

4. Financial Instruments

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1. Financial Instruments

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.

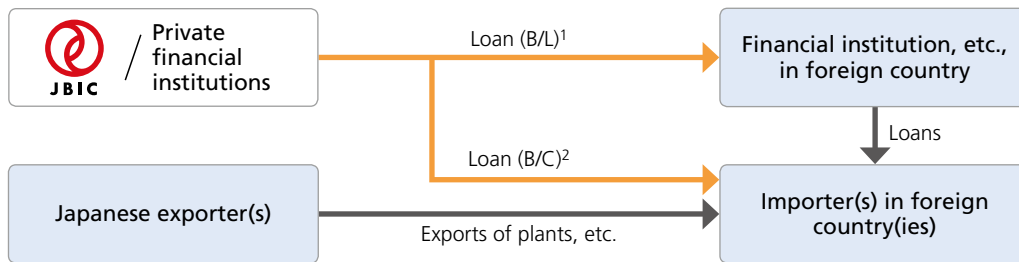
Note: Eligible Sectors of Export Loans in Developed Countries (as of August 31, 2020)

[Integrated Infrastructure System Projects]

Railways (high-speed, inter-city projects and projects in major cities), road business, airports, ports, water business, biomass fuel production, renewable energy power generation, nuclear power generation, hydrogen, power transformation, transmission and distribution, highly efficient coal-fired power generation, coal gasification, carbon capture and storage (CCS), highly efficient gas-fired power generation, electricity storage, development of telecommunications network, manufacture of chemicals that use organic substances derived from animals and plants, waste incineration and waste to energy, smart grid

[Other Export Transactions]

Ships, satellites, aircrafts, 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 Container Ship Built by Japanese Shipbuilders



Container vessel of virtually the same size as the one being financed

JBIC concluded a buyer's credit agreement with Wan Hai Lines (Singapore) Pte Ltd, a subsidiary in Singapore owned by Wan Hai Lines Ltd. Group (Wan Hai Group), for financing the purchase of container vessels.

The Wan Hai Group is a Taiwanese full-container vessel shipping company. This loan is provided for the Wan Hai Group to purchase eight 3,036 TEU container vessels built by Japanese

shipbuilder Japan Marine United Corporation (JMU).

This loan is intended to support the export of ships by Japanese shipbuilders which play a major role in the regional economy and associated industries, including mid-tier enterprises and SMEs. The loan thus contributes to maintaining and increasing the international competitiveness of the Japanese shipbuilding industry.

Supporting Export of Steel-Manufacturing Facilities by Japanese Companies

JBIC concluded an individual buyer's credit agreement with JSW Steel Limited (JSW Steel), a major private steel manufacturing company in India, in which JFE Steel Corporation holds a 15% stake. JSW Steel plans to expand the Vijayanagar Works in Karnataka State in southwestern India. This loan is intended to provide the necessary funds for JSW Steel to purchase a complete set of facilities for a wire rod mill, used in the processing of steel, from overseas subsidiaries of Primetals Technologies Ltd. in the U.K., a joint venture established by

Mitsubishi Heavy Industries and its partners.

In India, demand for steel is expected to expand in the medium to long term, particularly in the infrastructure sector, driven by its economic growth, and it thereby has a strong interest in Japanese high-quality steel-manufacturing facilities. This loan supports Japanese companies to further expand export of machinery and equipment manufactured by their overseas subsidiaries.

Import Loans

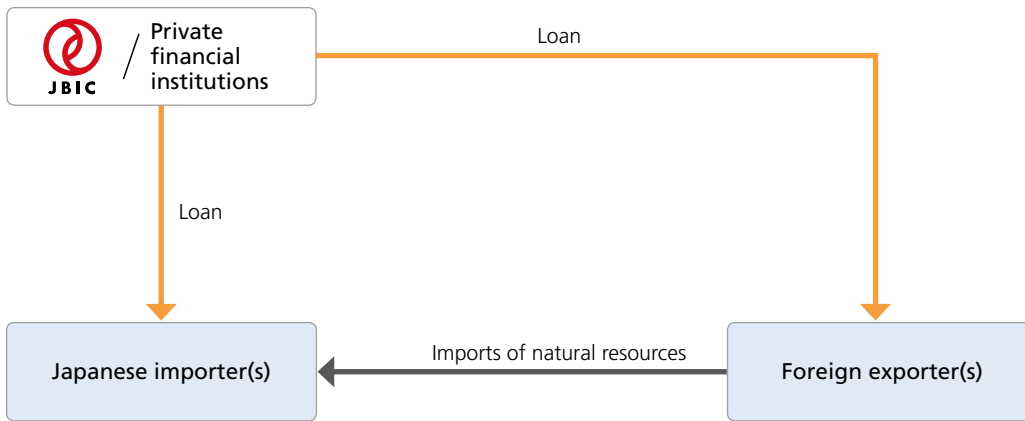
Import loans support imports of strategically important goods including natural resources. They are extended to Japanese importers or foreign exporters. Since Japan is poorly endowed with natural resources, stable imports of natural resources over the long term are one of the key factors underpinning 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 import of aircraft. (See page 69 for the guarantee schemes for importing manufactured products.)

Products Eligible for Import Loans (Natural Resources)

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



Overseas Investment Loans

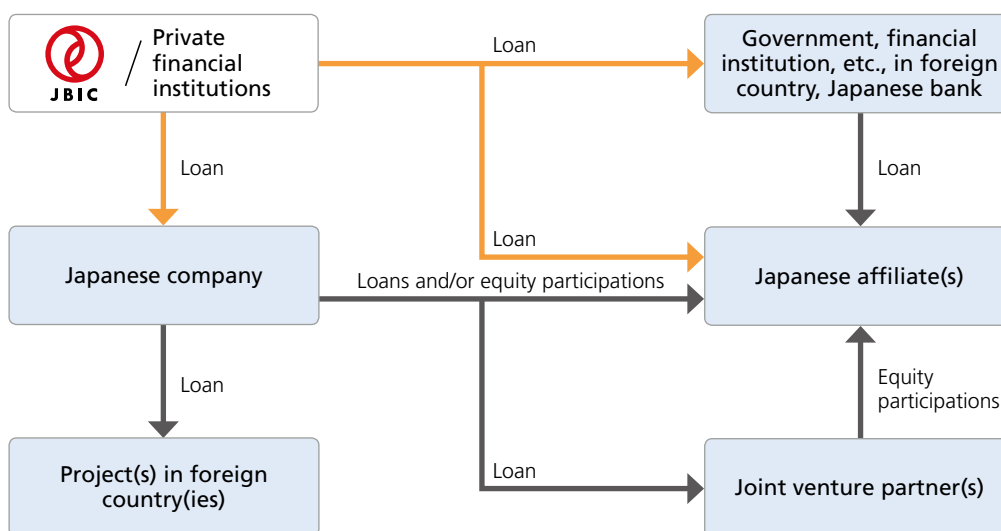
Overseas investment loans support Japanese foreign direct investments. The loans can be provided to Japanese companies (investors), overseas Japanese affiliates (including joint ventures), and foreign governments or financial institutions that have equity participations in or provide loans to such overseas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

Direct loans to Japanese companies¹ 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 loans² for projects in developed countries for specific sectors³.

Notes 1. & 2. In order to support the overseas business of Japanese companies affected by COVID-19 Pandemic, JBIC provides temporary measures available until June 30, 2021 (see page 83). These are: 1) loans and guarantees for business of Japanese companies, including mid-tier enterprises and SMEs, are conducting in developed countries; and 2) loans to domestic Japanese companies for their overseas business.

3. Eligible Sectors of Overseas Investment Loans in Developed Countries (as of August 31, 2020)

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



Contributing to Stable Supply of Energy Resources for Japan



PAO NOVA TEC (Conceptual drawing of completed natural gas liquefaction facility)

JBIC concluded a loan agreement with Japan Arctic LNG B.V. (J-ARC), a Dutch entity. This loan is intended to provide funds necessary for J-ARC, which is established by Mitsui & Co., Ltd. (Mitsui) jointly with the Japan Oil, Gas and Metals National Corporation (JOGMEC), to acquire a 10% stake in Arctic LNG 2 LLC (Arctic LNG 2) in Russia. J-ARC will acquire the stake from PAO NOVATEK of Russia. Arctic

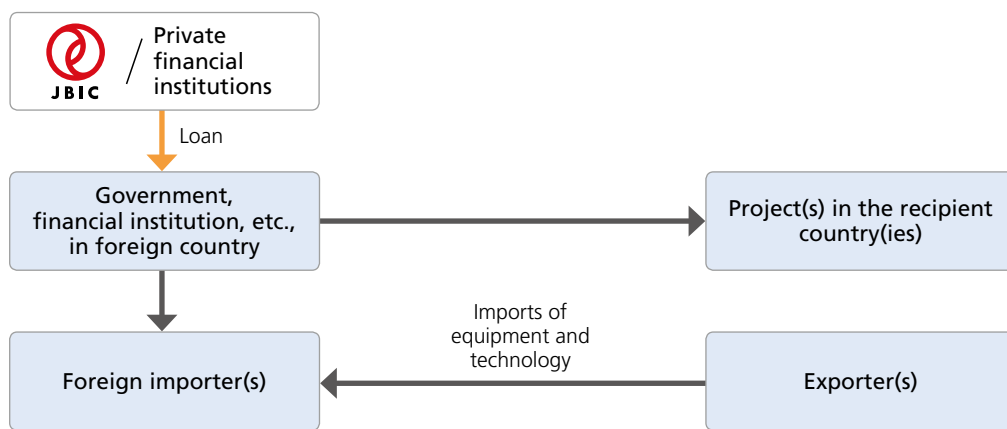
LNG 2 plans to construct and operate an LNG plant on the Gydan Peninsula in the Yamalo-Nenets Autonomous District of Russia. J-ARC will acquire a 10% interest in this project through the acquisition of equity, and Mitsui plans to offtake LNG proportionate to the equity stake. This will contribute to the stable supply of LNG, which is an important resource for Japan.

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 Vietnam

QI-ESG Project



JBIC concluded a loan agreement to set up a credit line with Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) as part of its Global Facility to Promote Quality Infrastructure Investment for Environmental Preservation and Sustainable Growth (QI-ESG). JBIC provides both financing and a partial guarantee for the portion co-financed by private financial institutions.

This credit line is intended to finance, through Vietcombank, renewable energy projects such as solar

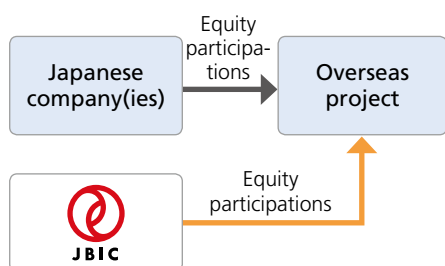
power generation projects in Vietnam, as part of GREEN operations. It is the first GREEN credit line extended to Vietnam. Vietcombank is a major state-owned commercial bank in Vietnam, in which the government of Vietnam has an equity share of approximately 75%. It offers a wide variety of financial services in the country and is actively expanding its support to renewable energy projects. This loan, which focuses on the environmental sector, will further strengthen cooperation between JBIC and Vietcombank.

Equity Participations

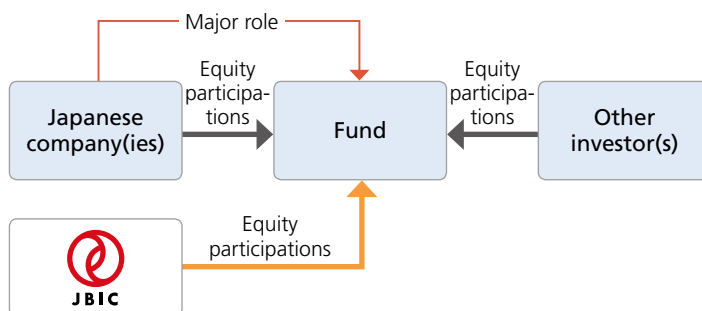
Equity participations are capital contributions to companies where Japanese companies have equity stakes to undertake overseas projects, as well as funds where Japanese

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

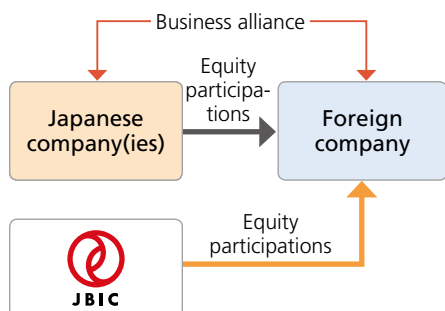
Japanese companies make equity participations in an overseas project



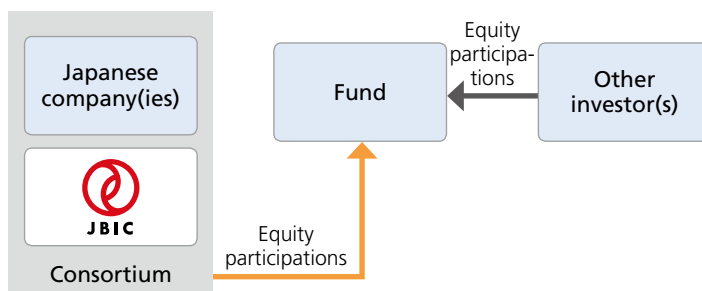
Japanese companies participate in a fund (and perform such a major role as general partner in their management and investment decisions)



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



Japanese companies form a consortium and participate in an international fund



Equity Participation in a Fund of Funds Investing in Venture Capital Funds Worldwide

JBIC concluded an agreement for equity participation in Vertex Master Fund (SG) II LP (the Fund), established in Singapore to invest in venture capital funds around the world, including the U.S., China, Southeast Asia, India, and Israel. Vertex Master Fund II (GP) Pte. Ltd., which is a subsidiary of Singaporean fund manager Vertex Venture Holdings Ltd. (Vertex), has established and is managing this fund of funds.

This Fund intends to support Japanese companies strengthening the overseas business operations by offering them business opportunities with the portfolio companies of each investee funds. The equity participation by JBIC in the Fund is expected to contribute, through the support provided by the Fund, to maintaining and strengthening the international competitiveness of Japanese companies.

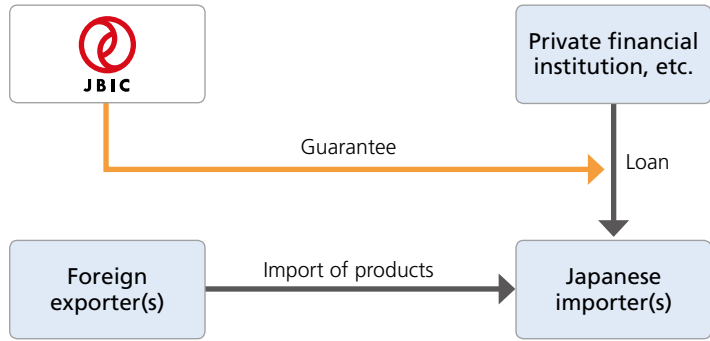
Guarantees

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.

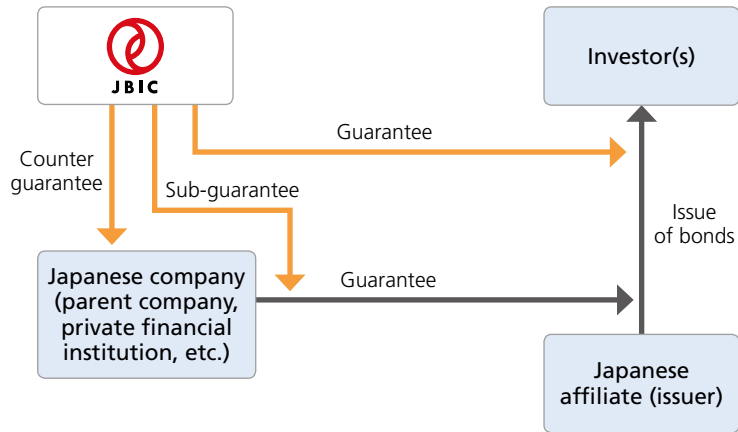
■ Guarantees for Imports of Manufactured Products

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.



Contributing to Stable Aircraft Import



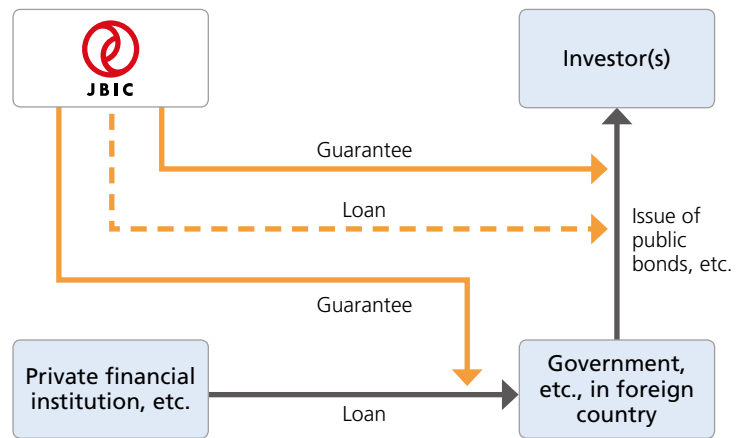
JBIC concluded a guarantee agreement with private financial institutions for the principal and interest of their loans to ANA HOLDINGS INC. (ANAHD). This guarantee is intended to support ANAHD in obtaining financing from private financial institutions to import aircraft from the Boeing Company of the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

JBIC also concluded a guarantee agreement with 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 Airbus S.A.S. of France.

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.

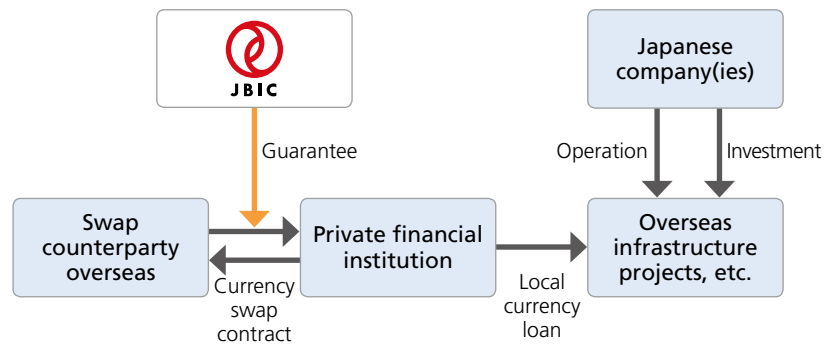
■ Guarantees for Cofinancing, Overseas Syndicated Loans, and Public Sector Bonds

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.



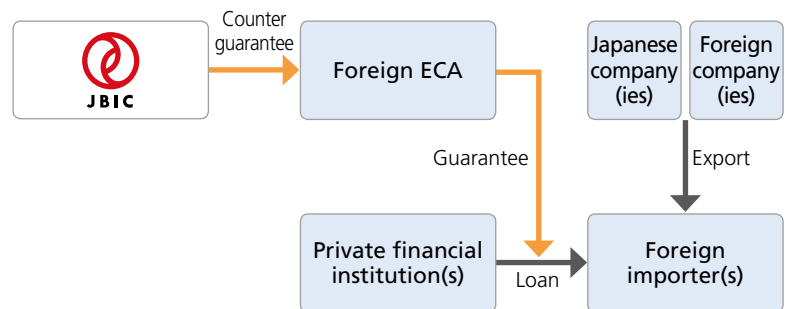
■ Guarantees for Currency Swaps

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.

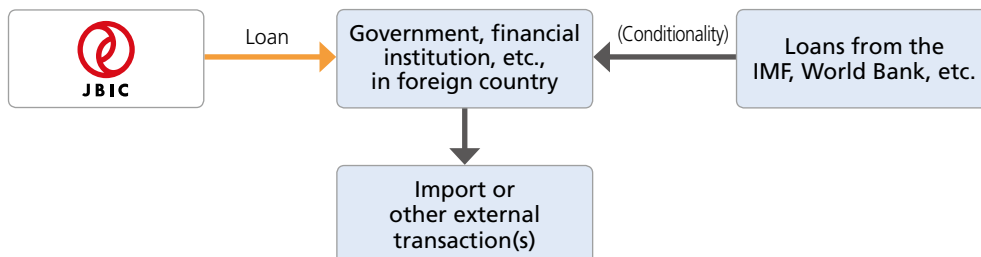


Bridge Loans

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.

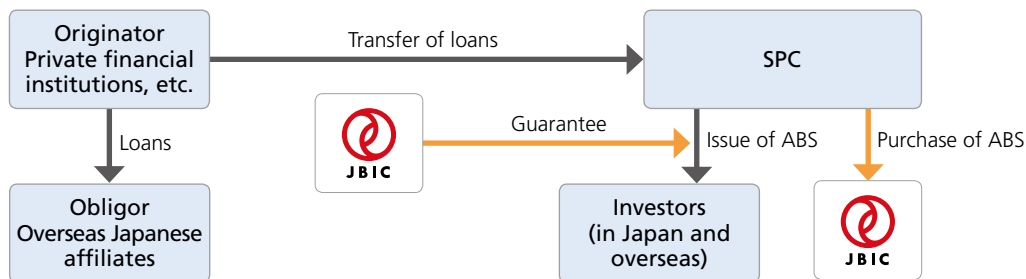
1. Securitization (Guarantees)

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.

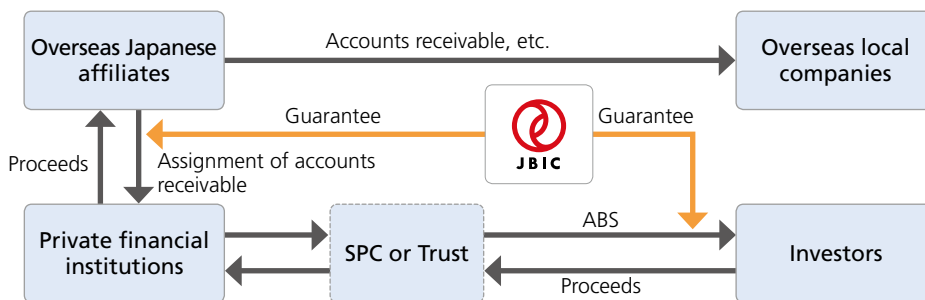


* The above diagram depicts a scheme where SPC are used, but the clients can also use schemes where trusts are used or JBIC acquires or provides guarantees for assets backed by securitization.

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).

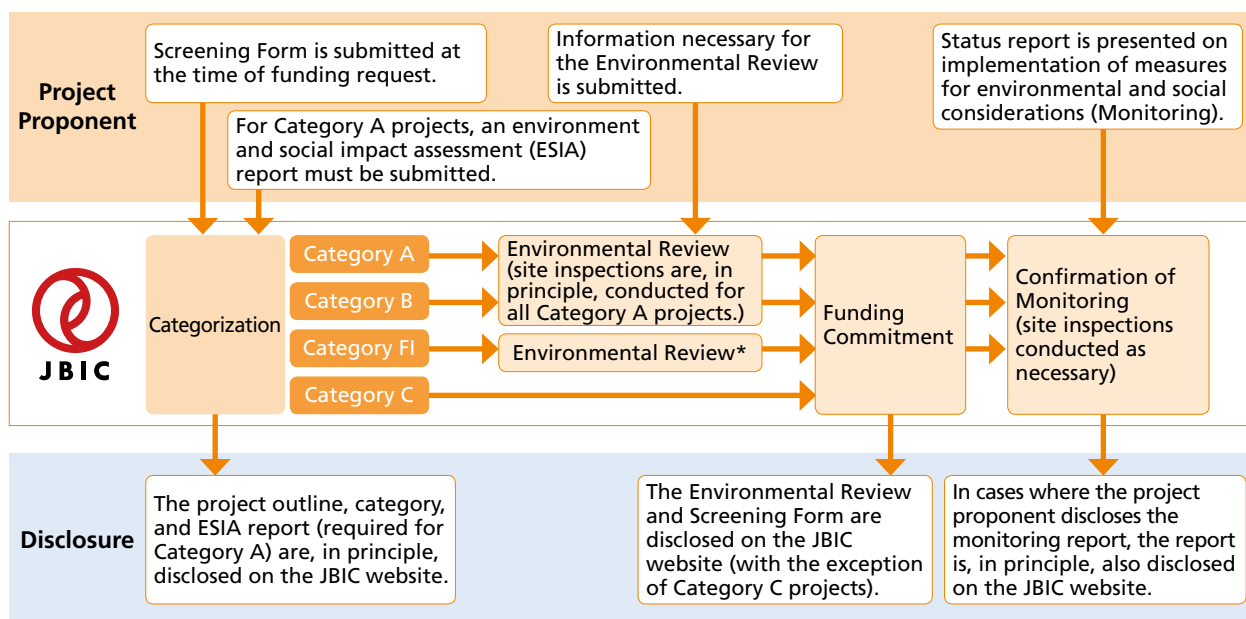
The Environmental Guidelines set out the procedures, criteria, and requirements that JBIC-financed projects must

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

2. Prominent Initiatives in Recent Years

Establishment of the Growth Investment Facility

JBIC established and launched the Growth Investment Facility on January 30, 2020.

The establishment of this facility was announced in the “Comprehensive Economic Measures to Create a Future with Security and Growth” (December 5, 2019, Cabinet decision). The Global Facility to Promote Quality Infrastructure Investment for Environmental Preservation and Sustainable Growth (QI-ESG), established in July 2018, has been revised and incorporated into this new facility. Its purpose is to provide wide-ranging support in assisting Japanese companies with overseas M&As and global value chain restructuring as well as development of quality infrastructure.

On April 30, 2020, JBIC established the Emergency Window for Overcoming the COVID-19 Crisis (COVID-19

Emergency Window) under this Growth Investment Facility as a response to COVID-19 and to support Japanese companies’ business overseas (temporary measures available until June 30, 2021). The establishment of this window was announced in the “Emergency Economic Measures to Cope with COVID-19” (April 20, 2020, Cabinet decision).

Depending on projects being supported, this facility now offers three windows, namely the Window for the Development of Quality Infrastructure for Environmental Preservation and Sustainable Growth (QI-ESG Window), Window for Supporting Japanese Companies’ Overseas Business Expansion (Overseas Business Expansion Window) and COVID-19 Emergency Window.

Support for Overseas Business of Japanese Companies Affected by COVID-19

JBIC provides the following financial support to the overseas business of Japanese companies affected by the COVID-19 pandemic under the Growth Investment Facility (COVID-19 Emergency Window). These overseas investment loans are available provisionally until June 30, 2021.

1. Loans and guarantees for business that Japanese companies, including mid-tier enterprises and SMEs, are conducting in developed countries

For JBIC’s financing support for business conducted by Japanese companies in developed countries, the eligible business areas have been limited to the fields specified in Article 5 of the Enforcement Order of the Japan Bank for International Cooperation Act. The purpose of this measure is to provisionally expand this scope and provide loans and guarantees to a wider range of businesses in developed countries under JBIC’s overseas investment loans.

2. Loans to domestic Japanese companies for their overseas business

JBIC conventionally provides loans to domestic Japanese companies to support overseas M&A transactions and overseas expansion of mid-tier enterprises and SMEs. The purpose of this measure is to provisionally allow JBIC to provide loans to domestic Japanese companies to support other overseas activities as well.

JBIC provides these overseas investment loans in accordance with the Cabinet Order for Partial Revision to the Enforcement Order of the Japan Bank for International Cooperation Act promulgated and enforced in July 2020 and the relevant announcement of the Ministry of Finance.

Expansion of the Eligible Sectors of JBIC's Support

The Cabinet Order for Partial Revision to the Enforcement Order of the Japan Bank for International Cooperation Act was promulgated and went into effect in January 2020. This revision expands the eligible sectors for JBIC's support

in (1) export loans for the exports of Japanese products to developed countries and (2) overseas investment loans for projects in developed countries.

Eligible Sectors of JBIC's Support in Developed Countries

(1) Export Loans

Integrated Infrastructure System Projects

Railways (high-speed, inter-city projects and projects in major cities), road business, airports, ports, water business, biomass fuel production, renewable energy power generation, nuclear power generation, hydrogen, power transformation, transmission and distribution, highly efficient coal-fired power generation, coal gasification, CCS, highly efficient gas-fired power generation, electricity storage, development of telecommunications network, manufacture of chemicals that use organic substances derived from animals and plants, waste incineration and waste to energy, smart grid

Other Export Transactions

Ships, satellites, aircrafts, medical positron beam therapy equipment

(2) Overseas Investment Loans

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

* Underlined items are the additions under the revision.

Establishment of Representative Office in Istanbul

On March 19, 2020, JBIC opened a Representative Office in Istanbul, Turkey.

Turkey is a promising market having a population of over 80 million. It connects Europe, the Middle East, Russia, Central Asia, and Africa, serving as a foothold for doing business in each region. In the two decades since 2000, Turkey has established its position as an export base to Europe, and some 60,000 foreign companies are already operating in the country.

Through the opening of this office, JBIC strengthens relations with Turkey and its neighbors and works to provide support to Japanese companies' business development in these countries.



Participation in the 7th Tokyo International Conference on African Development

The 7th Tokyo International Conference on African Development (TICAD 7) took place in Yokohama from August 28 to 30, 2019. The interests of African leaders have been shifting from aid to business. In the Public-Private Business Dialogue, a newly introduced program, the government of Japan promised enhanced support through JBIC, JICA, NEXI, JOGMEC, and other institutions, under the New TICAD based on the “double E’s” of “Entrepreneurship” and “Enterprise” as well as on the “double I’s” of “Investment” and “Innovation”.

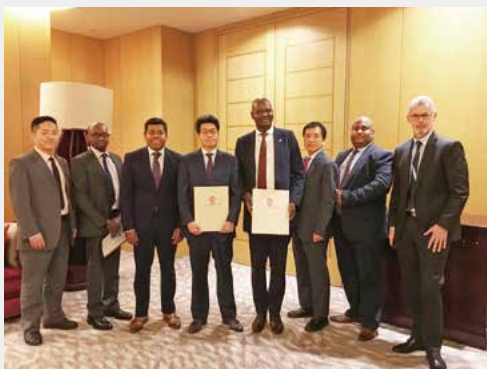
JBIC’s Deputy Governor Hayashi stressed that JBIC will enhance the Facility for African Investment and Trade Enhancement (FAITH 3) through the three pillars:

(1) enhancement of impact investing, (2) enhancement of partnership, and (3) enhancement of risk-assuming functions.

JBIC also took the opportunity of TICAD 7 to hold and participated in 30 meetings in total, further strengthening the relationships with relevant African countries and development financial institutions, while exchanging opinions on providing financial support for specific projects.

Under FAITH 3, JBIC will step up its efforts to support business expansion of Japanese companies in Africa and contribute to Africa’s social and environmental development.

Signing of MOU on Business Cooperation with the Development Bank of Southern Africa (DBSA)



JBIC signed a Memorandum of Understanding (MOU) with the Development Bank of Southern Africa (DBSA) for business promotion between Japan and African countries.

The objective of this MOU is to reinforce the exchange of information between JBIC and DBSA on political and economic climates as well as potential projects in African countries.

DBSA was established by the government of South Africa with the aim of providing financial support and advice for social and economic development in the Southern African region and for improving standards of living in the region. In recent years, DBSA has forged strong relations with governments on the continent and extended its mandate to the rest of the Africa.

Signing of MOU on Business Cooperation with the West African Development Bank (BOAD)



JBIC signed an MOU with the West African Development Bank (BOAD) for business promotion between Japan and West African countries.

The objective of this MOU is to promote the business expansion of Japanese companies in the West African region through the exchange of information between JBIC and BOAD on political and economic climates as well as potential projects in West African countries.

BOAD is a regional development finance institution established by the member countries* of the West African Economic and Monetary Union. Its mission is to drive the equitable development of its member countries and foster economic integration in West Africa. Also, it has strong relationships with the governments of the member countries and is extensively involved with infrastructure development in the West African region.

* Cote d'Ivoire, Benin, Senegal, Niger, Togo, Burkina Faso, Mali, and Guinea-Bissau

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

As economies in emerging market countries, especially in Asia, continue to develop an increasing number of mid-tier enterprises and SMEs seek to expand their own business in emerging markets in addition to responding to the overseas advancement of their business partners. With mid-tier enterprises and SMEs having a variety of overseas business, their funding needs have also grown more diverse.

To respond to financial needs of mid-tier enterprises and SMEs for their overseas expansion, JBIC has further enhanced cooperation with Japanese private financial institutions, including regional banks and Shinkin (credit) banks, and with foreign local financial institutions. In addition to individual loan schemes based on co-financing with private financial institutions, JBIC also provides two-step loans (including finance leases) through organizations such as private financial institutions enabling more prompt and flexible response to the diversifying funding needs. Additionally, JBIC is actively providing local currency-denominated loans along with conventional loans in U.S. dollars, Japanese Yen, and Euro.

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

Utilizing the know-how and experience of overseas financing that JBIC has accumulated over the years, JBIC provides long-term financing to Japanese companies, including mid-tier enterprises and SMEs, that is necessary for overseas investment (including capital investment),

export of products, and M&As of foreign companies that have unique technology or customer base through co-financing with private financial institutions.

Cooperation with Japanese Private Financial Institutions

Private financial institutions with mid-tier enterprises and SMEs as their client base, play an important role when they seek to develop their business expand overseas. Among private financial institutions, regional banks and Shinkin (credit) banks have especially close ties to mid-tier enterprises and SMEs. In cooperation with such private financial institutions, JBIC broadly supports the overseas expansion of local Japanese companies by co-hosting seminars focused on overseas business development etc.

In addition to date, JBIC has general agreements with a number of private financial institutions to establish credit lines for the funds necessary for the overseas business development mid-tier enterprises and SMEs in emerging market countries (see the list on the next page).

Cooperation with Local Financial Institutions in Emerging Countries

It is essential for mid-tier enterprises and SMEs to obtain support from local financial institutions in emerging countries well acquainted with the local area.

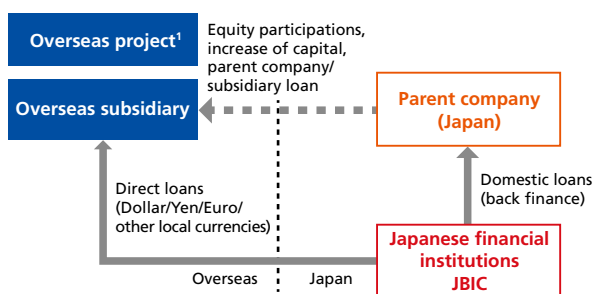
Besides supporting Japanese affiliates overseas, JBIC has also strengthened its relationships with local financial institutions in emerging countries, For example, providing

Examples to Support Overseas Business of Mid-tier Enterprises and SMEs

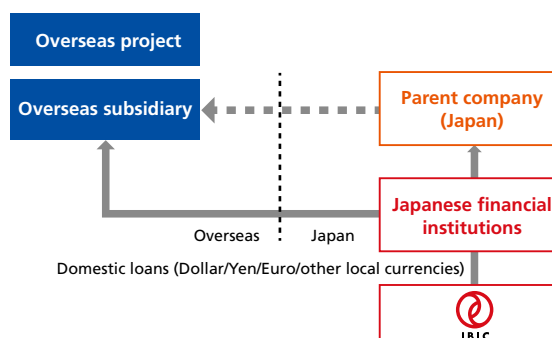
- Prompt and flexible support through small amount of loans (several tens of millions of yen)
- Reducing currency exchange risk through local currency-denominated loans in addition to loans in U.S. dollars, Japanese Yen, and Euro
- Responding to diverse funding needs by utilizing variety of financing tools, including loans for M&As, export loans, and equity participations
- Collaborating with private financial institutions (regional banks, Shinkin banks, mega banks, and local financial institutions) to respond to and support overseas business of mid-tier enterprises and SMEs in Japan
- Utilizing networks of JBIC overseas offices in 17 cities to provide information services on overseas investment environment and assist 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	Signing date of Agreement	Financial Institutions
October 2015	SUMITOMO MITSUI TRUST LEASING (SINGAPORE) PTE. LTD.	February 2019	The Toho Bank, Ltd.
March 2016	PT. BUMIPUTERA-BOT FINANCE	February 2019	The Hokkoku Bank, Ltd.
November 2017	PT. SMFL Leasing Indonesia	February 2019	The Chiba Bank, Ltd.
February 2018	P.T. Bank Resona Perdanía	February 2019	The Nanto Bank, Ltd.
March 2018	Sumitomo Mitsui Finance and Leasing (Singapore) Pte. Ltd.	March 2019	The Hiroshima Bank, Ltd.
September 2018	PT. RESONA INDONESIA FINANCE	March 2019	The Aichi Bank, Ltd.
December 2018	The Shizuoka Bank, Ltd.	May 2019	The Chugoku Bank, LTD.
December 2018	The Bank of Yokohama, Ltd.	July 2019	The Hokuriku Bank, Ltd.
December 2018	Bangkok Mitsubishi UFJ Lease Co., Ltd.	November 2019	The Bank of Yokohama, Ltd.
December 2018	Saitama Resona Bank, Limited	January 2020	PT. Mitsubishi UFJ Lease & Finance Indonesia
December 2018	The Joyo Bank, Ltd.	January 2020	THE BANK OF NAGOYA, Ltd.
December 2018	The Hachijuni Bank, Ltd.	March 2020	SMFL Leasing (Thailand) Co., Ltd.
January 2019	THE NISHI-NIPPON CITY BANK, LTD.	March 2020	THE SHIGA BANK, LTD.

Note: This list is of financial institutions for which the credit line is valid as at the end of March 2020.

two-step loans to them with the objective of fostering and supporting local companies that supply raw materials and parts to Japanese affiliates overseas.

In addition, JBIC has concluded MOUs with local financial institutions in emerging countries to set up a system to support overseas business expansion of mid-tier enterprises and SMEs. Under these MOUs, JBIC has opened or expanded single contact point for overseas affiliates of Japanese companies ("Japan desk") in these local financial institutions and has established a framework to discuss cooperation and collaboration that involve Japanese private financial institutions.

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 respective countries, stable financing of local currency funds is an important issue in their business strategy. JBIC prepares long-term fixed-rate local currency loans alongside with finance from private financial institutions to their Japanese clients' affiliates overseas. If a private financial institution cannot provide a loan in a particular local currency, JBIC provides a loan in the required local currency and the private financial institution provides a yen-denominated loan through the parent company in Japan.

In China, there exists a continued need for long-term Chinese yuan-denominated loans from Japanese mid-tier enterprises and SMEs operating in the country to increase production capacities or for other purposes. The country, however, restricts funds raised from outside China (for example, using a model based on the difference between investment and registered investment). In order to ensure prompt and flexible response to clients' financial

needs under these restrictions, JBIC has signed a general agreement with Japanese regional banks having a branch in China to establish credit lines for yuan-denominated two-step loans.

Information Services and Seminars

In addition to individual consulting services for mid-tier enterprises and SMEs' overseas expansion of their business, 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 organizations such as private 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 FY2019, JBIC created guidebooks on the investment environments in Vietnam, India, Indonesia, and Thailand.

Moreover, JBIC offers an itinerant advisory service in many parts of Japan in cooperation with organizations such as prefectural and municipal governments as well as local chambers of commerce and industry that 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 variety of topics such as the overseas investment climate and funding in overseas business.