corporate Auditors and accounting auditors.

#### **Article 6. Assignment of Employees who Assist Corporate Auditors in Performing Their Duties**

1. JBIC shall set up the Office of Corporate Auditor and assign employees to assist Corporate Auditors in performing their duties.
2. Those employees shall perform their duties in accordance with the instructions from the Corporate Auditors.
3. When deemed necessary, the Corporate Auditors may assign employees other than those stipulated in the above paragraph 1, on a temporary basis, to assist in conducting audit work, by obtaining prior approval from the Governor.

#### **Article 7. Securing Effectiveness of Instructions to Employees Assisting Audit Work and Independence of Instructions from the Director of Organization where They Concurrently Work**

1. JBIC shall obtain prior approval of the full-time Corporate Auditor on the personnel evaluation and transfer of, and other personnel matters relating to employees who assist Corporate Auditors in auditing ("the auditor's office staff"), before making decisions on those matters.
2. JBIC shall make the auditor's office staff engaged in audit work only as per the instructions given by corporate auditors, to secure the effectiveness of their instructions to the auditor's office staff. However, in the case where the auditor's office staff need to concurrently works in another department/office, JBIC shall obtain prior approval of the full-time Corporate Auditor on their duties in another position, by clearly stating the following points in writing:
  - (1) There is a rational reason why the auditor's office staff need to concurrently serve in another organization.
  - (2) In assisting with the duties of the Corporate Auditors, the auditor's office staff shall follow the instructions from the Corporate Auditors and not the instructions from a director in an organization where the auditor's office staff serve concurrently.
  - (3) The scope of duties of and instructions to the auditor's office staff in the position other than the Office of Corporate Auditor shall be expressly limited.
  - (4) The auditor's office staff shall not share, with others in another department/office where he/she concurrently serves, the information obtained from performing their duties at the Office of Corporate Auditor.
  - (5) The auditor's office staff shall always give priority to the duties of assisting the Corporate Auditors ahead of the duties in another organization where the staff serve concurrently, to ensure the effectiveness of audits by the Corporate Auditors.
  - (6) When deemed necessary, the full-time Corporate Auditor may withdraw his/her approval of the auditor's office staff's duties in another position while working at the Office of Corporate Auditor.

#### **Article 8. Internal Reporting by Directors and Employees to Corporate Auditors and Preventing Unfair Treatment of Individuals who Reported to Corporate Auditors**

1. Directors and employees of the JBIC Group, as well as corporate auditors of JBIC's subsidiaries shall, directly or indirectly, report the status of performance of their duties to the Corporate Auditors when required, in an accurate manner.

2. In the event that any fact that has the potential to inflict substantial harm upon the JBIC Group, or material facts of wrongdoing or violations of Laws and Regulations are detected, both directors and employees of the JBIC Group, as well as corporate auditors of JBIC's subsidiaries shall, directly or indirectly, report the fact to the Corporate Auditors without any delay.
3. JBIC Group shall ensure that an individual who reports unlawful, improper conduct or activity pursuant to the preceding paragraph shall be protected from being treated unfairly as a result of reporting such information.

#### **Article 9. Securing Effectiveness in Auditing by Corporate Auditors**

1. The Corporate Auditors shall be allowed to request directors and employees of the JBIC Group, as well as the corporate auditors of JBIC's subsidiaries, to report the status of performance of their duties, whenever they determine such reports are necessary to conduct audits in an effective manner. A director or employee of the JBIC Group as well as the corporate auditors of JBIC's subsidiaries who receive such a request shall promptly submit a report to the Corporate Auditors.
2. The Corporate Auditors may express their opinions as necessary at the Board of Directors meetings, Executive Committee meetings and other important committee meetings. The Corporate Auditors shall also be allowed to review the minutes of those committee meetings and other related documents.
3. The Governor shall hold periodic meetings with the Corporate Auditors to exchange opinions.
4. The Corporate Auditors may request the cooperation of the Internal Audit Department and departments responsible for compliance matters.
5. The Corporate Auditors may seek advice on audits from lawyers and certified public accountants when they consider it necessary for conducting audits in an effective manner.

#### **Article 10. Procedures for Advance Payment and Payment of Fees, and Treatment of Other Fees and Liabilities Incurred by Corporate Auditors in Executing Their Duties**

In the case where Corporate Auditors seek advice from lawyers and/or certified public accountants regarding audits pursuant to the provision of the preceding article, JBIC shall pay fees, expenses and liabilities arising from the execution of their duties based on the advice received from those specialists.

Japan Bank for International Cooperation (hereinafter "JBIC") adopts the following fundamental policy concerning the use and management of information assets and will properly handle, manage, protect, and maintain information assets to achieve information security that meets the highest standards so as to support its proper and efficient operations.

## (1) Basic Principles

JBIC shall use and manage information assets in line with the basic principles set forth hereunder while complying with all applicable laws, regulations, and rules.

- A. Information assets shall be used appropriately and only for their intended purposes.
- B. Authority concerning the management of information assets shall be granted only after careful consideration of the nature of the work and necessity.
- C. When adopting and implementing information security measures, the following matters shall be taken into consideration, based on the nature of the work:
  - (a) Clarification of responsibilities and roles within implementation structures
  - (b) Timely and prompt implementation of necessary, sufficient, effective, and efficient measures

## (2) Proper Management of Information Assets

Information assets refer to information and information systems. JBIC classifies them according to such factors as their degree of confidentiality, completeness, usability, and importance, and manages them appropriately in accordance with their classification.

## (3) Information Asset Management Structures

JBIC shall establish a structure for ensuring the security of information assets.

## (4) Protection of Personal Information

JBIC shall protect and manage personal information by establishing and making public our Privacy Policy and pursuant to the provisions of the Act on the Protection of Personal Information Held by Independent Administrative Agencies (Law No. 59 of 2003).

## (5) Protection of Client Information

JBIC shall establish the basic policy for protecting its clients and increasing their convenience for the purpose of appropriate protection and management of information pertaining to them in accordance with this basic policy.

## (6) Training on Information Asset Management

JBIC shall provide necessary training to all officers and employees who handle information assets to ensure that they understand requirements in the applicable laws and regulations, as well as in this policy and other applicable rules, and prevent the occurrence of information security problems.

## (7) Outsourcing Work

In the event that JBIC engages persons other than its officers and employees to manage its information assets by outsourcing such work, it shall verify that information security is ensured and that appropriate measures have been taken in accordance with the content of the information assets.

## (8) Responses to Incidents Concerning Information Assets

In the event of improper disclosure of personal or client information or other incidents causing a problem on information security, JBIC shall promptly take appropriate measures.

## (9) Evaluation and Review

JBIC shall evaluate and review this policy, as necessary, to make flexible responses to changes in the external environment, such as the enactment, amendment, or repeal of applicable laws and regulations, as well as innovations in information security technology, and to changes in the internal environment, including organizational and operational changes and updates to JBIC's information systems.

# Outline of Conflict of Interest Management Policy

The Japan Bank for International Cooperation (“JBIC”) and its subsidiary financial institutions, etc. (collectively, the “JBIC Group”), in accordance with the Financial Instruments and Exchange Act, have established the Conflict of Interest Management Policy (the “Policy”) and will appropriately manage the transactions that may cause conflicts of interest in order to prevent the interests of our clients from being unjustly impaired. The summary of the Policy is hereby published as provided below.

## 1. Identification of Transactions That May Cause Conflicts of Interest

### (1) Subject Transactions

“Transactions that may cause conflicts of interest”, which are subject to the Policy, mean such transactions conducted by the JBIC Group that may unjustly impair the interests of its clients (“Subject Transactions”) in the following situations: i) when the JBIC Group’s interests conflict or compete with the interests of its clients or ii) when the interests of multiple clients of the JBIC Group conflict or compete with each other.

### (2) Scope of the Subject Clients

“Clients” who are subject to this Policy mean any client who is utilizing, had previously been utilizing, or may enter into business relations in relation to, the services provided by the JBIC Group in its “Financial Instruments Related Business”.

The “Financial Instruments Related Business” refers to the business specified in Article 70-3 of the Cabinet Office Order on Financial Instruments Business, etc.

## 2. Companies Requiring Conflict of Interest Management

As stated in 1 (1) above, the Subject Transactions are transactions conducted by the JBIC Group (i.e. JBIC and its subsidiary financial institutions, etc.). JBIC’s “subsidiary financial institutions, etc.” mean a subsidiary or affiliated company of JBIC which meets the definition of the term “Subsidiary Financial Institution, etc.” specified in Article 36, Paragraph 5 of the Financial Instruments and Exchange Act.

As of September 30, 2019, the companies listed below are the subsidiary financial institutions, etc. of JBIC.

- IFC Capitalization (Equity) Fund, L.P.
- Delhi Mumbai Industrial Corridor Development Corporation Limited
- JBIC IG Partners
- RJIF Management Limited
- Russian-Japan Investment Fund, L.P.
- JB Nordic General Partner S.à.r.l.
- JB Nordic Ventures Oy
- JB Nordic Fund I SCSp

## 3. Method of Managing Transactions That May Cause Conflicts of Interest

If the JBIC Group identifies any situations where conflicts of interest may arise in connection with transactions with its clients, the JBIC Group will take measures in accordance with the relevant situation, including, for example, the following methods:

- The method of separating the department conducting the Subject Transaction, from the department conducting the transaction with such client;
- The method of amending the conditions or method of the Subject Transaction or the transaction with such client;
- The method of discontinuing the Subject Transaction or the transaction with such client;
- The method of properly disclosing to such client the possibility that the interests of the client may be unjustly impaired in connection with the Subject Transaction; and/or
- Any other methods to properly manage the Subject Transaction.

## 4. Conflict of Interest Management System

The JBIC Group will centrally manage the group’s overall conflict of interest by establishing a department which will manage and control conflicts of interest. The JBIC Group will continue to establish and maintain proper internal systems and comply with laws and regulations and other rules concerning the management of conflicts of interest.



Japan Bank for International Cooperation (hereinafter "JBIC") positions the trust of our clients as our first priority, deeply recognizes the importance of our clients' personal information, and believes that it is our duty to our clients to properly manage and protect their personal information.

With a view to protecting our clients' personal information, JBIC will conduct our operations in a manner whereby we observe the Act on the Protection of Personal Information Held by Independent Administrative Agencies, etc. (hereinafter "Act"), the Guidance concerning the Measures to Properly Manage the Personal Information held by Independent Administrative Agencies, etc. and so forth.

## (1) Acquisition of Personal Information

JBIC will acquire our clients' personal information through proper and lawful means. When we acquire personal information from our clients directly in writing, we will specify in advance the purposes for its use that are within the necessary scope of JBIC's operations.

## (2) Use of Personal Information

JBIC will specify the purposes for use in obtaining the necessary personal information of our clients as listed below, and will use it within the scope that is necessary to achieve such purposes:

- A. Loan, equity participation, and guarantee operations, and their related due diligence exercise and research (or their supplementary work)
- B. Execution of agreements with JBIC, and exercise of rights and performance of obligations under laws, etc.
- C. Confirmation of personal identity as per such laws as Foreign Exchange and Foreign Trade Act (Act No. 228, 1949)
- D. Invitation to events (such as seminars) organized by JBIC
- E. Delivery of various JBIC-related materials
- F. Issuance and collection of surveys and questionnaires, and statistical processing and analysis of such outcomes
- G. Operations necessary for responding to questions and inquiries, and for dealing with transactions including queries from JBIC, in a proper and smooth manner

## (3) Provision of Personal Information to Third Parties

JBIC will not provide the personal information acquired from its clients to third parties except in the following cases:

- A. It is required by law.
- B. It is provided within the scope of the purposes for use as prescribed above.
- C. Consent is obtained from the clients.
- D. There are convincing reasons why executive agencies, independent administrative agencies, local municipal entities or local independent administrative agencies would use it to the necessary extent to carry out the law-stipulated operations.
- E. It is used for statistics compilation or academic research.
- F. It is clearly beneficial to the clients or there exist special reasons to provide personal information.

## (4) Subcontract

JBIC may subcontract the handling of our clients' personal information to conduct such operations more smoothly. In such cases, JBIC will attempt to select a trustworthy subcontractor, enter into a confidentiality agreement, adequately supervise the handling and administering of the personal information, and assure the protection of personal information.

## (5) Personal Information Management (PIM)

- A. JBIC will attempt to keep our clients' personal information correct and updated, and take prevention and safety measures against unauthorized access, leakage, loss, damage, and alteration of personal information.
- B. JBIC will constantly educate its employees about the protection and proper management of our clients' personal information to thoroughly make sure of its proper handling in its daily operations.
- C. JBIC will audit and inspect whether the protection and management of personal information is undertaken properly.

## (6) Disclosure, Correction, and Disuse

If a client wishes to make a request to disclose, correct or disuse the clients' personal information held by JBIC, we will deal with such a request by following the procedure of disclosure etc. stipulated in the Act. Meanwhile, there are some cases when such disclosure etc. could be made out of the procedure of disclosure etc. stipulated in the Act, for which please contact our Head Office or Osaka Branch.

## (7) Inquiries about Personal Information Management (PIM)

For inquiries or complaints about the clients' personal information management (PIM) at JBIC, please contact our Head Office or Osaka Branch.

## (8) Continuous Improvement

JBIC will continuously improve the clients' personal information management (PIM) as necessary.

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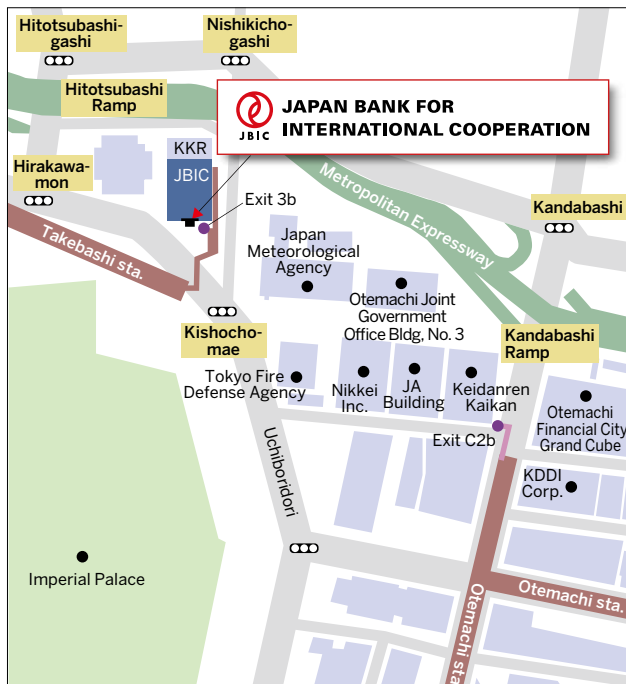
JBIC separately stipulates its basic policy on the safe management of Individual Numbers and Personal Information that includes Individual Numbers (hereinafter "Specific Personal Information"; Individual Number and Specific Personal Information shall hereinafter be collectively referred to as "Specific Personal Information, etc."). "Personal information" as used in this Privacy Policy shall not include Specific Personal Information, and it is not contemplated that JBIC will obtain our clients' Specific Personal Information, etc.



# Access to JBIC Head Office and Osaka Branch

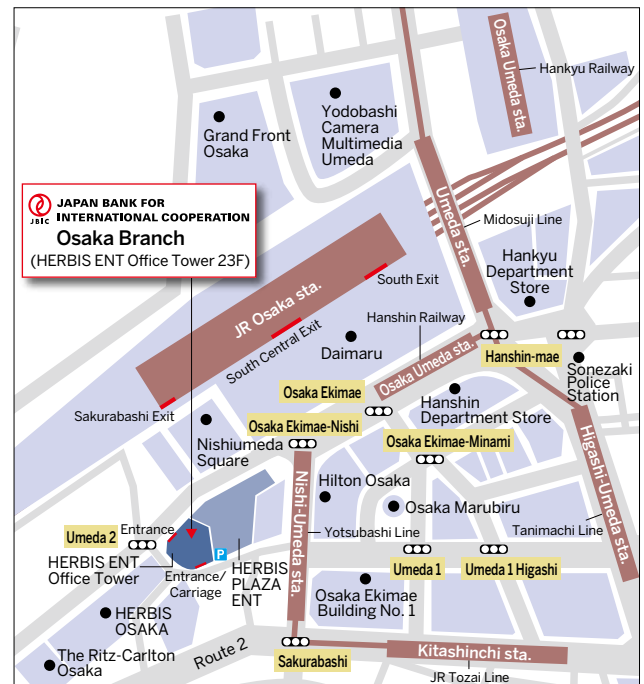
## JBIC Head Office

4-1, Ohtemachi 1-chome, Chiyoda-ku,  
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## JBIC Osaka Branch

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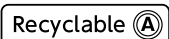
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