

2021 Annual Report

日本の力を、世界のために。
Supporting Your Global Challenges



**JAPAN BANK FOR
INTERNATIONAL COOPERATION**

JBIC 2021

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. 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 "Appendix 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.

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1. Profile

The Purpose of JBIC

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

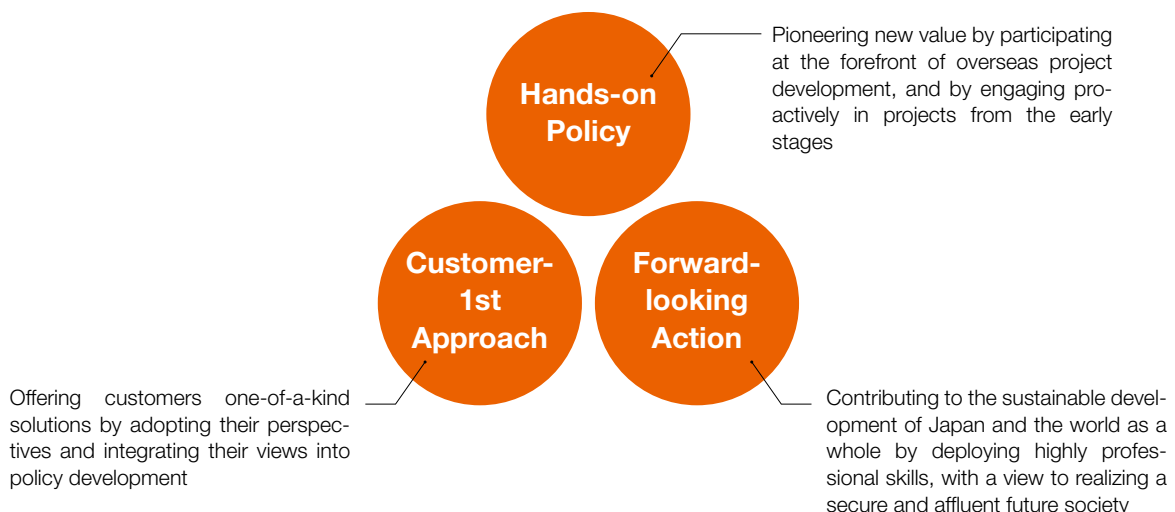
日本の力を、世界のために。

Supporting Your Global Challenges

Corporate Philosophy

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.



Operational Principles

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.

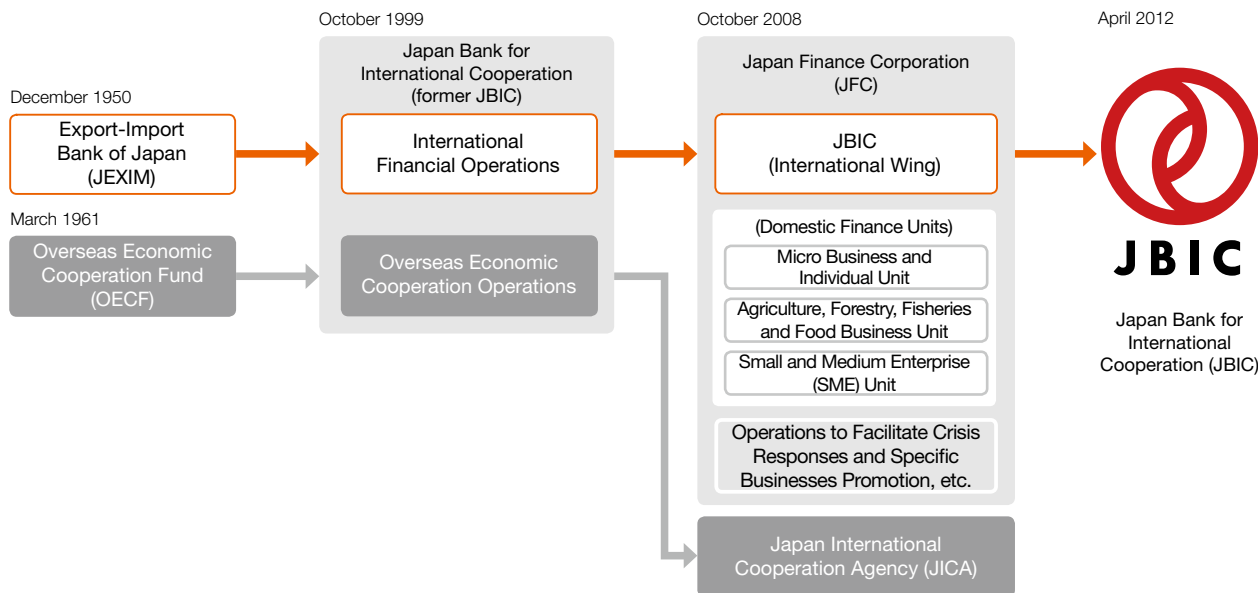
- 1 Supplementing the financial transactions implemented by private-sector financial institutions**
To effectively perform the functions required for policy-based financing, JBIC shall take account of situations where private-sector financial institutions are placed in their international finance activities 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

<p>Name</p> <p>Office</p> <p>Capital*</p> <p>Outstanding Loans and Equity Participations*</p> <p>Outstanding Guarantees*</p>	<p>Japan Bank for International Cooperation (JBIC)</p> <p>4-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8144, Japan</p> <p>¥1,963.8 billion (wholly owned by the Japanese government)</p> <p>¥13,906.5 billion</p> <p>¥1,838.3 billion</p>	<p>* As of March 31, 2021</p>
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2. 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.

- **1950** Establishment of the Export Bank of Japan
- **1951** Started operations inside the head office building of the Industrial Bank of Japan, Limited
Made its first loan commitment (for export of hydroelectric generators to Argentina)
- **1952** Changed its name to The Export-Import Bank of Japan (JEXIM)
Added Import Loans and Guarantees
- **1953** Added Overseas Investment Loans and Overseas Project Loans
- **1954** Opened its first overseas representative office (Karachi)
- **1960** Outstanding amounts exceeded 100 billion yen
- **1963** Relocated to the JEXIM and JDB (Japan Development Bank) Godo Building
Opened the Osaka office
- **1966** Signed a loan agreement (first loan to international institution) with the Inter-American Development Bank (IDB)
- **1968** Outstanding amounts exceeded 1 trillion yen
- **1971** Set up a special account for the debt relief to Indonesia
- **1972** Started a foreign currency lending system and approved the first loan based on this system (Electronic component manufacturing business in Malaysia)
Added Untied Loans
- **1977** Reorganized the Osaka office into the Osaka Branch
Launched an emergency import foreign currency loan system (primary)
- **1979** Relocated to Takebashi Godo Building
- **1980** Outstanding amounts exceeded 5 trillion yen
- **1982** Launched an emergency import foreign currency loan system (secondary)
- **1983** Issued first foreign bonds
- **1986** Signed a loan agreement for Western Australian LNG project (first project financing)
- **1987** Signed an untied loan agreement with Indonesia (first loan based on the Japanese government's financial recycling scheme (-1992))
- **1989** Added Equity Participations



USIMINAS project in Brazil



Amazon aluminum project in Brazil



<ul style="list-style-type: none"> ● 1952 Japan joined the International Monetary Fund (IMF) and World Bank ● 1956 Japan joined the United Nations (UN) 	<ul style="list-style-type: none"> ● 1964 Tokyo Olympics and Paralympics Japan joined the Organisation for Economic Co-operation and Development (OECD) ● 1967 The Association of Southeast Asian Nations (ASEAN) was established 	<ul style="list-style-type: none"> ● 1971 The Nixon shock ● 1973 The first oil crisis ● 1979 The second oil crisis 	<ul style="list-style-type: none"> ● 1982 The Latin American debt crisis ● 1985 The Plaza Accord ● 1987 Black Monday ● 1989 The fall of the Berlin Wall
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Trends in the international economy and society



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

● **2003** Established the JBIC Guidelines for Confirmation of Environmental and Social Considerations (Revised in 2009 and in 2015)

2000

● **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)

● **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

2010

● **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

2020

● **2020** Launched the Growth Investment Facility

● **2021** Launched the Post-COVID-19 Growth Facility Formulated the Fourth Medium-term Business Plan

● **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** The Paris Agreement entered into force

● **2020** Brexit

COVID-19 pandemic

● **2021** Tokyo Olympics and Paralympics

3. Top Message

Serving as a ‘Navigator’ to Build a Brighter Future with Japanese Power

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

The global economy has declined sharply due to constraints on economic and social activities triggered by the spread of COVID-19, and the outlook for a recovery remains uncertain.

Meanwhile, there are mounting concerns that the free trade system will be shaken by the shifting balance of power in the international community, as evidenced by US-China conflicts, as well as by the spread of protectionism and economic nationalism.

In working toward a decarbonized society and the attainment of the Sustainable Development Goals (SDGs) targets, there has been growing emphasis on sharing the SDGs and realizing development and growth that strikes a balance among the economy, society and the environment as well as calls for initiatives that address climate change and energy transformation. With the advance of innovations in technology, as symbolized by digital transformation (DX) in industry and society, responding to the transformation of the industrial structure and the restructuring of supply chains on a global-wide basis are also primary issues.

Within such an evolving environment, Japan must address an assortment of challenges that include its shrinking population, declining birthrates and an aging population as well as the Fourth Industrial Revolution, emerging trade issues and protectionism, and decarbonization.

As a policy-based financial institution, in keeping with its Third Medium-term Business Plan (FY2018—FY2020), JBIC has accurately pinpointed rising uncertainties in Japan and overseas and has provided prompt and agile support giving consideration to new initiatives and changes in industry.

In FY2020, the final year of the Third Medium-term Business Plan, JBIC added the Emergency Window for Overcoming the COVID-19 Crisis (COVID-19 Emergency Window) to its Growth Investment Facility to provide support as a measure against COVID-19 in addition to expanding its loan operations for projects in developed countries and for domestic companies in a time-bound manner. JBIC also provided widespread support for the overseas M&A of Japanese companies and for restructuring global value chains.

In 2021, JBIC created the Post-COVID-19 Growth Facility as we restructured and strengthened the Growth Investment Facility. This was part of our active efforts to support Japanese companies in the overseas expansion of high-quality infrastructure toward a decarbonized society and the enhancement of supply chain resilience, with the overarching aim of transforming the economic structure and realizing a virtuous cycle for the post-COVID-19 era.

In June 2021, JBIC created the Fourth Medium-term Business Plan (FY2021—FY2023), under which we will focus on the SDGs, decarbonization, energy transformation, and digital transformation. In doing so, JBIC will strive to meet the expectations of the Japanese industrial and financial communities in the post-COVID-19 pandemic world.

As we work toward these goals, I look forward to your continued support.



MAEDA Tadashi

Governor

Japan Bank for International Cooperation (JBIC)

Strategic Support for Realizing a Decarbonized Society

In FY2020 economic and social activities were constrained by the spread of COVID-19 while the Japanese economy posted large negative real growth owing to the stagnation of the world economy.

Under these conditions, JBIC created the COVID-19 Emergency Window to support the overseas business of Japanese companies affected by the spread of COVID-19 and provided loans needed for business continuity and the pandemic prevention.

The rapid acceleration of moves toward decarbonization marks another significant change. Japan's Prime Minister (at that time) SUGA Yoshihide declared that Japan would aim for carbon neutrality by 2050 as efforts toward realizing a decarbonized society in conjunction with the SDGs are becoming a common theme of the international community.

To achieve carbon neutrality, it is essential to strategically work on creating a roadmap detailing what needs to be accomplished by calculating backward starting from 2050 instead of using the conventional approach of moving ahead incrementally. For example, in promoting green hydrogen, besides reducing costs through technological innovation, it is also essential to build a "hydrogen value chain" that extends to manufacturing, transportation, storage, and utilization. To do so, government and industry must work in unison.

As a policy-based financial institution, since the 1980s JBIC has supported LNG related projects such as the acquisition of interests, the development and production, and construction of storage and shipping terminals as well as the construction of LNG carriers to build an "LNG value chain" for liquefying natural gas overseas and transporting this gas to Japan. In realizing a decarbonized society, JBIC looks 30 years into the future and will strive to support initiatives toward the global energy transition through financing for projects related to renewable energy, the hydrogen value chain, next-generation storage battery systems, energy conversion, CCUS/ carbon recycling, and ammonia and hydrogen co-combustion. In line with these efforts, JBIC created the Decarbonization Promotion Window within the Post-COVID-19 Growth Facility. Through this window, besides such renewable energy-related projects as solar power generation and wind power generation by Japanese companies, JBIC is expanding the targets of its support to cover projects related to manufacturing, sales, and imports of hydrogen and biomass fuel.

Supporting the Resilience of Japanese Companies' Supply Chains

Within the Post-COVID-19 Growth Facility, JBIC created a Supply Chain Resilience Enhancement Window and the Decarbonization Promotion Window. The COVID-19 pandemic has exposed the vulnerabilities of supply chains of Japanese companies. This can be seen by the disruptions of supplies of products and components for which production bases are highly concentrated overseas. In view of this situation, JBIC is supporting the diversification of overseas production bases of Japanese companies while also providing broad-ranging support for local suppliers and sales agents.

In DX, regarded as the cornerstone of the Fourth Industrial Revolution, JBIC will support the rebuilding of business models and the development and acquisition of cutting-edge technologies that will pave the way for a digital transformation.

Promote Japan-U.S.-Australia-India Cooperation to Strengthen the Free Trade System

Strengthening Japan-U.S.-Australia cooperation is also a prominent theme. The balance of power in the international community is markedly shifting as underscored by US-China conflicts and the spread of protectionism. In the future, however, with the addition of India, multilateral cooperation that also encompasses Japan, the U.S., Australia, and India under the QUAD framework and cooperation with international financial institutions will become increasingly crucial.

JBIC is making its utmost efforts to build cooperative relationships among allied countries under the free trade system to contribute toward the overseas development of Japanese companies. Specifically, JBIC has built a platform for high-quality infrastructure development through international collaboration with the U.S. International Development Finance Corporation (USDFC) and the Department of Foreign Affairs and Trade (DFAT) of Australia and Export Finance Australia (EFA). In January 2021, JBIC concluded a new Memorandum of Understanding with USDFC that adds electric power, hydrogen, digital and telecommunications, and supply chain fields to the existing areas of infrastructure, energy, and natural resources. At the same time, target regions have been broadened to include the Western Hemisphere and Central and Eastern Europe in addition to the existing Indo-Pacific, Middle East and Africa regions.

In the future, JBIC will promote the sound development of the international economy and society through the Japan-U.S.-Australia-India framework that will include collaboration with third countries possessing the same values for each individual project.

FY2020 Results: Wide-Ranging Deployment of Loans, Equity Participation, and Guarantees

In FY2020, JBIC made 207 financial commitments totaling ¥2,599.3 billion in loans, equity participation, and guarantees.

As initiatives toward a decarbonized society, JBIC financed Qatar's first large-scale solar PV project. Although JBIC has previously supported numerous LNG projects in Qatar, this marks that country's first large-scale renewable energy project. JBIC is also financing a waste to energy project that utilizes municipal waste in Dubai, the United Arab Emirates. In addition, JBIC also provided financing for an offshore electricity transmission project for offshore wind power generation in the United Kingdom and for a gas-fired combined cycle power plant project in Bangladesh.

In India, JBIC supported the automobile supply chain by financing suppliers and dealers of Japanese-affiliated automakers with loans needed for sales financing for Japanese automobiles through the State Bank of India, a state-owned commercial bank.

In overseas M&A, JBIC provided a loan for the funds needed by a Japanese company for the acquisition of a Swiss power grid business. In promoting the spread of such renewable energy as offshore wind power and solar power, DC high-voltage power transmission technologies and digital control systems are essential for low-loss transmission of power to demand areas. This acquisition is expected to contribute toward innovation not only overseas but also in the domestic power transmission business.

For the overseas business development of mid-tier enterprises and small and medium-sized enterprises (SMEs), we actively provided support utilizing local currency-denominated loans in a number of countries including ASEAN countries, China, and Mexico.

In equity investments, JBIC together with the Chugoku Electric Power Company, acquired a 44% stake in Fiji's state-owned electric power company as a project that contributes toward a decarbonized society. JBIC provides the necessary support for Fiji's transition to power generation centered on renewable energy based on that nation's goal of "renewable energy for all power generation by 2036" set by the Fijian government under its National Development Plan. JBIC also invested in a project of ancillary services using next-generation batteries to adjust electric power supply in the island of Ireland and a project for constructing and operating hydrogen filling stations in the U.S. state of California.

Regarding guarantees, JBIC achieved a more than three-fold increase in results compared with the previous year thanks to an increase in aircraft import guarantees. In addition, as the first Japan-U.S.-Australia collaboration project, JBIC provided support for a submarine cable project undertaken by the Belau Submarine Cable Corporation, state-owned public submarine cable corporation of Palau. This project involves laying a branch line to the island of Palau from a large-capacity optical submarine cable connecting the U.S. West Coast and Singapore, which will strengthen the resilience of Palau's communication infrastructure and contribute to improving the stability of international communications.

Summarizing JBIC's Third Medium-term Business Plan

In formulating its Third Medium-term Business Plan, JBIC established a medium- to long-term vision: "To serve as a 'navigator' for Japanese companies to expand overseas business in an uncertain world."

Up to now, JBIC has operated by giving a boost to the businesses of Japanese companies. However, in this age of uncertainty where the future is difficult to read, JBIC has expressed its intention to be a navigator that tries to lead Japanese companies and tries to take the initiative in responding to global issues. We have served as navigator driven by the spirit that this role can only be fulfilled by JBIC, which boasts an extensive track record in forming projects around the globe.

Over the three years from FY2018 to FY2020, JBIC made a total of ¥5,995.2 billion in loans, equity participation, and guarantees directed toward such issues as initiatives in growth areas and new fields as represented by innovation and frontier markets. As new initiatives, JBIC is focusing on creating frameworks such as for Japan-U.S.-Australia cooperation in addition to supporting start-up companies that have not yet received support with JBIC's Special Account.

In the area of organizational reform, during the COVID-19 pandemic JBIC has promoted the shift to online operations and the enhancement of operational efficiency and has created environments that facilitate online discussions with collaboration partners overseas.

JBIC created a Decarbonization Promotion Window and a Supply Chain Resilience Enhancement Window to provide support for business and cutting-edge technologies that facilitate digital transformation.





As a Navigator in an Era of Transformation, JBIC will lead the way in finding solutions to global issues and in innovations for overseas businesses of Japanese companies.

Initiatives such as these were also highly evaluated by third-party management advisory councils and evaluation committees. To further advance these initiatives, JBIC formulated the Fourth Medium-term Business Plan in June 2021.

Fourth Medium-term Business Plan to Raise Our Navigator Functions

Industrial and social structures are now being dramatically reshaped along with smooth energy transitions to address climate change, inclusive and sustainable development and growth, and the rapid advances of digitization and innovation. Against the background, JBIC formulated its Fourth Medium-term Business Plan upon grasping these issues and considering what it needs to focus on from the perspective of policy finance looking 10 years into the future.

To further raise our functions as a navigator, under the title of JBIC Compass 2.0, we revised our medium- to long-term vision as “To serve as a ‘navigator’ to build a brighter future with Japanese power in an uncharted global situation.” Under this new vision, JBIC has set six key focus areas centered on the pillars of innovation, energy transformation, and DX for realizing the SDGs and a decarbonized society.

At the business level, we have set the key focus areas as (1) address global issues toward realizing sustainable development for the global economy and society, (2) support the strengthening of the international competitiveness of Japan’s industries in the era of industrial and social transformation, (3) propel strategic initiatives to promote quality infrastructure projects overseas, and (4) execute policy-based finance functions that are adapted to changes in the economic situation.

At the organizational level, our key focus areas are (5) develop a business structure that can adapt to changes in the external environment and (6) manage the organization efficiently in order to respond to the “new normal.”

As Action Plans at the business level for key focus area (1), JBIC will respond to the energy transformation toward the realization of a decarbonized society and support projects that contribute toward resolving social issues. For key focus area (2), JBIC will concentrate on two important aspects, namely resilience, which is the ability to withstand external influences and

includes addressing the strengthening of resilience and rebuilding of international supply chains, and robustness, which is the ability to prevent changes caused by external influences. In addition, JBIC will support M&A and technology acquisition by Japanese companies toward DX. For (3), JBIC will strongly support participation in overseas infrastructure projects that harness the strengths of Japanese companies and will respond through multilateral cooperation such as among Japan, the U.S., Australia and with QUAD and cooperation with multilateral financial institutions. For (4), JBIC will respond swiftly to overseas businesses that have been impacted by the COVID-19 pandemic, undertake strategic initiatives for countries/regions of great importance from a policy perspective, execute business steadily as a policy-based financial institution, including support for SMEs, strengthen the risk-assuming functions, and further promote the mobilization of private capital.

Organizational Strengthening, Workstyle Reforms, and Human Resources Development That Responds to Change

At the organizational level, for (5) develop a business structure that can adapt to changes in the external environment, JBIC will develop a business structure that is adapted to changes in the business environment and customer needs and a business structure for conducting appropriate and efficient credit analysis and credit management during and after the COVID-19 pandemic, which includes responding appropriately to interest rate benchmark reforms. For (6) manage the organization efficiently in order to adapt to the “new normal,” to respond to employee working environments that have changed significantly due to COVID-19, we will accelerate digitalization at the workplace and promote human resource development and workstyle reforms that can maximize performance and boost the vitality of diverse employees. Beside these, in the Second-phase Plan for Work Style Reform formulated in June 2021, we will implement concrete measures with the same orientation.

As a Navigator in an Era of Transformation

JBIC will also strive to respond flexibly to changes in economic conditions. JBIC has received a wide range of applications from businesses spanning large companies to SMEs for its emergency services that support overseas businesses affected by the COVID-19 pandemic and as part of these efforts we have also procured dollar-denominated funds from the Foreign Exchange Fund Special Account to finance long-term funds. Furthermore, JBIC will contribute toward M&A that will facilitate the transformation of the industrial structure, restructuring of supply chains, and technological innovation on a global scale.

Concurrently JBIC will take the lead in addressing global challenges as a navigator in an era of transformation. For example, by engaging in dialogue and promoting engagement based on the good relationships with the governments and government agencies of each country cultivated to the present, JBIC encourages governments and related organizations to undertake energy transformation in accordance with actual circumstances in partner countries and will support the introduction of cutting-edge technologies suitable for each country. In addition, JBIC seeks to play a leading role at the front lines of Japan-U.S.-Australia cooperation and in the QUAD framework encompassing India. JBIC will realize project formation through multilateral cooperation in today's most critical fields such as semiconductors, rare metals, rare earths, AI as well as in the development of high-quality infrastructure.

I believe that strengthening our risk-assuming functions will continue to be a crucial role as a policy-based financial institution. This includes strengthening risk-assuming functions by utilizing Special Operations as well as diversifying financing methods that utilize local currency-denominated financing.

I ask for your continued understanding and support.

4. Directors, Managing Executive Officers and Corporate Auditors (As of October 1, 2021)



(Back row, from left)	Managing Director KOIZUMI Shinichi	Senior Managing Director OISHI Ichiro	Senior Managing Director HASHIYAMA Shigeto	Senior Managing Director TANAKA Kazuhiko	Managing Director KAWAMURA Yoshinori
(Front row, from left)	Deputy Governor HAYASHI Nobumitsu	Governor MAEDA Tadashi	Executive Managing Director AMAKAWA Kazuhiko		



Corporate Auditor TSUCHIYA Mitsuki	Corporate Auditor SUMIYA Koji	Corporate Auditor TAMAI Yuko
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Directors

Governor	MAEDA Tadashi
Deputy Governor	HAYASHI Nobumitsu
Executive Managing Director	AMAKAWA Kazuhiko
Senior Managing Director	HASHIYAMA Shigeto
Senior Managing Director	OISHI Ichiro
Senior Managing Director	TANAKA Kazuhiko
Managing Director (Outside Director)	KOIZUMI Shinichi
Managing Director (Outside Director)	KAWAMURA Yoshinori

Corporate Auditors

Corporate Auditor (Full-Time Corporate Auditor)	SUMIYA Koji
Corporate Auditor (Outside Corporate Auditor)	TSUCHIYA Mitsuaki
Corporate Auditor (Outside Corporate Auditor)	TAMAI Yuko

Managing Executive Officers

Managing Executive Officer, Global Head of Corporate Planning Group	TANIMOTO Masayuki
Managing Executive Officer, Global Head of Credit, Assessment and Risk Management Group	KIKUCHI Yo
Managing Executive Officer, Global Head of Treasury and Systems Group	OGAWA Kazunori
Managing Executive Officer, Global Head of Energy and Natural Resources Finance Group	INABA Yutaka
Managing Executive Officer, Global Head of Infrastructure and Environment Finance Group	UCHIDA Makoto
Managing Executive Officer, Global Head of Industry Finance Group	ASO Kenichi
Managing Executive Officer, Global Head of Equity Finance Group	MORITA Kentaro

5. Medium-term Business Plan (FY2021- FY2023)

Since its inception in April 2012, JBIC has drawn on various financial instruments to proactively provide funds for projects with relatively high risk profiles and mobilize private funds for its operations that include support for the overseas business development of Japanese companies, securing resources and preserving the global environment. During the three-year period of its Third Medium-term Business Plan that ran from FY2018 to FY2020, JBIC made a total of ¥5,995.2 billion in loans, equity participation, and guarantees under newly established focus areas encompassing initiatives toward growth areas and new fields as represented by innovation and economic frontiers. Moreover, to address the impact of the COVID-19 pandemic on the overseas businesses of Japanese companies, in 2020 JBIC commenced support based on the Emergency Window for Overcoming the COVID-19 Crisis (COVID-19 Emergency Window) as part of its crisis response efforts.

COVID-19 is currently having a tremendous impact on numerous countries and regions, and Japan is no exception. At the same time, the need for structural changes in industry and society has become clearly evident for proceeding with global rebuilding with an eye toward the post-pandemic world. In the international community, there is an urgent need for ambitious efforts to realize a smooth energy transition to respond to climate change problems and to attain inclusive and sustainable development and growth. Furthermore, in industry there

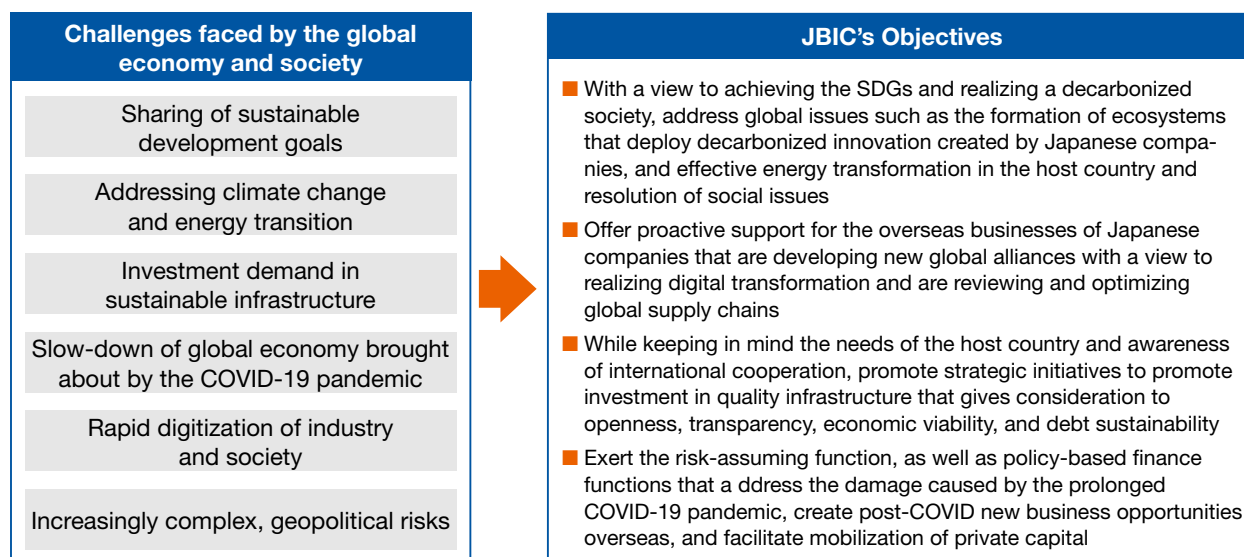
are ongoing moves to re-evaluate and optimize global supply chains in view of consumer needs and rising geopolitical risks in the age of the so-called new normal, while efforts are also being made to pursue international collaboration for adapting to the rapid advances of digitization and innovation.

To address these issues, JBIC recently formulated its Fourth Medium-term Business Plan (FY2021- FY2023). In consideration of the irreversible advancements in energy transformation, one of our key focus areas under the plan will be to promote initiatives that include spreading new innovations by Japanese companies, forming a global ecosystem, ensuring effective energy transitions by host countries, and responding to social issues. In conjunction with the emergency support for responding to the COVID-19 pandemic, our new business plan also includes active support for efforts by Japanese companies to rebuild and enhance the resilience of their global supply chains and overseas investments with a view to realizing a digital transformation. JBIC aims to fulfill the role of a navigator that builds a brighter future with Japanese power to continually contribute to the sound development of Japan and the international economy and society. To attain this objective, JBIC will fully utilize the relationships with stakeholders and overseas networks built to the present through its business operations while drawing on various financial tools and promoting initiatives based on this medium-term business plan.

Direction of the Business in the Fourth Medium-term Business Plan

In FY2020, economic activities faced an unprecedented degree of restrictions due to the COVID-19 pandemic. Amidst expectations of strong recovery of the global economy after such a year, the international community is confronted by these common challenges: (1) exploring the way toward sustainable growth and development that achieves balance between the economy, society, and the environment; (2) acceleration of energy transition toward

the realization of a decarbonized society; (3) responding to industrial and social transformation due to advancement in digitization. Taking these challenges into consideration, JBIC has set out the following objectives, from the perspective of policy-based finance. These objectives have been incorporated as action plans into the Fourth Medium-term Business Plan. JBIC is fully committed to the achievement of the plan.



Key Focus Areas

JBIC's corporate philosophy is, "Positioned at the crossroads of global business opportunities, JBIC is opening new venues to the future for the Japanese and global economy." Under this philosophy, it has established the medium- to long-term vision, "To serve as a 'navigator' to build a brighter future with Japanese power in an uncharted global situation," which defines what JBIC wishes to become over the next 10 years. Based on this vision, the Fourth Medium-term Business Plan sets out six

key focus areas based on the theme "navigator in an era of transformation," in the context of objectives such as the realization of the SDGs and a decarbonized society, and the irreversible advancements in energy transformation and digital transformation. Seventeen action plans have been positioned under these six key focus areas, and JBIC is committed to achieving these action plans in coming years.

JBIC Medium- to Long term Vision

To serve as a "navigator" to build a brighter future with Japanese power in an uncharted global situation

Fourth Medium-term Business Plan: Navigator in an era of transformation (JBIC Compass 2.0)	Key Focus Areas (Business)	<ol style="list-style-type: none"> 1. Address global issues toward realizing sustainable development for the global economy and society. 2. Support the strengthening of the international competitiveness of Japan's industries in the era of industrial and social transformation. 3. Propel strategic initiatives to promote quality infrastructure projects overseas. 4. Execute policy-based finance functions that are adapted to changes in the economic situation.
	Key Focus Areas (Organization)	<ol style="list-style-type: none"> 5. Develop a business structure that can adapt to changes in the external environment. 6. Manage the organization efficiently in order to respond to the "new normal."

Action Plans

	Key Focus Areas	Action Plans
Business	1 Address global issues toward realizing sustainable development for the global economy and society.	<ol style="list-style-type: none"> (1) Respond to energy transformation toward the realization of a decarbonized society. (2) Support projects that contribute toward resolving social issues.
	2 Support the strengthening of the international competitiveness of Japan's industries in the era of industrial and social transformation.	<ol style="list-style-type: none"> (1) Address the strengthening of resilience and rebuilding of international supply chains. (2) Support M&A and technology acquisition by Japanese companies toward digital transformation, etc.
	3 Propel strategic initiatives to promote quality infrastructure projects overseas.	<ol style="list-style-type: none"> (1) Support participation in overseas infrastructure projects that harness the strengths of Japanese companies. (2) Promote multilateral cooperation and cooperation with multilateral financial institutions, etc.
	4 Execute policy-based finance functions that are adapted to changes in the economic situation.	<ol style="list-style-type: none"> (1) Respond swiftly to overseas businesses that have been impacted by the COVID-19 pandemic. (2) Undertake strategic initiatives for countries/regions of great importance from a policy perspective. (3) Execute-business steadily as a policy-based financial institution, including support for small and medium-sized enterprises. (4) Strengthen the risk-assuming functions as a policy-based financial institution. (5) Further promote the mobilization of private capital.
Organization	5 Develop a business structure that can adapt to changes in the external environment.	<ol style="list-style-type: none"> (1) Develop a business structure that is adapted to changes in the business environment and customer needs. (2) Respond appropriately to interest rate benchmark reforms. (3) Conduct appropriate and efficient credit analysis and credit management during and after the COVID-19 pandemic.
	6 Manage the organization efficiently in order to respond to the "new normal."	<ol style="list-style-type: none"> (1) Digitalize the working environment that can adapt to the "new normal." (2) Promote human resource development and work style reforms that can maximize performance and draw out vitality of diverse employees. (3) Strengthen the effectiveness of the compliance system.

Action Plans (Business)

Key Focus Area: 1 Address global issues toward realizing sustainable development for the global economy and society.

Action Plan (1) Respond to energy transformation toward the realization of a decarbonized society.

- To contribute toward the creation of a new ecosystem, with a view to reducing greenhouse gases worldwide and realizing decarbonization in Japan, support efforts to reduce greenhouse gases and popularize green innovation by financing projects in fields such as renewable energy and energy savings, smart energy (power storage technology, etc.), green mobility, smart cities, and promotion of the production, transportation, and utilization of hydrogen (Green finance)
- While working to engage host countries to make the shift toward sustainable energy, provide support for initiatives toward global energy transition by financing projects in areas such as energy conversion, CCUS/carbon recycling, ammonia and hydrogen co-combustion, in order to contribute toward expanding businesses that help to reduce environmental burden (Transition finance)

Action Plan (2) Support projects that contribute toward resolving social issues.

- To contribute toward efforts aimed at resolving social issues in host countries and realize sustainable growth, such as efforts to improve health, welfare and hygiene, create employment, and develop sustainable cities and living spaces, provide support for projects that assist resolving social issues in the host countries. These include the development and enhancement of the medical care environment (infectious disease countermeasures, hospital and medical equipment), access to basic infrastructure (water and sewage services, rural electrification and distributed power systems, information communications), development of the living environment (urban development and disaster prevention, public transport), improvement in the hygiene environment (waste disposal, reuse and recycling, countermeasures for marine plastic waste), and food safety and sustainable food systems (food value chains) (Social impact finance)

Key Focus Area: 2 Support the strengthening of the international competitiveness of Japan's industries in the era of industrial and social transformation.

Action Plan (1) Address the strengthening of resilience and rebuilding of international supply chains.

- To contribute toward efforts aimed at the restructuring of global supply chains by Japanese companies and the building of local supply chains in order to cultivate new markets, support Japanese companies to rebuild and strengthen the resilience of global supply chains. These efforts include new capital investment overseas by Japanese companies (investments related to the relocation, establishment, and expansion of business bases), and infrastructure development for local supporting industries and industrial cluster overseas

Action Plan (2) Support M&A and technology acquisition by Japanese companies toward digital transformation, etc.

- To cope with the rapid progress of digital transformation, and to support initiatives by Japanese companies to rebuild their business models as well as develop and acquire state-of-the-art technology, provide support to strengthen the international competitiveness of Japanese companies during the period of digital transformation by financing efforts for the acquisition of advanced technologies and knowhow from overseas, including digital technology

Key Focus Area: ③ Propel strategic initiatives to promote quality infrastructure projects overseas.

Action Plan (1) Support participation in overseas infrastructure projects that harness the strengths of Japanese companies.

- To secure debt sustainability in host countries and economic viability that reflects the life cycle costs of a project, and to contribute toward the promotion of quality infrastructure overseas that takes environmental and social impact into consideration, provide support for the quality infrastructure projects overseas through means such as the utilization of core technologies by Japanese companies and continued involvement in O&M

Action Plan (2) Promote multilateral cooperation and cooperation with multilateral financial institutions, etc.

- To meet global infrastructure needs through coordination and cooperation with diverse funding sources, promote initiatives toward deal-sourcing and structuring of projects through multilateral cooperation, including Japan-U.S.-Australia-India cooperation, and coordination with multilateral financial institutions, etc.

Key Focus Area: ④ Execute policy-based finance functions that are adapted to changes in the economic situation.

Action Plan (1) Respond swiftly to overseas businesses that have been impacted by the COVID-19 pandemic.

- Implement emergency measures steadily (financing based on the Emergency Window)
- Respond flexibly to changes in the global financial environment (including appropriate credit management)

Action Plan (2) Undertake strategic initiatives for countries/regions of great importance from the policy perspective.

- Undertake strategic initiatives toward the formation of loan, equity participation, and guarantee projects in countries and regions of great importance from policy perspectives (including enhancing support for projects in Africa and initiatives based on multilateral cooperation)

Action Plan (3) Execute business steadily as a policy-based financial institution, including support for mid-tier enterprises and small and medium-sized enterprises.

- Implement policy-based finance steadily, including securing important resources and supporting overseas expansion by Japanese industries
- Support overseas expansion by small and medium-sized enterprises through efforts such as strengthening cooperation with private financial institutions, including regional financial institutions, and knowledge sharing

Action Plan (4) Strengthen the risk-assuming functions as a policy-based financial institution.

- Strengthen the risk-assuming function through means such as the utilization of special operations, and diversify financing products by utilizing local currency-denominated financing, etc.
- Strengthen external presence and negotiation leverage as a policy-based financial institution

Action Plan (5) Further promote the mobilization of private capital.

- Actively promote the mobilization of private capital, including private investment and financing by private financial institutions, through our loan, equity participation, and guarantee operations and the securitization of loan assets

Action Plans (Organization)

Key Focus Area: 5 Develop a business structure that can adapt to changes in the external environment.

Action Plan (1) Develop a business structure that is adapted to changes in the business environment and customer needs.

- Develop a business process and structure that takes the external environment into consideration, such as changes in the business environment and customer needs, response to SDGs and climate change issues, and global trends related to ESG investments

Action Plan (2) Respond appropriately to interest rate benchmark reforms.

- Respond appropriately to interest rate benchmark reforms (LIBOR cessation), including the smooth transition to an alternative interest rate benchmark in loans, equity participation, and guarantee operation, and system modification and the review of credit analysis processes

Action Plan (3) Conduct appropriate and efficient analysis and credit management during and after the COVID-19 pandemic.

- Conduct appropriate and efficient credit analysis and credit management under the constraints of a remote work environment
- Adjust risk-management framework to changes in the international situation and social environment, such as the prolonged COVID-19 pandemic and interest rate benchmark reforms

Key Focus Area: 6 Manage the organization efficiently in order to respond to the “new normal.”

Action Plan (1) Digitalize a working environment that can adapt to the “new normal.”

- Agilely review, improve, and digitize work processes, and utilize RPA
- Strengthen functions toward improving user experience for information systems, in anticipation of the normalization of remote work, and secure stability and safety of information systems

Action Plan (2) Promote human resource development and work style reforms that can maximize performance and draw out vitality of diverse employees.

- Foster an organizational culture that harnesses the diversity of employees as a source of vitality, and support autonomous career development and capacity development
- Undertake initiatives toward improving the working environment to enable employees to continue working with vitality

Action Plan (3) Strengthen the effectiveness of the compliance system.

- Develop a compliance system that strikes a balance between effectiveness and efficiency

6. Outline of Operations in FY2020

Operational Highlights

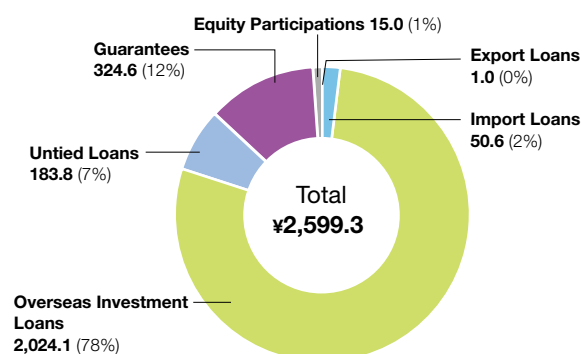
The total amount of commitments JBIC made during FY2020 in loans, equity participations, and guarantees was approximately ¥2,599.3 billion, which is an increase of 54.8% from FY2019. As of March 31, 2021, the outstanding amount of loans and equity participations was approximately ¥13,906.5 billion and the outstanding amount of guarantees was approximately ¥1,838.3 billion, for total of approximately ¥15,744.8 billion.

The spread of COVID-19, which became a pandemic in 2020, raised concerns over economic impact in Japan and overseas. It prompted JBIC to establish a new window named the Emergency Window for Overcoming the COVID-19 Crisis (COVID-19 Emergency Window) in April 2020 under the Growth Investment Facility, which had already been launched in order to provide wide-ranging support in assisting Japanese companies in the overseas expansion of their businesses and development of quality infrastructure.

In January 2021, JBIC restructured the Growth Investment Facility and established an enhanced facility named the Post-COVID-19 Growth Facility as part of the Comprehensive Economic Measures to Secure People's Lives and Livelihoods toward Relief and Hope (December 8, Cabinet decision) and the Green Growth Strategy Through Achieving Carbon Neutrality in 2050 (formulated by the Ministry of Economy, Trade and Industry, and reported at a meeting of the Committee on the Growth Strategy on December 25, 2020). With the purpose of transforming the economic structure and realizing a virtuous circle for the post-COVID-19 era, JBIC supported Japanese companies in the overseas expansion of high-quality infrastructure toward a decarbonized society and the enhancement of supply chain resilience.

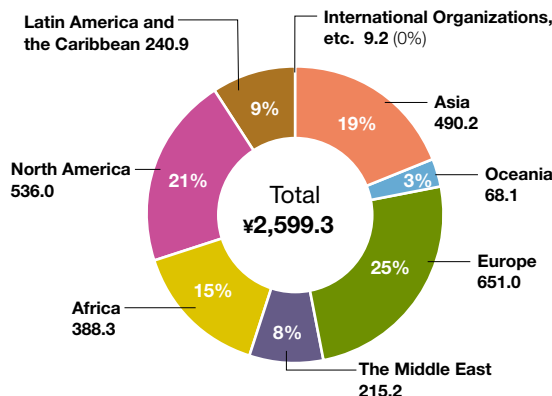
Commitments by Purpose of Financing

(FY2020; unit: billions of yen)



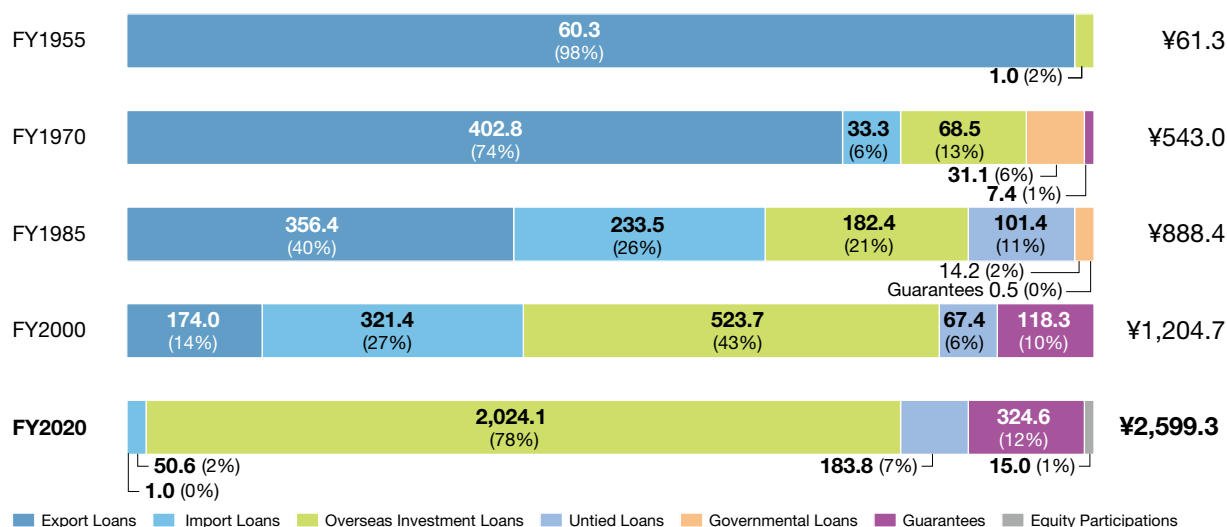
Commitments by Region

(FY2020; unit: billions of yen)



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

(Unit: billions of yen)



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. JBIC contributes toward securing a long-term stable supply of resources through financial support for acquisition of upstream interests in resources development, diversification of supply sources and strengthening of relationships with resource-rich countries. In FY2020, JBIC made a total of nine financial commitments in the resources sector, amounting to approximately ¥507.7 billion in loans and guarantees.

Supporting Strategic Overseas Business Activities by Japanese Companies

Amid a growing movement by Japanese industries to seek earnings opportunities outside Japan due to declining domestic demand, JBIC supports Japanese companies, through its various financial instruments, in implementing their overseas business as well as maintaining and strengthening their global supply chains, thereby contributing toward maintaining and increasing the international competitiveness of Japanese industries.

JBIC supported M&A transactions by Japanese companies through providing loans for the acquisition of a Swiss power grids business and an Australian paperboard and fiber based packaging business. JBIC also provided loans for infrastructure projects in which Japanese companies participate, including a natural gas-fired combined cycle power plant project in Bangladesh and an offshore electricity transmission project in the United Kingdom. In addition, JBIC made joint investments with Japanese companies in a business to provide ancillary services to adjust electric power supply in Ireland, a hydrogen station operator in the United States, and an electric utility in Fiji. In terms of supporting the enhancement of supply chain resilience of Japanese companies, JBIC provided, through India's state-owned commercial bank, the funds necessary for suppliers and dealers of Japanese automobile manufacturers and for sales finance of Japanese automobiles in India.

Supporting Exports by Japanese Companies

JBIC supported Japanese companies in exporting submarine cable-related equipment to Palau and construction machinery to Mongolia.

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 113 financial commitments, aggregating approximately ¥26.2 billion, in co-financing with Japanese regional financial institutions. The support included loans for a packaging materials manufacturing and sales business in Thailand and a heat treatment business in China. In addition, 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 GREEN Operations (for details refer to page 60), JBIC signed loan agreements to set up credit lines with local financial institutions to finance environmental preservation projects in Benin and renewable energy projects and energy efficiency projects in Turkey. JBIC made a total of seven financial commitments amounting to approximately ¥168.7 billion in FY2020 under this framework.

To support the overseas expansion of high-quality infrastructure and overseas business activities toward a decarbonized society, JBIC provided project financing¹ for a waste to energy project in the Emirate of Dubai, UAE, and a solar PV project in Saudi Arabia, both invested in by Japanese companies.

Supporting Japanese Companies with Local Currency² Loans

JBIC provided 37 local currency denominated loans² totaling the equivalent of approximately ¥171.6 billion. The loans included a South African rand loan to fund a Japanese company's manufacturing and sales business of automotive tires and a Russian ruble loan to fund another Japanese company's automobile logistics business.

Supporting through facilities

In FY2020, JBIC made a total of 186 financial commitments under the Growth Investment Facility³, amounting to approximately ¥1,950.5 billion, and nine financial commitments under the Post-COVID-19 Growth Facility, amounting to approximately ¥318.0 billion, both in loans and guarantees.

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

2. Currencies other than JPY, USD and EUR.

3. The financial commitments made under the Growth Investment Facility as of December 2020 are under the facility prior to its restructuring. Prior to the restructuring, the Growth Investment Facility consisted of three windows: the Facility Window for the Development of Quality Infrastructure for Environmental Preservation and Sustainable Growth (the QI-ESG Window), the Facility Window for Supporting Japanese Companies' Overseas Business Expansion (the Overseas Business Expansion Window), and the Emergency Window for Overcoming the COVID-19 Crisis (the COVID-19 Emergency Window).

Operation Results

JBIC made total disbursements of ¥1,860.2 billion in FY2020

Planned and Actual Lending and Investments

(Unit: billions of yen)

	FY2017		FY2018		FY2019		FY2020	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Export Loans	315.0	279.4	352.9	100.0	345.3	174.1	308.0	71.2
Import Loans and Overseas Investment Loans	2,115.0	1,357.2	1,730.0	1,269.6	1,681.3	1,490.0	1,900.0	1,699.5
Untied Loans	50.0	50.3	50.0	39.2	80.0	9.7	87.0	76.6
Equity Participations	130.0	39.8	124.0	42.4	115.0	30.2	105.0	12.7
Total	2,610.0	1,726.9	2,256.9	1,451.3	2,221.6	1,704.1	2,400.0	1,860.2

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 FY2020, JBIC recorded ¥232.6 billion in Interest Income and ¥282.7 billion in Ordinary Income. This was for various reasons including support for promoting the acquisition of interest, and the development of natural resources, and the overseas operations of Japanese companies such as infrastructure projects and efforts to facilitate business overseas to preserve the global environment. On the other hand, JBIC recorded ¥239.0 billion in Ordinary Expenses as a result of posting ¥150.2 billion in Interest Expenses, such as Interest on bonds. As a result, Ordinary Profit and Net Income both amounted to ¥43.7 billion.

(2) Balance Sheet

Total Assets amounted to ¥16,566.0 billion. This was due primarily to an increase in Loans and Bills Discounted (increased by ¥410.5 billion to ¥13,525.1 billion compared with FY2019). Total Liabilities amounted to ¥13,825.6 billion. This was mainly due to a decrease in Borrowed Money (decreased by ¥139.3 billion to ¥6,647.1 billion compared with FY2019) due to factors including a decrease in borrowing. Total Net Assets was ¥2,740.3 billion. This was due mainly to the capital increase and Net Income of ¥43.7 billion, despite the payment to national treasury through appropriation of retained earnings in FY2019.

Special Operations

(1) Statement of Operations

In FY2020, Ordinary Income was ¥1.3 billion. This was due mainly to Interest Income of ¥1.3 billion. On the other hand, JBIC recorded ¥0.8 billion in Ordinary Expenses as a result of posting ¥0.4 billion in Interest Expenses, such as Interest on Interest Swaps. As a result, Ordinary Profit and Net Income both amounted to ¥0.4 billion.

(2) Balance Sheet

Total Assets amounted to ¥308.7 billion. This was due mainly to an increase in Loans and Bills Discounted (increased by ¥12.2 billion to ¥31.6 billion compared with FY2019) due to the execution of loans, securities recorded (¥2.6 billion), and other reasons. Total Liabilities was ¥6.6 billion. Total Net Assets was ¥302.1 billion. This was due mainly to a Net Income of ¥0.4 billion.

The Ninth Term for JBIC (FY2020)

[Consolidated Financial Statements]
Consolidated Statement of Operations

(April 1, 2020–March 31, 2021; unit: millions of yen)

Accounts	Amounts
Ordinary Income	284,742
Interest Income	234,073
Fees and Commissions	26,708
Other Ordinary Income	8,733
Other Income	15,226
Ordinary Expenses	240,369
Interest Expenses	150,276
Fees and Commissions Payments	3,040
Other Ordinary Expenses	5,991
General and Administrative Expenses	20,129
Other Expenses	60,932
Ordinary Profit	44,372
Extraordinary Income	10
Net Income Before Income Taxes	44,382
Income Taxes – Current	45
Total Income Taxes	45
Net Income	44,337
Net Income Attributable to Non-controlling Interests	46
Net Income Attributable to Owner of Parent	44,290

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

(April 1, 2020–March 31, 2021; unit: millions of yen)

Accounts	Amounts
Ordinary Income	283,665
Interest Income	233,550
Fees and Commissions	26,391
Other Ordinary Income	8,668
Other Income	15,055
Ordinary Expenses	239,450
Interest Expenses	150,276
Fees and Commissions Payments	2,381
Other Ordinary Expenses	5,991
General and Administrative Expenses	19,868
Other Expenses	60,932
Ordinary Profit	44,215
Extraordinary Income	10
Net Income	44,225

Consolidated Balance Sheet

(As of March 31, 2021; unit: millions of yen)

Assets		Liabilities and Net Assets	
Accounts	Amounts	Accounts	Amounts
Cash and Due from Banks	1,233,919	Borrowed Money	6,651,321
Securities Note 7	272,359	Bonds Payable Note 9	4,964,965
Loans and Bills Discounted Note 8	13,556,815	Other Liabilities	374,034
Other Assets Note 9	281,625	Provision for Bonuses	585
Property, Plant and Equipment Note 10	29,110	Provision for Directors' Bonuses	10
Intangible Assets	4,210	Net Defined Benefit Liability	6,338
Customers' Liabilities for Acceptances and Guarantees	1,835,123	Provision for Directors' Retirement Benefits	47
Allowance for Loan Losses	(339,841)	Acceptances and Guarantees	1,835,123
		Total Liabilities	13,832,426
		Capital Stock	1,963,800
		Retained Earnings	981,523
		Total Shareholder's Equity	2,945,323
		Valuation Difference on Available-for-sale Securities	2,088
		Deferred Gains or Losses on Hedges	95,238
		Foreign Currency Translation Adjustment	(2,072)
		Total Accumulated Other Comprehensive Income (Loss)	95,254
		Non-controlling Interests	318
		Total Net Assets	3,040,896
Total Assets	16,873,323	Total Liabilities and Net Assets	16,873,323

Note: See Notes 7 to 10 on pages 30 to 31 of Appendix for details.

Balance Sheet

(As of March 31, 2021; unit: millions of yen)

Assets		Liabilities and Net Assets	
Accounts	Amounts	Accounts	Amounts
Cash and Due from Banks	1,233,220	Borrowed Money	6,651,321
Securities	275,817	Bonds Payable	4,964,965
Loans and Bills Discounted	13,556,815	Other Liabilities	373,918
Other Assets	280,365	Provision for Bonuses	585
Property, Plant and Equipment	29,084	Provision for Directors' Bonuses	10
Intangible Assets	4,206	Provision for Retirement Benefits	6,338
Customers' Liabilities for Acceptances and Guarantees	1,835,123	Provision for Directors' Retirement Benefits	47
Allowance for Loan Losses	(339,841)	Acceptances and Guarantees	1,835,123
		Total Liabilities	13,832,310
		Capital Stock	1,963,800
		Retained Earnings	981,353
		Total Shareholder's Equity	2,945,153
		Valuation Difference on Available-for-sale Securities	2,088
		Deferred Gains or Losses on Hedges	95,238
		Total Valuation and Translation Adjustments	97,327
		Total Net Assets	3,042,480
Total Assets	16,874,791	Total Liabilities and Net Assets	16,874,791

[Ordinary Operations Account]
Statement of Operations

(April 1, 2020–March 31, 2021; unit: millions of yen)

Accounts	Amounts
Ordinary Income	282,755
Interest Income	232,622
Fees and Commissions	26,391
Other Ordinary Income	8,657
Other Income	15,083
Ordinary Expenses	239,027
Interest Expenses	150,276
Fees and Commissions Payments	2,308
Other Ordinary Expenses	5,991
General and Administrative Expenses	19,605
Other Expenses	60,846
Ordinary Profit	43,727
Extraordinary Income	10
Net Income	43,737

[Special Operations Account]
Statement of Operations

(April 1, 2020–March 31, 2021; unit: millions of yen)

Accounts	Amounts
Ordinary Income	1,373
Interest Income	1,360
Other Ordinary Income	10
Other Income	2
Ordinary Expenses	885
Interest Expenses	432
Fees and Commissions Payments	72
General and Administrative Expenses	293
Other Expenses	86
Ordinary Profit	487
Net Income	487

Balance Sheet

(As of March 31, 2021; unit: millions of yen)

Assets		Liabilities and Net Assets	
Accounts	Amounts	Accounts	Amounts
Cash and Due from Banks	961,369	Borrowed Money	6,647,121
Securities	273,153	Bonds Payable	4,964,965
Loans and Bills Discounted	13,525,185	Other Liabilities	371,525
Other Assets	277,352	Provision for Bonuses	577
Property, Plant and Equipment	29,084	Provision for Directors' Bonuses	10
Intangible Assets	4,206	Provision for Retirement Benefits	6,312
Customers' Liabilities for Acceptances and Guarantees	1,835,123	Provision for Directors' Retirement Benefits	46
Allowance for Loan Losses	(339,416)	Acceptances and Guarantees	1,835,123
		Total Liabilities	13,825,682
		Capital Stock	1,660,500
		Retained Earnings	981,470
		Total Shareholder's Equity	2,641,970
		Valuation Difference on Available-for-sale Securities	2,020
		Deferred Gains or Losses on Hedges	96,385
		Total Valuation and Translation Adjustments	98,406
		Total Net Assets	2,740,376
Total Assets	16,566,058	Total Liabilities and Net Assets	16,566,058

Balance Sheet

(As of March 31, 2021; unit: millions of yen)

Assets		Liabilities and Net Assets	
Accounts	Amounts	Accounts	Amounts
Cash and Due from Banks	271,851	Borrowed Money	4,200
Securities	2,664	Other Liabilities	2,415
Loans and Bills Discounted	31,629	Provision for Bonuses	8
Other Assets	3,034	Provision for Directors' Bonuses	0
Allowance for Loan Losses	(425)	Provision for Retirement Benefits	25
		Provision for Directors' Retirement Benefits	0
		Total Liabilities	6,650
		Capital Stock	303,300
		Retained Earnings	(116)
		Total Shareholder's Equity	303,183
		Valuation Difference on Available-for-sale Securities	67
		Deferred Gains or Losses on Hedges	(1,146)
		Total Valuation and Translation Adjustments	(1,078)
		Total Net Assets	302,104
Total Assets	308,754	Total Liabilities and Net Assets	308,754

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 FY2021 are shown in the table below.

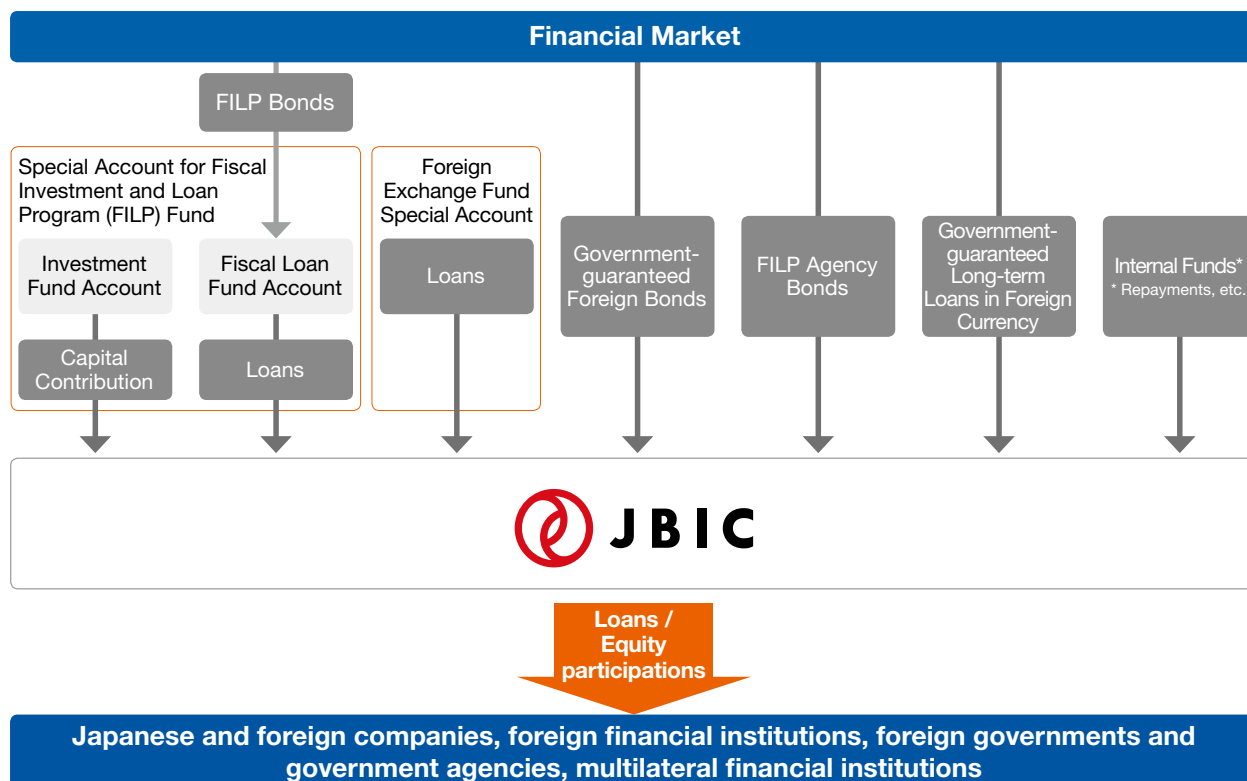
Funding Sources: Actual and Planned

(Unit: billions of yen)

	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Planned
Capital Contribution from FILP Industrial Investment	82.2	20.1	98.5	80.0	60.0
Borrowing from FILP Fiscal Loan	209.5	109.6	43.7	14.9	215.0
Borrowing from Foreign Exchange Fund Special Account	854.4	654.9	422.9	2,051.1	—
Government-guaranteed Long-term Loans in Foreign Currency	—	—	—	—	40.0
Government-guaranteed Foreign Bonds*	1,629.7	724.2	849.4	833.4	1,982.5
FILP Agency Bonds*	60.0	—	—	—	20.0
Other Sources of Funds, Including Repayments	(1,108.9)	(57.4)	289.5	(1,119.2)	382.5
Total	1,726.9	1,451.3	1,704.1	1,860.2	2,700.0

* Figures for bonds are indicated at face value.

Funding Sources



Japanese and foreign companies, foreign financial institutions, foreign governments and government agencies, multilateral financial institutions

Government-guaranteed Foreign Bonds

JBIC raises part of its funds by issuing Government-guaranteed foreign bonds in international capital markets. Outstanding Government-guaranteed foreign bonds at the end of FY2020 amounted to ¥4,914.8 billion at face value, which accounts for 42.27% 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 foreign bonds are used as a source of those loans.

In the FY2021 budget, JBIC plans to issue in the total amount of up to ¥1,982.5 billion in Government-guaranteed foreign bonds.

JBIC's Government-guaranteed foreign 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 August 31, 2021). 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 FY2021.

FILP agency bonds that JBIC has already issued received the same ratings as the Government of Japan (as of August 31, 2021 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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1. Energy and Natural Resources Finance Group

● Message from the Global Head of the Group



Since Japan's postwar reconstruction and high-growth periods, the Energy and Natural Resources Finance Group has been responsible for providing financing for promoting the overseas development and securement of resources which are important for Japan, including energy resources such as oil and natural gas, as well as mineral resources while maintaining and improving the international competitiveness of the steel, non-ferrous metals, and paper industries that turn these resources into materials. As movements for realizing a decarbonized society gain momentum, the Energy and Natural Resources Finance Group is anticipating the post-pandemic era, and together with existing measures for securing resources, is placing greater focus on supporting the identification and formation of projects in three fields based on the Green Growth Strategy Through Achieving Carbon Neutrality in 2050 of the government of Japan and the Fourth Medium-term Business Plan (FY2021–FY2023) of JBIC. Specifically, these three fields are; (1) securing new energy sources such as hydrogen and fuel ammonia and building a supply chain for such resources, (2) supporting energy transitions in emerging countries, and (3) rebuilding the supply chain for critical minerals and enhancing its resilience. Through above measures, JBIC will contribute toward energy transitions and the realization of a decarbonized society by providing long-term funding supplementing private-sector funds and further enhancing risk taking.

INABA Yutaka

Managing Executive Officer
Global Head of Energy and Natural Resources Finance Group

Business Environment and Key Challenges

With the Paris Agreement requiring all participating countries to submit greenhouse gas reduction targets, in October 2020, the government of Japan announced its targets for attaining carbon neutrality in 2050 and in December 2020, it formulated its Green Growth Strategy Through Achieving Carbon Neutrality in 2050 (revised in June 2021). Within this strategy, hydrogen and fuel ammonia will be given particular attention among the 14 fields expected to grow toward the realization of carbon neutrality in 2050, the target set by Japan's Prime Minister (at that time) SUGA Yoshihide, and efforts to build an international supply chain encompassing cooperation with resource-rich countries will be strengthened. As governments in North America and Europe are giving support for building hydrogen supply chains, there is a rising need for actively supporting the international initiatives of Japanese companies in these fields.

On the other hand, in emerging markets such as in Asia, where energy demand is expected to grow, realistic energy transitions toward carbon neutrality are essential based on the particular circumstances of each country. In June 2021, the government of Japan proposed the Asia Energy Transition Initiative (AETI) as a comprehensive support initiative for energy transition in Asia. Japan will support each country in formulating a roadmap for carbon

neutrality with expectations that JBIC will provide financing support for realizing this goal.

Securing stable supplies of critical minerals, which are indispensable for realizing a decarbonized society and developing next-generation industries, is also gaining more importance. Along with iron, the foundation of all industries, copper used in electric vehicles (EVs) and next-generation power grids and base metals such as aluminum that contributes toward weight reductions and the thermal efficiency improvements in vehicle and machinery components, there is growing demand for rare metals such as lithium, cobalt, and nickel used in EV batteries. Consequently, there is also a rising need to rebuild the supply chain for these critical minerals. Under these circumstances, to secure stable resources, along with the acquisition of interests in and long-term offtake of resources by Japanese companies, it is also increasingly important to actively provide support encompassing the development of peripheral infrastructure and operational support while also supporting projects with lower greenhouse gas emissions.

JBIC's Activities



Mozambique LNG Project (photo provided by Mitsui & Co., Ltd.)

In FY2020, JBIC performed the following activities for addressing global reconstruction and climate change problems in anticipation of the post-pandemic era and for securing a stable supply of energy and mineral resources from overseas.

Oil and Natural Gas

As part of efforts to ensure stable supplies of LNG, an energy source with little environmental impact, JBIC has concluded a loan agreement for project finance for the Mozambique LNG project (Rovuma Offshore Area 1 Block) in which Mitsui & Co., Ltd. is participating. Japanese electric power and gas companies are expected to offtake approximately 30% of the LNG produced by this project. This will represent Japan's first imports of LNG produced in Mozambique and as such this project will contribute toward securing stable long-term supplies of LNG and to

diversifying LNG supply sources for Japan. Also, under the LNG sales and purchase agreements for this project, flexible destination clauses have been introduced and a joint procurement framework has been adopted between Japanese and foreign off-takers, contributing to the formation of a highly fluid LNG market.

Mineral Resources

In its Strategic Energy Plan, the government of Japan has set the goal of ensuring stable supplies even in times of sharp price rises and tight supply-demand for base metals such as iron and copper.

Under these circumstances, JBIC signed a loan agreement with Brazilian company Vale S.A. (VALE) to provide the funds required for Japanese companies to secure stable high-quality iron ore imports from VALE. In recent years, securing a stable and long-term supply of high-grade iron ore has become an important challenge and therefore, this loan will help ensure the stable supply of this vital mineral resource and contribute toward strengthening Japan's relationship with VALE, which is an important partner in terms of the country's natural resource strategy.

In addition, JBIC signed a loan agreement with AM/NS Calvert LLC (Calvert), a U.S.-based company in which NIPPON STEEL CORPORATION (NIPPON STEEL) has an investment, to provide the funds required by Calvert to build a new electric arc furnace in the U.S. state of Alabama for its steel sheet manufacturing and sales business. This loan will enable NIPPON STEEL to secure stable supplies of high-grade steel sheets for use in automobiles and infrastructure in the U.S., and to obtain alternative manufacturing processes for steel products, in addition to the blast furnace process for its future global business expansion.



Panoramic view of AM/NS Calvert

Activities in Countries and Regions that are Highly Important on the Policy Front

JBIC contributes toward the further strengthening and development of economic relations with related countries to resolve global issues as well as provide financial support for high-quality infrastructure investment based on the needs of the host country and for promoting overseas business development by Japanese companies.

Palau

JBIC signed a loan agreement with the Belau Submarine Cable Corporation (BSCC) to provide the funds necessary for BSCC to purchase submarine cable-related equipment from NEC Corporation. JBIC provided the loan through its Special Operations Account¹. This is the first project under the Trilateral Partnership for Infrastructure Investment in the Indo-Pacific, which aims for the cooperation of Japan, the U.S., and Australia for projects in third countries within the Indo-Pacific region. In addition, this project will reinforce the communications infrastructure of Palau, an island state in the Indo-Pacific region, thereby contributing toward raising the stability of its international communications. The investment environment of Palau and its economic development are also expected to improve.



Signing ceremony with the participation of the Japanese, U.S., and Australian governments, related organizations, and the government of Palau

African Countries

JBIC maintains its supports for Africa under the JBIC Facility for African Investment and Trade Enhancement 3 (FAITH 3) announced at the seventh Tokyo International Conference on African Development (TICAD 7) held in August 2019. In addition to the previously mentioned loan for the Mozambique LNG project, JBIC set up a credit line with the government of Benin for the funds necessary for implementing environmental preservation projects in Benin under Global action for Reconciling Economic growth and Environmental preservation (GREEN) operations (see page 60 for details).



Signing ceremony with the government of Benin

Future Business Strategy

The resource sector is at a major turning point as it faces challenges such as structural changes in industry and society in anticipation of the post-pandemic era, smooth energy transitions to address climate change issues, and global supply chain restructuring. Furthermore, there is a growing need to deal with uncertainties such as tightening supply and demand for resources over the medium to long term and increased geopolitical risk. Capitalizing on its status as Japan's policy-based financial institution, JBIC will contribute toward securing the stable supply of natural resources to Japan by proactively supporting Japanese companies that plan to acquire interests in and develop resources overseas and will promote efforts toward these global agendas.

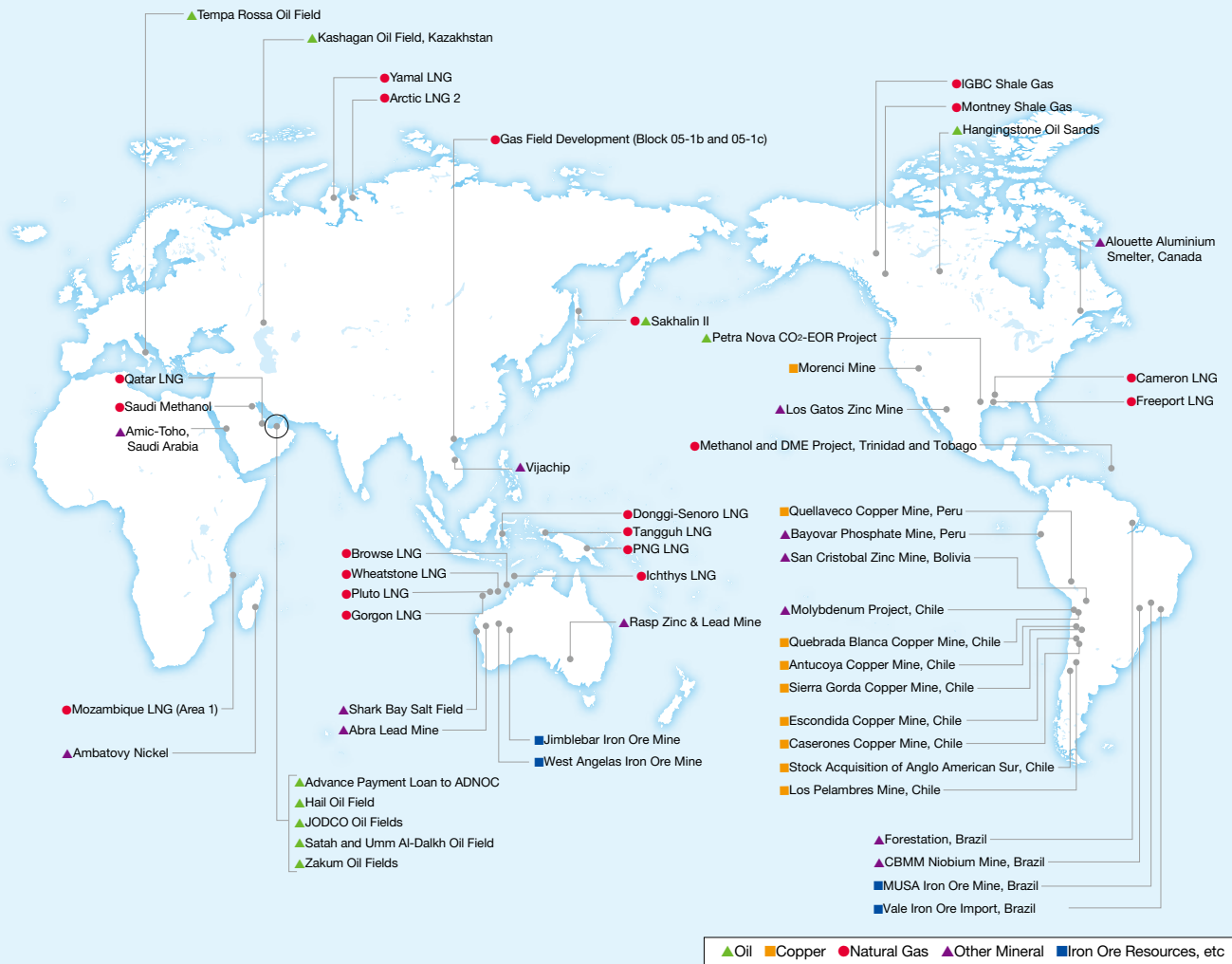
Addressing Global Issues

As a response to the energy transformation for the realization of a decarbonized society, JBIC will focus on green innovation initiatives, including fields such as fuel ammonia production and CCS/CCUS² to support the construction of a hydrogen value chain spanning manufacturing, transportation, and supply to utilization (green finance).

Moreover, to contribute toward the expansion of businesses that help reduce the environmental impact while actively participating in the sustainable energy transition by the host country, JBIC will support initiatives for the natural gas business (natural gas conversion, expansion of use, etc.) in emerging countries centered around Asia, and will also continuously support projects for reducing CO₂ emission in the steel and smelting industries (transition finance).

Also, based on initiatives under TICAD and achievements under FAITH 3, JBIC will actively support projects that contribute toward solving social issues for sustainable growth of host countries such as improving health and welfare, creating employment, and accessing basic infrastructure in emerging countries, including African nations (social impact finance).

**JBIC's Major Projects of Energy and Natural Resources
(Cumulative commitment amount for energy and natural resources projects over the last 10 years:
Approximately JPY 6.8 trillion)**



* Including projects that were approved for funding by JBIC more than 10 years ago.

As of March 31, 2021

Responses for Building an International Supply Chain for Critical Minerals

JBIC will strengthen its initiatives for promoting mineral resource projects such as for copper and nickel, which are essential for realizing a decarbonized society, as well as for supporting projects for strategic materials such as rare earths and rare metals that are indispensable for use in high-quality materials.

To realize carbon neutrality in 2050, highly innovative initiatives will be needed not only in the energy field, but also in industrial fields, especially in the materials industry. In its Green Growth Strategy, the government of Japan stated that it would muster all possible and necessary policies. From a medium to long-term perspective, JBIC will actively support efforts toward decarbonization in this field to play a part in these efforts.

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.
2. CCS (Carbon dioxide Capture and Storage) is a technology for separating and recovering carbon dioxide, which is a greenhouse gas, and storing this deep in the ocean or in the ground. CCUS (Carbon dioxide Capture, Utilization and Storage) utilizes separated and stored carbon dioxide.

2. Infrastructure and Environment Finance Group

● Message from the Global Head of the Group



COVID-19 has not only affected people's everyday lives but has also spurred a dramatic transformation in the business environment. At the same time, amid efforts aimed at recovering from the pandemic, discussions on global decarbonization have advanced significantly, as typified by green recovery. As these major changes unfold, JBIC has also formulated a new Medium-term Business Plan and announced its management goals for the next three years. The Infrastructure and Environment Finance Group will focus especially on supporting projects that contribute toward solving global issues such as global decarbonization and enhancing the resilience of supply chains damaged by the spread of COVID-19. Regarding decarbonization, we believe an approach focused on engagement that encourages initiatives led by individual countries based on the circumstances of each country is crucial. JBIC will leverage the strong relationships and dialogue channels it has cultivated in each country to the present to support energy transitions and global decarbonization. Also, for infrastructure projects with high project costs and risks, JBIC will utilize its position as a policy-based financial institution to support the business of Japanese companies through multilateral collaboration and cooperation with international organizations.

UCHIDA Makoto

Managing Executive Officer
Global Head of Infrastructure and Environment Finance Group

Business Environment and Key Challenges

Based on the Fourth Medium-term Business Plan (FY2021–FY2023) formulated in June 2021, the Infrastructure and Environment Finance Group considers the following fields to be its key challenges. The Group will focus on projects that contribute toward addressing global issues such as realizing a decarbonized society and projects such as those for rebuilding and strengthening the resilience of supply chains that will support Japanese companies in the era of industrial and social transformation.

(1) Address global issues

Without even having to examine specific cases, the major trend toward decarbonization is advancing, as Japan's policy goal of attaining carbon neutrality was announced during a general policy speech in October 2020 by Prime Minister (at that time) SUGA Yoshihide. At the world level as well, there are ongoing noteworthy movements such as the commitment to achieve net zero by 2050 made by the G7 countries at the G7 Cornwall Summit in June 2021 in looking ahead to the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) and beyond.

There are a diverse assortment of measures and approaches for realizing this goal of decarbonization. The government of Japan has adopted a policy of deep engagement with the energy policies of developing countries, especially in Asia, to realize energy transitions

together with these nations. This is based on the belief that adopting realistic measures suited to actual environments and circumstances in each individual country is instead the best means of contributing toward realizing a decarbonized society. As Japan's policy-based financial institution, JBIC will utilize the strong relationships it has cultivated with countries worldwide and support the realization of projects that contribute toward solving social issues such as decarbonization and energy transitions through engagement promoted by the government of Japan as well as waste-to-energy projects and projects for distributed power supply.



Conceptual diagram of the Warsan waste-to-energy project in the Emirate of Dubai

(2) Support the strengthening of the international competitiveness of Japanese companies in the era of industrial and social transformation

Worldwide economic and mobility constraints caused by COVID-19 also exerted a tremendous impact on business, one of the most notable being disruptions to supply chains. As pointed out in the Infrastructure System Overseas Promotion Strategy 2025 (June 2021 Revised Edition), we believe that support for rebuilding and enhancing the resilience of supply chains of Japanese companies during the recovery phase of economic activities in the future will have important implications for the international competitiveness of Japanese companies in the new post-pandemic world.

Starting with a loan to support the enhancement of the resilience of supply chains of Japanese companies in India in FY2020 (a loan to the State Bank of India), JBIC moved to further support projects that contribute toward rebuilding and enhancing the resilience of supply chains of Japanese companies by establishing the Supply Chain Resilience Enhancement Window within the Post-COVID-19 Growth Facility commenced in January 2021. JBIC will utilize this window to actively support the strengthening of overseas supply chains of Japanese companies.



Signing ceremony of the first loan to the State Bank of India



Signing ceremony of the memorandum of understanding on cooperation with the U.S. International Development Finance Corporation

(3) Propel strategic initiatives to promote quality infrastructure projects overseas

The Free and Open Indo-Pacific (FOIP) advocated by the government of Japan in 2016 is rooted in the concept of ensuring peace and prosperity for the entire region, and by extension for the whole world, by realizing a free and open rules-based international order. For example, the development of “quality infrastructure” that can contribute toward improving connectivity among regions is also important from the perspective of FOIP.

These types of quality infrastructures inevitably involve a multitude of stakeholders and there is a tendency for both scale and risks to increase, which makes it difficult for Japan and JBIC to execute these projects alone.

Deeply aware of this problem, JBIC has traditionally emphasized collaboration with multilateral and international financial institutions. Specifically, JBIC has fortified collaboration with policy-based financial institutions in Japan, the U.S., and Australia and with public financial institutions such as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD).

While being mindful of the efforts of Japanese companies, JBIC will make proactive efforts leveraging its position as a policy-based financial institution to support the overseas expansion of quality infrastructure, including infrastructure in the health and medical fields, which were once again recognized as being crucial sectors during the COVID-19 pandemic.

JBIC's Activities

The main achievements of the Group in FY2020 are as follows.

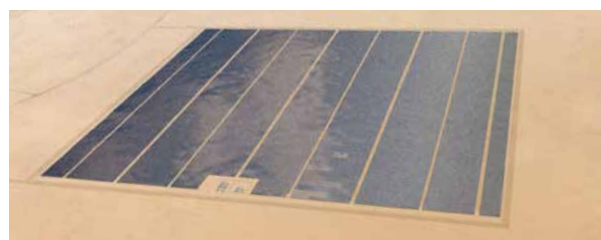
(1) Initiatives for low-carbonization and global environmental preservation

JBIC supported projects that contribute toward low carbonization and global environmental preservation in various countries worldwide. These included providing financing for Qatar's first large-scale solar PV project (Al Kharsaa Solar PV Plant project).

The government of Qatar is promoting the deployment of renewable energy as part of its National Vision 2030 and has set the goal of increasing the proportion of renewable energy in the country's total electricity generation to 20% by 2030. The Al Kharsaa Solar PV Plant project, where Marubeni Corporation, together with Qatar Petroleum,

Qatar Electricity & Water Company Q.P.S.C., and France-based TOTAL S.A., will build, own, and operate an 800MW solar PV plant, is aligned with the energy policy of the government of Qatar.

JBIC also set up credit lines for the Banco Nacional de Comercio Exterior, S.N.C., Institución de Banca de



A distant view of the Al Kharsaa Solar PV Plant project

Desarrollo and the Development and Investment Bank of Turkey, respectively, to support renewable energy projects, energy efficiency projects, and environment-related projects in Mexico and Turkey. As Japan's policy-based financial institution, JBIC is close to the energy and environmental policies of each country. Utilizing the financing tools of Global action for Reconciling Economic growth and ENvironmental preservation (GREEN) operations, JBIC is financially contributing toward global environmental preservations.

(2) Initiatives for frontier markets

COVID-19 is having a worldwide impact, especially in the frontier markets of developing countries. Additionally, global-wide constraints on mobility and economic activities have also highlighted the need to rebuild and enhance the resilience of supply chains.

To address these issues, JBIC set up two credit lines for the State Bank of India in October 2020 and March 2021, respectively, to support businesses that contribute toward enhancing the resilience of supply chains of Japanese automobile manufacturers. India's automobile market is one of the world's largest, with Japanese automakers accounting for the majority share of the market, making this a key market for Japan. Through the financial support for the supply chain of Japanese automobile manufacturers affected by COVID-19, JBIC contributes toward maintaining and improving Japan's international competitiveness.



Signing ceremony of the second loan to the State Bank of India

Additionally, as an initiative for frontier markets, JBIC utilized its risk-assuming function as a policy-based financial institution, such as by providing financing for the Meghnaghat Natural Gas-fired Combined Cycle Power Plant project in Bangladesh, as it steadily provided financial support even during the COVID-19 pandemic.

(3) Initiatives for infrastructure projects that are highly important on the policy front

In March 2021, JBIC provided project financing for the Warsan waste-to-energy project in the Emirate of Dubai, United Arab Emirates. For this project, ITOCHU Corporation, Hitachi Zosen Corporation, and other entities will build, own, and operate a plant (waste treatment capacity of 1.9 million tons/year; power output of 194MW) through a special purpose company. This project will enable

the processing of up to 45% of the Emirate of Dubai's present municipal waste generation. Currently, most of the Emirate of Dubai's waste is buried in landfills, and the plots for landfills are becoming scarce. The government of Dubai has set the goal of reducing the amount of waste being sent to landfills to zero by 2032 and is promoting an increase in clean energy, including waste-to-energy. The project is in line with the environment and energy policies of the government of Dubai.

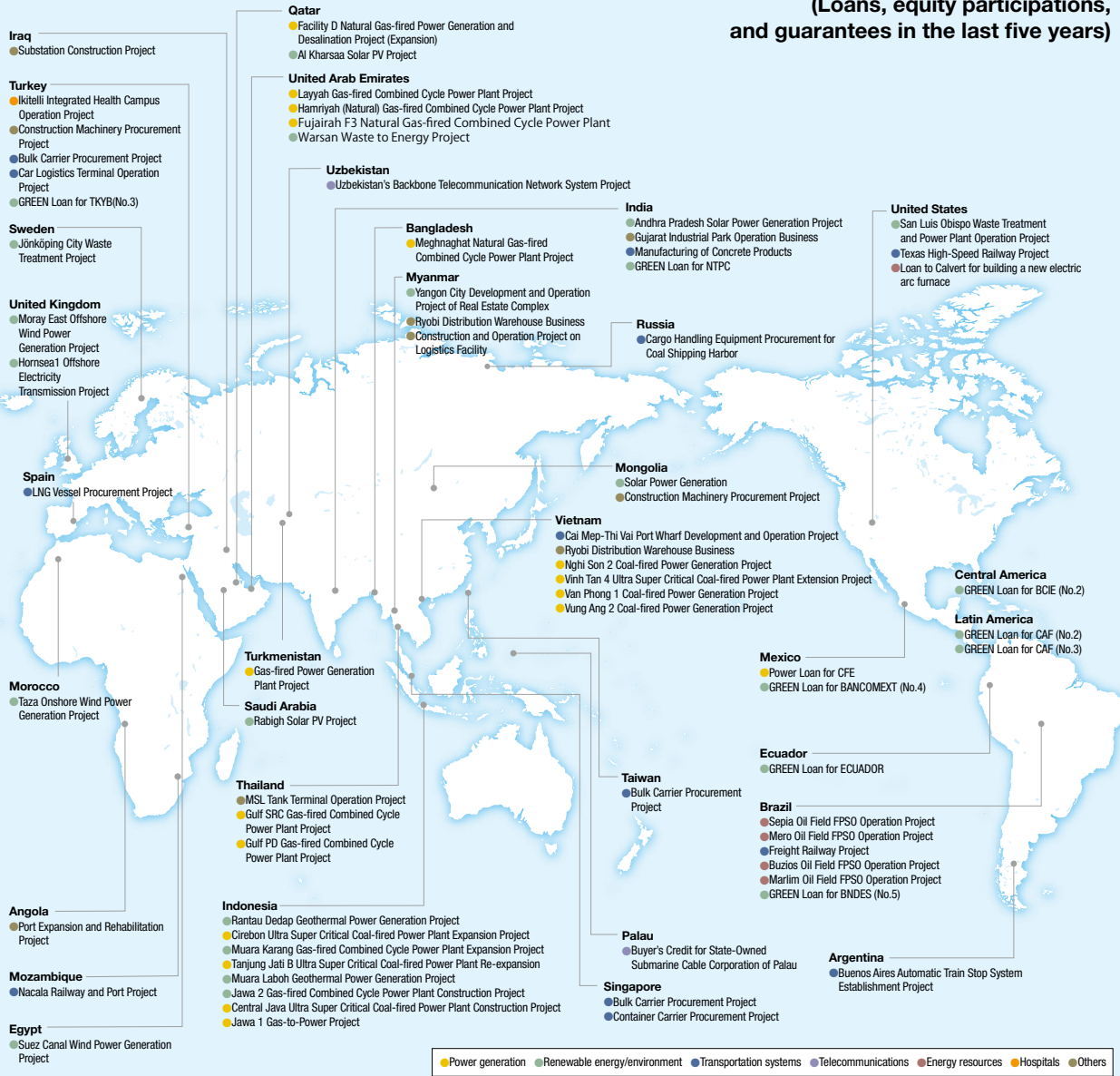
(4) Collaboration with other countries and institutions

JBIC is utilizing its strengths as a policy-based financial institution in working to reduce risks for seeking investments and realizing and accelerating infrastructure projects by building relationships with governments of other countries and collaborating with other institutions. In addition, with various discussions underway worldwide toward decarbonization and carbon neutrality, JBIC will utilize the relationships it has built to the present with each country and get close to the actual circumstances and policies of each country and value its efforts for engagement to pursue a correct path while engaging in dialogue.

Regarding cooperation with other countries, JBIC holds regular policy dialogues with Indonesia and other nations. For Vietnam, we cooperated with the Embassy of Japan in Vietnam, the local chamber of commerce, the U.S. International Development Finance Corporation (USDFC), and the Export Finance Australia to develop a Public Private Partnership (PPP) framework by adopting an approach emphasizing engagement in formulating the PPP bill being promoted by Vietnam. Also, for Bangladesh, where Japanese companies are actively considering setting up operations, JBIC signed a memorandum of understanding (MOU) with the Ministry of Power, Energy and Mineral Resources, with the aim of strengthening collaboration in the future. The MOU respects the idea of a "Free and Open Indo-Pacific" and is positioned as a shared understanding for promoting infrastructure development in line with the G20 Principles for Quality Infrastructure Investment. With regards to the U.S., where relationships are important not only with the federal government but also with the states, JBIC signed a MOU with the government of the State of California, which promotes active environmental policies. We have confirmed that we would further promote Japanese companies' businesses in California in a wide range of fields such as global environmental protection, clean mobility, and clean energy, including hydrogen, renewable energy, and electricity storage.

Regarding cooperation with other organizations, we are continuing to work on cooperation among the three countries of Japan, the U.S., and Australia, which are strengthening relations toward the realization of a "Free and Open Indo-Pacific" promoted by the government of Japan. In January 2021, a new MOU was signed with USDFC. In the MOU, in addition to the conventional sectors of cooperation, JBIC will also promote cooperation in projects in which Japanese and US companies participate together in sectors such as hydrogen, digital connectivity, information and communication technology, and supply chain resilience, which are positioned as strategically important fields by both the Japanese and

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 March 2021

US governments. Also, on the occasion of the 5th Saudi-Japan Vision 2030 Ministerial Meeting, JBIC has signed an MOU on strategic partnership with Saudi Electricity Company, which holds an important position in the electric power sector of Saudi Arabia.



Signing ceremony of an MOU on strategic partnership with Saudi Electricity Company

3. Industry Finance Group

● 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 Aviation Finance Department, and Osaka Branch. The Industry Finance Group makes efforts to maintain and improve the international competitiveness of Japanese industry by capitalizing on its various financial instruments for responding to the strategies and needs of Japanese companies in expanding overseas.

The spread of COVID-19 and the accompanying constraints on mobility led to an unforeseen stagnation of the global economy and also significantly affected the international business of Japanese companies. In view of these circumstances, in FY2020 JBIC launched the Emergency Window for Overcoming the COVID-19 Crisis (COVID-19 Emergency Window) as it flexibly and agilely worked to support the overseas businesses of Japanese companies. In FY2021, JBIC will make all-out efforts to support Japanese companies affected by COVID-19. Additionally, in view of changes of the global environment and the needs of Japanese industry, the Industry Finance Group will support the strengthening of resilience and rebuilding of global supply chains of Japanese companies and overseas M&As of Japanese companies toward digital transformation, during the first fiscal year of the Fourth Medium-term Business Plan (FY2021–FY2023), while continuing to work to maintain and improve the international competitiveness of Japanese industry by multiple means including active risk taking.

ASO Kenichi
 Managing Executive Officer
 Global Head of Industry Finance Group

Business Environment and Key Challenges

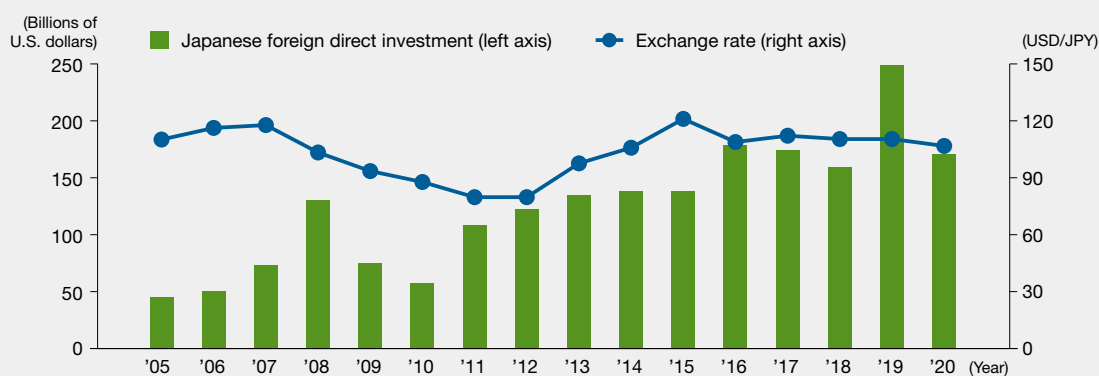
Impact of COVID-19 on Overseas Business Development

Since 2020, COVID-19 has continued to have a significant impact on economic activities in numerous countries and regions, including Japan.

According to the World Economic Outlook released

by the International Monetary Fund (IMF) in April 2021, real GDP growth for the global economy in 2020 contracted sharply, with 3.3% negative growth (4.8% negative growth for Japan). Meanwhile, the outlook for 2021 anticipates that growth will turn positive, with 6.0% real growth for the world economy (3.3% growth for Japan). Nonetheless,

Figure 1. Value of Japanese Foreign Direct Investment



Source: Bank of Japan (for data of exchange rates). JETRO (for data of Japan's foreign direct investment)

this forecast is surrounded by a continuing high level of uncertainty that includes the future direction of COVID-19, the effectiveness of policy support toward normalizing economic activities along with increased vaccination rates, and trends in the financial environment.

Following a sharp slowdown sparked by the global financial crisis in 2008, foreign direct investment by Japanese companies returned to a level exceeding \$100 billion in 2011 and remained firm thereafter. In FY2019 foreign direct investment increased significantly to around \$250 billion due in part to large-scale M&As. In 2020, however, foreign direct investment failed to sustain the momentum seen in 2019 and was held to \$171.1 billion, as new capital investment was frozen or postponed due to the spread of COVID-19 (Figure 1). While uncertainties remain high as the impact of COVID-19 persists, attention will be focused on the extent to which foreign direct investment by Japanese companies recovers and expands in 2021.

Rebuilding and Enhancing the Resilience of Supply Chains and Creating New Business Opportunities Overseas

Alongside the spread of COVID-19, the chief factors significantly affecting the overseas business development of Japanese companies are rising geopolitical risks such as fraying US-China relations as well as rapid advances in digital transformation and open innovation that utilizes AI and IoT. In the automobile industry, large-scale changes in the industrial structure also encompassing fuels are accelerating. To adapt quickly to these trends, there are emerging moves such as rebuilding and enhancing the resilience of global supply chains and creating new business opportunities overseas.

As these developments unfold, Japanese companies are actively proceeding with capital investments overseas as they move toward consolidating and decentralizing manufacturing bases and readjusting production processes among manufacturing bases. At the same time, business development utilizing M&A is becoming increasingly active. In 2019, the number of overseas M&A deals by Japanese companies reached a record high 826 deals. In 2020, some M&A deals were postponed or frozen, and both the number and value of deals decreased

significantly from 2019 (Figure 2). In 2021, however, various movements can be seen and among these previously postponed or frozen M&A deals are starting to resume and deals are on a recovery track.

In order to put the Japanese economy back onto 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 by making responses for rebuilding and enhancing the resilience of global supply chains and adapting to digital transformation, open innovation, and changes in the industrial structure.

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 moving to directly cultivate demand in overseas markets and expand business opportunities in addition to responding to the needs of major Japanese manufacturers for local procurement of parts and equipment. As a result, diversification has been seen in the fields of business invested in by Japanese mid-tier enterprises and SMEs, their investment destinations, and funding needs.

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 FY2020 survey, 98.0% 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 3).

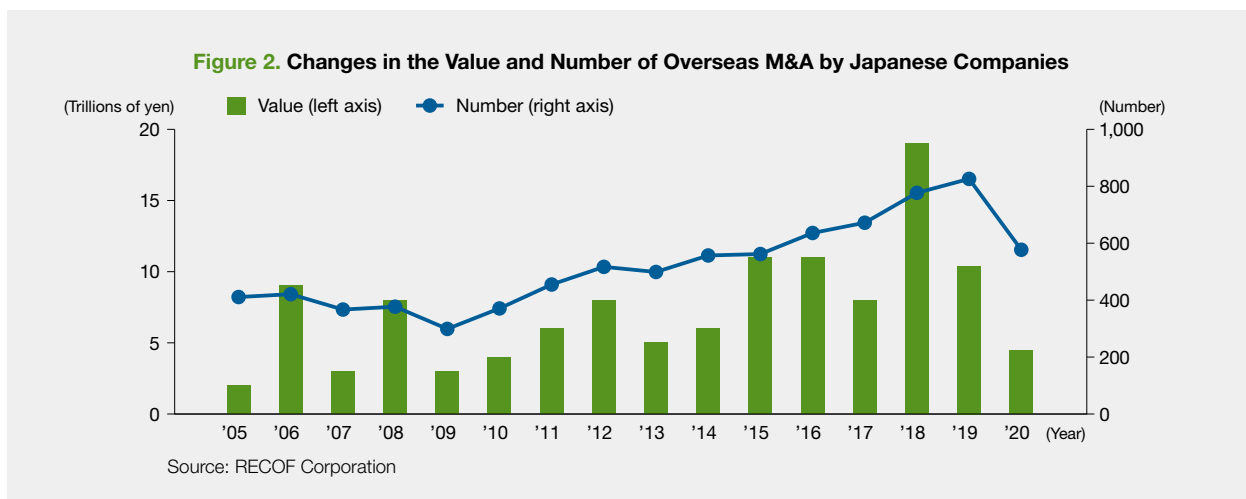
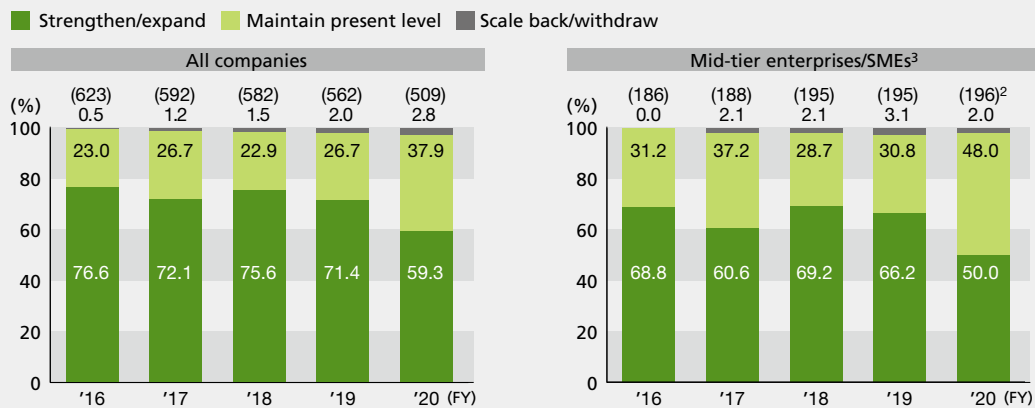


Figure 3. Medium-term Prospects (Next Three Years, or So) for Overseas Operations¹

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 FY2020 Survey Report on Overseas Business Operations by Japanese Manufacturing Companies

JBIC's Activities

Support for Japanese Companies through the Emergency Window for Overcoming the COVID-19 Crisis (COVID-19 Emergency Window)

In response to the spread of COVID-19, in April 2020 JBIC established the Emergency Window for Overcoming the COVID-19 Crisis (COVID-19 Emergency Window) as an expansion of the Growth Investment Facility. This window supports the overseas business of Japanese companies affected by COVID-19. The Industry Finance Group supports companies that include large companies as well as mid-tier enterprises and SMEs and will continue this support in FY2021.

For support of mid-tier enterprises and SMEs in particular, JBIC widely informed regional financial institutions about this window and pursued highly detailed collaboration based on the needs of business partners of regional financial institutions. As a result, in FY2020 JBIC cooperated with the largest-ever number of regional financial institutions, such as by forming co-financing with 35 regional financial institutions, including five regional financial institutions involved in forming co-financing for the first time.

Supporting Overseas Business Expansion Using Various Financial Instruments

In the Third Medium-term Business Plan (FY2018–FY2020), JBIC designated support for the overseas M&As by Japanese companies as one of the priority areas to focus on. In FY2020, through direct financing and indirect financing (two-step loan) utilizing M&A credit lines (loan facilities) concluded with Japanese financial institutions, JBIC continued to flexibly provide long-term financing for Japanese companies to carry

out M&A activities in various fields, including in the pharmaceuticals, electricity, chemicals, entertainment, and manufacturing sectors. Among these, JBIC also supported projects for adapting to the advance of digital transformation and open innovation. These include projects for securing 5G-related technologies and projects for acquiring businesses aimed at integrating and utilizing digital infrastructure and IoT platforms.

Apart from support for M&A transactions, JBIC provided support for the automotive tire manufacturing and sales business of a Japanese company in South Africa, the biggest automobile market in Africa. JBIC also provided support for a business for the manufacture and development of evaluation systems for fuel cells and batteries for New Energy Vehicles (NEVs) undertaken by a Japanese company in Shanghai, where development bases for NEVs in China are concentrated. Also, JBIC supported the business of long-term chartering services of FPSOs (Floating Production, Storage and Offloading systems for oil and gas) that incorporate cutting-edge digital technologies.



Tire manufacturing and sales business in South Africa

Additionally, JBIC provided loans in various local currencies such as Thai baht, Chinese yuan, Indonesian rupiah, and South Africa rand in order to further encourage Japanese companies to expand abroad.

Supporting Overseas Business Deployment of Mid-tier Enterprises and SMEs

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 FY2020, the number of loans, equity participations, and guarantees to mid-tier enterprises and SMEs totaled 114. JBIC has also expanded the recipients of this support to include a diversity of mid-tier enterprises and SMEs that cultivate local markets regardless of whether these are in traditional-type industries. JBIC supported the overseas business development of mid-tier enterprises and SMEs by providing mid-tier enterprises and SMEs with the opportunity to utilize the necessary local currency funds or by supporting the procurement of long-term local currency funds of the regional financial institutions themselves by setting credit lines (two-step loans) for 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 yuan in addition to U.S. dollars and the Euro.

Meanwhile, compared with larger companies, mid-tier enterprises and SMEs might face greater constraints on various fronts, such as the collection of information about overseas investment. Due to this, 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. JBIC provided various information such as on the overseas investment environment and held seminars utilizing its overseas representative offices and individual consultation meetings using Web conferencing systems.



Existing FPSO for Brazil similar to the one being financed (photo provided by MODEC, Inc.)

Responding to the Diverse Needs of and Crises Faced by Japanese Companies

The international economic conditions surrounding Japan, such as political conditions in each country and economic trends in emerging countries, are constantly changing. During 2020 in particular, the spread of COVID-19 had an enormous impact on the global economy. While accurately responding to these changes, to trends in the global economy, and to the funding needs of Japanese companies, JBIC continues to provide support to maintain and improve the international competitiveness of Japanese industry.

Taking the impact of COVID-19 on the Japanese economy and industry into consideration, the Industry Finance Group will continue providing support for the crises faced by numerous Japanese companies large and small, including mid-tier enterprises and SMEs. We will accurately grasp the post-pandemic issues and needs of Japanese companies, and will strive by multiple means including capitalizing on various financial instruments and enhancing our risk-taking capability to contribute toward exploring and creating new business opportunities for Japanese companies that can lead to Japan's sustainable growth. This includes addressing global issues and providing support for enhancing supply chain resilience and acquiring technology through M&A for the digital transformation of Japanese companies, as prescribed in the Fourth Medium-term Business Plan. By doing so, we will continue to play a role in connecting Japan to the world.



Business for manufacturing and developing evaluation systems for fuel cells and batteries for NEVs (photo provided by HORIBA, Ltd.)

4. Equity Finance Group

● 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 government of Japan 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.

Under its Fourth Medium-term Business Plan (FY2021–FY2023) announced in 2021, JBIC sets the goals of supporting innovation for realizing the SDGs and a decarbonized society, green finance with a view toward irreversible advancements in energy transformation and digital transformation, and M&A and the acquisition of technologies. In making these efforts, the supply of funding through our equity financing capacity will be essential.

Under our new medium-term business plan, we will continue to actively support the overseas expansion of Japanese companies through our equity financing capacity.

MORITA Kentaro

Managing Executive Officer
Global Head of Equity Finance Group

Business Environment and Key Challenges

Maintaining and Improving the International Competitiveness of Japanese Industry

The Action Plan of the Growth Strategy formulated by the government of Japan in June 2021 and the Green Growth Strategy Through Achieving Carbon Neutrality in 2050 call for multiple actions including promoting ambitious growth strategies in fields with strong future growth potential such as digital and carbon neutrality-related sectors that are driving the economy even during the COVID-19 pandemic. The actions also include the government's support for efforts to spur innovation, incorporate technologies from overseas through direct investments and M&As, and promote individual projects, including those involving cooperation with the United States and Europe and those that support third countries.

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 overseas markets, overseas M&A activity is one of the important strategies adopted by Japanese companies for accelerating growth. Under such conditions, overseas acquisitions by Japanese companies in 2020 decreased to 557 deals from 826 deals in 2019, due in part to the impact of COVID-19. Nonetheless, in 2021 such acquisitions are on a recovery track and it is important to continue to supply funds in response to the needs of Japanese companies for M&A.

JBIC will support Japanese companies in rebuilding supply chains due to the spread of COVID-19, in developing business for realizing a decarbonized society and in conducting M&A activities in the form of equity participation as well as fund investment through JBIC IG Partners.



Investing in hydrogen stations for Fuel Cell Vehicle (FCVs)

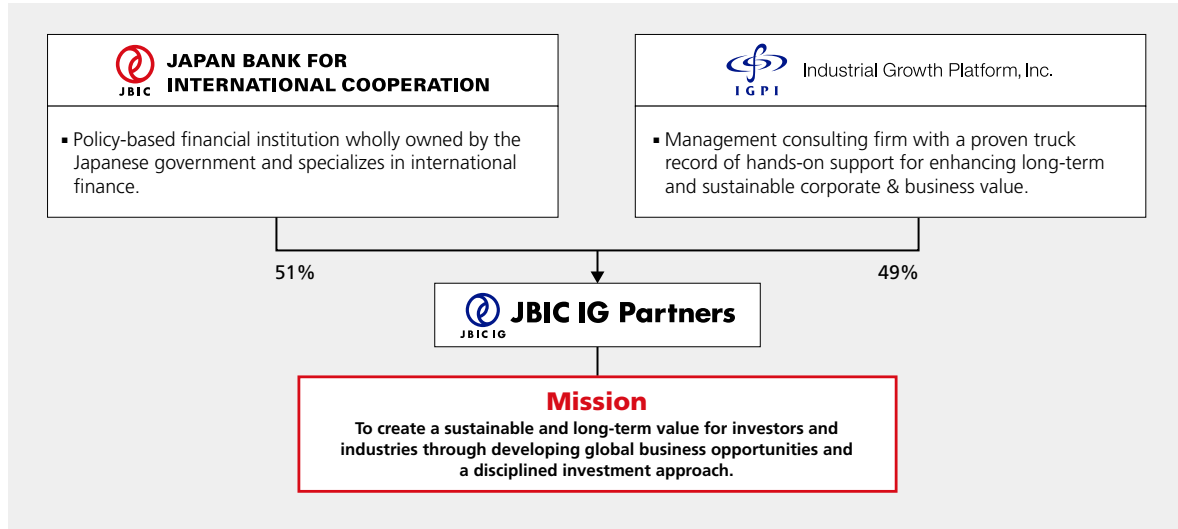
Overview of JBIC IG Partners (JBIC IG)

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

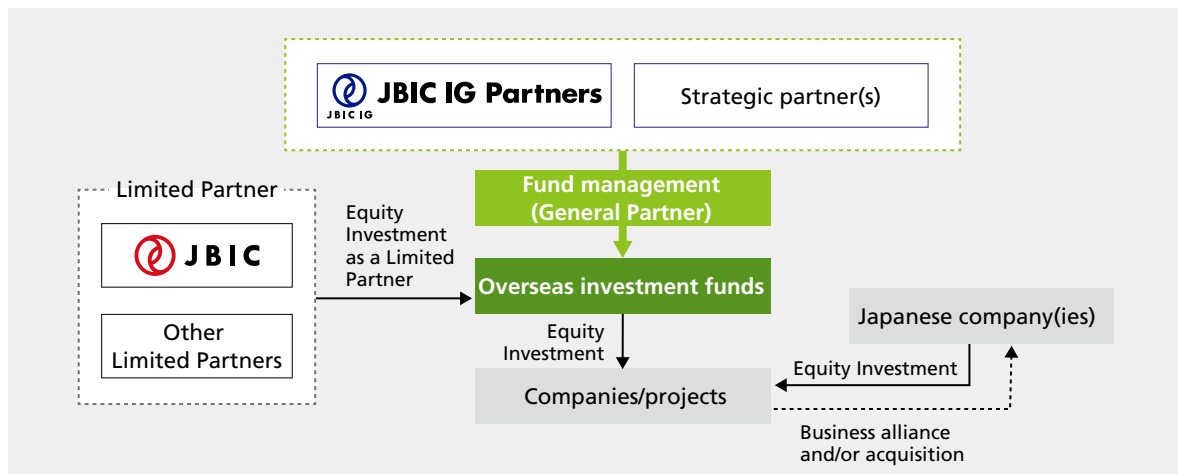
JBIC IG composes overseas funds by partnering with foreign sovereign wealth funds (SWF) and international investors, through investment advisory services to overseas funds.

As its first effort, in September 2017, 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. By the end of June 2021, JBIC IG executed a total of 22 investments in these two funds. Additionally, JBIC IG is undertaking activities to bring together and promote business collaboration between investee companies in these funds and Japanese companies. 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

Support for the Realization of a Hydrogen-based Society through Equity Financing

JBIC and Mitsui & Co., Ltd. (Mitsui) made a joint investment in FirstElement Fuel Inc. (FEF) in the U.S. FEF was established in 2013 and to the present has received support from companies such as Toyota Motor Corporation and Honda Motor Co., Ltd. FEF is currently operating hydrogen stations across the State of California, which is one of the largest markets for hydrogen fuel cell electric vehicles globally.

Through its investment in FEF, Mitsui aims to gain a stronger foothold in the global hydrogen business by acquiring insight into hydrogen demand creation and the downstream hydrogen business, as well as creating synergies between a Norwegian manufacturer of lightweight high-pressure hydrogen tanks in which Mitsui invested in 2016.

Promoting Renewable Energy through Equity Financing

JBIC invested in Exergy Power Systems Europe Limited, a subsidiary of Exergy Power Systems, Inc., (Exergy), in Ireland. The investment is aimed at supporting strategic initiatives for promoting innovation by Japanese companies.

Exergy is a startup established at the University of Tokyo Hongo Campus in 2011 to develop, produce, sell, and operate next-generation power battery systems. Exergy aims to enter the market for ancillary services to adjust electric power supply in Ireland, where the adaption of renewable energy is advancing, capitalizing on the fast response capability, high discharge capacity, and excellent durability of their proprietary next-generation batteries.

Also, JBIC and the Chugoku Electric Power Co., Inc. (Chugoku) made a joint investment in Energy Fiji Limited (EFL), in Fiji.

EFL is a vertically integrated electric utility that generates, transmits, and distributes electricity as the only power company in Fiji, a country located in the middle of the South Pacific. The Fijian government has a majority shareholding in EFL, and EFL aims to promote renewable energy projects such as hydropower and solar power projects to achieve the targets and objectives set under the National Development Plan. Chugoku aims to pursue investment opportunities for overseas renewable energy projects and participate in power transmission and distribution, retail, and new power-related business. Chugoku, through its investment in EFL, expects to enhance its know-how and technology cultivated through its domestic and overseas electricity business, and plans to use such know-how and technology to further expand its business overseas.

3. Examples of Business Outcomes in FY2020

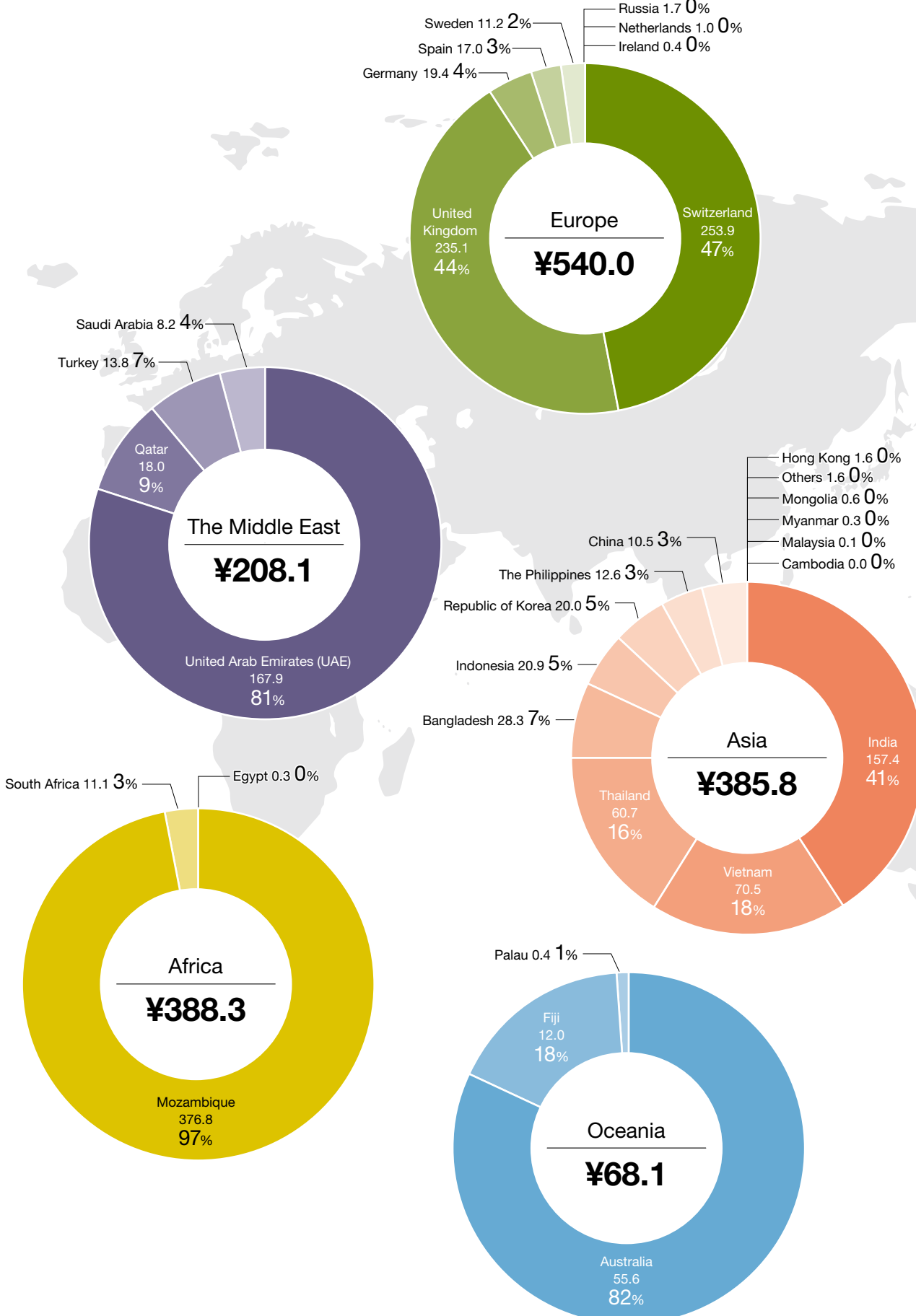
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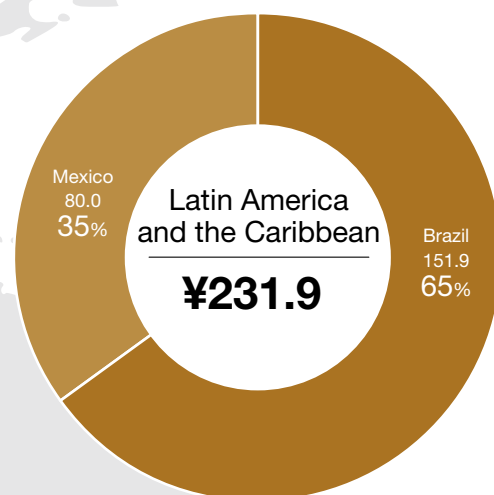
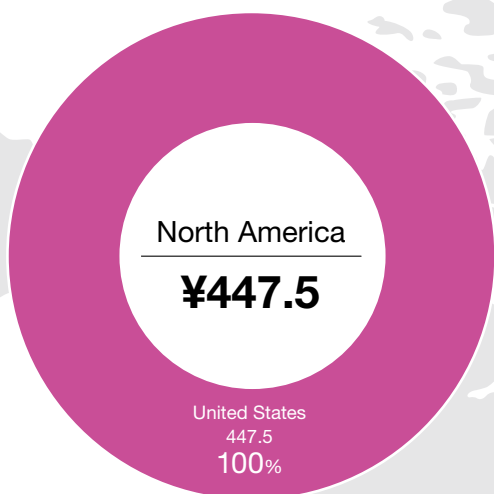


1. Overview of Business Outcomes by Region

Geographical Distribution of Loan and Equity Participation Commitments

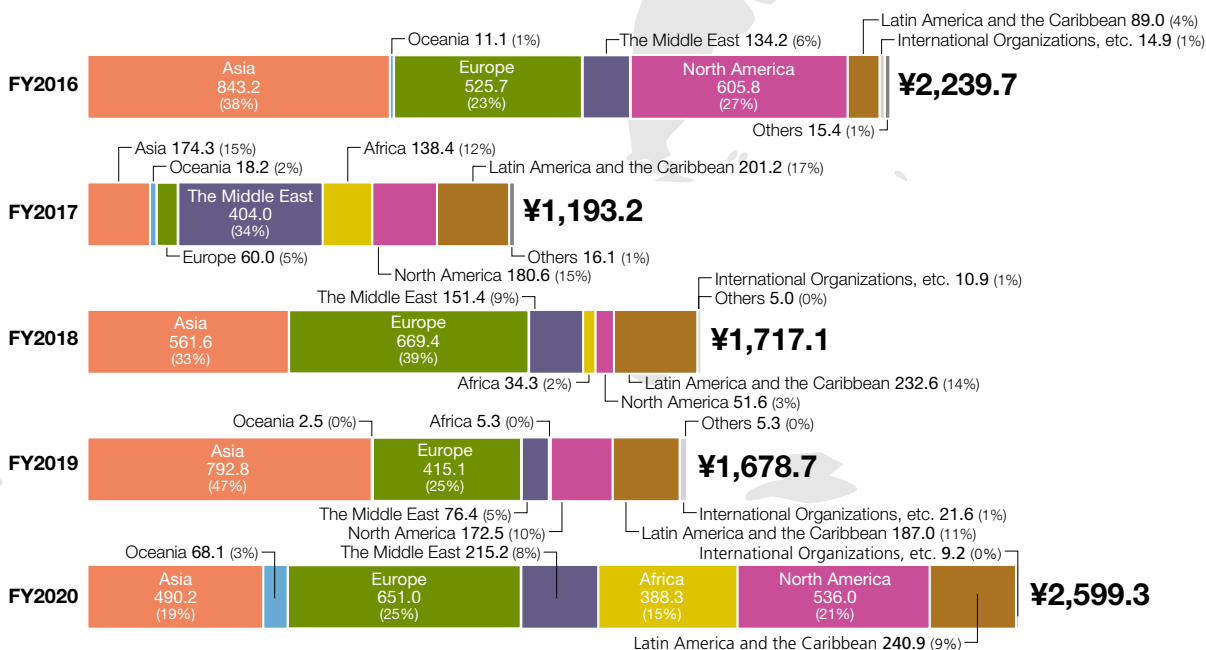
(FY2020; unit: billions of yen)





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

(Unit: billions of yen)



2. Examples of Business Outcomes by Region

Asia



China

Loan for Japanese Company to Acquire a Stake in Chinese Steel Company

Supporting overseas M&A of Japanese company

JBIC concluded a loan agreement with JFE Holdings, Inc. to provide part of the funds necessary for JFE Steel Corporation¹ (JFE Steel) to acquire a stake in Baosteel Special Steel Shaoguan Co., Ltd. (BSSS) of China.

BSSS is an affiliate of China BaoWu Steel Group Corporation Limited, the largest state-owned steel company in China, and manufactures and sells specialty bar steel² mainly used for automotive parts. Demand for specialty bar steel from manufacturers, including China-based Japanese automobile manufacturers, is expected to grow steadily in China, the world's largest automobile market. JFE Steel aims to further cultivate the Chinese market and establish the JFE brand more broadly by acquiring a 50% stake in BSSS and engaging, through BSSS, in the manufacturing and sales business of specialty bar steel mainly for automobiles.

This loan will support overseas expansion of existing business as well as new business deployment of the Japanese company by providing long-term foreign currency funds necessary for its overseas M&A activities.



Indonesia

Loan for Processed Agricultural Products Business of Japanese Company

Supporting overseas business expansion of Japanese company

JBIC concluded a loan agreement with PT. JAVA AGRITECH (JAT), an Indonesian subsidiary of VOX TRADING CO., LTD., which is a subsidiary of HOUSE FOODS GROUP INC. (HOUSE FOODS GROUP). The loan is intended to provide the funds required by JAT to conduct business in processed agricultural products including wasabi and spices and in the manufacture of foods such as halal curry in Indonesia.

HOUSE FOODS GROUP regards JAT as an important production base in the ASEAN region and aims to further increase its production capacity by enhancing its equipment and machinery. The loan will support HOUSE FOODS GROUP's overseas business expansion, thereby contributing toward maintaining and improving the international competitiveness of Japanese industry.

As Japan's policy-based financial institution, JBIC will continue to provide financial support to assist Japanese companies in the overseas expansion of their businesses by drawing on its various financial facilities and schemes for structuring projects and by performing its risk-assuming function.



Vietnam

Loan for Industrial Machinery Cutting Tools Manufacturing and Sales Business of Japanese Company

Supporting overseas business expansion of Japanese company

JBIC concluded a loan agreement with KANEFUSA CORPORATION (KANEFUSA) to provide the funds required by KANEFUSA VIETNAM MANUFACTURING CO., LTD. (KFVM), a Vietnamese subsidiary of KANEFUSA, to conduct the business of manufacturing and sales of its products including industrial machinery cutting tools.

KANEFUSA holds the top share in the Japanese market of industrial machinery cutting tools used for processing wood, paper, metals, etc. and has unique technology for coating, which improve the durability of blade edges, and technology for reducing cutting noises. Overseas, KANEFUSA has production bases and sale bases in nine countries including China and Vietnam. It enhanced its production capacity through KFVM, which was founded in 2018, and aims to further expand business operations in the global market.

The loan will support KANEFUSA's overseas business expansion, thereby contributing toward maintaining and improving the international competitiveness of Japanese industry.



1. JFE Steel Corporation is a wholly-owned subsidiary of JFE Holdings, Inc.

2. Bars of specialty steel, mixed with carbon as well as chromium, nickel and other elements, is thermally processed to increase the strength and workability of steel. Mainly used for automotive parts and parts for industrial machinery.



Philippines

Loan for Automobile Manufacturing and Sales Business of Japanese Company

Supporting overseas business expansion of Japanese automobile manufacturer

JBIC concluded a loan agreement with Mitsubishi Motors Philippines Corporation (MMPC), a Philippine subsidiary of Mitsubishi Motors Corporation (Mitsubishi Motors). The loan is intended to provide the necessary funds for MMPC to manufacture and sell automobiles in the Philippines.

Mitsubishi Motors, in its Mid-Term Business Plan (2020-2022), aims to concentrate its management resources in the ASEAN region, where it is competitive, and maintain/grow market share by enhancing its sales network and production capacity as well as product development in the region. This loan is intended to support Mitsubishi Motors' overseas business in the Philippines, which is strategically important in the ASEAN region for the company, contributing to maintaining and improving the international competitiveness of Japanese automobile industry.



Bangladesh

Project Financing for Meghnaghat Natural Gas-Fired Combined Cycle Power Plant Project

Supporting Japanese company's participation in power development project

JBIC concluded a loan agreement with Reliance Bangladesh LNG & Power Limited (RBPL) in Bangladesh, in which JERA Co., Inc. holds an equity stake, to provide project financing for the country's Meghnaghat Natural Gas-fired Combined Cycle Power Plant.

In this project, RBPL will build, own and operate a 718MW Natural Gas-fired Combined Cycle Power Plant at Meghnaghat, located some 40 km southeast of the capital Dhaka. The electricity produced by the plant will be sold to Bangladesh Power Development Board for 22 years.

Bangladesh is expected to see an average electricity demand increase of about 6.6% per year until 2040 on the back of strong economic growth. On the other hand, electricity supply has fallen behind demand and the country thus continues to face an electricity shortage. Under such circumstances, the Bangladesh government promotes the expansion of electricity supply according to its Power System Master Plan. This loan will contribute to economic development through stable electricity supply in the country.



Oceania



Australia

Loan for Acquisition of Australian Company's Business by Nippon Paper Industries

Supporting overseas M&A of Japanese company

JBIC concluded a loan agreement with Nippon Paper Industries Co., Ltd. The loan is intended to finance part of the funds necessary for Paper Australia Pty Ltd., an Australian subsidiary of Nippon Paper Industries, to acquire the paperboard and fibre based packaging business of Orora Limited (Orora) in Australia and New Zealand.

The business has large market share in Australia and New Zealand through a highly integrated business model, from wastepaper collecting to packaging box converting, ancillary material supply and associated services. The packaging board market in both countries is expected to make steady growth due to the stable demand for packaging for agricultural and livestock products as well as beverages and the growing needs of e-commerce and home delivery. Nippon Paper Industries has already operating the packaging board business in both countries since it acquired Paper Australia Pty Ltd. in 2009, and by acquiring the paperboard and fibre based packaging business, Nippon Paper Industries aims to develop a highly integrated system from wastepaper collecting to base paper manufacturing and converting in order to further expand its business.



Fiji

Equity Participation in Energy Fiji Limited

Supporting overseas business expansion of Chugoku Electric Power Co., Inc.

JBIC made a joint investment with The Chugoku Electric Power Co., Inc. (Chugoku) in Energy Fiji Limited (EFL) in Fiji.

EFL is the vertically integrated electric utility that generates, transmits and distributes electricity throughout Fiji. The Fijian government has a majority shareholding in EFL, and EFL aims to promote renewable energy projects based on the government's renewable energy introduction target.

Chugoku aims to pursue investment opportunities for overseas renewable energy projects and participate in power transmission and distribution, retail and new power-related businesses. Chugoku, through its investment in EFL, expects to enhance its know-how and technology cultivated through its domestic and overseas electricity business and plans to use such know-how and technology to further expand its business overseas. The Japanese government, on the other hand, has expressed its intention to support Japanese companies' overseas activities including the overseas expansion of quality infrastructure for a decarbonized society.

JBIC's investment in EFL is intended to support the overseas expansion of Chugoku and is in line with the Japanese government's policy.



Palau

Buyer's Credit for State-Owned Submarine Cable Corporation of Palau

Supporting export of communications infrastructure equipment by Japanese company

JBIC concluded a buyer's credit (export finance)¹ agreement with Belau Submarine Cable Corporation (BSCC), a state-owned public submarine cable corporation of Palau. The loan is intended to provide the funds necessary for BSCC to purchase submarine cable-related equipment from NEC Corporation. The project reinforces the communications infrastructure of Palau, an island state in the Indo-Pacific region, thereby contributing toward increasing its communication capacity and raising the stability of its international communications. With the improvement of the communications infrastructure, the investment environment of Palau will also improve.

In November 2018, JBIC signed a Memorandum of Understanding (MOU) on the Trilateral Partnership for Infrastructure Investment in the Indo-Pacific with the Overseas Private Investment Corporation (OPIC, currently the U.S. International Development Finance Corporation: DFC) of the U.S. and the Department of Foreign Affairs and Trade (DFAT) and Export Finance and Insurance Corporation (Efic, currently Export Finance Australia: EFA), both of Australia. The MOU aims to realize individual projects undertaken with the cooperation of Japanese, U.S., and Australian companies in third countries within the Indo-Pacific region. This is the first project conducted under the Trilateral Partnership.



1. Buyer's credit is a loan JBIC extends directly to a foreign importer (buyer) to finance the import of machinery and equipment or others from a Japanese company.

Europe



Russia

Loan for Automobile Logistics Business in Russia

Supporting overseas business expansion of Japanese company through Ruble-denominated loan

JBIC concluded a loan agreement with Limited Liability Company NYK Auto Logistics (Rus) (former Limited Liability Company Rolf-Logistic), a Russian subsidiary of Nippon Yusen Kabushiki Kaisha (NYK Line). The loan is intended to provide the funds necessary for the automobile logistics business which NYK Auto Logistics (Rus) is conducting in Moscow, Russia.

NYK Line, under its car transportation division, operates terminals for automobile transport around the world as well as marine transport services with the world's largest car carrier fleet of approximately 100 vessels. As Japanese auto manufacturers have production bases in Russia, the country has strong demand for automobile transport. NYK Line will provide comprehensive automobile logistics services, from marine transport to terminal operation and inland transport, through NYK Auto Logistics (Rus) with this financing. This local currency loan is intended to support NYK Line in expanding its overseas business, and will contribute to maintaining and strengthening the international competitiveness of Japanese companies.



Ireland

Equity Participation in Exergy Power Systems Europe Limited in Ireland

Supporting overseas business expansion of Japanese company

JBIC made an equity investment in Exergy Power Systems Europe Limited (EE), an Irish subsidiary of Exergy Power Systems, Inc. (Exergy), to support Exergy in providing ancillary services to adjust electric power supply² in the island of Ireland.

Exergy is a startup established at the University of Tokyo Hongo Campus in 2011 to develop, produce, sell and operate next-generation power battery systems. Exergy aims to enter the ancillary services market in the island of Ireland, capitalizing on the fast response capability, high discharge capacity, and excellent durability of their proprietary next-generation batteries.

In the Fifth Strategic Energy Plan and the Growth Strategy Implementation Plan, the Japanese government expressed its intention to promote the introduction of renewable energy both in and outside the country, as well as to utilize batteries and enhance their capability for achieving decarbonization. JBIC's investment in EE is intended to support overseas business expansion by Exergy and is in line with the Japanese government's policy to contribute toward preserving the global environment through the utilization of Japanese technology.



Switzerland

Loan for Hitachi, Ltd. to Acquire Power Grids Business of Swiss Company

Supporting overseas M&A of Japanese company in energy solutions business

JBIC concluded an individual loan agreement with Mizuho Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation and Hitachi, Ltd. (Hitachi) to finance part of the funds required by Hitachi to complete the acquisition of the power grids business of ABB Ltd, a Swiss company, in July 2020. JBIC provided a loan through each bank under a general agreement, which JBIC has already concluded with private financial institutions to provide an M&A credit line, and also extended a loan directly to Hitachi through co-financing with private financial institutions.

Hitachi is developing and promoting globally advanced energy solutions by combining the technology and knowhow of the acquired power grids business, which enjoys the world's top share, with Hitachi's digital technologies, including Lumada³.

JBIC will support overseas expansion of existing business as well as new business deployment of Japanese companies by flexibly providing long-term foreign currency funds necessary for their overseas M&A activities in collaboration with private financial institutions.



2. As the amount of electricity generated from renewable energy such as wind is influenced by natural conditions, it is difficult to synchronize generation with electricity demand. In order to further expand the use of renewable energy for power generation, it is essential to introduce an ancillary power source that can respond instantly and immediately discharge large amounts of electricity to match electricity supply and demand.
3. Collective name referring to solutions service technology that leverages Hitachi's advanced digital technologies.

Middle East



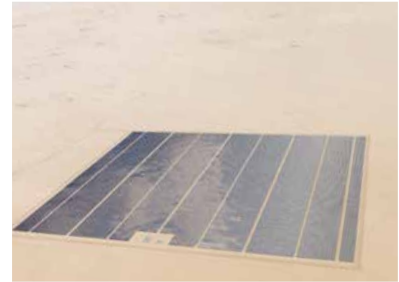
Qatar

Project Financing for First Large-Scale Solar PV Project in Qatar

Supporting overseas business development of Japanese company

JBIC concluded a loan agreement with Siraj (1) (SIRAJ1) of Qatar, in which Marubeni Corporation holds an equity stake. JBIC will provide project financing for the Al Kharsaa Solar PV Plant located in Qatar. In this project, SIRAJ1, which was established by Marubeni Corporation together with Qatar Petroleum, Qatar Electricity & Water Company Q.P.S.C., and TOTAL S.A. will build, own and operate an 800MW solar PV plant in Al Kharsaa, located approximately 80km to the west of Doha, the capital of Qatar. The electricity produced by the plant will be sold to Qatar General Electricity and Water Corporation for 25 years. The project is the first large-scale solar PV project in Qatar.

The Qatari government aims to increase the proportion of renewable energy in the country's total electricity generation to 20% by 2030. This project is therefore aligned with the energy policy of the Qatari government. This loan is in line with policies "Export Strategy for Infrastructure System", "Strategic Energy Plan" of the government as it will contribute to Japanese industry maintaining and enhancing its international competitiveness by financially supporting those Japanese companies that invest in overseas infrastructure projects as well as operate and manage these facilities on a long-term basis.



Saudi Arabia

JBIC Signs MOU with Saudi Electricity Company

Strengthening cooperation for promoting energy transition and environmental and social sustainability

JBIC concluded an MOU for strengthening strategic partnership in the power sector with Saudi Electricity Company (SEC).

SEC is a vertically integrated electric utility that generates, transmits and distributes electricity throughout Saudi Arabia and is 81% indirectly owned by the government of Saudi Arabia. JBIC has been building a relationship with SEC by also providing a loan to its power generation project in 2013.

The objective of this MOU is to develop solutions to SEC's challenges in the power sector through investments by Japanese companies and/or introduction of Japanese products and technologies and to cooperate to promote energy transition in the power sector and environmental and social sustainability, which are pursued by the government of Saudi Arabia.

JBIC will continue to endeavor to create business opportunities and promote business for Japanese companies in countries such as Saudi Arabia, as well as support further deepening and development of economic ties between two countries, through cooperation with overseas state-owned power companies.



United Arab Emirates (UAE)

Project Financing for Natural Gas-fired Combined Cycle Power Plant

Supporting overseas development of clean energy business of Japanese company

JBIC concluded a loan agreement with Fujairah Power Company F3 LLC (FPCOF3) in the Emirate of Fujairah (Fujairah), UAE, in which Marubeni Corporation holds an equity stake, to provide project financing for the Fujairah F3 Natural Gas-fired Combined Cycle Power Plant. In this project, FPCOF3 will build, own and operate a 2,400MW Natural Gas-fired Combined Cycle Power Plant located in Qidfa, Fujairah. The electricity produced by the plant will be sold to the Emirates Water and Electricity Company in the Emirate of Abu Dhabi for 25 years.

The UAE government aims to increase the contribution of clean energy, and the project is aligned with the government's energy policy as the Natural Gas-fired Combined Cycle Power Plant adopted in the project is highly efficient and has high operational flexibility. This loan is also in line with the Infrastructure System Overseas Promotion Strategy 2025 and the Strategic Energy Plan promoted by the Japanese government and will contribute to Japanese industry maintaining and enhancing its international competitiveness by financially supporting those Japanese companies that invest in overseas infrastructure projects as well as operate and manage these facilities on a long-term basis.



Africa



Mozambique

Project Financing for Mozambique LNG Project (Rovuma Offshore Area 1 Block)

Contributing to securing energy resources for Japan

JBIC concluded a loan agreement in project financing to the Mozambique LNG project (Rovuma Offshore Area 1 Block), in which Mitsui & Co., Ltd. (Mitsui) and others hold a stake. For this project, Mitsui and the Japan Oil, Gas and Metals National Corporation (JOGMEC), jointly with Total S.A. of France, Empresa Nacional de Hidrocarbonetos E.P. of Mozambique and others, will develop the Golfinho/Atum gas field located off the coast of Province of Cabo Delgado in the northernmost part of Mozambique; transport feed gas through subsea gas pipeline to the onshore liquefaction plant to be constructed; and produce and sell liquefied natural gas (LNG) with an annual production capacity of 13.12 million tons.



Natural gas produces less greenhouse gases than other fossil fuels and mitigates environmental impacts. Japanese utility companies are expected to offtake approximately 30% of the LNG produced by this project, and this will represent Japan's first import of LNG produced in Mozambique. As such, JBIC's support for this project will contribute to securing stable supplies of LNG, which is an important energy resource for Japan, and to diversifying the country's LNG supply sources.



Benin

First Credit Line to Government of Benin under GREEN Operations

Supporting environmental preservation projects in Benin

JBIC concluded a general agreement to provide a credit line with the government of Benin. The credit line, JBIC's first extended to Benin, is intended to provide, through the government of Benin, the funds necessary for implementing environmental preservation projects in the country under GREEN operations.

The government of Benin signed the Paris Agreement in 2016 and formulated a plan consisting of measures against climate change in 2017. The government expressed its determined commitment to the measures against climate change by, for example, aiming to reduce greenhouse gas emissions, excluding the forestry sector, by 21.4 % compared to the business-as-usual scenario by 2030. The credit line is expected to contribute toward reducing greenhouse gas emissions through the promotion of environmental preservation projects in Benin and to help realize sustainable development of Benin itself. It is also in line with the Long-Term Strategy under the Paris Agreement as the Growth Strategy established by the Japanese government in June 2019.



South Africa

South African Rand Denominated Loan for Manufacturing and Sales Business of Automotive Tires by Japanese Company

Supporting overseas business expansion of Japanese company through local currency denominated financing

JBIC concluded a loan agreement with Bridgestone Europe NV/SA (BSEU), a Belgian subsidiary of Bridgestone Corporation (Bridgestone). The purpose of this loan is to provide part of the funds necessary to upgrade equipment in the automotive tire manufacturing plant of Bridgestone's South African subsidiary, Bridgestone South Africa Holding (Pty) Ltd, through BSEU.



South Africa is the biggest automobile market in Africa and drives Africa's automotive industry as a production base for automobile and auto-parts manufacturers. Future market expansion is forecast due to a growing population and a developing economy. Amidst this backdrop, Bridgestone, boasting the top share in the global tire market, plans to increase its production capacity and market share in South Africa by upgrading the equipment in its automotive tire manufacturing plant located in the country. This loan will thus contribute to Japanese industry maintaining and improving its international competitiveness by supporting the overseas business expansion of Bridgestone through funding denominated in South African Rand.

North America



United States

Loan for Mitsubishi Chemical Holdings Corporation to Acquire Gelest Intermediate Holding, Inc. of the U.S.

Supporting overseas M&A of Japanese company

JBIC concluded a loan agreement with Mitsubishi Chemical Holdings America, Inc., a U.S. subsidiary of Mitsubishi Chemical Holdings Corporation (Mitsubishi Chemical HD).

The loan is intended to provide the funds required for Mitsubishi Chemical HD to acquire Gelest Intermediate Holdings, Inc., the parent of U.S.-based Gelest, Inc. (Gelest), through Mitsubishi Chemical America, Inc., a U.S. subsidiary of Mitsubishi Chemical Corporation (Mitsubishi Chemical), which is another subsidiary of Mitsubishi Chemical HD.

Gelest has advanced molecular design and synthesis technologies in such fields as silicon chemicals and metal-organic compounds. By acquiring Gelest, Mitsubishi Chemical aims to enhance its ability to provide solutions and make a greater contribution to the digitalization of society and evolution of medical services. This loan will support the overseas business expansion of Mitsubishi Chemical.



United States

Loan for Automotive Composite and Component Manufacturing and Sales Business

Supporting overseas business expansion of Japanese company

JBIC concluded a loan agreement with Teijin Holdings USA, Inc. (THUS), a U.S. subsidiary of TEIJIN LIMITED (TEIJIN). This loan is intended to provide, through THUS, the funds required by Teijin Automotive Technologies NA Holdings Corp. (TAT), another U.S. subsidiary of TEIJIN, to conduct the business of manufacturing and sales of its products, including automotive composites and components. It will also be used to strengthen production capacity and to build a new facility.

TEIJIN acquired TAT in 2017 and has enhanced its capability to propose solutions by combining TEIJIN's technology of carbon fiber reinforced plastics and composite materials and TAT's mass production technology for glass fiber reinforced plastics and components. The company endeavors to increase sales of the composites and components that help to make automobiles lighter and also aims to establish a global and stable supply system by expanding the business from North America to Europe and China, utilizing TAT's mass production technology and strong relationship with automobile manufacturers. The loan will support TEIJIN's overseas business expansion, thereby contributing toward maintaining and improving the international competitiveness of Japanese industry.



United States

Loan for Steel Product Manufacturing and Sales Business

Supporting overseas business expansion of Japanese steel industry

JBIC concluded a loan agreement with AM/NS Calvert LLC (Calvert), a U.S.-based joint venture between NIPPON STEEL CORPORATION (NIPPON STEEL) and Luxembourg-based ArcelorMittal S.A. (ArcelorMittal). The loan is intended to provide the funds required by Calvert¹, to build a new electric arc furnace (EAF) for its steel sheet manufacturing and sales business in the State of Alabama of the U.S.

The U.S. is the world's second largest steel products consuming country, where stable demand for steel products for automobiles, including which from Japanese manufacturers, infrastructure and other purposes, is expected to continue. NIPPON STEEL aims to utilize the new EAF to further strengthen Calvert's ability to supply a full range of products, including state-of-the-art steel products in North America, and to obtain alternative manufacturing processes for high-grade steel sheets in addition to the blast furnace process for future global business expansion. Overall, the loan will support NIPPON STEEL's global business expansion, thereby contributing toward maintaining and improving the international competitiveness of Japanese industry.



1. In 2014, NIPPON STEEL and ArcelorMittal jointly acquired ThyssenKrupp Steel USA LLC which was renamed as AM/NS Calvert LLC after the acquisition.

Latin America



Brazil

Project Financing for FPSO Operation Project in the Buzios Oil Field of Brazil

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

JBIC concluded a loan agreement in project financing with Dutch company Buzios5 MV32 B.V. (BMV32), which is incorporated by MODEC, Inc. (MODEC), Mitsui & Co., Ltd., Mitsui O.S.K. Lines, Ltd. and Marubeni Corporation. The purpose of the loan is to finance long-term FPSO² vessel chartering services to Petróleo Brasileiro S.A. (Petrobras), a state-owned oil company in Brazil, for developing the Buzios oil field³ located off the coast of Brazil and in which Petrobras and other field partners hold interests.

In this project, MODEC will build an FPSO unit, and BMV32 will provide FPSO vessel chartering services, including leasing, operation and maintenance services, to Petrobras for 21 years.

In recent years, the demand for new FPSO systems is expected to increase particularly in South America (namely Brazil) and the West African region. Petrobras is engaged in developing many offshore oil fields in Brazil. MODEC views Brazil as the most important market for the FPSO business. This project is the 12th FPSO vessel chartering service provided by MODEC to Petrobras.



FPSO system, similar to the one being financed, operating off the coast of Brazil (Photo courtesy of MODEC)



Brazil

Loan for Crop Protection Products Manufacturing and Sales Business

Supporting overseas business expansion of Japanese chemical manufacturer

JBIC concluded a loan agreement with Sumitomo Chemical Brasil Indústria Química S.A. (SCBIQ), a Brazilian subsidiary of SUMITOMO CHEMICAL COMPANY, LIMITED (SUMITOMO CHEMICAL). The loan is intended to provide part of the funds necessary for SCBIQ to conduct the business of manufacturing and sales of crop protection products in Brazil.

The Brazilian crop protection products market, which is the largest in the world, is projected to grow further in line with the growing global demand for food. SUMITOMO CHEMICAL aims to increase its share of the market by enhancing its sales system built in Brazil and launching new fungicides.

The loan will support SUMITOMO CHEMICAL's overseas business expansion, thereby contributing to maintaining and improving the international competitiveness of Japanese industry.



2. A floating production, storage and offloading (FPSO) system is a floating vessel used in the first stage processing of crude oil produced at an oil well. It separates associated gas and water, and also stores and offloads oil.

3. 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.

3. 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.

China

TONEZ METAL TREATING CO., LTD. (Osaka Prefecture)

Heat Treatment Business of Metals and Components

TONEZ METAL TREATING is a company engaged in a broad range of heat treatment of metals and components, including steel bars. Anticipating demand growth in the Chinese market for heat treatment of metals for automotive parts, the company established its first overseas base, TOYO METAL TREATING (CHANGZHOU) CO., LTD. (TMTC) in Jiangsu, China and is seeking to further increase its production capacity in the country. JBIC provided a Chinese yuan-denominated loan to TMTC to make capital investment for its metal treatment business in Jiangsu. The loan is co-financed with THE SAN-IN GODO BANK, LTD. and The Nanto Bank, Ltd.



Cambodia

Ascent Business Consulting Co., Ltd. (Tokyo)

Consulting and Co-working Space Businesses

Ascent Business Consulting (ABC) is a company engaged in the consulting and co-working space businesses. Co-working spaces are already popular in developed countries, mainly in Europe and the U.S., and future growth in demand is expected in countries in Southeast Asia, including Cambodia. In 2019, ABC established its first overseas base, BasisPoint Cambodia Co., Ltd. (BPC), in the country and is seeking to expand the co-working space business overseas. JBIC provided a loan to BPC for its co-working space business in Phnom Penh, the capital of Cambodia. The loan is co-financed with THE SHIGA BANK, LTD.



Indonesia

SHINKO KOGYO CO., LTD. (Okayama Prefecture)

Automotive Parts Manufacturing and Sales Business

SHINKO KOGYO is engaged in the manufacture and sale of a range of automotive parts from propeller shafts to transmissions and has expanded its business overseas, in Thailand, China and Indonesia. JBIC provided an Indonesian rupiah-denominated loan to its subsidiary in Indonesia, PT. Shinko Kogyo Indonesia (PT. SKI), to build an additional manufacturing facility in Karawang Regency, Indonesia. The loan is co-financed with TOMATO BANK, LTD. By making additional capital investment in PT. SKI, SHINKO KOGYO seeks to increase market share in Indonesia, where economy is growing.



Indonesia**ZENITH Co., Ltd. (Shiga Prefecture)**

Automobile Maintenance Business

ZENITH is a company engaged in the new and used automobiles sales business and automobile maintenance business in Shiga Prefecture. Anticipating an increase in automobile ownership ratio among citizens and an associated rise in demand for automobile maintenance in Indonesia, the company has established an Indonesian subsidiary, PT. ZENITH AUTO GEMILANG (ZAG), as its first overseas base and is seeking to secure business opportunities in the Indonesian market. JBIC provided a loan to ZENITH for ZAG's automobile maintenance business in Indonesia. This is co-financing with Kansai Mirai Bank, Limited.

**Malaysia****Asahi Kinzoku Kogyo Inc. (Kyoto Prefecture)**

Surface Treatment Business of Aerospace Parts

Asahi Kinzoku Kogyo is a company capable of conducting comprehensive production from the processing to subassembly of aerospace parts and has a particular strength in its surface treatment technology, which is a special process. It has been certified by The Boeing Company and other major suppliers in and outside Japan and has acquired, for the first time in Japan, Nadcap accreditation, an international accreditation program for the aerospace industry. In keeping with aircraft manufacturers making a foray into Southeast Asia, mainly Malaysia, the company established a Malaysian subsidiary, Asahi Aero Malaysia Sdn. Bhd. (AAM), in 2015, and by capitalizing on its high technological capabilities concerning aerospace parts, has been conducting business to respond to the needs of aerospace industry customers mainly in Southeast Asia. JBIC provided a loan to AAM for its surface treatment business of aerospace parts.

**Thailand****SATO KOKI CO., LTD. (Shizuoka Prefecture)**

Air Conditioner Parts Manufacturing and Sales Business

SATO KOKI is a company engaged in the manufacture and sale of refrigeration cycle parts mainly used in air conditioners. In May 2006, it established a local subsidiary, Sato Koki (Thailand) Co., Ltd. (SKTCL), to supply refrigeration cycle parts to Japanese companies operating in Thailand and has been promoting further expansion of business in the country. JBIC provided a Thai baht-denominated loan to SKTCL for its manufacturing and sales business of air conditioner parts. This loan is co-financing with The Shizuoka Bank, Ltd.



Thailand

TENKING Co., Ltd. (Osaka Prefecture)

Metal Parts and Other Products Sales and Processing Business

TENKING is a company engaged in the processing and sales business of metal parts and other products. In an effort to globalize its production bases, it established a subsidiary in Thailand, TENKING (THAILAND) CO., LTD. (TTC), in 1994 and has been manufacturing metal parts, which are processed with a high level of accuracy, for digital cameras, automobiles and semiconductors. JBIC provided a Thai baht-denominated loan to TTC for its processing and sales business of metal parts and other products. This is co-financing with Kansai Mirai Bank, Limited. TENKING aims to further expand sales of its high quality products in Southeast Asia through TTC's business expansion.



Egypt

Saraya Co., Ltd. (Osaka Prefecture)

Health and Sanitation Products Manufacturing and Sales Business

Saraya is company engaged in the manufacturing and sales business of health and sanitation products. In 2018, it established a subsidiary in Egypt, Saraya Middle East for Industrial Investment J.S.C. (SMEI). In Africa, including Egypt, and the Middle East, growth in demand for health and sanitation products, such as liquid soaps, detergents and disinfectants, is expected on the back of economic growth as well as the spread of COVID-19 in the region. JBIC provided a loan to SMEI for its manufacturing and sales business of health and sanitation products. This is co-financing with MUFG Bank, Ltd. In addition to increasing market share of hygiene products in Egypt and other parts of Africa, Saraya aims to contribute to the region's more effective countermeasures against COVID-19 through SMEI.



Germany

HIROTEC Corporation (Hiroshima Prefecture)

Automotive Parts Manufacturing and Sales Business

HIROTEC is engaged in the manufacture and sale of automotive doors and automotive exhaust components and systems for various customers, including automobile manufacturers in Japan and overseas. In 2019, it established a subsidiary, HIROTEC MANUFACTURING DEUTSCHLAND GMBH (HMDG), in Germany, one of the world's largest automobile markets, and is seeking to expand business further in the country. JBIC provided a loan to HMDG for its automotive parts manufacturing and sales business in Germany. This is co-financing with MUFG Bank, Ltd. and Sumitomo Mitsui Banking Corporation.

United States**Azuma Foods Co., Ltd. (Mie Prefecture)**

Processing, Manufacturing and Sales Business of Seafood and Other Products

Azuma Foods is a company engaged in the processing, manufacturing and sales business of seafood products, mainly seafood delicacies. It supplies wholesale foodstuffs to food trading companies. In 1990, the company established a U.S. subsidiary, Azuma Foods International Inc., U.S.A. (AFI), as an overseas production base and has been promoting further expansion of business in the country. JBIC provided a loan to AFI for its processing, manufacturing and sales business of seafood products. This is co-financing with The Mie Bank, Ltd.* With the increasing popularity of fish across the world, Azuma Foods aims to expand its business further in the U.S.

* The Mie Bank Ltd. is currently named San ju San Bank, Ltd. due to a corporate merger in May 2021.

**Mexico****KUROTA SEIKI-SEISAKUSHO CO., LTD. (Aichi Prefecture)**

Automotive Parts Manufacturing and Sales Business

KUROTA SEIKI-SEISAKUSHO is a company engaged in the manufacture and sale of automotive parts for brakes and engines. As an automotive parts production base, a rise in demand is expected in Mexico on the back of economic growth and market expansion in North America. In 2014, the company established a subsidiary in Mexico, KUROTA MEXICO, S.A. DE C.V. (KRM), and is seeking to expand business in the country, which is serving as a global base of automotive parts production. JBIC provided a loan to KRM for its automotive parts manufacturing and sales business in Aguascalientes, Mexico. This loan is co-financing MUFG Bank, Ltd.

**Mexico****HIROSHIMA ALUMINUM INDUSTRY CO., LTD. (Hiroshima Prefecture)**

Automotive Aluminum Parts Manufacturing and Sales Business

HIROSHIMA ALUMINUM INDUSTRY is a company engaged in the manufacturing and sales business of automotive aluminum parts and other products. In 2010, it established a subsidiary in Mexico, ASAHI ALUMINIUM MEXICO, S.A. DE C.V. (AAMX), and has since been supplying automotive parts to leading automobile-related manufacturers. The company aims to expand its business in the country, where a rise in demand is expected as it serves as an automotive parts production base for the North American market. JBIC provided a loan to AAMX for its manufacturing and sales business of automotive aluminum parts (cast parts related to engines and transmissions) in Guanajuato, Mexico. This is co-financing with The Hiroshima Bank, Ltd.



4. Examples of Business Outcomes Relating to Environment

Supporting Environmental Conservation and Improvement Projects

Achieving both environmental preservation and economic development is globally recognized as a common challenge, regardless of country or region. 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; 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 confirms the environmental and social considerations aspects of individual projects but is also committed to support environmental conservation and improvement projects, such as measures against global warming.

Third Credit Line for Türkiye Kalkınma ve Yatırım Bankası A.Ş. under GREEN Operations

JBIC concluded a loan agreement for a credit line with Türkiye Kalkınma ve Yatırım Bankası A.Ş. (TKYB), the Development and Investment Bank of Turkey.

This credit line is extended as part of JBIC's GREEN operations and is intended to provide funding through TKYB, which is a policy-based financial institution of Turkey, for renewable energy projects and energy efficiency projects in the country. This is the third GREEN loan provided to TKYB, following loans in 2013 and 2015.

The government of Turkey has set forth improvement of the energy self-sufficiency rate as an important policy issue and laid down the policy to focus on the development of renewable energy resources and energy consumption efficiency. TKYB actively supports environmental preservation for the sustainable development of Turkey. This loan will contribute to reduction of greenhouse gas emissions through its support for introduction of renewable energy and improvement of energy consumption efficiency based on advanced environmental technologies.



Project Financing for Warsan Waste to Energy Project in the Emirate of Dubai

JBIC concluded a loan agreement in project financing with Dubai Waste Management Company P.S.C. (DWMC) in the UAE, which is invested in by ITOCHU Corporation, Hitachi Zosen Corporation and other entities.

The loan is intended to provide the funds necessary to build, own and operate one of the world's largest waste to energy plant in the Warsan district, Dubai, UAE and to treat waste and sell the electricity produced by the plant following the completion of construction. For JBIC, this is the first project financing offering for a waste to energy project.

The government of Dubai aims to reduce the amount of waste being sent to landfills to zero by 2032 and is promoting an increase in clean energy, including waste-to-energy. The loan is in line with the Japanese government's intention to promote high-quality environmental infrastructure systems overseas for the realization of a decarbonized society and the environment and electricity policies of the government of Dubai and will also contribute toward preserving the global environment.



Project Financing for Solar PV Project in Saudi Arabia

JBIC concluded a loan agreement in project financing with South Rabigh Renewable Energy Company (SRREC) of Saudi Arabia, in which Marubeni Corporation holds an equity stake.

The loan is intended to provide the funds necessary to build, own and operate a solar PV plant in Saudi Arabia. This is the first loan by JBIC for an independent power producer (IPP)¹ project as well as for a renewable energy project in the country.

As part of its Saudi Vision 2030, the government of Saudi Arabia announced a plan to develop 40GW of solar power generation and 16GW of wind power generation capability by 2030. This loan therefore aligns with the Saudi Arabian government's energy policy and will contribute to global energy transition and decarbonization by supporting overseas business expansion of Japanese companies intended for the realization of a decarbonized society.



Supporting Business Expansion of Japanese Companies in California, Advanced State of Global Environmental Protection

JBIC concluded a Memorandum of Understanding (MOU) with the State of California of the U.S. The objective of the MOU is to enhance active collaboration for promoting the business of Japanese companies in a wide range of areas, particularly in global environmental protection.

The MOU is intended to establish a further enhanced relationship with the State of California to promote Japanese companies' business through direct investment or by other means in a variety of areas including global environmental protection, clean mobility, clean energy such as hydrogen, renewables, and energy storage, and to enhance economic development, sustainability, and resilience in Japan and the State of California.

The State of California has announced a cutting-edge environmental policy that aims to reduce greenhouse gas emissions by 80% below 1990 levels by 2050, along with offering incentives for private sector businesses in environmental protection. JBIC has supported various projects in the State of California, where many Japanese companies are operating.

The MOU will contribute toward further deepening and developing the economic relationship between Japan and the State of California through regular meetings and reinforcement of cooperative ties between JBIC and the state government.



1. 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.

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

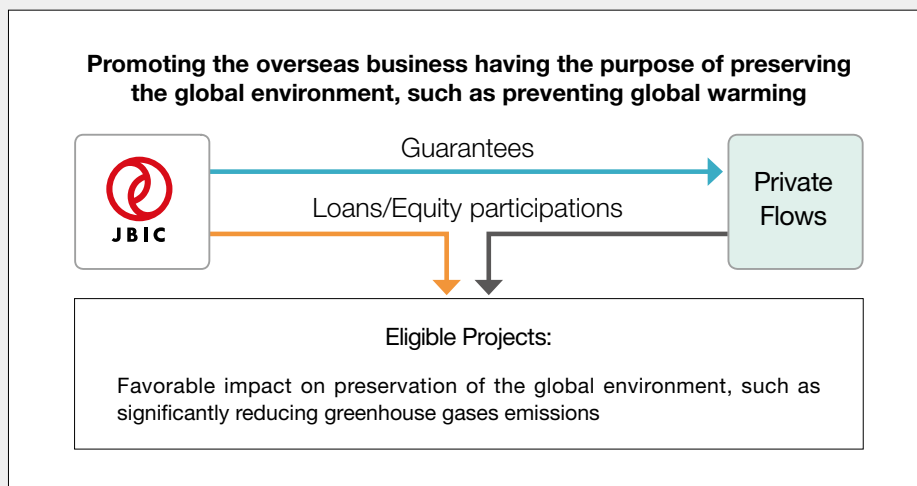
through activities such as holding seminars and participating in relevant events. JBIC also simultaneously forms close partnerships with foreign governments and government agencies, domestic prefectural and municipal governments, and other stakeholders both in Japan and abroad.

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. Such projects include a project to construct a solar power generation plant or a power plant with high energy efficiency and a project to introduce energy-saving equipment, each utilizing advanced environmental technologies. GREEN's

main focus has been providing support for preserving the global environment, mainly for projects that are expected to significantly reduce greenhouse gases 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.



Supporting Sustainable Infrastructure Projects in Mexico

JBIC concluded a loan agreement for a credit line with the Mexican government financial institution, Banco Nacional de Comercio Exterior, S.N.C., Institución de Banca de Desarrollo (BANCOMEXT). JBIC also provides a partial guarantee for the portion co-financed with private financial institutions.

This credit line is intended to finance, through BANCOMEXT, environment-related projects in Mexico as part of JBIC's GREEN operations. This is the fourth GREEN loan provided to BANCOMEXT, following similar loans in 2011,

2014 and 2016.

BANCOMEXT is a government financial institution in Mexico with a mission to promote foreign trade and attract foreign capital. JBIC and BANCOMEXT have built a close relationship over more than 30 years through the provision of JBIC loans for promotion of the country's industrial investments and exports. This loan, which focuses on the environmental sector, will further strengthen cooperation between the two institutions.

5. 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 32nd 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 FY2020 survey, which was conducted during the ongoing COVID-19 pandemic, reported on regularly covered topics such as “evaluations of overseas business performance,” “business development prospects” and “medium-term promising countries or regions for overseas business operations.” In addition, this survey examined “impact of COVID-19 on the supply chain” and “prospects for SDGs” as individual topics.

The FY2020 survey was conducted under the influence of COVID-19 in addition to the U.S.-China trade conflict that has continued from 2019. Supply chains appeared to be disrupted in Japan and overseas simultaneously due to the lockdown implemented in each country, with the impact going beyond short-term inventory adjustment. According to the survey, the overseas production ratio dropped sharply to the 33% level, which is almost same level seen 10 years ago, and a recovery is currently expected by 2023. Against this backdrop, manufacturers’ willingness to strengthen and expand overseas business in the near future dropped dramatically to 59%, the lowest level since the survey started 32 years ago.

Regarding promising prospects for business operations over the next three years, China overtook India, once again returning to the top spot. It appears that this outcome was decided by COVID-19, that is, China was quick to resume its economic activity while suppressing the spread of infection, while in India, the economic slowdown worsened with their long-term lockdown, reversing the lead they previously held. In addition, it is noteworthy in the 2020 ranking of promising countries that previously inconspicuous countries such as Bangladesh (jumping from the 21st place in 2019 to 13th place in 2020) attracted attention. The impact of COVID-19 on supply chains was the greatest from April to May 2020, but is now seeing a resolution. Companies intend to continue investment to strengthen their supply chains in preparation for a next pandemic, but few respondents are considering reshoring to Japan; therefore, it appears that supply chain

reinforcement by companies is being conducted while maintaining their overseas activities.

In our survey conducting process, many voices recognized COVID-19 and the U.S. presidential election as being a game changer and expressed the intention to proactively develop new fields of activities. Although the situation is very volatile and it is difficult to draw a picture of mid-term business, some companies are looking toward a shift and optimization to a “local production for local consumption” production network to adapt to the new business environment, or are putting more resources into network digitalization. In addition to the above, we found that efforts to rediscover corporate value using a new SDGs framework have begun.

JBIC publishes its survey results and widely announces related information, such as by holding online seminars in FY2020. 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.

Ranking of promising countries

Rank		Country/region
2020	← 2019	
1	▲	2 China
2	▼	1 India
3	—	3 Vietnam
4	—	4 Thailand
5	▲	6 U.S.
6	▼	5 Indonesia
7	—	7 The Philippines
8	▲	9 Malaysia
9	▼	8 Mexico
10	▼	9 Myanmar
11	▲	14 Germany
12	▼	11 Taiwan
13	▲	21 Bangladesh
14	▲	15 Australia
15	▼	12 Republic of Korea
16	▼	12 Singapore
16	▲	17 Brazil
18	▲	26 U.K.
19	▼	18 Russia
20	—	20 Turkey

Collaboration with Overseas Governmental Organizations and International Organizations

JBIC and the Asian Development Bank (ADB) held a meeting on waste management and the formation of a circular economy in January 2021 and another meeting on micro-grid development utilizing renewable energy in February 2021. JBIC and ADB signed an MOU in November 2015 to reinforce a cooperative relationship by sharing experiences and know-how in certain sectors such as infrastructure and renewable energy and discussing projects in these sectors, aiming for the promotion of quality infrastructure investment in the Asia-Pacific region. The two organizations have been

regularly holding meetings under the MOU, and the said two meetings were held as part of this effort.

At the meeting about waste management and the formation of a circular economy, particularly in the Philippines and Pacific island countries, JBIC explained related issues, such as problems with marine plastic waste in island countries. JBIC also highlighted the high level of technology and wealth of knowledge held by Japanese companies and local governments pertaining to the collection and processing of waste, waste-to-energy and recycling. ADB shared its view that the keys to solving waste processing issues are fiscal measures by the public sector and greater awareness of waste segregation among private individuals. ADB also showed interest in the technology of Japanese companies to process plastics and generate energy from waste.

At the meeting about micro-grid development utilizing renewable energy, JBIC explained the stand-alone power supply system that utilizes renewable energy and the wind power generation system that is operable in strong wind conditions such as typhoons owned by the Japanese private sector. ADB showed interest in the Japanese companies' technology and shared its view that it is crucial to structure appropriate financing according to the size of projects. One of the ADB participants showed interest in future projects run by well-experienced companies including those from Japan.

JBIC Governor MAEDA Tadashi sent a video message for LNG Producer-Consumer Conference 2020, which was jointly hosted by the Japanese Ministry of Economy, Trade and Industry and the Asia Pacific Energy Research Centre (APEREC) on October 12, 2020.

The LNG Producer-Consumer Conference is an international event annually held by host countries Japan and Qatar since 2012. It is a platform for LNG producer and consumer countries to share their long-term outlook on LNG demand and supply and to cooperate for transparency in the LNG market. The participants have

actively discussed issues pertaining to the LNG market as well as actions that producers and consumers should take to make the market more transparent and sustainable.

In the video message, Governor MAEDA made three particular remarks as follows with regard to JBIC's efforts toward ensuring flexibility of the LNG market, given the wave of de-carbonization.

- ESG is an irreversible trend. A certain transitional period is necessary for de-carbonization, and during this period, it is important to utilize LNG, which has relatively low CO₂ emissions.
- JBIC actively supports LNG-related infrastructure projects, including gas-to-power projects and LNG receiving terminal projects, particularly in Asia where the demand for energy is growing, to encourage the transition to LNG and to contribute toward reducing global CO₂ emissions.
- The keys to further development of the LNG market are the diversification of pricing mechanisms, flexible supply of LNG and competitive prices. It is particularly important to be more mindful of renewable energy prices and to set LNG prices to be as competitive as renewable energy resources in order to fully utilize LNG. JBIC will continue to support LNG projects to contribute toward enhancing the flexibility of the LNG market.

Japan, which has more than 50 years of experience in LNG imports, is the world's largest importer of LNG. JBIC has been supporting LNG projects globally since the 1970s and will utilize the insight it has gained through this experience to actively provide support for the development of the LNG market, which will lead to securing stable energy supplies for Japan. JBIC will also actively support energy resource projects of the future such as hydrogen, as well as renewable energy projects such as solar, wind and geothermal power projects.



Meeting on waste management and formation of a circular economy held on January 29, 2021



Meeting on micro-grid development utilizing renewable energy held on February 5, 2021



JBIC Governor MAEDA's video message

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.

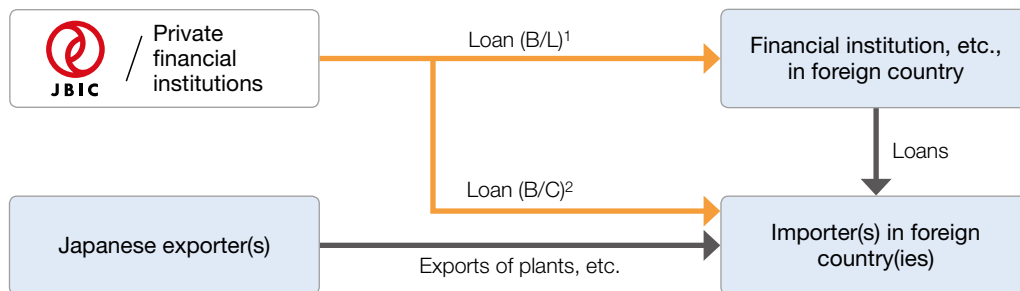
Note: Eligible Sectors of Export Loans in Developed Countries (as of August 31, 2021)

[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, 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 Exports of Construction Machinery by Japanese Companies to Mongolia



JBIC concluded an individual loan agreement based on a credit line extended to the government of Mongolia in 2013. The loan is intended to provide, through the Ministry of Finance of Mongolia, the funds required by Erdenes Mongol LLC, a Mongolian company, to purchase construction machinery manufactured by Komatsu Ltd. and related services from SUMITOMO CORPORATION.

Based on the Agreement between Japan and Mongolia for an Economic Partnership (EPA) enacted in June 2016, the governments of Japan and Mongolia aim to further enhance reciprocal

economic cooperation, including the promotion of trade. Also, the Japan-Mongolia Mid-term Action Plan for a Strategic Partnership signed by the two governments in March 2017 emphasizes appropriate utilization of the credit line. The loan is in line with such measures enacted by the two countries, and through the promotion of Japanese exports, it will contribute toward maintaining and improving the international competitiveness of Japanese industry as well as strengthening the Mongolian economy.

Import Loans

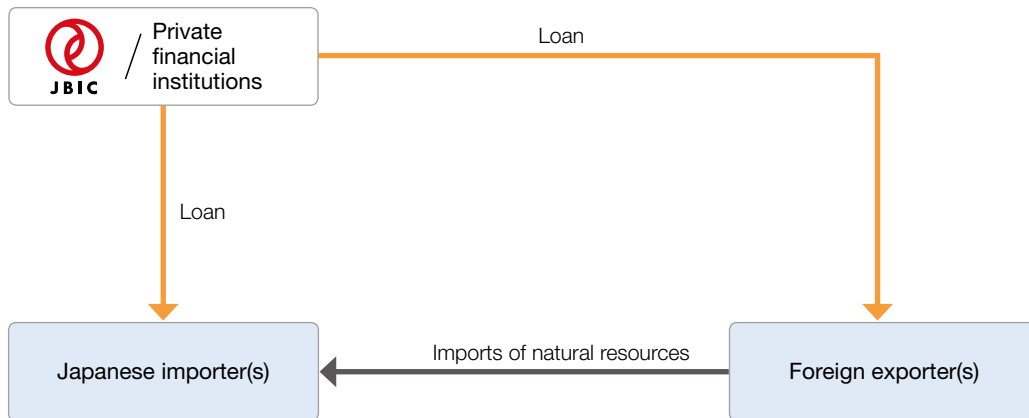
Import loans support imports of strategically important goods including natural resources. They are extended to Japanese importers or foreign exporters. Since Japan is poorly endowed with natural resources, stable imports of natural resources over the long term are one of the key factors underpinning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



Supporting Japanese Companies in Securing Stable and Long-Term Mineral Resource Supply in Brazil



JBIC concluded a loan agreement with Vale S.A. (VALE) in Brazil. The loan is intended to provide the support required for Japanese blast furnace manufacturers to stably import high-quality iron ore from VALE.

Iron is used extensively for various products, including automobiles and construction materials, and is a fundamental metal resource for Japanese industry. For iron ore, however, Japan depends entirely on overseas imports, and it has become an important challenge to secure a stable and long-term supply of high-grade iron ore.

VALE has established favorable and long-standing business relationships with Japanese companies as a world leading supplier of mineral resources. It is also expected to expand and diversify opportunities to collaborate with Japanese companies in business areas such as mining development. JBIC will further develop the relationship and alliance with VALE and strive to contribute toward ensuring a stable supply of mineral resources for Japan, as well as create investment and export opportunities for Japanese companies.

Overseas Investment Loans

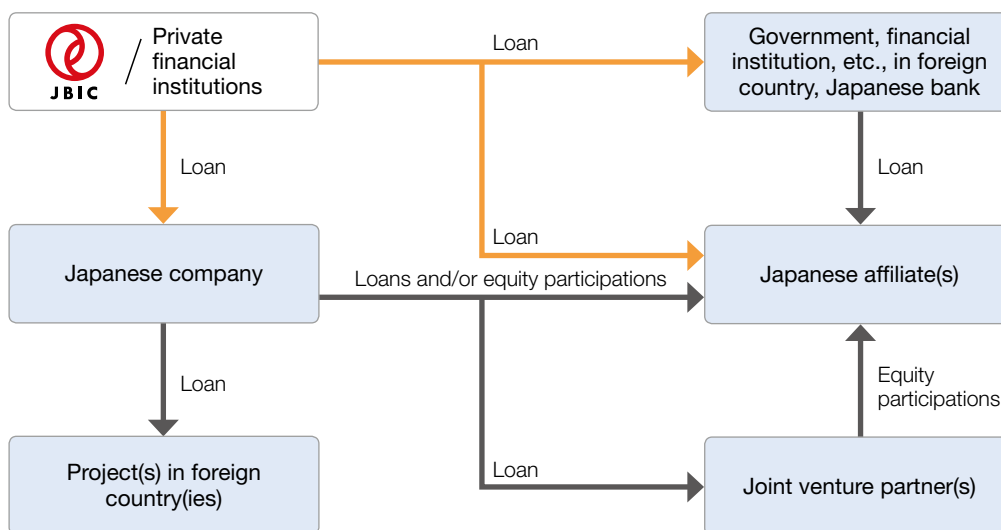
Overseas investment loans support Japanese foreign direct investments. The loans can be provided to Japanese companies (investors), overseas Japanese affiliates (including joint ventures), and foreign governments or financial institutions that have equity participations in or provide loans to such overseas 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 sectors¹.

Notes 1. Eligible Sectors of Overseas Investment Loans in Developed Countries (as of August 31, 2021).

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.



Supporting Overseas Business Expansion of Japanese Companies for Decarbonized Society



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 loan agreements with Diamond Transmission Partners Hornsea One Limited (DTPH1), a British company invested in by Mitsubishi Corporation and Chubu Electric Power Co., Inc. and others. JBIC provided project financing¹ for an offshore electricity transmission project for the Hornsea1 offshore wind farm in the U.K.

For this project, DTPH1 will own and operate facilities for offshore electricity transmission off the Yorkshire Coast in southeastern Great Britain. DTPH1 will also transmit the electricity generated by the offshore wind farm to Great Britain. This is JBIC's first project financing

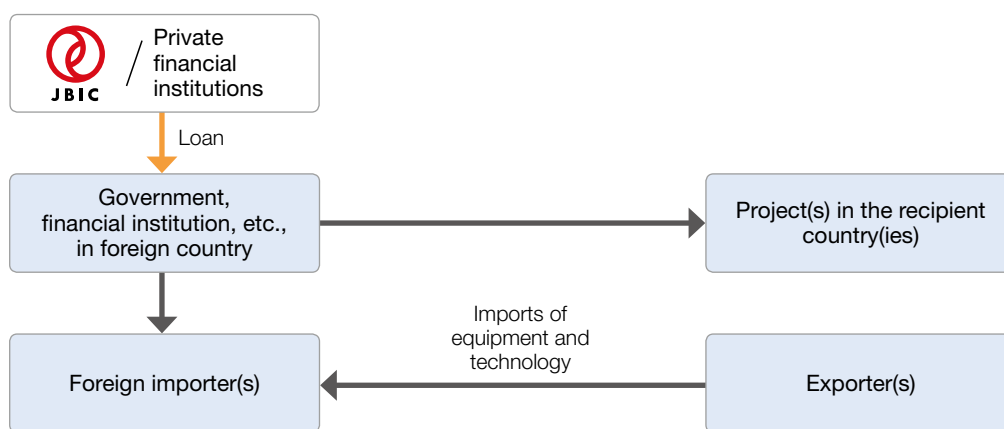
extended for a project in the electricity transmission sector.

The U.K. government has set a legal target of reducing CO₂ emissions to net zero by 2050 and has been promoting the introduction of renewable energy. The loan is in line with the government policies and will provide financial support for the overseas infrastructure project in which Japanese companies are participating, and will be utilized for operation and management over the long term, thereby serving to maintain and improve the international competitiveness of Japanese industry.

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 Enhancement of Supply Chain Resilience of Japanese Automobile Manufacturers in India



JBIC concluded a loan agreement with the State Bank of India (SBI). The loan will financially support the manufacturing and sales business of suppliers and dealers of Japanese automobile manufacturers in India, as well as the sales of environmentally friendly vehicles manufactured by Japanese automobile manufacturers, thereby contributing toward maintaining and improving the international competitiveness of Japanese industry in the post-COVID-19 era.

In October 2020, JBIC provided, through SBI, the funds necessary for the manufacturing and sales business of Japanese automobile manufacturers in India, where the economy has been stagnating due to the COVID-19 pandemic. After that, automobile sales

are showing a sharp recovery, the suppliers and dealers that constitute the supply chains of Japanese automobile manufacturers in India require the new funds for their business operations.

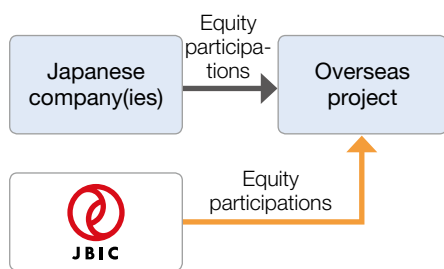
As the Government of India introduced a new fuel economy regulation for automobiles, and a new emission regulation (Bharat Stage 6) in order to reduce greenhouse gases and solve the problem of increasing air pollution, Japanese automobile manufacturers are focusing on the manufacturing and sales business of environmentally friendly vehicles. The loan promotes the spread of environmentally friendly vehicles in India and is in line with these environmental preservation policies of India.

Equity Participations

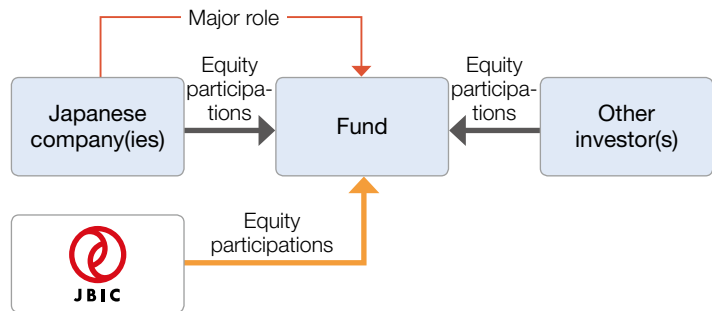
Equity participations are capital contributions to companies where Japanese companies have equity stakes to undertake overseas projects, as well as funds

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

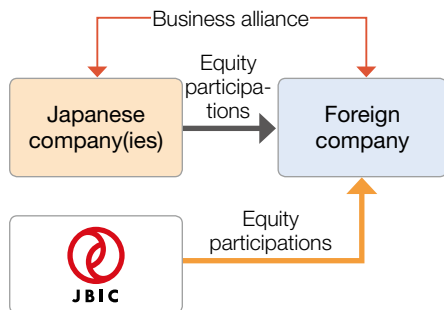
■ Japanese companies make equity participations in an overseas project



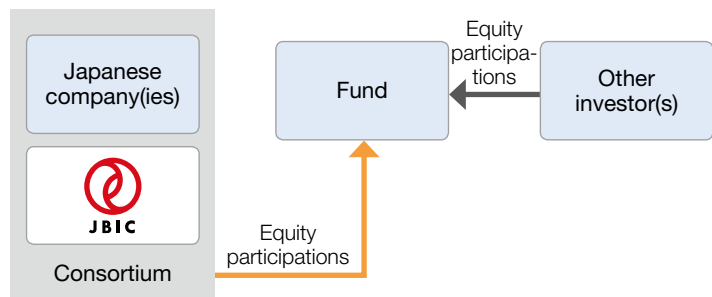
■ Japanese companies participate in a fund (and perform such a major role as general partner in their management and investment decisions)



■ 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 Start-up in the U.S. to Expand the Utilization of the Hydrogen



JBIC, together with Mitsui & Co., Ltd., made an equity investment in FirstElement Fuel Inc. (FEF). FEF is a start-up established in 2013 and operates hydrogen stations in 28 locations across the State of California (CA), U.S. CA is one of the world's largest markets for hydrogen fuel cell electric vehicles (FCEVs) driven by the support of both private-sector companies and the state's public agencies. JBIC's investment aims to

expand FEF's business and the utilization of the hydrogen and is made through its Special Operations Account, an account created to take further risks to support overseas infrastructure projects.

Hydrogen is gaining global attention as the next-generation fuel since it does not emit CO₂ in the use phase and the expansion of FEF's hydrogen stations is expected to contribute to the sales of Japanese companies' FCEVs in the U.S.

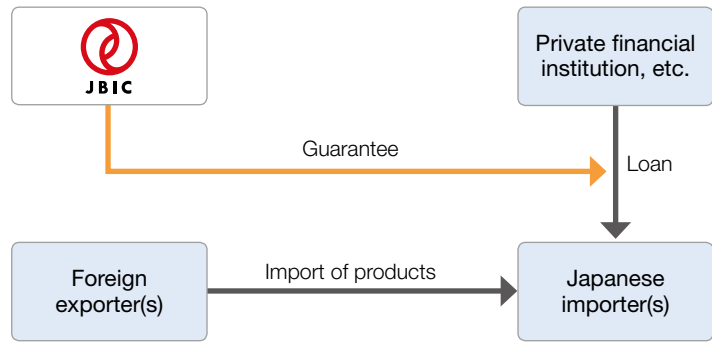
Guarantees

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.

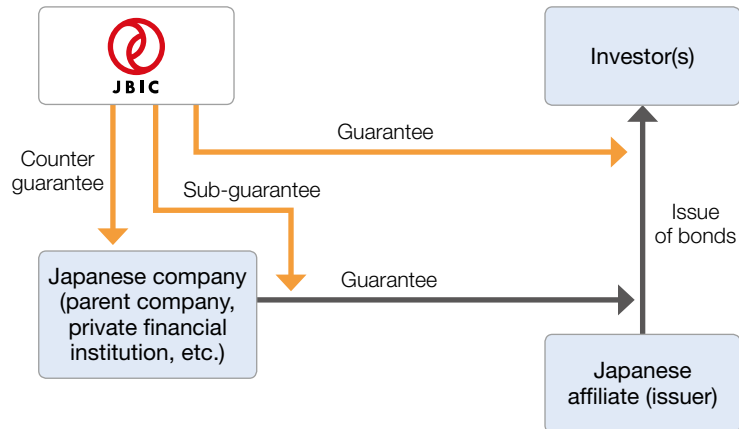
■ Guarantees for Imports of Manufactured Products

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 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 in the U.S. and Airbus S.A.S. in France.

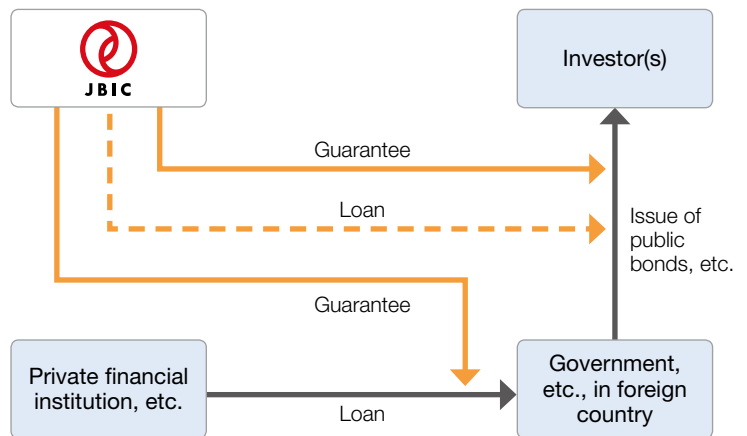
JBIC also concluded a guarantee agreement with private financial institutions for the principal and interest of their loans to ANA HOLDINGS INC. (ANAHD). This guarantee is intended to support ANAHD in obtaining financing from private financial institutions to

import aircraft from the Boeing Company in the U.S. and Airbus S.A.S in 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.

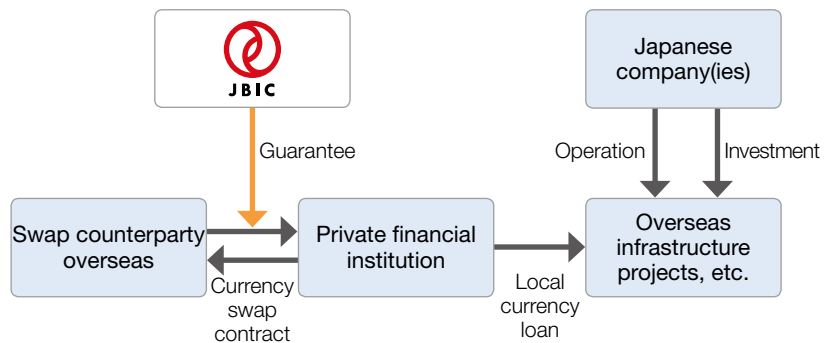
■ Guarantees for Cofinancing, Overseas Syndicated Loans, and Public Sector Bonds

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.



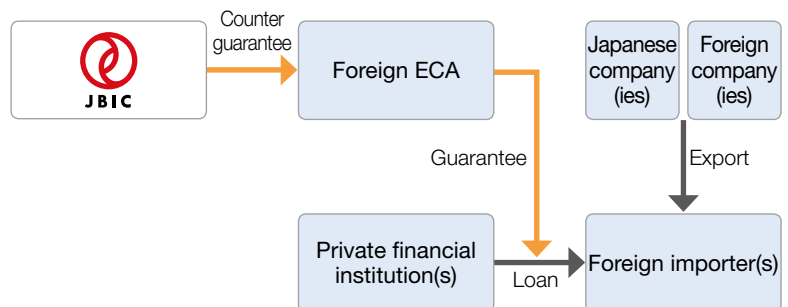
■ Guarantees for Currency Swaps

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.

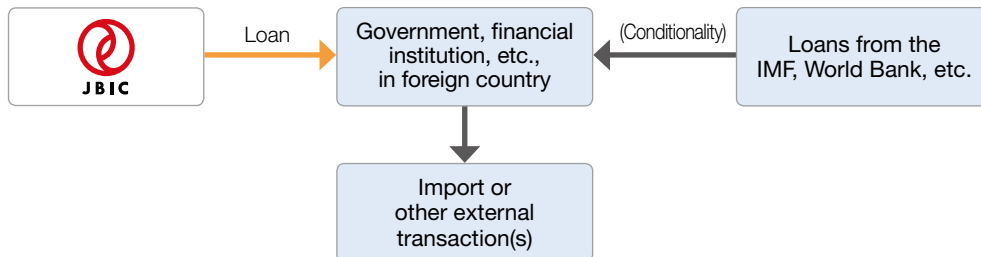


Bridge Loans

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

conductive 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.

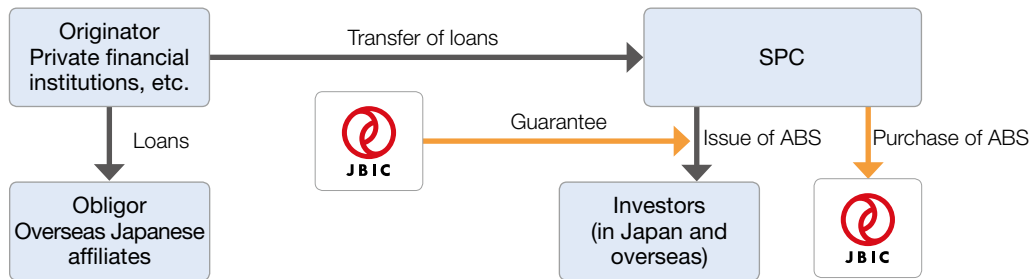
1. Securitization (Guarantees)

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.

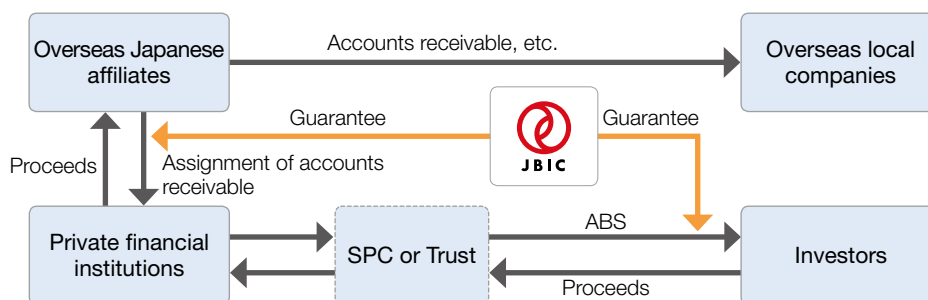


* The above diagram depicts a scheme where SPC are used, but the clients can also use schemes where trusts are used or JBIC acquires or provides guarantees for assets backed by securitization.

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

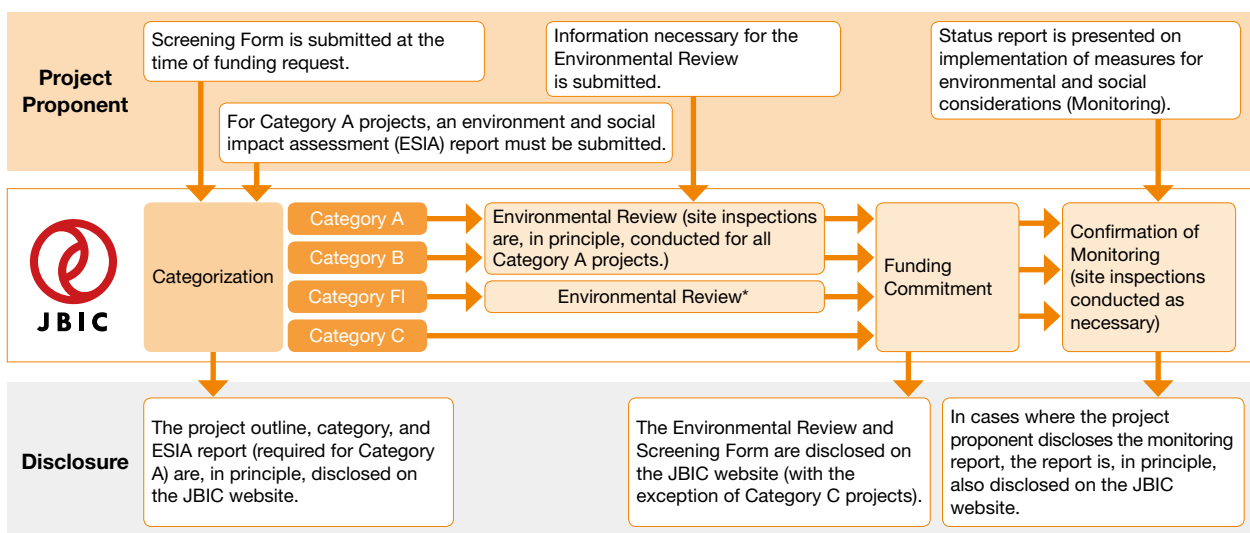
remedial measures. If appropriate environmental and social considerations have not been taken, JBIC may decide not to extend funding.

Also, every five years after the enforcement, the Environmental Guidelines are subject to a comprehensive review based on a verification of the implementation status during the period, in order to make revisions as necessary according to the review result. As five years have already passed since the enforcement of the current Environmental Guidelines, JBIC is now in the process of determining required revisions to the current guidelines.

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

Activities Related to the Free and Open Indo-Pacific Vision

In accordance with the Japanese government's "Free and Open Indo-Pacific" vision, JBIC extended the existing system of cooperation with the U.S. Overseas Private Investment Corporation (OPIC)¹ and signed a memorandum of understanding (MOU) on business cooperation (Trilateral Infrastructure Partnership – TIP) with the Department of Foreign Affairs and Trade (DFAT) and Export Finance and Insurance Corporation (Efic)², both of Australia, in November 2018. The partnership is intended to promote collaborative projects of Japan, the U.S., and Australia in third countries, including those in the Indo-Pacific region.

In June 2019, the TIP agreed on a joint statement based on the G20 Principles for Quality Infrastructure Investment adopted during the G20 Osaka Summit. The statement affirmed continued commitment to providing financial support in the infrastructure, energy resources, and other sectors mainly in the Indo-Pacific region, while adhering to international standards concerning openness, transparency, inclusiveness, sustainability, economic opportunities for all, including women and local workers, and respect for the national sovereignty of each host country government.

Following the signing of the MOU in 2018, the TIP has been working to realize individual infrastructure projects undertaken with the cooperation of Japanese, U.S., and Australian companies. As part of this effort, a joint mission of the three countries was sent to Papua New Guinea and Indonesia in April 2019.

In January 2021, as its first Japan-U.S.-Australia project, JBIC provided a loan to a submarine cable project undertaken by a state-owned public submarine cable corporation of Palau. Palau is a small country with a population of about 20,000 but is located in an area of geopolitical importance. Japan, the U.S., and Australia realized their first project through collaboration and cooperation in the country facing difficulties as the COVID-19 pandemic has greatly affected its mainstay tourist industry (see page 52 for details).

1. Former name, currently U.S. International Development Finance Corporation (USDFC)

2. Former name, currently Export Finance Australia (EFA)

Signing of MOU with U.S. International Development Finance Corporation



JBIC signed a Memorandum of Understanding (MOU) on business cooperation with the U.S. International Development Finance Corporation (USDFC).

This MOU is intended to further strengthen the cooperation between JBIC and USDFC. In addition to conventional sectors of cooperation such as infrastructure, energy and natural resources, the MOU is also intended to support projects in sectors including power, hydrogen, digital connectivity, information and communications technology as well as supply chain resilience in the Indo-Pacific, Middle East, Africa, the Western Hemisphere and Central and Eastern Europe. Structuring projects in the Indo-Pacific region will

contribute, in particular, to achieving a "Free and Open Indo-Pacific," which is being promoted by the governments of Japan and the U.S., and is expected to strengthen the relationship between Japan and the U.S. Additionally, expectations for the partnership between USDFC and JBIC are rising in the U.S. This was exemplified by a political view expressed in the Armitage-Nye report* of the Center for Strategic and International Studies (CSIS), in which they stated their opinion that USDFC should partner with JBIC and lead infrastructure development in the Indo-Pacific region.

* The report was jointly published in December 2020 by Richard Armitage, former Deputy Secretary of State, and Joseph Nye, former Assistant Secretary of Defense.

Online Meeting Held by Trilateral Infrastructure Partnership with Communist Party of Vietnam Central Economic Commission, State Bank of Vietnam, and Relevant Ministries

The Australia-Japan-U.S. Trilateral Infrastructure Partnership (TIP) is a framework to promote collaboration among countries sharing common values and is intended to drive economic growth and sustainable infrastructure investment in the region under the "Free and Open Indo-Pacific" vision. In October 2020, the TIP held an online high-level conference with the Communist Party of Vietnam (CPV) and the country's government agencies and economic organizations.

The Vietnamese government has announced its policy shift toward utilizing and expanding gas-fired power and renewable energy. Trilateral partners have committed to provide financial support that adheres to international standards and principles for development, including openness, transparency and fiscal sustainability, to the government's such efforts and agreed to cooperate further to advance Vietnam's development goals.

Response to COVID-19

Post-COVID-19 Growth Facility

The COVID-19 Emergency Window was established as an expansion of the Growth Investment Facility (established and launched in January 2020) to support overseas business of Japanese companies and as another new window under the facility, following the Window for the Development of Quality Infrastructure for Environmental Preservation and Sustainable Growth (QI-ESG Window) and Window for Supporting Japanese Companies' Overseas Business Expansion (Overseas Business Expansion Window).

Under the Comprehensive Economic Measures to Secure People's Lives and Livelihoods toward Relief and Hope approved by the Cabinet in December 2020, JBIC established the Post-COVID-19 Growth Facility

in January 2021 with the purpose of transforming the economic structure and realizing a virtuous circle for the post-COVID-19 era. It is intended to support Japanese companies in: (i) the overseas expansion of high-quality infrastructure and overseas business activities toward a decarbonized society and (ii) the enhancement of supply chain resilience.

In addition, the QI-ESG Window and Overseas Business Expansion Window launched in January 2020 under the Growth Investment Facility were discontinued following the establishment of the Post-COVID-19 Growth Facility. The COVID-19 Emergency Window, another window under the Growth Investment Facility, ended to operate on December 31, 2021.

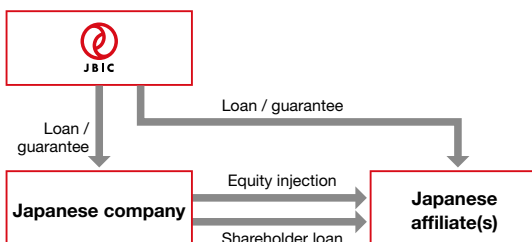
Support for Overseas Business of Japanese Companies Affected by COVID-19 by Utilizing Overseas Investment Loans

JBIC is providing the following financial support to the overseas business of Japanese companies affected by the COVID-19 pandemic under its Overseas Investment Loans as provisional measures (see note).

Note: These measures were originally available until June 30, 2021. However, Measure 1 has been extended to June 30, 2022 based on Public Notice No. 20 issued by the Ministry of Finance on January 29, 2021. Likewise, Measure 2 has been extended to December 31, 2021 based on Public Notice No. 164 issued by the Ministry of Finance on June 17, 2021.

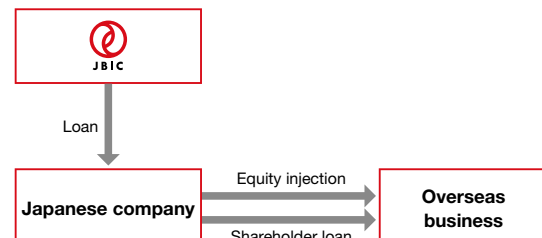
1. Loans and guarantees for business that Japanese companies, including mid-tier enterprises and SMEs, are conducting in developed countries

Financing scheme (example)



2. Loans to domestic Japanese companies for their overseas business

Financing scheme (example)



Supporting Efforts to Overcome Public Health Emergency in Latin America due to Spread of COVID-19

JBIC concluded a loan agreement with Corporación Andina de Fomento (CAF).

The loan is intended to provide, through CAF*, the funds required for public health efforts, such as organizing emergency medical facilities and procuring medical equipment and supplies, in Argentina and Bolivia, which are suffering enormous economic and fiscal impact and damage caused by restrictions on commercial activities due to the spread of COVID-19. This financing helps to address global financial disorder and strengthen Japan's relationship with the two countries, which are key exporters of lithium carbonate and zinc ore to Japan.

JBIC has built a strong cooperative relationship with CAF over a period of more than 45 years since 1975, through JBIC loans for infrastructure projects as well as for exports of machinery and equipment to the Latin American and Caribbean region. As Japan's policy-based financial institution, JBIC will continue to provide financial support for efforts to overcome public health emergencies in cooperation with regional development financial institutions by drawing on its various financial facilities and schemes for structuring projects and by performing its risk-assuming function.

* Two-step loan: JBIC is granting a loan to CAF for the purpose of financing to its clients, by way of Sub-Loans.

3. Framework for Supporting Globalization

Efforts of Mid-tier Enterprises and SMEs

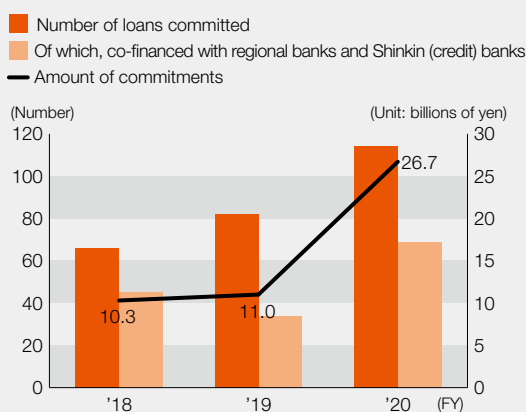
As economies in emerging market countries, especially in Asia, continue to develop an increasing number of mid-tier enterprises and SMEs seek to expand their own business in emerging markets in addition to responding to the overseas advancement of their business partners. With mid-tier enterprises and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

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, export of products, and M&As of foreign companies that have unique technology or customer base.

To respond to financial needs of mid-tier enterprises and SMEs for their overseas expansion, JBIC has further enhanced cooperation not just with major financial institutions but also with private financial institutions, including regional banks and Shinkin (credit) banks, and local financial institutions in countries where they are expanding their business. 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 Japanese Yen, U.S. dollars, and Euro.

More recently, there has been a rise in funding needs among overseas affiliates of Japanese mid-tier enterprises and SMEs due partially to the spread of COVID-19. As an effort to respond to the transformation of the economic structure with an eye to the post-COVID-19 era, an increase is also expected in investment in these overseas affiliates toward a decarbonized society and the enhancement of supply chain resilience. JBIC will also support such funding needs while complementing the roles of private financial institutions.

Loan commitments to mid-tier enterprises and SMEs

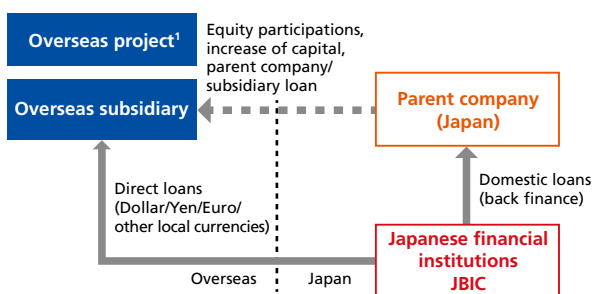


Characteristics of Support to Overseas Business of Mid-tier Enterprises and SMEs

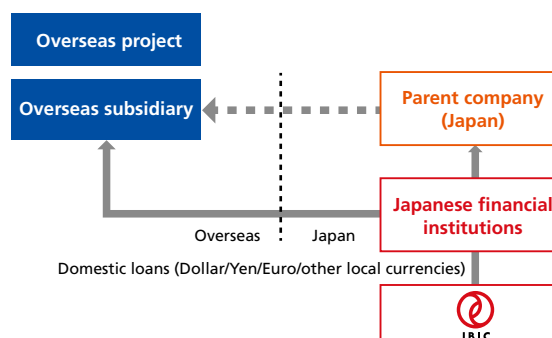
- Prompt and flexible support to respond to funding needs of mid-tier enterprises and SMEs (including loans of a relatively small amount)
- Reducing currency exchange risk through local currency-denominated loans in addition to loans in Japanese Yen, U.S. dollars, and Euro
- Responding to diverse funding needs by utilizing variety of financing tools, including loans for M&As, export loans, and equity participations
- Collaborating with private financial institutions (mega banks, regional banks, Shinkin 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 Perdania	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 2021.

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 not just providing financial services but also co-hosting seminars focused on overseas business development etc.

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

The number of regional financial institutions, with which JBIC partnered to engage in co-financing and other collaborative activities* was 23 in FY2019. The number has grown sharply to 35 by the end of FY2020, as JBIC promoted collaboration, including co-financing loans to mid-tier enterprises and SMEs, with more regional financial institutions, working for the first time with The Yamanashi Chuo Bank, Ltd., THE SAN-IN GODO BANK, LTD., The Hokkaido Bank, Ltd., and The Yokohama Shinkin Bank.

* Besides co-financing, collaboration includes two-step loans and guarantees.

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 countries where they are expanding their business, which are 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 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 Thailand, Indonesia, India, the Philippines, Vietnam, and Mexico 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. A total of 535 Japanese regional financial institutions have joined the framework and dispatched personnel to the local 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 from the viewpoint of avoiding currency exchange risk. JBIC prepares long-term fixed-rate local currency loans alongside with finance from private financial institutions to their Japanese clients' affiliates overseas.

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. 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. In April 2021, JBIC concluded its first individual loan agreement under a yuan-denominated credit line extended to The Bank of Nagoya, Ltd.

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 to business partners and cooperating regional financial institutions 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, ASEAN, North America, Latin America, Europe, 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.

Since FY2020, JBIC has held a number of overseas investment and other seminars online for mid-tier enterprises and SMEs from the viewpoint of preventing the spread of COVID-19. Additionally, JBIC has set up a loan consulting desk in Sendai, Ota (Gunma Prefecture), Tokyo, and Nagoya in collaboration with local governments, chambers of commerce, and other organizations supporting overseas business expansion of local companies and has been providing consultation services on such topics as overseas investment climates and various forms of financing.

5. Operational and Administrative Policies

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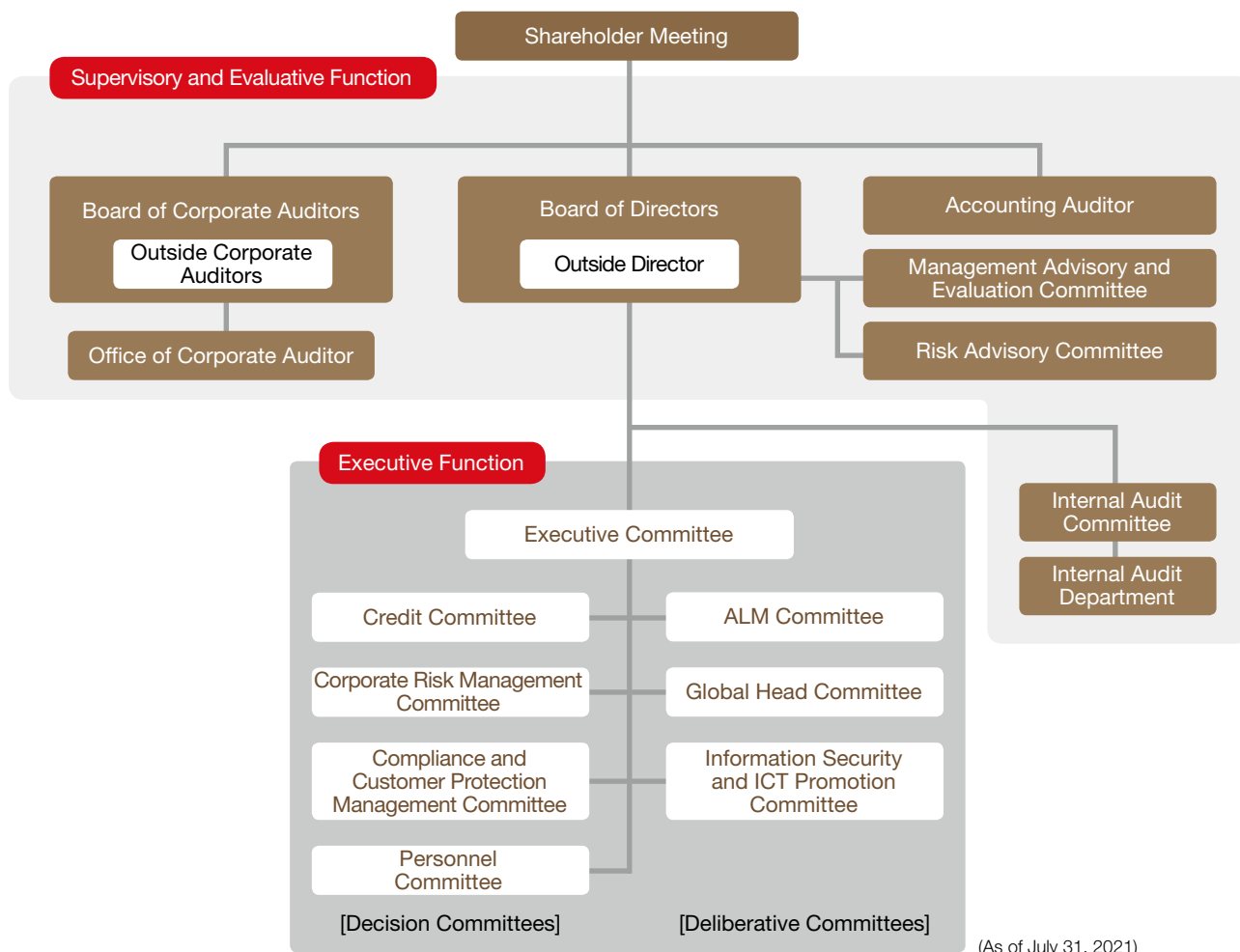


1. Corporate Governance

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.

■ List of Members of the Management Advisory and Evaluation Committee

(As of July 31, 2021)

Name	Occupation
URATA Shujiro	Professor Emeritus, Waseda University
ENDO Noriko	Project Professor, Research Centers and Institutes, Keio University Global Research Institute
KAWAMURA Yoshinori	JBIC Managing Director (Outside Director)
KOIZUMI Shinichi	JBIC Managing Director (Outside Director)
SATO Yasuhiro	Chairman, Member of the Board of Directors, Executive Officer, Mizuho Financial Group, Inc.
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)

(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 Risk Advisory Committee

(As of July 31, 2021)

Name	Occupation
ABE Shuhei	President, CEO of SPARX Group Co., Ltd.
OGAWA Eiji	Professor, Faculty of Economics, Tokyo Keizai 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 Management, 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 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 rapid, flexible and efficient operations.

Members of Board of Directors

(As of July 1, 2021)

Governor	MAEDA Tadashi
Deputy Governor	HAYASHI Nobumitsu
Executive Managing Director	AMAKAWA Kazuhiko
Senior Managing Director	HASHIYAMA Shigeto
Senior Managing Director	OISHI Ichiro
Senior Managing Director	TANAKA Kazuhiko
Managing Director (Outside Director)	KOIZUMI Shinichi
Managing Director (Outside Director)	KAWAMURA Yoshinori

Global Heads of the Groups

(As of July 1, 2021)

Global Head of Corporate Planning Group	TANIMOTO Masayuki (Managing Executive Officer)	Corporate Planning Group
Global Head of Credit, Assessment and Risk Management Group	KIKUCHI Yo (Managing Executive Officer)	Credit, Assessment and Risk Management Group
Global Head of Treasury and Systems Group	OGAWA Kazunori (Managing Executive Officer)	Treasury and Systems Group
Global Head of Energy and Natural Resources Finance Group	INABA Yutaka (Managing Executive Officer)	Energy and Natural Resources Finance Group
Global Head of Infrastructure and Environment Finance Group	UCHIDA Makoto (Managing Executive Officer)	Infrastructure and Environment Finance Group
Global Head of Industry Finance Group	ASO Kenichi (Managing Executive Officer)	Industry Finance Group
Global Head of Equity Finance Group	MORITA Kentaro (Managing Executive Officer)	Equity Finance Group

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.

2. Risk Management

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 Club¹, 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, 2021.

Credit Risk of Derivatives, etc.

(As of March 31, 2021; unit: 100 million yen)

	Contract Amounts / Notional Amounts	Credit Risk Amounts	Market Value
Interest Rate Swaps	55,037	2,340	1,334
Currency Swaps	44,991	3,080	(1,593)
Forward Exchange Contracts	489	4	(3)
Credit Risk Reductions through Netting		(2,907)	
Total	100,518	2,519	(262)

"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

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

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.

3. 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.

Disclosure

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

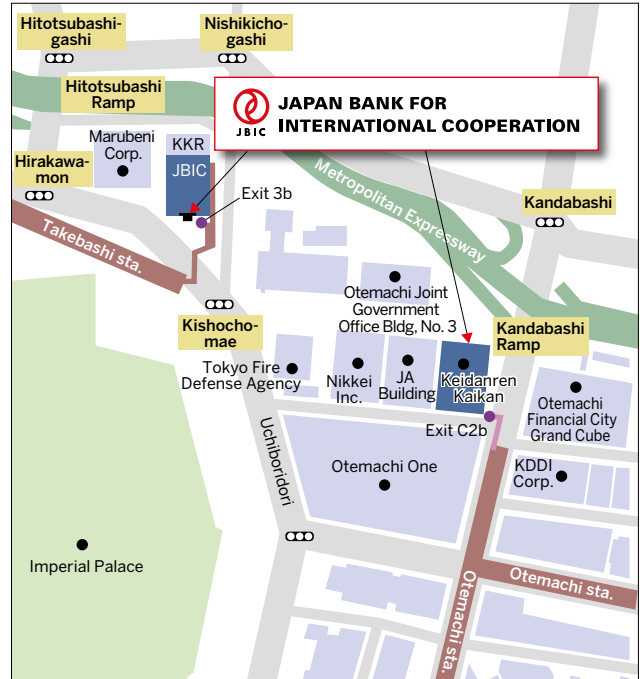
Source of Information	Access
Report on Settlement of Accounts	<ul style="list-style-type: none"> Available at the Head Office and the Osaka Branch Distributed to the National Diet Library and economic organizations, etc.
Annual Report, Public Relations Magazine, etc.	<ul style="list-style-type: none">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

Access to JBIC Head Office and Osaka Branch

JBIC Head Office

4-1, Ohtemachi 1-chome, Chiyoda-ku,
Tokyo 100-8144, Japan

(Legal Affairs and Compliance Office and IT Planning and
Operations Administration Department: 14th floor,
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Tokyo 100-0004, Japan)



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Osaka 530-0001, Japan



JBIC Head Office

4-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8144, Japan

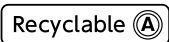
For further information, please contact

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Tel: (+81-3) 5218-3100 Fax: (+81-3) 5218-3955

Annual reports, news releases, and bulletins, etc., are available on the JBIC website.

Website (URL) <https://www.jbic.go.jp/en/>



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