

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.

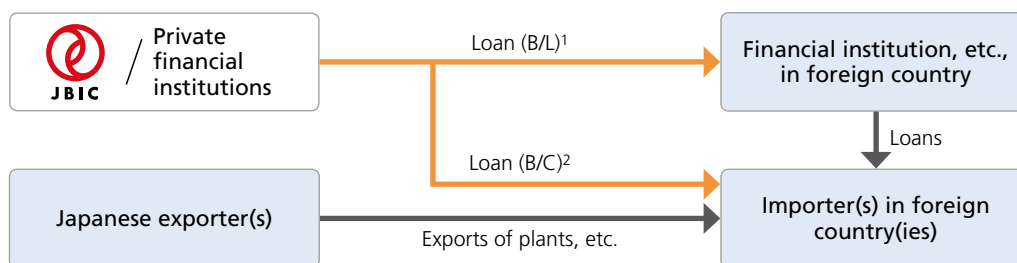
Note: Eligible Sectors of Export Loans in Developed Countries (as of August 31, 2019)

[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

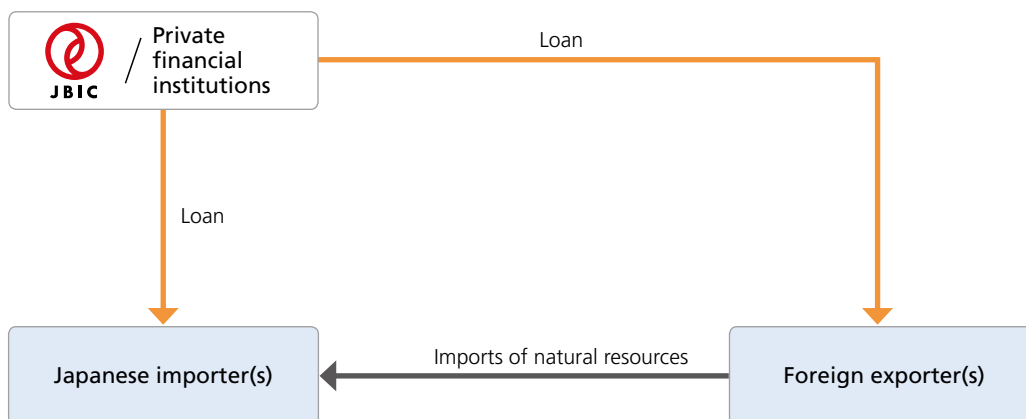
Import loans support imports of strategically important goods including natural resources. They are extended to Japanese importers or foreign exporters. As Japan is poorly endowed with natural resources, stable imports of natural resources over the long term are one of the key factors underpinning domestic 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

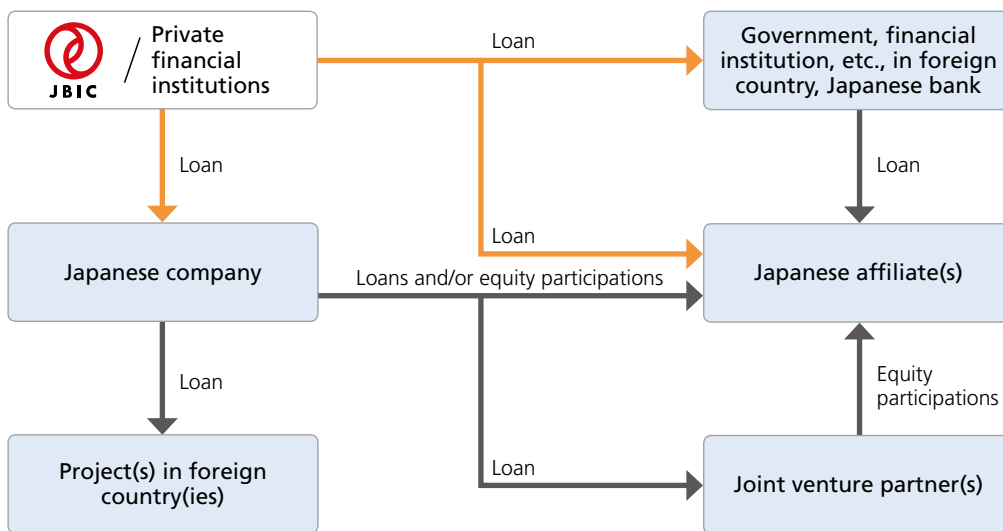
Overseas investment loans support Japanese foreign direct investments. The loans can be provided to Japanese companies (investors), overseas Japanese affiliates (including joint ventures), and foreign governments or financial institutions that have equity participations in or provide loans to such overseas 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 financing¹ 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

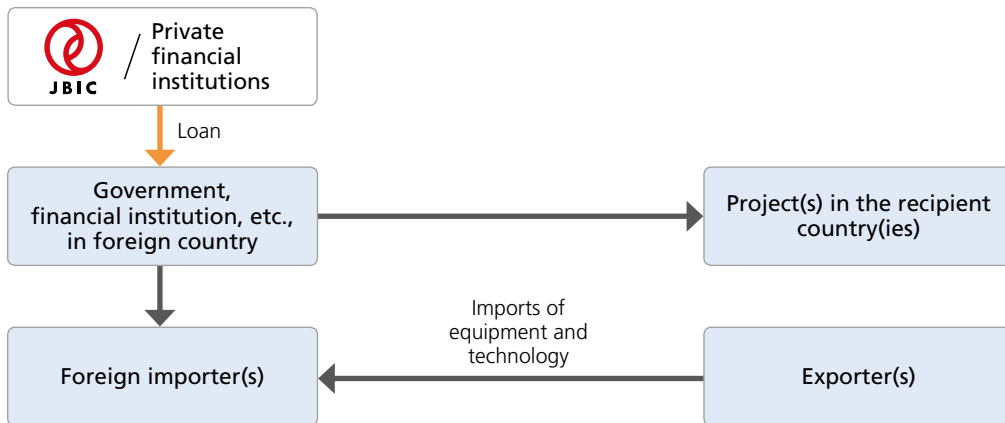
country's electricity demand is projected to grow by an annual average of approximately 3.9% until 2036, and this project is considered to be a part of the major base load. The project is also significant from the viewpoint of ensuring a stable electricity supply for Japanese firms operating in Thailand, 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.

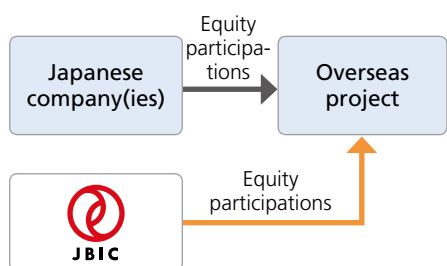
BNDES is Brazil's only policy-based financial institution. With its mission of fostering sustainable development in the Brazilian economy, BNDES actively supports environment-related projects.

Equity Participations

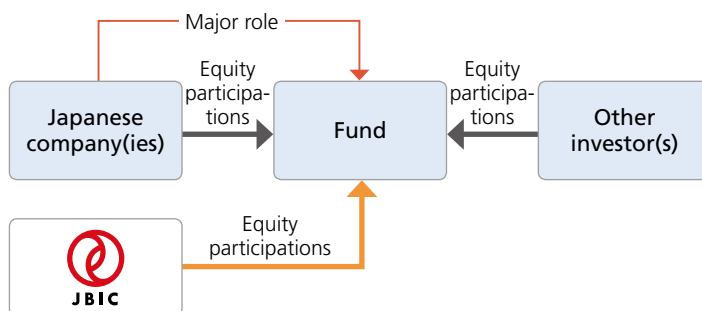
Equity participations are capital contributions to companies where Japanese companies have equity stakes to undertake overseas projects, as well as funds where Japanese

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

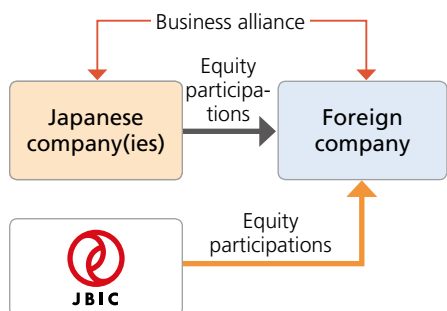
Japanese companies make equity participations in an overseas project



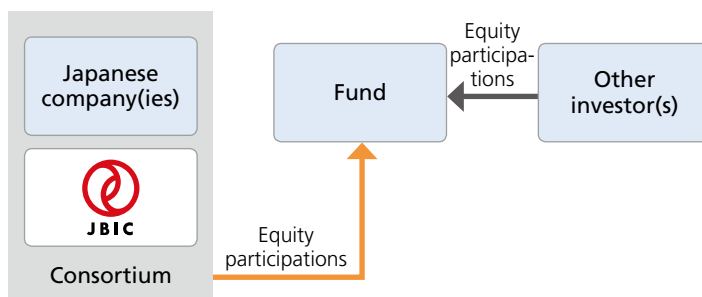
Japanese companies participate in a fund (and perform such a major role as general partner in their management and investment decisions)



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)¹. 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.

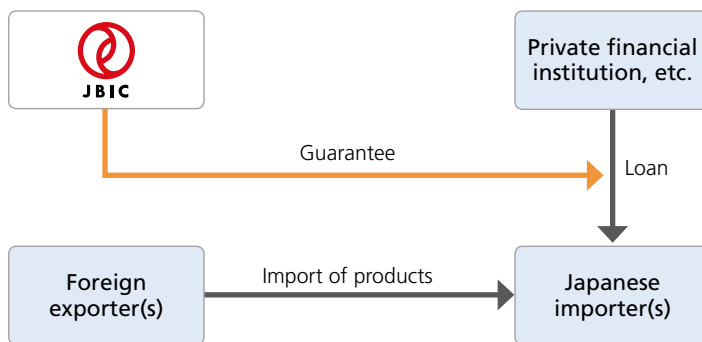
Guarantees

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.

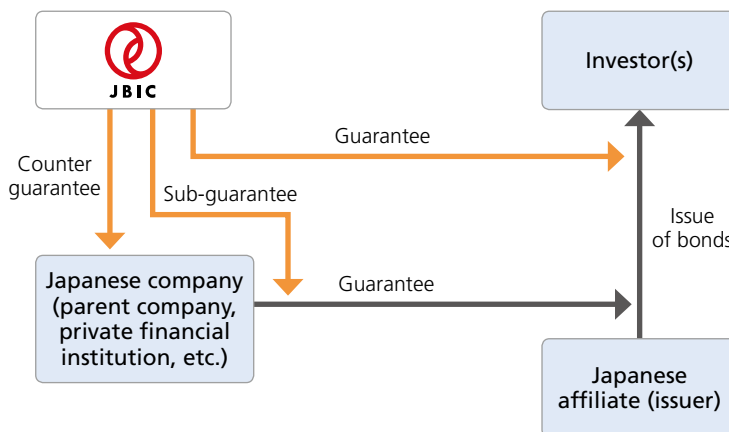
■ Guarantees for Imports of Manufactured Products

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.

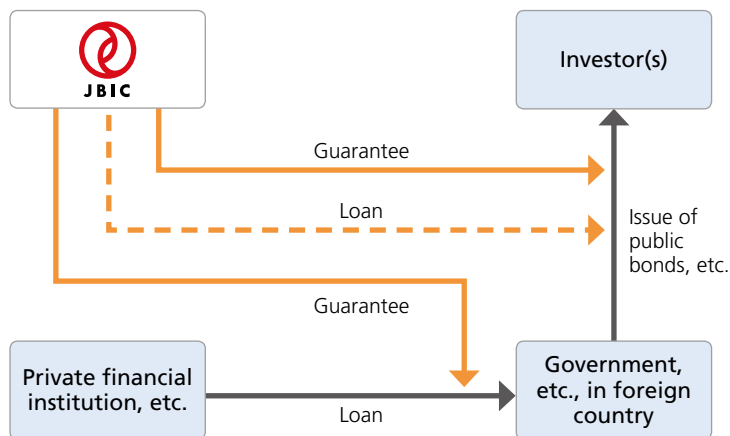
JBIC also concluded a guarantee agreement with 5 private financial institutions for the principal and interest

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.

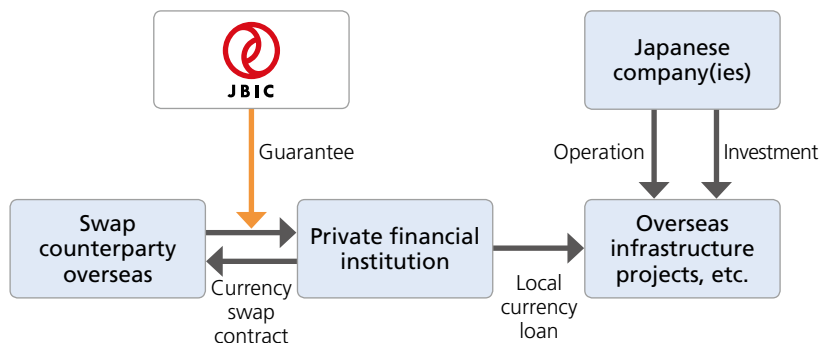
Guarantees for Cofinancing, Overseas Syndicated Loans, and Public Sector Bonds

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.



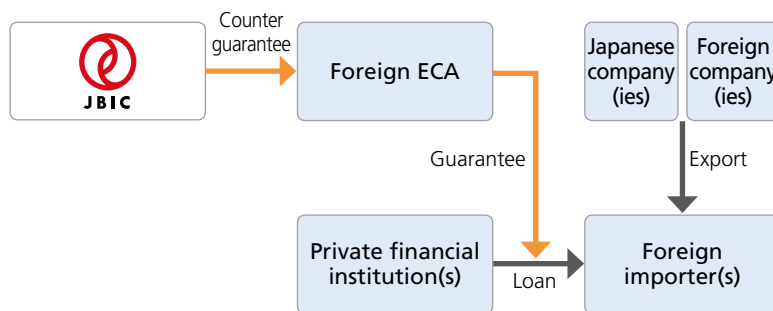
Guarantees for Currency Swaps

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

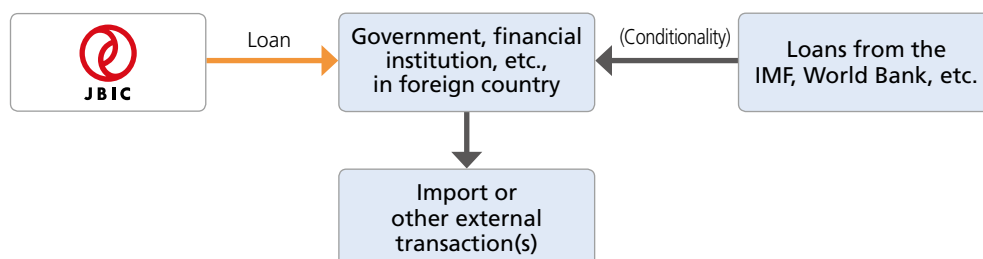
to the Shizuoka Bank in the case of early cancellation of swap transactions by CIMB Niaga. The individual agreements are intended to support, through this guarantee, the Shizuoka Bank to fund rupiah-denominated financing necessary for the automotive parts manufacturing and sales business operated locally 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 bonds¹ 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.

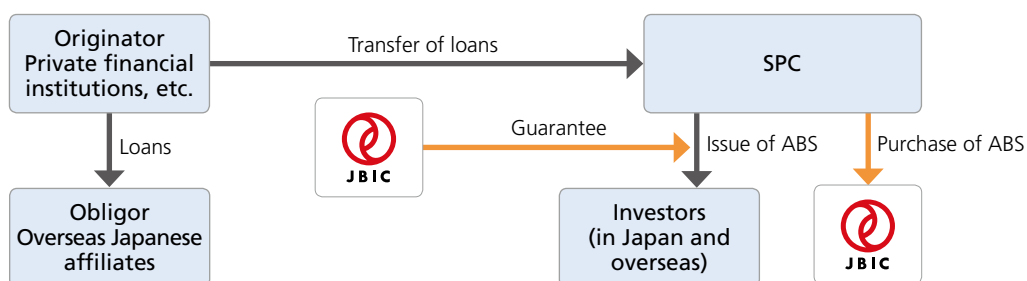
1. Securitization (Guarantees)

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 originators¹ 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.

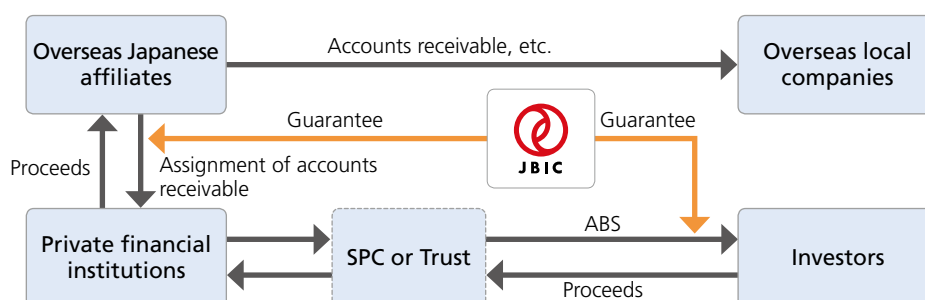


* The above diagram depicts a scheme where SPC are used, but the clients can also use schemes where trusts are used or JBIC acquires or provides guarantees for assets backed by securitization.

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).

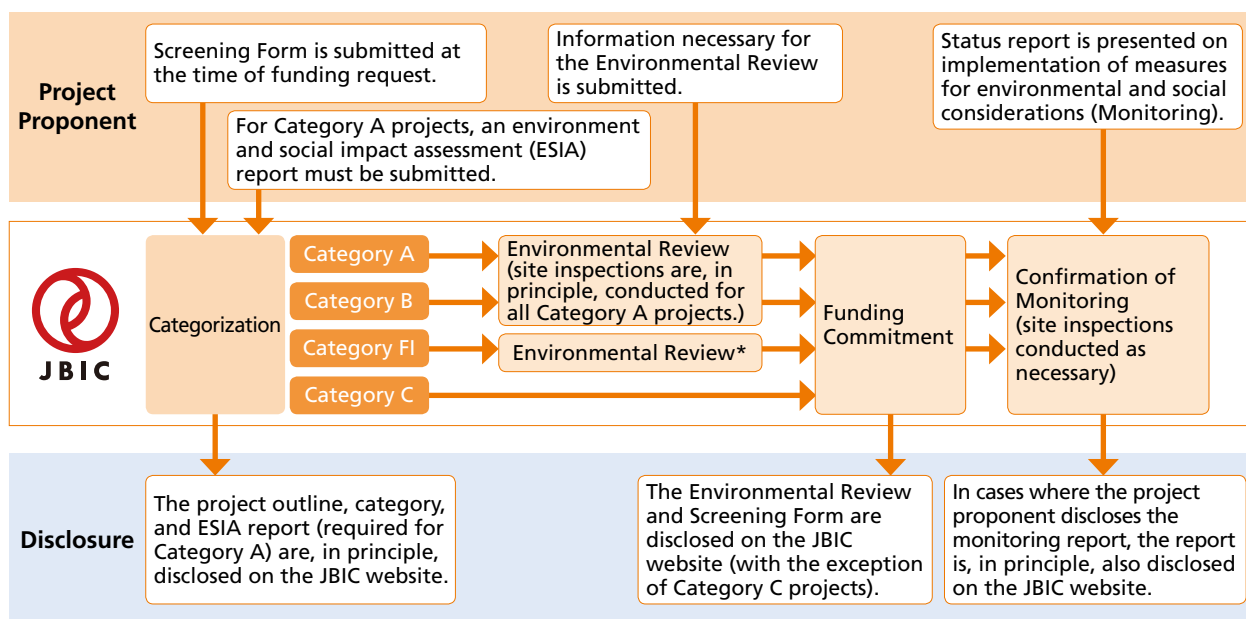
The Environmental Guidelines set out the procedures, criteria, and requirements that JBIC-financed projects must

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.



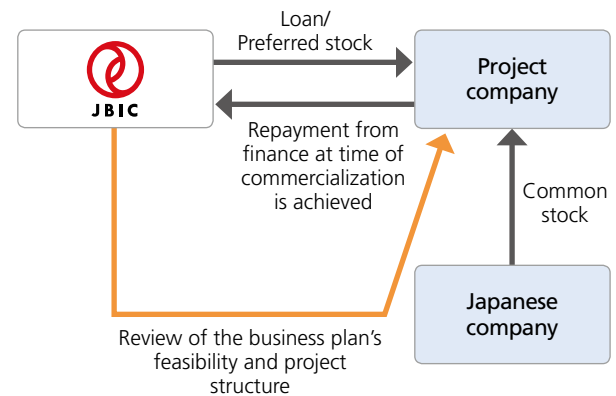
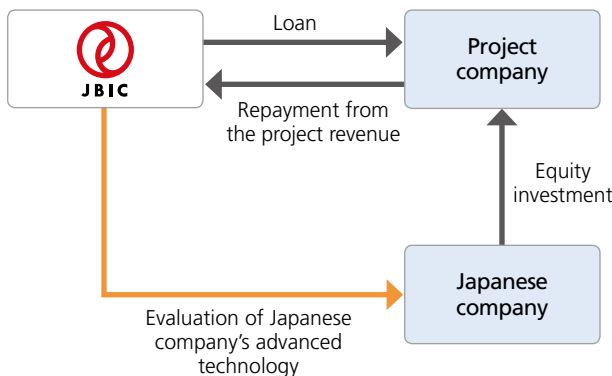
Expanded Scope Under the Special Operations

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 States¹

Overseas Private Investment Corporation (OPIC)¹ and Australia's Department of Foreign Affairs and Trade (DFAT) and the Export Finance and Insurance Corporation (Efic)² 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).

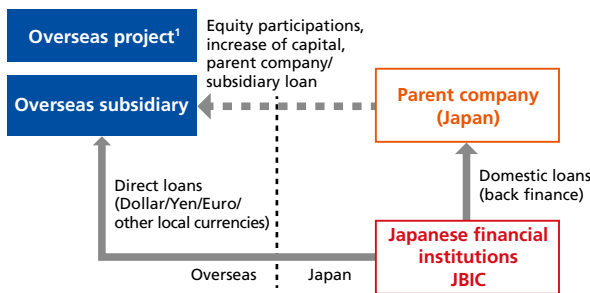
In April 2018, JBIC signed an MOU with Shinkin Central Bank (SCB), to establish a framework to provide two-step loans to Shinkin (credit) banks, for the purpose of supporting overseas expansion of mid-tier enterprises and SMEs, which have business relationships with Shinkin (credit) banks across Japan.

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

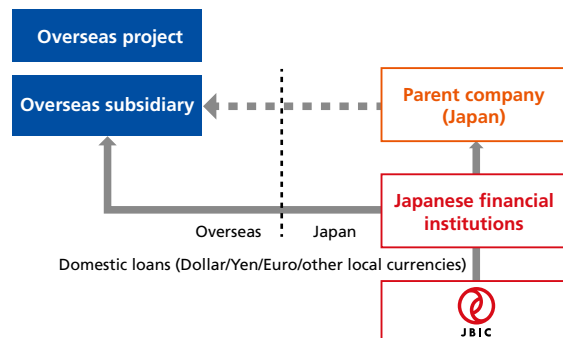
- (1) Response to small loans (several tens of millions of yen): Loans for replacement of machinery, in addition to new capital investment
- (2) U.S. dollar, Euro and local currency-denominated loans: Financing of long-term with U.S. dollar, Euro and local currency
- (3) Support for M&A overseas: Loans 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

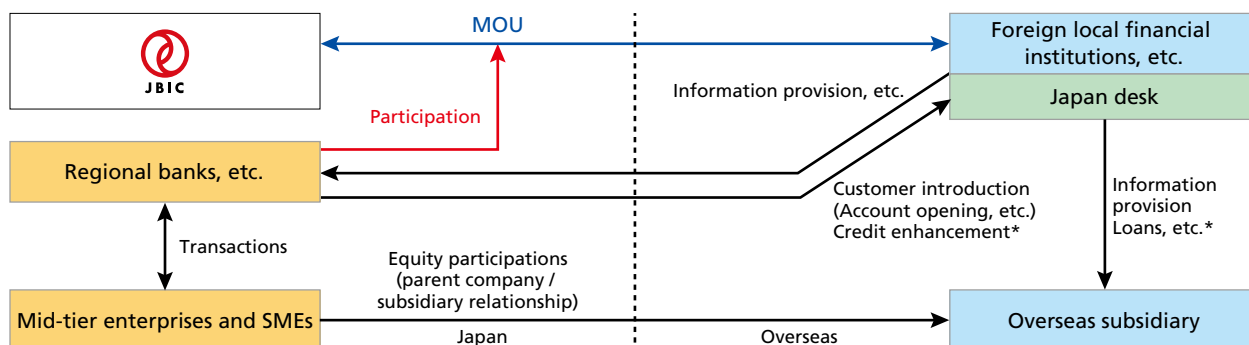
Cooperation with Local Financial Institutions in Developing Countries

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.¹ 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.