

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.

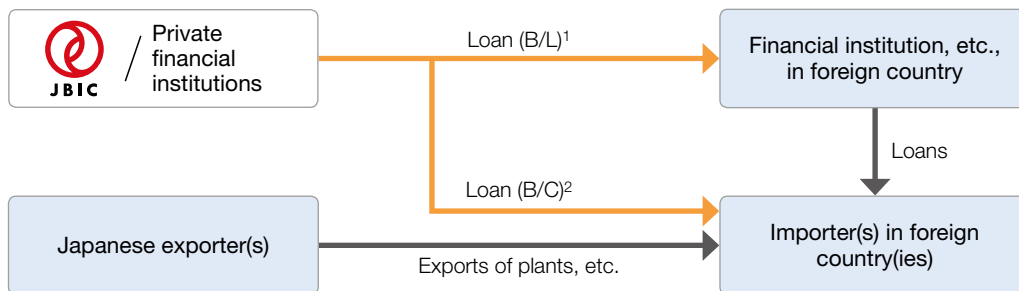
Note: Eligible Sectors of Export Loans in Developed Countries (as of August 31, 2021)

[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

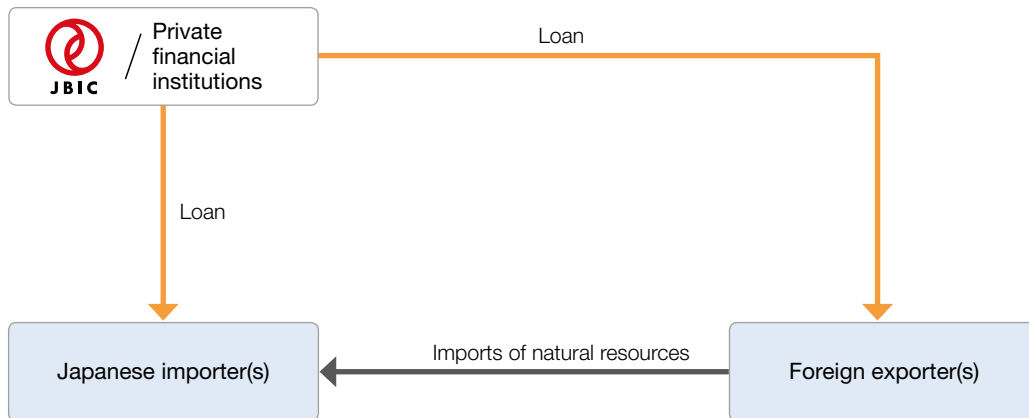
Import loans support imports of strategically important goods including natural resources. They are extended to Japanese importers or foreign exporters. Since Japan is poorly endowed with natural resources, stable imports of natural resources over the long term are one of the key factors underpinning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

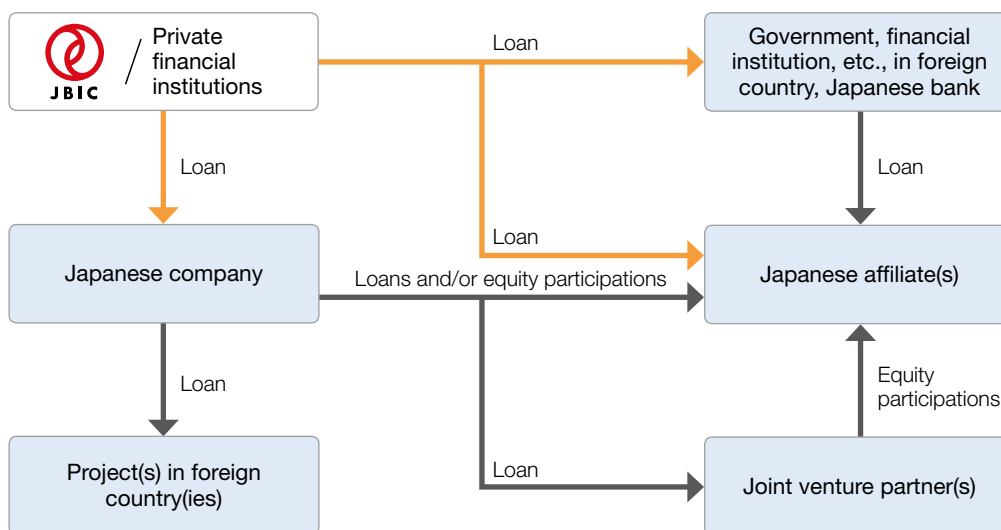
Overseas investment loans support Japanese foreign direct investments. The loans can be provided to Japanese companies (investors), overseas Japanese affiliates (including joint ventures), and foreign governments or financial institutions that have equity participations in or provide loans to such overseas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

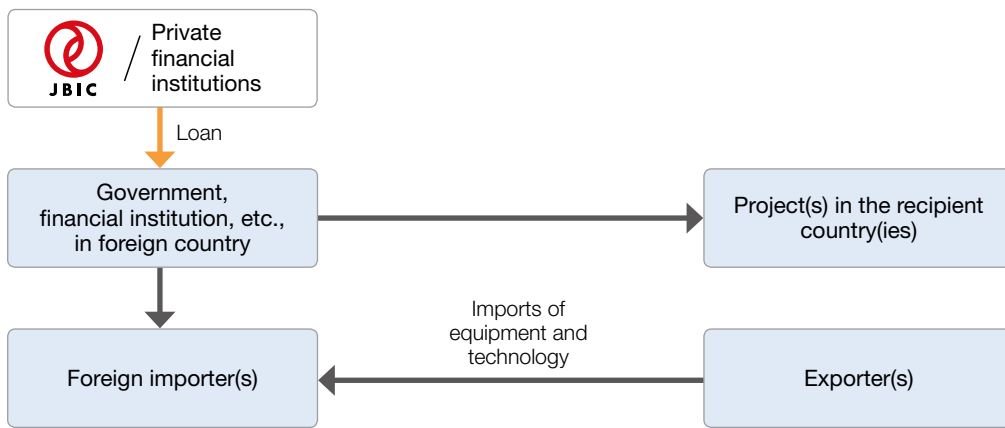
extended for a project in the electricity transmission sector.

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.

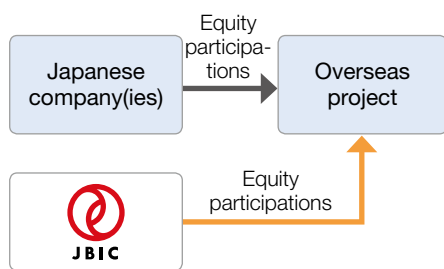
As the Government of India introduced a new fuel economy regulation for automobiles, and a new emission regulation (Bharat Stage 6) in order to reduce greenhouse gases and solve the problem of increasing air pollution, Japanese automobile manufacturers are focusing on the manufacturing and sales business 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

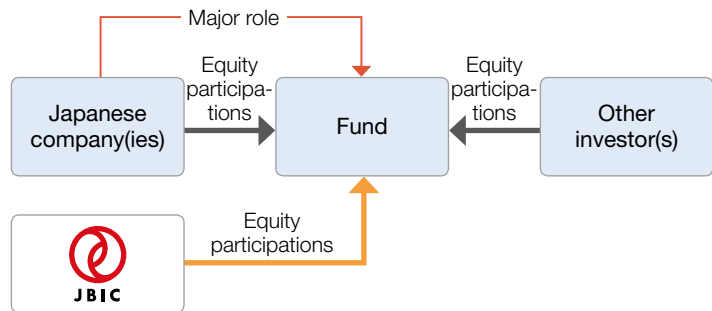
Equity participations are capital contributions to companies where Japanese companies have equity stakes to undertake overseas projects, as well as funds

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

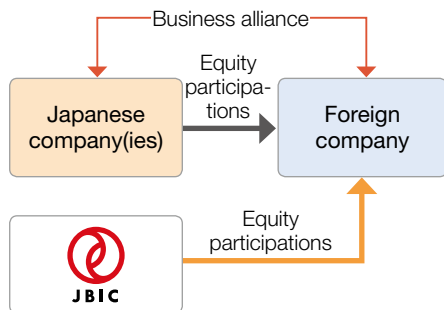
■ Japanese companies make equity participations in an overseas project



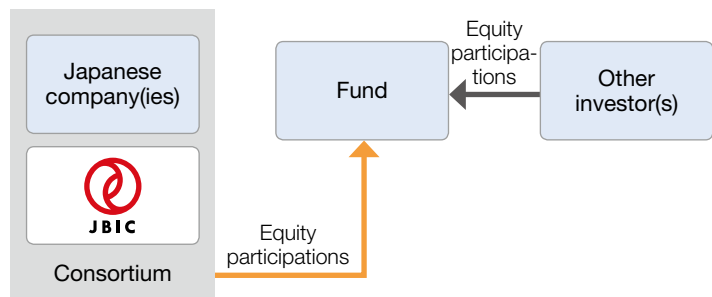
■ Japanese companies participate in a fund (and perform such a major role as general partner in their management and investment decisions)



■ 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.

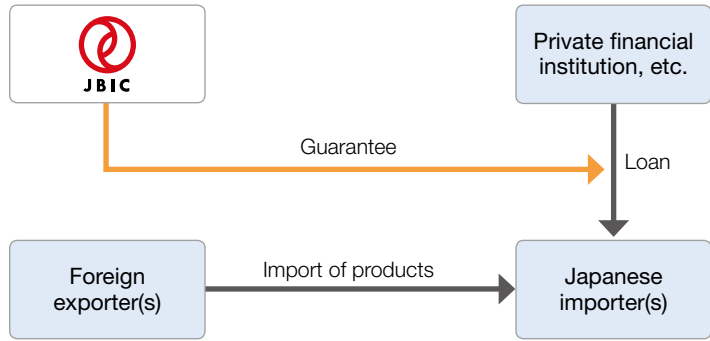
Guarantees

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.

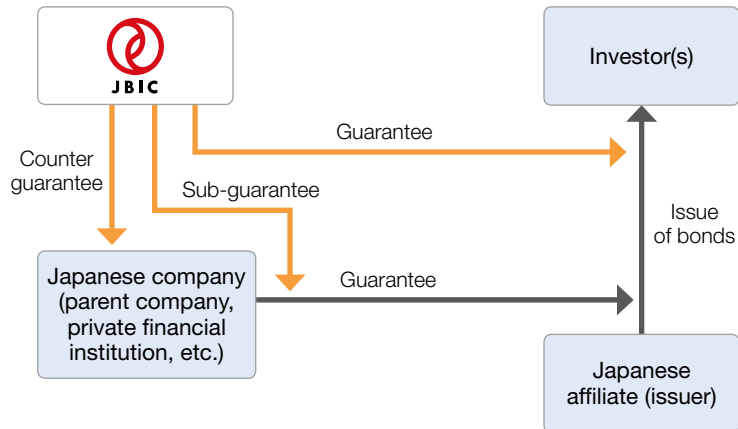
■ Guarantees for Imports of Manufactured Products

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.

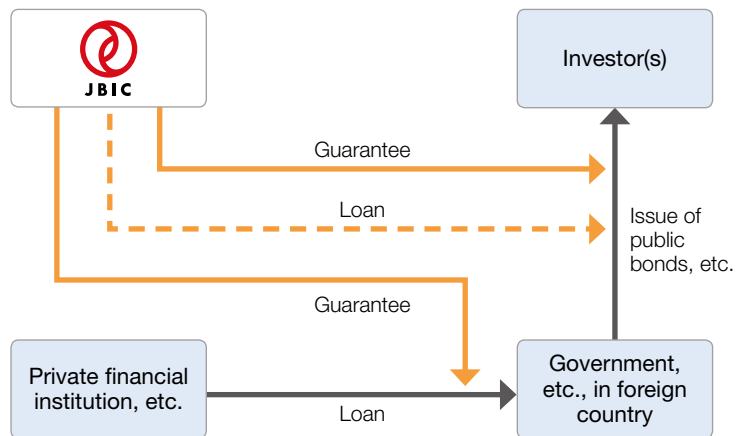
JBIC also concluded a guarantee agreement with private financial institutions for the principal and interest of their loans to ANA HOLDINGS INC. (ANAHD). This guarantee is intended to support ANAHD in obtaining financing from private financial institutions to

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.

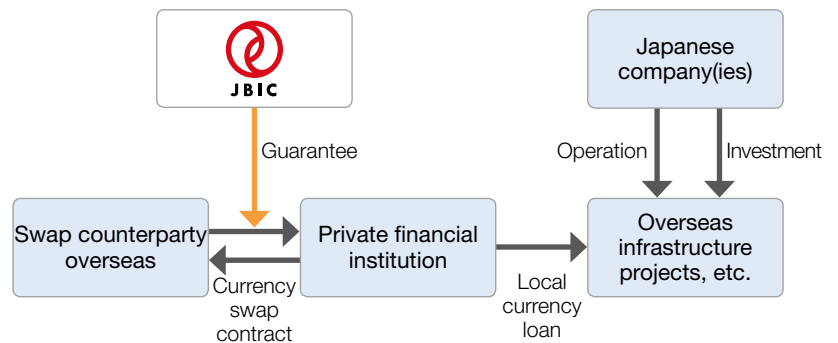
■ Guarantees for Cofinancing, Overseas Syndicated Loans, and Public Sector Bonds

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.



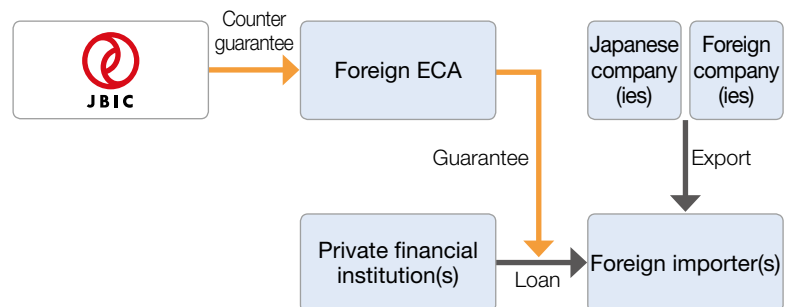
■ Guarantees for Currency Swaps

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.

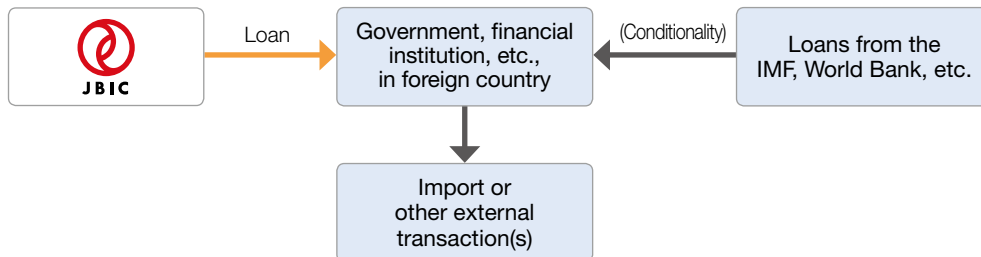


Bridge Loans

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.

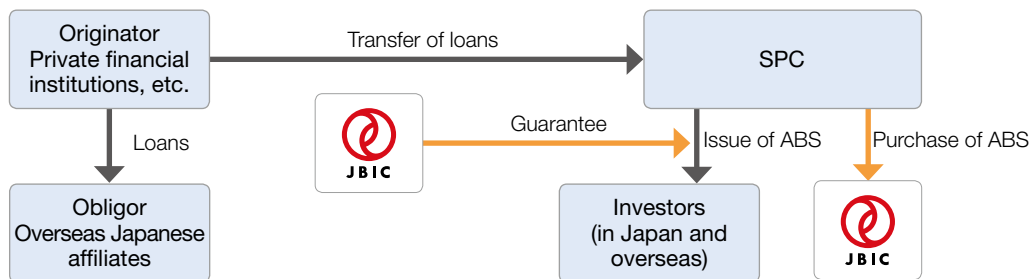
1. Securitization (Guarantees)

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.

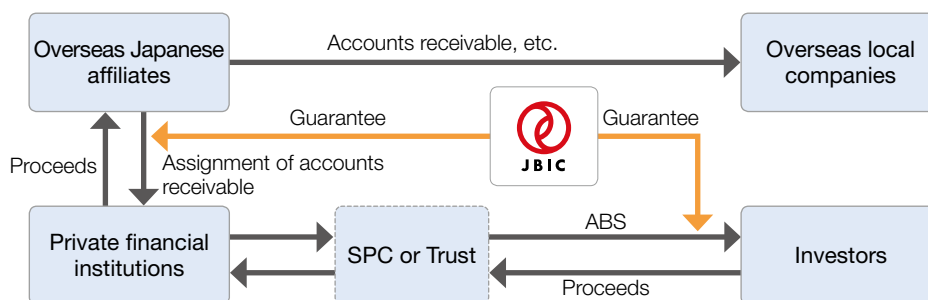


* The above diagram depicts a scheme where SPC are used, but the clients can also use schemes where trusts are used or JBIC acquires or provides guarantees for assets backed by securitization.

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

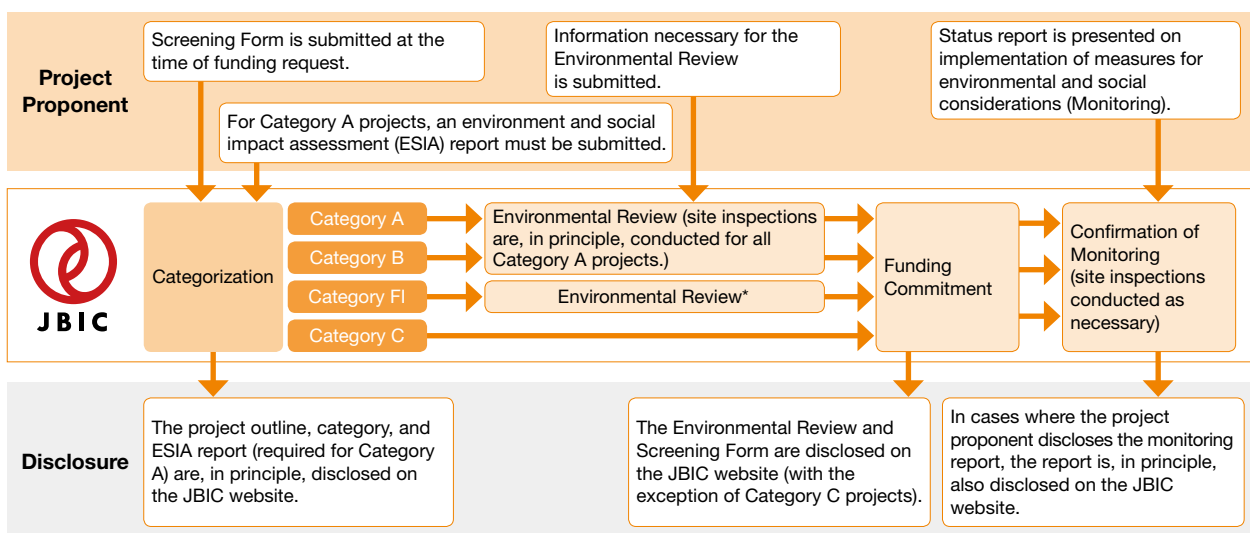
remedial measures. If appropriate environmental and social considerations have not been taken, JBIC may decide not to extend funding.

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.

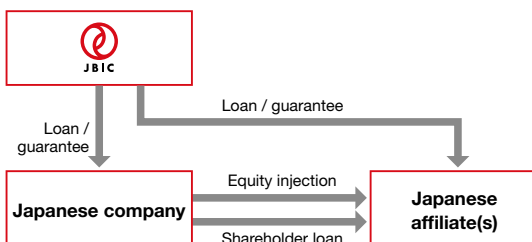
Support for Overseas Business of Japanese Companies Affected by COVID-19 by Utilizing Overseas Investment Loans

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.

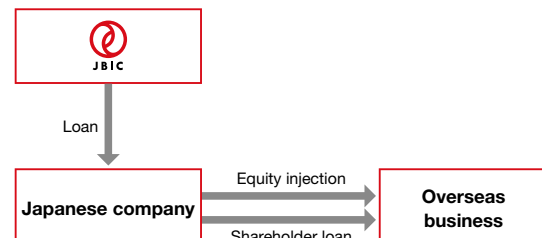
1. Loans and guarantees for business that Japanese companies, including mid-tier enterprises and SMEs, are conducting in developed countries

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

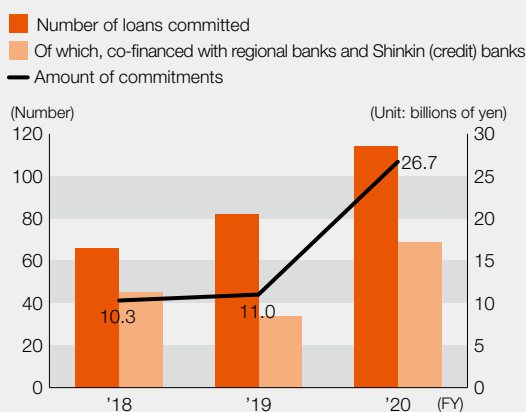
As economies in emerging market countries, especially in Asia, continue to develop an increasing number of mid-tier enterprises and SMEs seek to expand their own business in emerging markets in addition to responding to the overseas advancement of their business partners. With mid-tier enterprises and 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

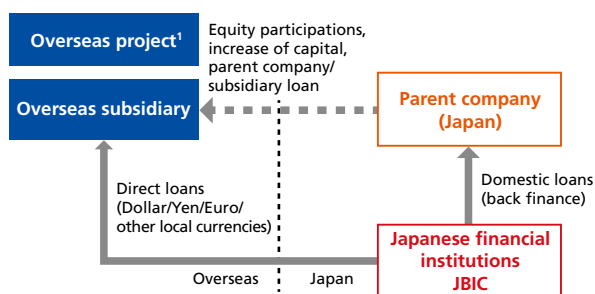


Characteristics of Support to Overseas Business of Mid-tier Enterprises and SMEs

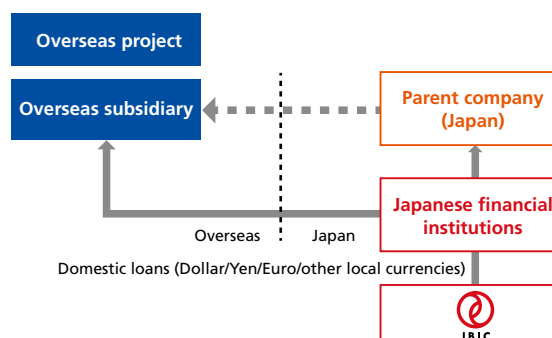
- Prompt and flexible support to respond to funding needs of mid-tier enterprises and SMEs (including loans of a relatively small amount)
- Reducing currency exchange risk through local currency-denominated loans in addition to loans in Japanese Yen, U.S. dollars, and Euro
- Responding to diverse funding 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	PT. 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.