日本の力を、世界のために。

Supporting Your Global Challenges

2024 Integrated Report

JAPAN BANK FOR INTERNATIONAL COOPERATION

JBIC

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Editorial Policy

In order to inform our stakeholders of JBIC's strategies and initiatives for sustainable value creation, the bank this year has decided to publish an integrated report in conjunction with the announcement of its Fifth Medium-Term Business Plan. This replaces our previous publication of annual reports.

We hope this report will help the reader understand JBIC's efforts to contribute to the sound development of the Japanese and global economies as a player in Japan's foreign policy.

In compiling the report, we have referred to the International Integrated Reporting Framework presented by the IFRS Foundation, and the Guidance for Collaborative Value Creation proposed by the Ministry of Economy, Trade and Industry.

Disclosure of Financial and Non-financial Information

* Task Force on Climate-related Financial Disclosures

Websites

Investor relations	**Sustainability**
https://www.jbic.go.jp/en/ir/	https://www.jbic.go.jp/en/sustainability.html

Note: Please see below for relevant publications. They include company guides, reports, and survey reports on overseas business operations.

https://www.jbic.go.jp/en/information/index.html

Scope of Report

Reporting period: FY2023 (April 1, 2023–March 31, 2024)
Reporting companies: Japan Bank for International Cooperation (JBIC) and its consolidated subsidiaries

Disclaimer

This integrated report contains forward-looking statements regarding various targets, projections, forecasts, and other aspects of our medium-term business plan. Such forward-looking statements are based on forecasts at the time this integrated report was prepared, and include certain assumptions and judgments. Actual results may differ, in some cases materially, from the forecasts due to changes in various conditions.

1. Introduction

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1. JBIC's Mission

JBIC has a mission to fulfill,
especially in this era of unprecedented change in which the international community is becoming increasingly multipolar and complex.

We are serving as a navigator in solving global issues,
and are working with our stakeholders to create a more valuable future.

We are a one-of-a-kind financial institution, in that we connect Japan with the world, as well as the public and private sectors. We have a history of grasping the needs of the times, transforming ourselves, and taking on the challenge of helping resolve some of the world's principle policy issues.

JBIC is, thus, providing solutions by using its global network and range of financial tools to tackle new challenges facing international business.

Supporting your global challenges.

Corporate Slogan

日本の力を、世界のために。

Supporting Your Global Challenges

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

JBIC Medium- to Long-Term Vision

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

2. History of JBIC

The Japan Bank for International Cooperation (JBIC) fulfills its responsibilities by enhancing and transforming its functions in response to prevailing demands. These reflect the international political and economic environment surrounding Japan, as well as changes in overseas business strategies of Japanese companies.

In order to supplement the financial transactions implemented by private financial institutions, JBIC contributes to the sound development of the Japanese and international economy and society.

Great Western Main Line, U.K.

Since 1950

Contributes to the recovery and rapid economic growth of Japan through imports and exports.

1950 Export Bank of Japan established.

1951 First loan commitment made (for export of hydroelectric generators to Argentina).

1952 Export Bank of Japan changes name to Export-Import Bank of Japan (JEXIM).

1966 JEXIM signs a loan agreement (first loan to an international institution) with Inter-American Development Bank.

Since 1970

Responds to economic friction and supports the internationalization of Japanese companies.

1972 JEXIM starts foreign currency lending system; approves first loan (to an electronic component manufacturing business in Malaysia) based on this system.
Adds untied loans.

1986 JEXIM signs loan agreement for Western Australian LNG project (its first project financing).

1987 Signs untied loan agreement with Indonesia (its first loan based on the Japanese government's financial recycling scheme [–1992]).

Since 1990

Responds to globalization and helps maintain international financial order.

1993 JEXIM signs untied loan agreement with Bulgaria (first loan based on the Japanese government's Fund for Development initiative [–1997]).

1998 JEXIM implements assistance measures for Asia based on the Japanese government's New Miyazawa Initiative.

1999 Establishes JBIC by merging JEXIM and the Overseas Economic Cooperation Fund.

2008 Establishes the Japan Finance Corporation by merging JBIC and three domestic policy-based financial institutions.

In light of the collapse of Lehman Brothers and the global financial crisis, JBIC sets up special facilities to support Japanese companies.

International Economic and Social Events

1952 Japan joins International Monetary Fund and World Bank.

1956 Japan joins United Nations.

1964 Tokyo Olympics and Paralympics held.

Japan joins Organisation for Economic Co-operation and Development.

1967 Association of Southeast Asian Nations established.

1971 Nixon shock.

1973 First oil crisis.

1979 Second oil crisis.

1982 Latin American debt crisis.

1985 Plaza Accord.

1987 Black Monday.

1989 Berlin Wall falls.

1991 Japan's bubble economy collapses.
Dissolution of the Soviet Union.

1992 United Nations Framework Convention on Climate Change adopted.

1993 European Union established.

1994 Mexican peso crisis (Tequila Effect).

1997 Asian Currency Crisis.

1999 Euro currency launched.

2001 September 11 terrorist attacks.

2005 Kyoto Protocol goes into force.

2008 Bankruptcy of Lehman Brothers.

2009 Copenhagen Accord adopted at COP15.

Moray East offshore wind power generation project, U.K.

Example of Nordic–Baltic Fund investment: self-driving electric truck

Since 2010

Japan Bank for International Cooperation is established; Equity Finance Group is set up; JBIC's functions are strengthened through the Act for Partial Amendment of the Japan Bank for International Cooperation Act.

2010 Launches Global action for Reconciling Economic growth and ENvironmental preservation (GREEN).

2012 **JBIC spun off from Japan Finance Corporation and makes a new start.**

Loan agreement signed for Great Western Main Line intercity rail project in the U.K.

Announces signing of loan agreement for Ichthys LNG project in Australia.

2014 Signs subordinated loan agreement and financing agreement to acquire a spirits manufacturing and sales business (Beam Inc.) in the U.S.

2016 Launches Special Operations to enable Japanese companies to take further risks in overseas infrastructure projects.

2017 Signs loan agreement for export of transformer equipment to Iraq (JBIC's first Special Operations project).

Establishes JBIC IG Partners in collaboration with Industrial Growth Platform, Inc.

2018 Signs loan agreement for Moray East offshore wind power generation project in the U.K.

2019 Signs equity investment agreement for fund targeting cutting-edge IT companies in the Nordic and Baltic region.

2010 European debt crisis.
Arab Spring.

2011 Great East Japan Earthquake.

2013 China commences Belt and Road Initiative.

2015 Paris Agreement adopted at COP21.

2016 Paris Agreement goes into force.

Since 2020

2020 Establishes Emergency Window for Overcoming the COVID-19 Crisis and supports Japanese companies' overseas business under the Growth Investment Facility.

2022 Expands loans to developed countries to more broadly support overseas expansion of Japanese companies.

2023 Strengthens JBIC's functions through legal reform to reflect international changes.

2024 Launches 5th Medium-Term Business Plan (FY2024–2026).

Theme

Navigate toward and Co-create a Valuable Future

2020 Brexit.

COVID-19 pandemic.

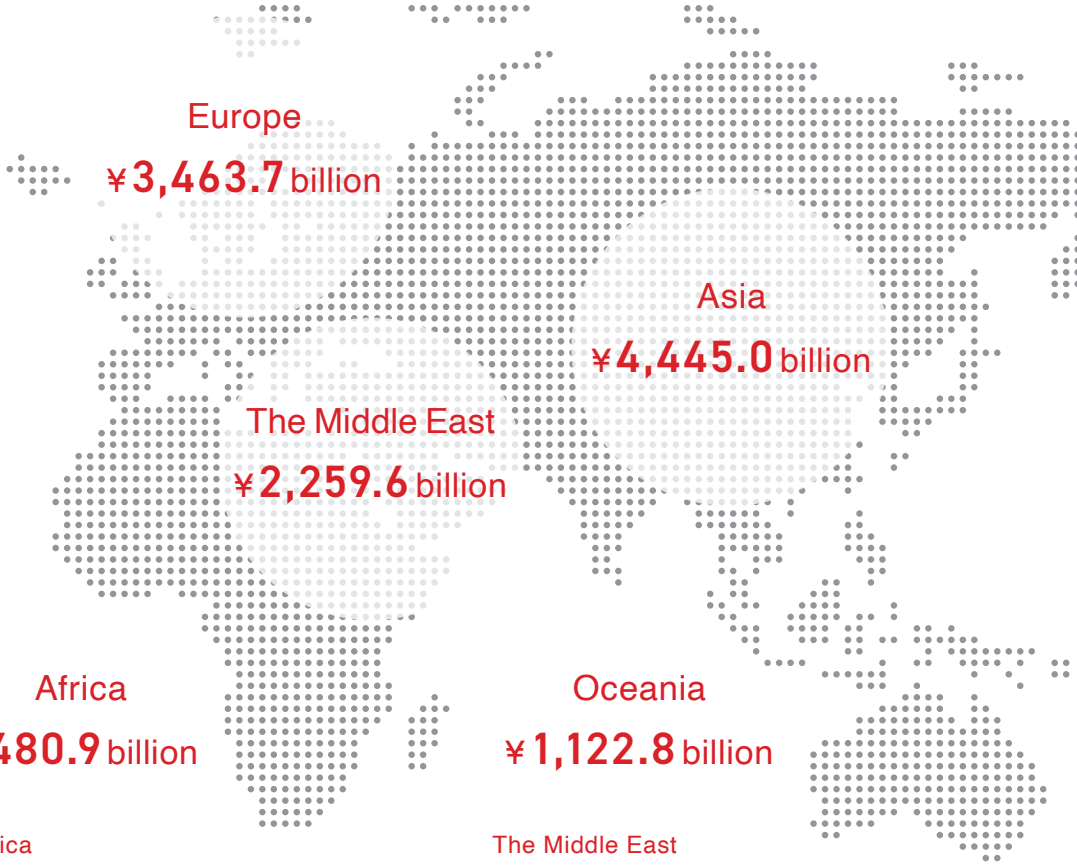
2021 Tokyo Olympics and Paralympics.

2022 Russia invades Ukraine.

2023 Economic activity back up to full speed following COVID-19 pandemic.

3. At a Glance

Geographical Distribution of Loan and Equity Investment, and Guarantees Outstandings (as of March 31, 2024)



Europe

United Kingdom

Project finance for Triton Knoll offshore electricity transmission project

Project financing for intercity express programme

Nordic and Baltic region

Equity investment in fund that invests in advanced IT companies

Central and Eastern Europe

Equity investment in fund investing in startups

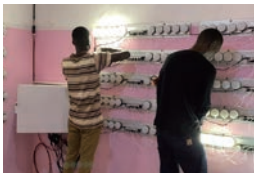
Africa

Morocco

Project financing for Taza onshore wind power generation project

Benin

Support for solar PV project and electrified lantern project for elementary schools



The Middle East

Türkiye

Credit line for Türkiye Sınai Kalkınma Bankası A.Ş. under GREEN operations contributing to earthquake disaster reconstruction of Türkiye

Qatar

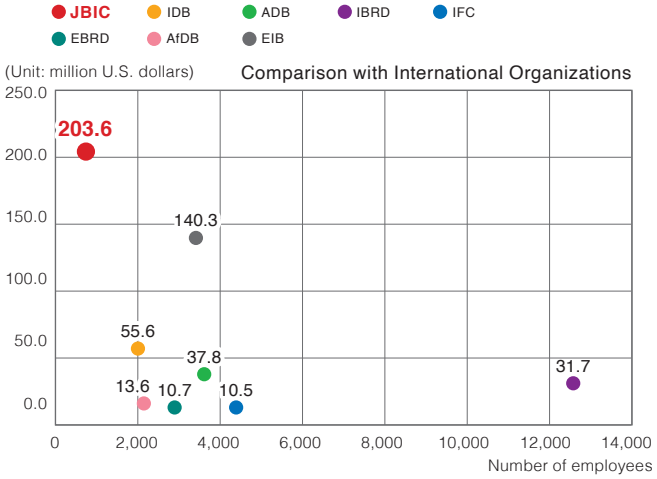
Project financing for Al Kharsaa solar PV project

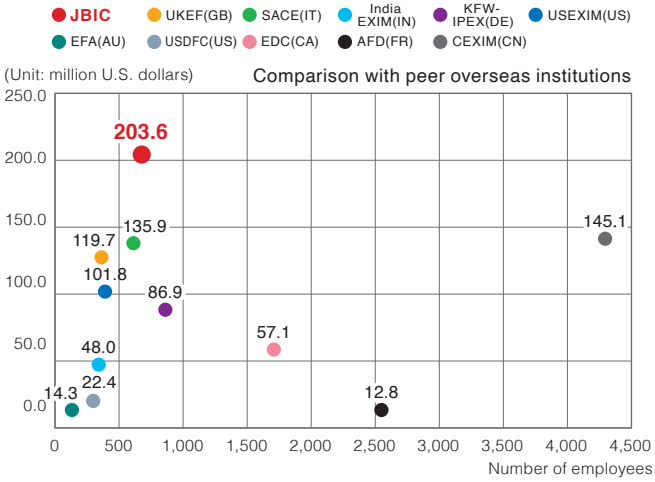
United Arab Emirates

Project financing for Warsan waste-to-energy project

Loan to Abu Dhabi National Oil Company

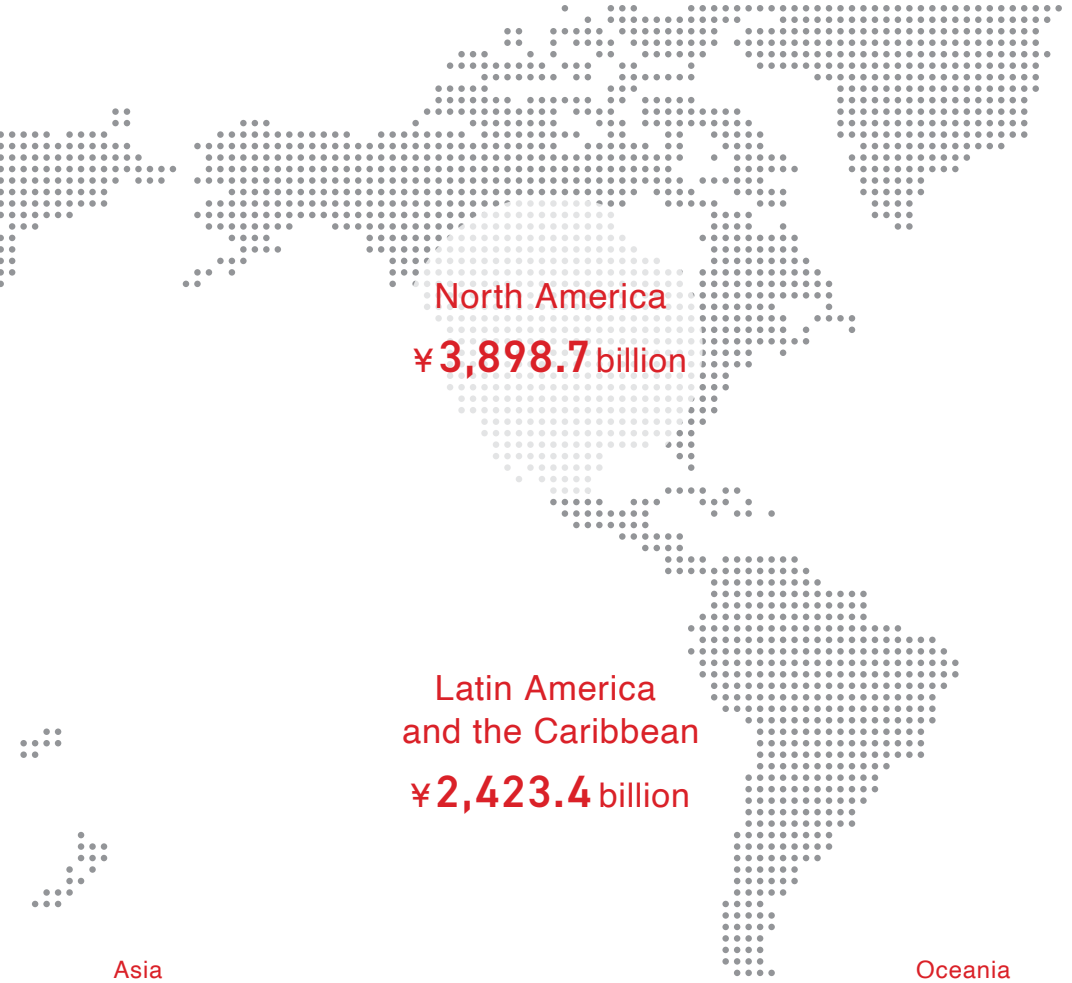
Loans Outstanding per Employee





Source: Compiled by JBIC based on documents published by each institution.

Note: The figures below exclude the amount given by international organizations and others (loans for crossborder projects, etc.).



North America

United States

Equity investment in a startup operating hydrogen stations

Project financing for Freeport and Cameron LNG projects

Canada

Loan for acquisition of stake in e-scrap (electric and electronic waste)

Asia

Contributing to power and infrastructure development

Taiwan
Project financing for offshore wind farm project

Vietnam
Loan to rooftop solar power generation project

Bangladesh
Project financing for Meghnaghat natural gas-fired combined cycle power plant project

Uzbekistan
Support for export of telecommunications infrastructure-related equipment

Indonesia
Project financing for Jawa 1 gas-to-power project

India
Support for waste-to-energy project under GREEN operations

India

Support for the supply chain resilience of Japanese automotive parts manufacturer

Oceania

Australia

Loan for solar PV project in state of Queensland

Fiji

Equity investment in power company

Palau

Supporting export of submarine cable equipment

Latin America and the Caribbean

Mexico

Loan for manufacturing and sales business of automotive parts

Brazil

Support for stably importing pellets and pellet feed from VALE

Chile

Project finance for Centinela copper mine expansion project

Mobilization of Private Capital (as of March 31, 2024)

JBIC

Total commitment in loans, equity investments, and guarantees

¥2,037.9 billion

Private Sector

Private capital

¥4,495.4 billion

4. Message from the Governor

Addressing common international challenges as a navigator in an uncertain world

HAYASHI Nobumitsu
Governor
Japan Bank for International Cooperation (JBIC)

JBIC's Role Continues to Evolve, while Our Mission to Live Up to the Trust Placed in Us Remains Unwavering

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

The world around us has changed significantly since we prepared our Fourth Medium-Term Business Plan (FY2021–2023). Russia's invasion of Ukraine, armed conflicts involving Israel and Hamas since 2023, and frequent abnormal weather events around the world have served to increase global uncertainty.

Moreover, the geopolitical conflict between the U.S. and China, the challenges facing the Global South, and multipolarization are ongoing. We are living in an era in which the liberal international order and concepts of globalization that we have believed in are being shaken and existing values are being called into question.

In order for the Japanese economy to achieve sustainable growth against this backdrop, the nation must take on a global perspective. It needs to ensure Japan's economic security and strengthen supply chain resilience; contribute solutions to global issues such as climate change; and take on the challenge of transformation through the use of digital technology. It is precisely in these areas that, I believe, JBIC has a significant role to play as Japan's only policy-based financial institution that conducts cross-border financial operations.

Looking back, since I first joined JBIC's management as the Executive Managing Director in 2016, I have felt the joy of contributing to Japan's external economic policies through specific projects, such as developing vital resources overseas, as well as improving industrial competitiveness.

I have negotiated with various governments, international organizations, and global companies to formulate specific projects and, as a result, I have seen firsthand new jobs being created locally and local environments truly improving. In fact, I believe that one of our distinctive strengths is the ability to carry out work in line with Japan's government policies and contribute to policy-making based on our on-the-ground experience. Thus, reflecting the government's energy policy, we have provided support for projects related to hydrogen and ammonia, which are expected to be the next-generation energy sources.

One of the universal principles that MATSUO Basho* (1644–1694) advocated from his journey along the narrow roads through Japan's hinterlands is the principle of immutability and fluidity. The idea is that something which long has remained unchanged (that is immutable or timeless) will not be in opposition to something new that changes day by day (that is fluid or a trend); each has its own importance. Similarly, I feel that timelessness and trends have value.

But Basho's brilliance lies in his insight that these two things are fundamentally the same. And JBIC's operations are truly both immutable and fluid: timeless and ever evolving.

Since its predecessor was established in 1950, JBIC has earned the trust of its clients by conducting business based on its expertise in international finance. It is a policy-based financial institution that contributes to Japan's external economic policies through specific projects. I believe that the pillars of public interest, international perspective, and expertise, passed down through the years, represent the critical values that are the core components on which JBIC is built and operates.

* He was Japan's most famous *haiku* poet.

At the same time, JBIC has constantly updated its operations and roles to adapt to ever-changing social situations and global circumstances. Having transformed its risk-taking activities and financial functions, JBIC has enabled Japanese companies to play an active role on the global frontlines.

We have also collaborated with overseas organizations in the spearhead of international business, working with a wide range of stakeholders to tackle new challenges at the forefront of international business. Despite the uncertain times, JBIC will endeavor to remain a frontrunner in taking on the challenges of finding solutions to the problems facing the global community.

Supporting Green Transformation, Supply Chain Resilience

During FY2023, the final year of its Fourth Medium-Term Business Plan, JBIC committed a total of ¥2,037.9 billion to loans, equity investment, and guarantees. Its total three-year commitment to these areas was ¥6,418.7 billion. While the figure exceeds the results of our Third Medium-Term Business Plan, our progress in achieving the quantitative targets we have set for each key focus area has generally been favorable.In projects that help support green transformation and collaboration with the Global South, JBIC has provided loans and guarantees for renewable energy and energy-saving projects that have contributed to reconstruction efforts in Türkiye following the February 2023 earthquake. Further, JBIC has invested in a Japan–India fund, and provided loans to a biomass fuel production and sales business being operated by a Japanese company in Vietnam.

As examples of projects that contribute to multilateral collaboration, JBIC provided loans and guarantees, as well as equity investment in an offshore wind farm project in Taiwan, and guaranteed samurai bonds issued by the Polish Development Bank in a project supporting Ukraine.

As part of our efforts to contribute solutions to social issues, we have provided loans and guarantees for a lantern electrification project in Benin, and loans to a Japanese startup manufacturer to sell its small-scale decentralized water circulation systems in the Caribbean islands of Antigua and Barbuda.

As for projects directly related to securing resources, JBIC has provided support through loans to a copper mine expansion project in Chile, and to a Brazilian company to ensure the stable procurement of steelmaking raw materials for Japanese companies. JBIC also has provided financing for capital investment in the transportation and storage of chemicals and other products required for semiconductor manufacturing by a U.S. subsidiary of a Japanese company.

Via a local Indian financial institution, we have supported the supply chain of a Japanese agricultural machinery manufacturer that is expanding into India. In addition, amid growing demand for data centers around the world, we are providing loans to a data center project being undertaken by a Japanese telecommunications company in India, as well as investing in a fund in Central and Eastern Europe.

Navigating Global Solutions, Co-creating a Valuable Future

JBIC recently formulated its Fifth Medium-Term Business Plan (FY2024–2026), which seeks to address historical and structural changes and challenges in the international situation; rebuild supply chains to address economic security; and develop and disseminate new technologies that will help solve the problem of climate change.

During the planning process, our management team made its discussions open, and solicited opinions from our employees. The opinions were incorporated into our planning. As a result, we decided that the theme for our latest management plan should be: Navigate toward and Co-create a Valuable Future.

Navigating implies that we take the lead and show the way which, in turn, means co-creating with our clients, co-creating by involving various stakeholders and, of course, co-creating within our organization.

Since the future is valuable, the important question is where we can generate value and, indeed, added value. The term "valuable future" represents our commitment to do work that creates value, be it for our clients, our projects, our host countries, or colleagues within our organization. If we are to achieve this, we must have an enterprise in which employees can work in the most proactive and positive manner possible.

As outlined below, our plan involves four key focus areas that JBIC aims to prioritize over the coming three years.

I

Realize a Sustainable Future

- Contribute toward realizing both carbon neutrality and economic growth
- Contribute toward solving social issues in collaboration with host countries
- Implement responsible sustainability management

II

Strengthen Resilience of Japanese Industry and Support Creative Innovation

- Support securement of Japan's energy security, strategic enhancement of the resilience of supply chains that contribute to national interest, and development of infrastructure in frontier industries
- Support development of innovative technologies and businesses
- Support overseas expansion of mid-tier enterprises and small and medium-sized enterprises (SMEs) that play active roles in global business

III

Provide JBIC's Own Unique Solutions by Strategically Functioning as an International Financial Institution

- Support projects which contribute toward developing and realizing Japan's foreign economic policies
- Provide own unique solutions through strategic information analysis

IV

Reinforce and Reform Organizational Base toward Value Creation

- Exercise human capital management
- Streamline operations through digital transformation and develop business promotion infrastructure
- Build a highly engaged organization, reinforce and stabilize organizational base, and achieve efficient management

Rather than being independent goals, however, we consider focus areas I to IV to be linked. Thus, in order to achieve carbon neutrality and economic development, as outlined in I, it is essential to support innovative technologies and new businesses as mentioned in II.

In order to diffuse and commercialize innovative technologies throughout society, JBIC should take risks by using its diverse financial functions and providing the solutions mentioned in III. To do so, we must steadily reinforce, reform, and create value, as stated in IV. This will enable us to build an organization in which each employee can work with a more positive mindset.

One specific example of support we have extended occurred in April 2024. JBIC then assisted a geothermal power generation project in Germany. The Japanese electric power company involved applied innovative technology: closed-loop geothermal energy utilization technology, owned by a Canadian company. The pioneering solution is unlike that used for conventional geothermal power generation. It can extract heat efficiently, even when there is not enough hot water or steam underground, making it possible to develop geothermal energy in areas where development had hitherto been abandoned at the exploratory stage.

This is the very first project to commercialize the technology. Generally, private financial institutions struggle to provide loans for uncommercialized technology, but JBIC took the lead in assuming the technological risk by undertaking what we term Special Operations. Furthermore, through our strong connections with the EU, we have worked to assemble this project with such international organizations as the European Innovation Fund and the European Investment Bank. By taking on risks that private financial institutions cannot tackle on their own, while using our knowledge and relationships to make projects a reality, JBIC intends to play a leading role in bringing new business models to fruition.

Expanding Human Capital to Create a Highly Engaged Organization

We have advanced the key focus area IV in stages, primarily through the development of internal systems and working environments, and we plan to make further progress over the coming three years.

In order to contribute to the sound development of Japan and the international economy in accordance with JBIC's Corporate Philosophy and Code of Conduct, it is essential that all employees engaged in core operations be highly public spirited, while having international awareness and financial expertise.

To that end, we have implemented work style reforms that attract and develop outstanding human resources and support their active participation. In terms of our achievements over the past two years, first, we have established a network infrastructure that enables hybrid work. This combines office work and remote working carried out over a secure environment. Concurrently, we distributed tablets to all managerial track positions in addition to PCs and smartphones, thereby taking a major step toward a paperless system and streamlining work operations.

Second, in April 2023, we launched a new training system, JBIC Academia. The system provides a wide range of training programs to support autonomous careers and proficiency development, allowing employees to acquire a wide range of skills, including overseas work experience, knowledge of finance and languages, and business and management skills.

Third, in the interests of promoting work–life balance, we have put in place various systems aimed at supporting employees as they juggle their work, childcare, and elderly care responsibilities. Our support of childcare includes expanding paternity leave for male employees, and making work arrangements more flexible.

Even more than the numerical data suggest, it appears that a growing number of our employees feel that their workplace offers more flexible working styles. Under our Fifth Medium-Term Business Plan, we will continue to develop environments and design systems that will lead to the enhancement of human capital, and further promote the creation of a diversified organization where people with diverse ideas can work comfortably and with a sense of satisfaction.

I would like to create an organization where each employee can truly understand how their work is beneficial not just to those involved in a project, but to society as a whole. In order to create such an organization, we have compiled a list of executive commitments on which our senior managers will focus, and have communicated within the Bank that these executives will brainstorm with other managers and employees at early stages concerning interviews, projects, and issues. Meanwhile, executives will provide constructive instruction in areas of overall orientation and make any necessary adjustments.

We need to respect the diversity of employees, treat them equally regardless of their position, and create an organizational culture where all people can speak up under any circumstances. We also need to further instill an organizational culture that is not constrained by traditional values, takes on new challenges, tries new ways of doing things, and promotes employee growth.

The goal is for executives to present a vision and build up momentum. If the workplace is not cheerful, it's boring; and if work is not enjoyable, it's not work. I believe that work should never disappoint. I want to take the lead and make JBIC a cheerful and fun place at which to work, and an organization capable of providing a valuable future.

Meeting Greater Expectations despite Constraints

Given the growing international uncertainty, I see the world as becoming increasingly full of constraints. Japanese companies that, until now, have benefited from globalization, inevitably will come to face more difficult challenges, such as how to find locations where they can grow, how to secure the energy Japan needs, and how to strengthen supply chain resilience.

As they seek to solve these issues, our clients' expectations of JBIC will continue to expand. That means we must be more creative, take more risks, and constantly innovate our operations. I am convinced that our navigation and co-creation will result in the growing importance of our contribution to the sound development of Japan, the international economy, and society in general. Our contribution is based on the pillars of public interest, international perspective, and expertise.

We need to be quick on our feet and constantly communicate with clients, while seeing and experiencing what is happening on-site with our own eyes, and continuing to grow as individuals. Rather than simply reacting to change in the environment, we must anticipate change, take risks, and maximize our problem-solving abilities.

We want to make JBIC an organization in which staff not only propose and provide new ideas and financing for our clients, but also become more active in connecting clients and stakeholders, while bridging the gap between governments and relevant authorities of host countries.

2. Value Creation Story

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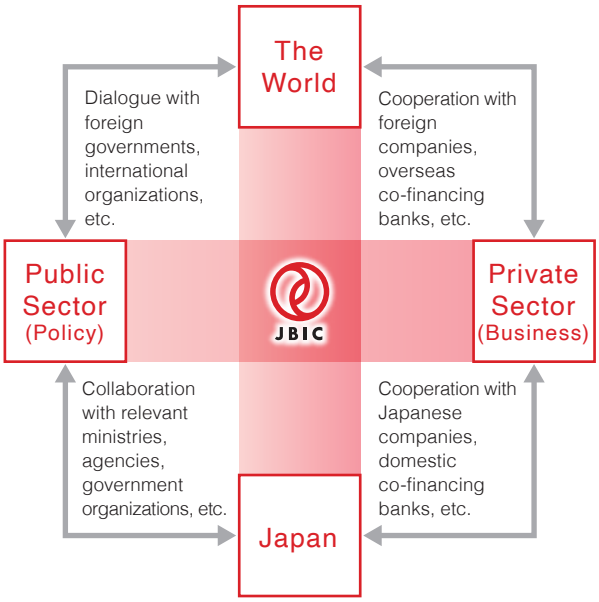
1. JBIC's Unique Strengths

A One-of-a-kind Financial Institution That Connects Japan and the World, Public and Private Sectors

JBIC is well positioned to support overseas projects that connect the needs of countries by means of financial schemes and advanced expertise. In fact, JBIC is a one-of-a-kind financial institution that connects Japan with the world, while also connecting private and public sectors.

JBIC's operations are conducted against a backdrop well suited to the support it offers. As countries work to balance economic growth with energy transition, and restructure supply chains to achieve decarbonization, Japan is seeking to achieve carbon neutrality, promote digital transformation (DX), strengthen the resilience of its industries, while maintaining and improving its international competitiveness. At the same time, the Japanese government together with foreign governments are tackling social issues, while Japanese companies seek to expand their businesses by taking advantage of overseas growth.



Addressing Domestic and Global Social Issues

JBIC uses its unique financial functions to contribute solutions to social issues in Japan and around the world. Our financial abilities include:

1. The financial power we have cultivated over many years in the arena of international finance.
2. The ability to share singular, strategic information and knowledge.
3. The ability to proactively engage right from a project's formative stage, by leveraging our robust relationships and networks with host countries.

By combining these capabilities, we contribute to solving social issues not only in Japan, but around the world.

Financial power × Information & knowledge × Engagement

Ability to Take Risks, Promote Pioneering Initiatives

JBIC has played a leading role in a variety of situations by leveraging its global network, diverse financial tools, and international financial insight. When formulating projects, we prevent and mitigate political risks through structuring the undertakings, cooperate and collaborate with international organizations and government agencies of other countries, and take on technical risks by utilizing our Special Operations.

We will continue to use our knowledge of international finance to promote the mobilization of private capital, and so contribute to the sound development of Japan and the international economy.

Every year, JBIC receives numerous awards from international project finance industry publications for its loan, investment, and guarantee transactions across a wide range of regions and sectors. The awards include Deal of the Year and Global Multilateral of the Year.

JBIC will continue to actively support the export of plant equipment and the overseas business expansion of Japanese companies by drawing on its financial facilities and schemes for structuring projects, as well as by performing its risk-assuming function.

2. Business Capital

Since its establishment, JBIC has flexibly enhanced and transformed its operational portfolio in response to the international political and economic environment surrounding Japan, as well changes in the overseas business strategies of Japanese companies.

In doing so, it has played an integral role in the Japanese government's foreign economic policy and has consistently contributed to the sound development of the international economy and that of Japan. Such value creation derives from our four types of business capital, which we will enhance and combine in order to continue addressing social issues.

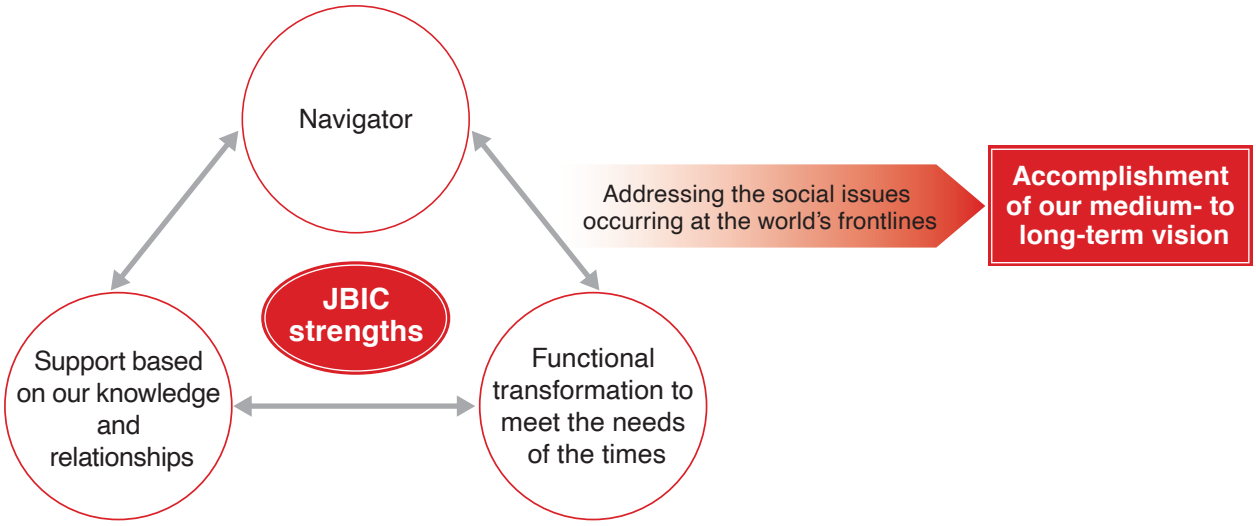
Business Capital	Capital Overview
Financial capital • Stable financial base • Government credit/self-financing • Total assets, net income ▶For details, see p. 80 Financial Strategy.	**Autonomous and stable financial base** Since it was established, JBIC has set up and maintained an autonomous earnings structure by, for example, maintaining profitability, and has paid its profits into the national treasury. JBIC also has long been active at the forefront of international finance, and has been able to reduce market risks by using the knowledge it has gained. Because of its unity with the Japanese government, JBIC has been able to raise foreign currency funds efficiently and stably, and has a sturdy financial base that enables it to provide large amounts of funding over the long term. Leveraging this financial base, we are able to make commitments to high-risk projects that private financial institutions are not able to handle.
Human capital • Human resources with expertise, public spirit, and international perspectives ▶For details, see p. 58 Human Capital Management.	**JBIC's value creation** "Positioned at the crossroads of global business opportunities, JBIC is opening new venues to the future for the Japanese and global economy." Under this corporate philosophy, JBIC is having to respond to increasingly diverse, sophisticated societal needs. This requires that our staff have expertise in international finance, be public spirited, and have an international perspective—all characteristics they possess and which are JBIC's bedrock. With their skills, staff can help support the development of the economies of Japan and world nations, despite progressively more complex international relations. **Human resource development** JBIC is working to strengthen our human capital so as to further enhance the three skills that form the foundation of JBIC's value creation: expertise, public spirit, and international perspective. Our human resource development and training policy focuses on the strengths and aptitude of each employee and, with an eye to their future career paths, we aim to continuously develop and strengthen their multifaceted skills through our training program, JBIC Academia, study at graduate schools overseas, and secondments to international organizations.

Business Capital	Capital Overview
Intellectual capital • Unique financial solutions • History/experience and knowledge inherited in building and implementing Japan's foreign policy from post-war reconstruction to the post-COVID era	**Unique financial solutions** JBIC has a wide range of financial instruments, including sovereign, corporate, project, and structured finance, together with equity investments. In addition, it has unique information and knowledge cultivated at the forefront of international finance, including macroeconomic analysis, environment- and sustainability-related know-how, and international legal affairs. These are the strengths that support JBIC's business activities and the foundation of its non-financial capital. Taking a long-term perspective, JBIC uses pioneering financial methods to support numerous projects, including resource and infrastructure projects on a global scale. In recent years, JBIC has been stepping up equity investments and encouraging further risk taking. In addition, regarding research and surveys related to overseas investment and international finance, we interact with overseas government agencies, domestic and international research institutes, and experts to collect and analyze information and share knowledge in a wide range of fields.
	A history of supporting the Japanese government's foreign policy Since its establishment in 1950 to promote postwar economic recovery through export promotion, JBIC has provided financial support for important Japanese foreign policies, and responded appropriately to various policy issues of individual eras, such as securing energy resources, correcting external imbalances, and promoting overseas direct investment by Japanese industries. We will continue to pass on this experience and knowledge to future generations, and further develop and accomplish Japan's foreign policy strategies.
Social capital This comprises long-standing partnerships and networks with governments and organizations around the world. They are unique to this financial institution that plays an integral part in the Japanese government's foreign economic policy.	**Worldwide network** As a financial institution that plays an important role in the Japanese government's foreign policy, JBIC has been steadily working throughout the postwar years to connect Japan and the world as well as public and private sectors. Leveraging these roles and the unique network we have cultivated through our 18 overseas representative offices, our current outstanding loans, equity participations, and guarantees balance stand at approximately ¥18,355.1 billion. JBIC has built up partnerships with governments and international organizations over the years by structuring projects related to solving social issues. JBIC will continue to contribute to solutions to social issues in Japan and around the world by utilizing the strength of its global network.

3. The JBIC Business Model

All JBIC employees are aware of the world's main problems, can identify them, and are able to suggest solutions. This is because JBIC's business model is to anticipate the needs of the times, transform JBIC's functions to meet them, flexibly support projects, and lead the way in addressing global issues.

JBIC utilizes its strengths to the fullest, while leveraging the three key elements of its business model to contribute solutions to the world's principle social issues.



Three Elements of Our Business Model

Navigator	JBIC's medium- to long-term vision is to serve as a navigator to build a brighter future with Japanese power in an uncharted global situation; our Fifth Medium-Term Business Plan takes up the goal of navigating toward and co-creating a valuable future. We believe that being a pioneer of the times and helping develop the future of Japan and the world is the role that JBIC has played up until now, as well as the role we must play from now on.
Functional transformation to meet the needs of the times	Since its establishment in 2012, JBIC has reinvented itself by amending laws and strengthening its functions as needed to respond flexibly to changes in the external environment and the demands and needs of the times. As we look to the future, we will continue to resourcefully reshape our functions to suit the times. Recent legislative reforms • 2016: Start of Special Operations • 2022: Expansion of loans to developed countries • 2023: Amendment of the JBIC Act
Support utilizing unique knowledge and relationships	When it comes to the need to strengthen supply chain resilience and help provide solutions to global issues, JBIC partners with Japanese industry and other parties to achieve goals. We believe it is important for JBIC to not only provide financial support, but also to leverage international knowledge and relationships that JBIC has cultivated up till now. It is also important that we propose specific solutions so as to deliver support for projects that manifest our contribution to the sound development of Japanese and international economies and society. That is why we provide support that goes beyond mere financing.

Our support menu is available here: https://www.jbic.go.jp/en/support-menu/index.html

4. The Value Creation Process

The External Environment

- Achievement of both carbon neutrality and economic growth; significance of energy security
- Supply chain disruption; increased importance of de-risking
- Changes in relationships between developed countries and Global South countries; evolving multipolar world
- New challenges such as spread of DX, development/implementation of innovative technologies, and securement of clean power
- Changes in global financial environment due to inflation and increasing debt costs
- Shift to investment in human capital based on changing labor market and falling population in Japan

Inputs/Business Capital (→ P. 19)

Financial capital

- Stable financial base
- Government credit/self-financing
- Total assets, net income

Human capital

- Human resources with expertise, public spirit, and international perspective

Intellectual capital

- Unique financial solutions
- History/experience and knowledge inherited in building and implementing Japan's foreign policy from post-war reconstruction to the post-COVID era

Social capital

- Long-standing partnerships and networks with governments and organizations around the world, unique to a financial institution that plays an integral part in the Japanese government's foreign economic policy

Business Model (→P. 21)

Materiality
(→P. 26)

Fifth Medium-Term Business Plan
(→P. 27)

Navigator

The strengths of JBIC

- A one-of-a-kind financial institution that connects Japan and the world, public and private sectors
- Unique international financial functions to address social issues in Japan and abroad
- Risk taking abilities that promote pioneering initiatives

Support utilizing unique knowledge and relationships

Functional transforming to meet needs of the times

Value creation foundation

Governance
(→P. 64)

Risk management
(→P. 72)

Outputs

Realize a sustainable future*

- Contribute toward realizing both carbon neutrality and economic growth

	Three-year Targets	FY2024 Targets
No. of commitments	104	33
No. of initiatives	39	12

- Contribute toward solving social issues in collaboration with host countries

	Three-year Targets	FY2024 Targets
No. of commitments	39	12
No. of initiatives	16	5

- Implement responsible sustainability management

Strengthen resilience of Japanese industry and support creative innovation*

- Support securement of Japan's energy security, strategic enhancement of the resilience of supply chains that contribute to national interest, and development of frontier industries

	Three-year Targets	FY2024 Targets
No. of commitments	79	24
No. of initiatives	29	11

- Support development of innovative technologies and businesses

	Three-year Targets	FY2024 Targets
No. of commitments	40	11
No. of initiatives	19	7

- Support overseas expansion of globally active mid-tier enterprises and SMEs

	Three-year Targets	FY2024 Targets
No. of commitments	180	60
No. of initiatives	90	30

Provide JBIC's own unique solutions by strategically functioning as an international financial institution*

- Support projects which contribute toward developing and realizing Japan's foreign economic policies

	Three-year Targets	FY2024 Targets
No. of commitments	53	22
No. of initiatives	54	18

- Provide own unique solutions through strategic information analysis

Reinforce and reform organizational base toward value creation*

- Exercise human capital management
- Streamline operations through DX and develop business promotion infrastructure
- Build a highly engaged organization, reinforce and stabilize the organizational base, and achieve efficient management

* The key focus areas, action plans, and three-year targets for the fifth Medium-Term Business Plan.

Outcomes

1. **Achievement of a sustainable future**
2. **Contribution to the resilience of Japan's industries and creative transformation**
3. **Contribution to the formation and implementation of foreign economic policies through unique solutions leveraging strategic international financial functions**
4. **Fortification and reform of organizational foundation to create value**

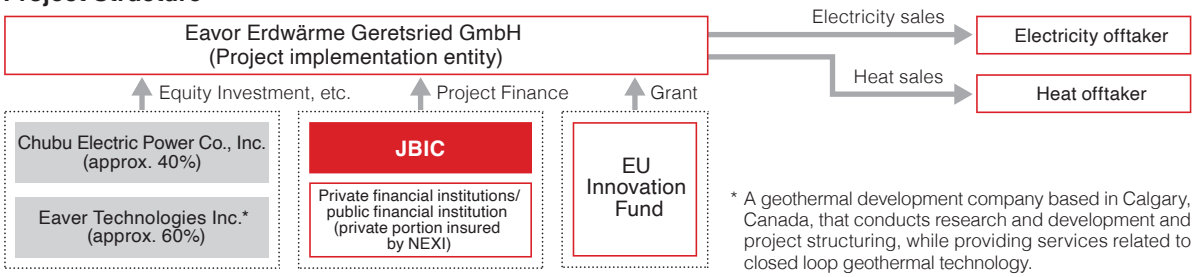
5. Examples of JBIC Initiatives

Project Financing for Geothermal Power Generation and District Heat Supply Project by Eavor Erdwärme Geretsried GmbH in Germany (April 2024)

- This is the first commercial project with closed loop geothermal technology. Unlike conventional geothermal power generation, this technology can efficiently extract underground heat even in areas where sufficient underground hot water or steam is not available, making it possible to be applied in a wide range of areas
- The technology has the potential to be a game changer in the geothermal industry. The project has also obtained support from the EU Innovation Fund, since it will contribute to the stable supply of renewable energy-derived power and heat in Europe. The technology is expected to be commercialized in countries around the world
- By financially supporting an overseas infrastructure project in which Chubu Electric Power Co., Inc. is involved in its operation and management for the long term, JBIC will contribute to maintaining and improving the international competitiveness of Japanese industry
- The project involves technology risks, as it uses innovative technology from a company with technological advantages. This is the first project financing in which JBIC has taken technical risks under the Special Operations Account
- The loan is in line with the Memorandum of Understanding concluded between JBIC and the European Investment Bank (EIB)

Source: Chubu Electric Power Co., Inc. press release.

Project Structure



* A geothermal development company based in Calgary, Canada, that conducts research and development and project structuring, while providing services related to closed loop geothermal technology.

Loans (Project Financing), Guarantees, and Equity Investment (September and October 2023) for Hai Long Offshore Wind Farm Project in Taiwan

- Support for 1,022 MW offshore wind farm project to be implemented off the coast of Changhua County, Taiwan (JBIC's first wind power plant project in Asia)
- In Taiwan, thermal power generation accounts for approximately 80% of the country's energy supply, and in March 2022, the country announced its Pathway to Net-zero Emissions in 2050, according to which Taiwan's policy is to increase the proportion of renewable energy in its power supply to between 60% and 70% by 2050, reflecting the nation's renewable energy transition policy
- Mitsui & Co., Ltd. will be involved in the construction, ownership, and operation of the project, and will sell electricity to the state-run Taiwan Power Company and local private companies for at least 20 years
- In addition to private financial institutions, a total of seven development finance institutions and export credit agencies from six like-minded countries,* are coordinating support for the project that is important to Taiwan's decarbonization policy

* Japan, Australia, Canada, the U.K., Belgium, and Norway.

Third Credit Line for Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB) under GREEN Operations (December 2023)

- A framework was set up to provide financial support under the Global action for Reconciling Economic growth and ENvironmental preservation (GREEN) operation that contributes to sustainable recovery (a first for JBIC). Through TSKB, it was applied to a project helping Türkiye recover from the February 2023 earthquake, by such means as the restoration of high-efficiency power transmission lines in affected areas
- JBIC signed a credit line of $200 million with TSKB to provide financing for renewable energy projects, energy efficiency projects, and water and waste-related projects that will contribute to the reconstruction efforts in Türkiye following the earthquake disaster ($120 million of which is to be provided by JBIC)
- TSKB, as Türkiye's policy financing institution, is playing a leading role in the nation's post-earthquake sustainable reconstruction

Signing ceremony with TSKB

Fund Investments and Support through Fund Scheme

JBIC has been supporting Japanese companies' green transformation (GX) and DX by incorporating new innovations through support for overseas startups in tandem with Japanese companies.

As an example, in January 2019, JBIC IG Partners (JBIC IG), JBIC's subsidiary, set up a venture capital fund JB Nordic (also known as "NordicNinja") investing in startups in the Nordic and Baltic regions.

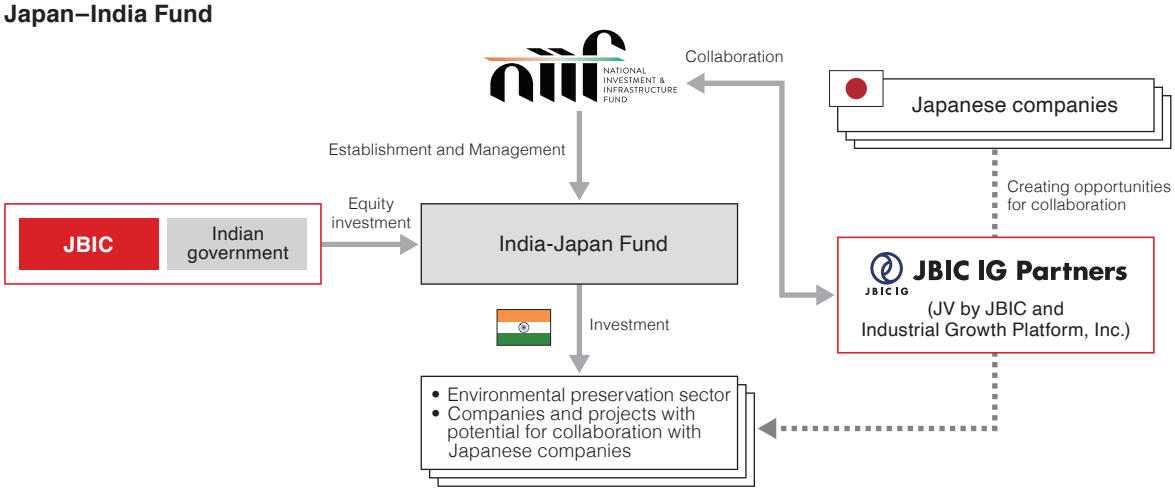
Then, in March 2023, JBIC IG set up a successor fund, NordicNinja II, and is expanding the investment target areas to cover the whole of Northern Europe (adding the U.K., Ireland and Benelux countries to the Nordics and Baltics).

In addition, in May 2023, JBIC IG collaborated with ff Venture Capital, a U.S.-based VC company with a proven track record in the U.S. and Poland, to launch the venture capital fund ff Red & White, investing in startups in central and eastern Europe.

In connection with the JBIC act amendment in 2023, JBIC aims to contribute to the creative transformation of Japanese industry through directly supporting Japanese domestic startups based on the Fifth Medium-Term Business Plan.

Furthermore, JBIC has invested in the India–Japan Fund, which contributes to environmental preservation in India and promotes collaboration between Japanese and Indian companies. The fund was set up and is managed by the National Investment and Infrastructure Fund Limited, an Indian government-affiliated fund management company. The fund is managed in cooperation with JBIC IG.

Japan–India Fund



6. Materiality (Crucial Management Issues)

In conjunction with the formulation of its Fifth Medium-Term Business Plan, JBIC has identified the Company's materiality, namely, crucial management issues.

Mission

JBIC's mission is to contribute to the sound development of Japan, as well as the international economy and society, through the following four activities: 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; and preventing disruptions to international financial order or taking appropriate measures with respect to damages caused by such disruptions.

Our understanding of the current situation

We see the current international situation becoming ever more uncertain as the world faces historical and structural changes and challenges. These include Russia's invasion of Ukraine; changes in the relationship between developed and Global South countries; destabilization of the global financial environment, due to inflation and increasing debt costs; the need to rebuild supply chains to ensure economic security in such areas as energy and food; and the spread of DX as symbolized by generative AI as well as the development and implementation of innovative technologies.

Meanwhile, climate change remains an urgent issue for international society. It is crucial that a breakthrough be made using innovative technology to achieve both decarbonization and sustainable economic growth.

Based on recognition of the current situation, and as we determine the key focus areas to be tackled by our Fifth Medium-Term Management Plan, we are focusing on materiality as a crucial management issue.

Materiality

In light of the current situation, in order to achieve our mission to contribute to the sound development of Japan, as well as to the international economy and society, JBIC believes it should:

- Contribute to maintaining and improving Japan's energy security and the international competitiveness of the nation's industries through the development and acquisition of vital resources overseas, as well as by pioneering and developing technologies
- Contribute to strengthening Japan's industries and creative transformation by ensuring economic security through the restructuring of supply chains and supporting the development of innovative technologies and new businesses
- Contribute to achievement of a sustainable world by helping attain carbon neutrality and solve social issues of host countries in cooperation with various stakeholders
- Support the implementation of Japan's foreign economic policy through such JBIC solutions as the promotion of multilateral cooperation as a policy-based financial institution with a global perspective

In order to overcome the challenges, and create value in response to the times and the circumstances, JBIC must strengthen and reform its organizational foundations, which include human resources and governance. JBIC's human capital will, thus, combine expertise, public spirit, and international perspective, while the resulting workplace environment will be cheerful, enjoyable, and positive.

For these reasons, we have identified our materiality components, which we plan to review as necessary as follows.

Materiality

Identify materiality to reflect JBIC's mission, namely, to contribute to the sound development of Japan, the international economy, and society.

Pioneering and development of energy/technology	Industrial resilience and innovation	Co-creation of a sustainable world	Functioning in the face of global crises	Well-being management

7. Medium-Term Business Plan

Overview of the Fifth Medium-Term Business Plan (FY2024–2026)

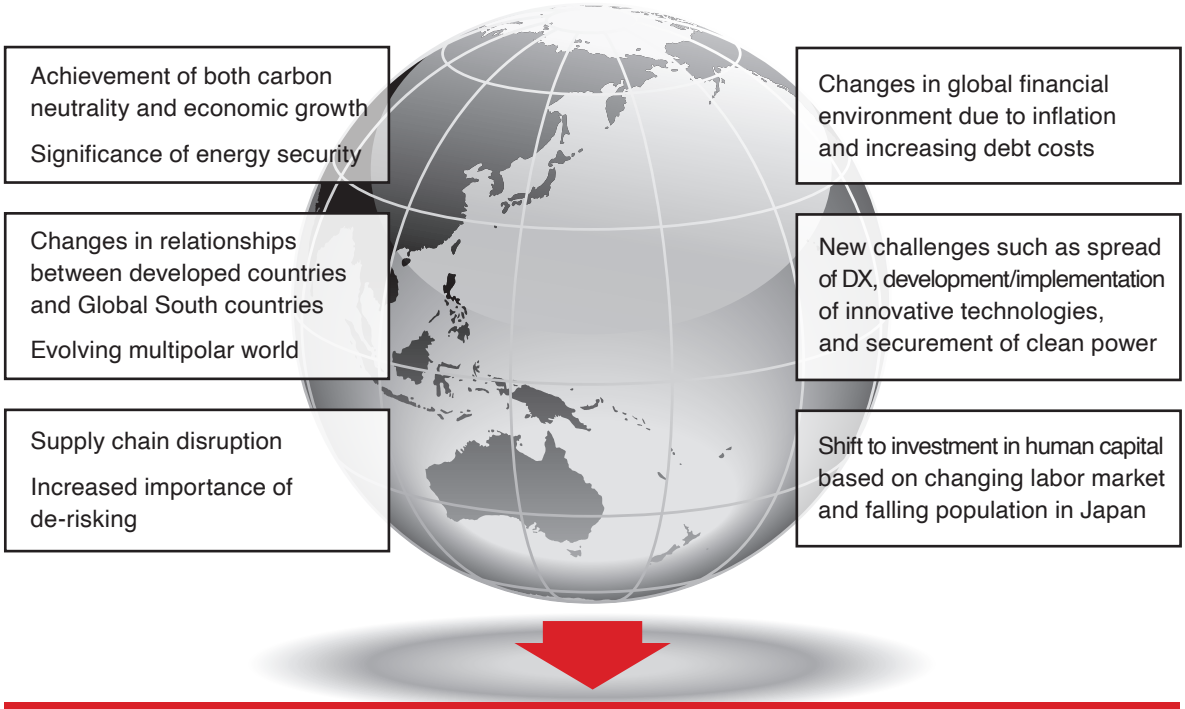
In the Fourth Medium-term Business Plan (FY2021–2023), JBIC set agenda to facilitate innovation toward the realization of a decarbonized society and to address the irreversible advancements in energy transformation and digital transformation (DX). Total financial commitments amounted to ¥6,418.7 billion in the three years.

The current international situation is becoming even more uncertain as the world faces historical and structural changes and challenges, including Russia's invasion of Ukraine, changes in relationship between developed countries and Global South countries, destabilization of the global financial environment due to inflation and increasing debt costs, and rebuilding of supply chains to ensure economic security in such areas as energy and foods. On the other hand, climate change remains an urgent issue for the international society, and it is crucial to make a breakthrough with innovative technology to achieve both decarbonization and sustainable economic growth.

JBIC has developed the Fifth Medium-Term Business Plan (FY2024–2026) toward solving these issues. The plan sets one of the key focus areas as the realization of a sustainable future through achieving carbon neutrality, a global common challenge, and solving social issues of host countries in cooperation with various stakeholders. In addition, through the amendment to the Japan Bank for International Cooperation Act (JBIC Act) in April 2023 to bolster its functions, JBIC will encourage creative innovation of Japanese industry by proactively supporting the efforts to ensure energy security, strengthen resilient supply chains, and develop innovative technologies and new businesses, including startups. Furthermore, JBIC will offer its own unique solutions by promoting multilateral cooperation and performing its risk-assuming functions, such as the Special Operations, thereby contributing toward the development and implementation of Japan's foreign economic policies.

With the global community becoming multipolar and complex, JBIC is committed to the sound development of Japan and the international economy and society while addressing initiatives based on this Medium-Term Business Plan by mobilizing more private capital than ever through leveraging the global networks and various financial tools which are uniquely available to JBIC.

Historical and Structural Changes



Theme of the Fifth Medium-Term Business Plan

Navigate toward and Co-create a Valuable Future

As Japan's policy based financial institution, which connects Japan and the world as well as public and private sectors, JBIC will serve as a navigator to solve global issues and will create futures with stakeholders, by mobilizing private capital and using its own risk-taking function, such as Special Operations, and its expertise in international finance.

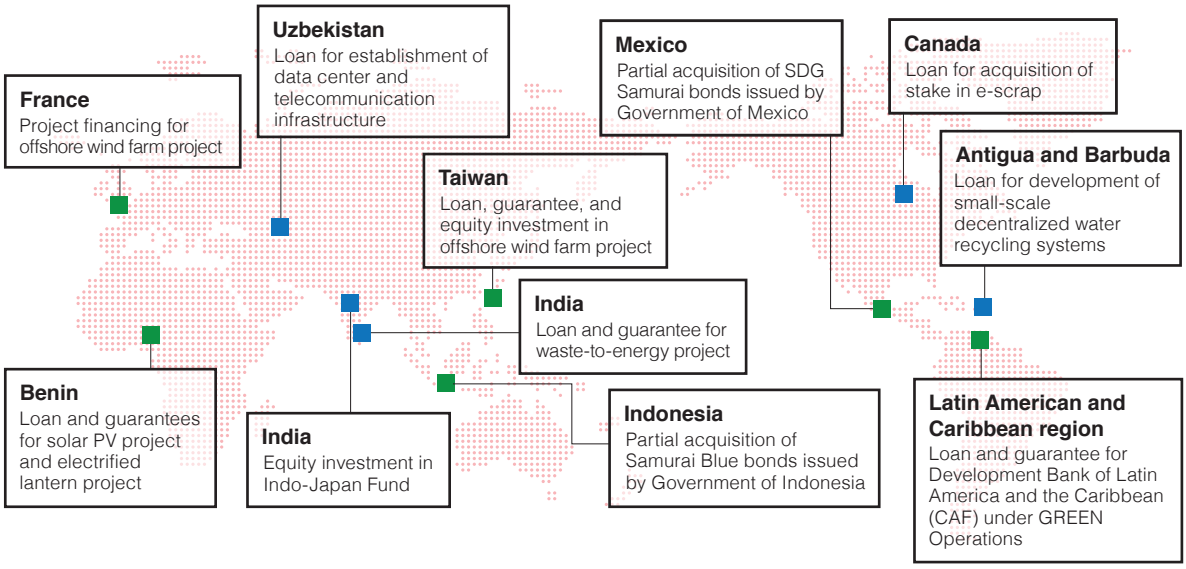
Key Focus Areas

Key Focus Area 1: Realize a Sustainable Future ····· Overseas

Realize a sustainable future by achieving carbon neutrality and solving social issues of host countries in cooperation with various stakeholders.

- Contribute toward realizing both carbon neutrality and economic growth
- Contribute toward solving social issues in collaboration with host countries
- Implement responsible sustainability management

Examples of Initiatives (During the Fourth Medium-Term Business Plan)



Number of achievements related to the fourth plan

111 »» **143**

Number of targets related to the fifth plan*

Projects related to carbon neutrality
Projects related to social issues

* Please refer to the targets in the Fifth Medium-Term Business Plan starting on p. 32.

Key Focus Area 2: Strengthen Resilience of Japanese Industry and Support Creative Innovation

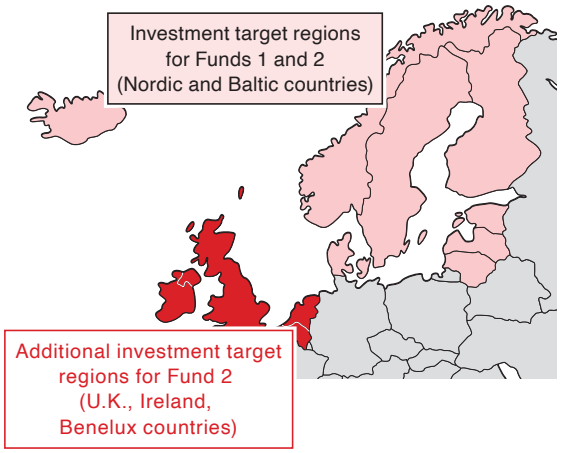
Japan

Contribute toward strengthening resilience of Japanese industry and facilitating creative innovation by ensuring economic security through strengthening energy security and rebuilding supply chains, developing innovative technologies and new businesses, including startups, and supporting mid-tier enterprises and small and medium-sized enterprises (SMEs) in their overseas expansion.

- Support securement of Japan's energy security, strategic enhancement of the resilience of supply chains that contribute to national interest, and development of infrastructure in frontier industries
- Support development of innovative technologies and businesses
- Support overseas expansion of mid-tier enterprises and SMEs that play active roles in global business

Support for Startups

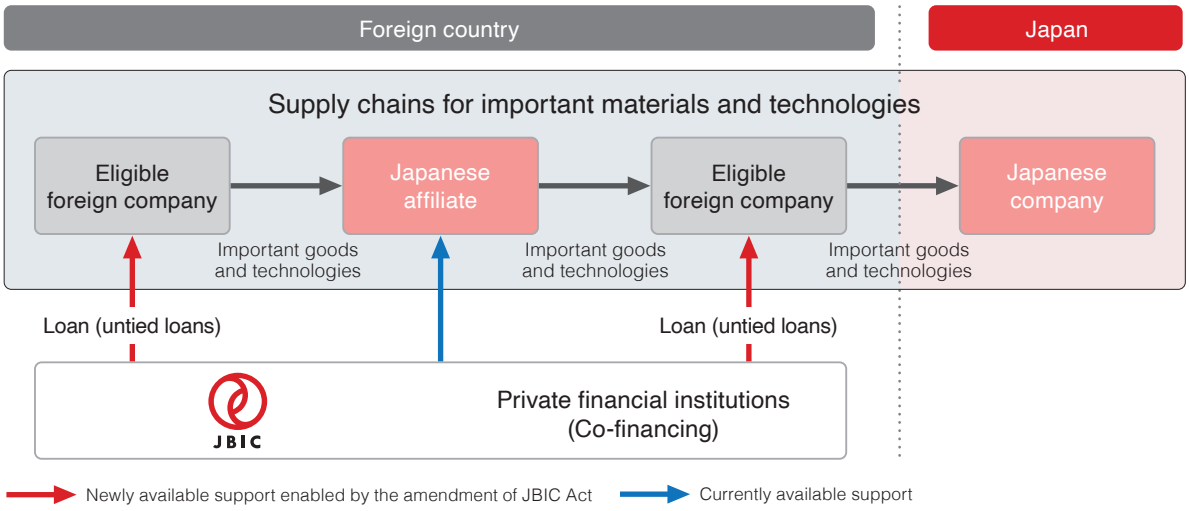
Major investment target regions of NordicNinja



Major investment target regions of ff Red & White

- To date, JBIC has supported the green transformation and DX of Japanese companies by incorporating new local innovations through support for overseas startups in tandem with Japanese companies
- In light of the Act for Partial Amendment of the JBIC Act, the Fifth Medium-Term Business Plan will contribute to the creative transformation of Japan's industry by directly supporting domestic startups

Supply Chain Resilience to Contributing toward Maintaining and Improving the International Competitiveness of Japanese Industries



- As the international community becomes more multi-polar and supply chains undergo revision, we will re-examine Japan's global cutting-edge industrial trends, including semiconductors, EVs, and storage batteries
- Rather than focusing solely on the business of Japanese companies, we will contribute to Japan's economy by strengthening the entire global supply chain in which Japanese companies play a part

Key Focus Area 3: Provide JBIC's Own Unique Solutionsby Strategically Functioning as an International Financial Institution

Unique solutions

Support the implementation of Japan's foreign economic policy through JBIC's own unique solutions, such as promoting multilateral cooperation and performing its risk-assuming functions, including the Special Operations.

- Support projects which contribute toward developing and realizing Japan's foreign economic policies
- Provide own unique solutions through strategic information analysis

Poland: Guarantee for Samurai Bonds Issued by BGK

JBIC's project team visits a Ukrainian refugee facility near Warsaw.

Major Projects in India for FY2023

Project	Project Overview
India–Japan Fund	JBIC and the Indian government made an LP investment in the fund, which contributes to environmental preservation in India and promotes collaboration between Japanese and Indian companies.
Loans under GREEN Operations	JBIC provides loans under GREEN Operations to state-owned power generation companies (NTPC, NTPC RE, and NHPC) and a government bank (PFC).
Support for IndusInd's farm machinery-related business	JBIC provides support for local dealers, suppliers, and sales finance companies of the Japanese construction equipment manufacturers Kubota and Yanmar.
Support for NTT GDCI's data center project	JBIC provides the funds necessary for NTT GDCI's data center business.

Renewable energy business

Waste and water treatment business

Electric vehicle-related business

Business involving Japanese companies

Number of achievements related to the Fourth Medium-Term Business Plan

30

In FY2021	In FY2022	In FY2023
2	14	14

Number of targets related to the fifth plan*

53

Number of related achievements in FY2024

22

* Please refer to the targets in the Fifth Medium-Term Business Plan starting on p. 32.

Key Focus Area 4: Reinforce and Reform Organizational Base toward Value Creation

Organizational power

Evolve into a highly engaged organization, in which directors and staff members can maximize their abilities, in order to flexibly cope with the changing times and environment.

- Exercise human capital management
- Streamline operations through DX and develop business promotion infrastructure
- Build a highly engaged organization, reinforce and stabilize organizational base, and achieve efficient management

Navigate toward and Co-create a Valuable Future

Financial support to structure a project (value creation by JBIC)

Build a highly engaged organization

- Continue to practice and improve the Directors' Commitment
- Redefine the middle- and back-office operations and visualize their contributions

Manage human capital management

- Establish and introduce a new human capital strategy to strengthen the human resources base that embodies JBIC's spirit
- Visualize the progress of the strategy
- Continue to improve the working environment to ensure officers and employees from diverse backgrounds can exercise their abilities

Streamline operations through DX and develop business promotion infrastructure

- Introduce streamlining measures using generative AI in an agile manner
- Further improve the systems in operation, including electronic decision systems and document management systems, and visualize their contributions

Action Plans

Key Focus Area 1: Realize a Sustainable Future

Action Plan 1: Contribute toward realizing both carbon neutrality and economic growth

- Support efforts for global green transformation and energy transition via diverse paths to carbon neutrality in host countries, by financing to projects in such areas as renewable energy and energy efficient projects, hydrogen and ammonia, carbon-recycling fuel, rechargeable batteries, resources recycling (circular economy), next-generation mobility, energy-saving building, energy transition, CCS,[1] and CCUS[2]

	Three-year Targets	FY2024 Targets
No. of commitments	104	33
No. of initiatives	39	12

Notes:
1. Carbon dioxide capture and storage
2. Carbon dioxide capture, utilization, and storage

Action Plan 2: Contribute toward solving social issues in collaboration with host countries

- Support projects that will contribute toward solving the host country's social issues toward sustainable growth, including development of medical environment (hospitals, medical devices, and medical networks), development of resilient basic infrastructures (water supply and sewerage, transportation, disaster prevention, rural electrification and distributed power supply, and telecommunication), improvement of hygienic environment (waste treatment and recycling), preservation and restoration of natural resources (including management of marine plastic waste), and securement of food security (food value chain)

	Three-year Targets	FY2024 Targets
No. of commitments	39	12
No. of initiatives	16	5

Action Plan 3: Implement responsible sustainability management

- Promote pioneering initiatives related to sustainability with a focus on climate change issues
- Research, analyze, and report the advanced trends of wide range of sustainability issues (e.g., natural resources, human rights, and gender)
- Upgrade efforts including disclosure and transmission of information related to climate change risk management (transition risk and physical risk) and sustainability

Key Focus Area 2: Strengthen Resilience of Japanese Industry and Support Creative Innovation

Action Plan 4: Support securement of Japan's energy security, strategic enhancement of the resilience of supply chains that contribute to national interest,and development of frontier industries

- Support strengthening of Japanese industry through providing assistance to projects that contribute to energy security in Japan, projects that enhance the resilience of global supply chains of Japanese industry, such as those for overseas capital investments and exports, and projects related to securing interests of or importing mineral resources, including base metals and critical minerals

	Three-year Targets	FY2024 Targets
No. of commitments	79	24
No. of initiatives	29	11

Action Plan 5: Support development of innovative technologies and businesses

- Support creative innovation of Japanese industry through financing to startups (including effort to add value through engagements), projects in which Japanese companies invest for commercialization, and practical application of innovation, projects that focus on innovation-related risks such as technological risks and commercialization risks, mergers and acquisitions by Japanese companies with an eye on securing advanced technology and business, and projects invested in by a fund structured by JBIC IG Partners

	Three-year Targets	FY2024 Targets
No. of commitments	40	11
No. of initiatives	19	7

Action Plan 6: Support overseas expansion of globally active mid-tier enterprises and SMEs

- Support mid-tier enterprises and SMEs that are active in global business through collaboration with private financial institutions such as regional banks, and by information dissemination

	Three-year Targets	FY2024 Targets
No. of commitments	180	60
No. of initiatives	90	30

Key Focus Area 3: Provide JBIC's Own Unique Solutions by Strategically Functioning as an International Financial Institution

Action Plan 7: Support projects which contribute toward developing and realizing Japan's foreign economic policies

- Support initiatives that contribute toward developing and realizing Japan's foreign economic policies which change with times, including promoting multilateral cooperation such as Japan–United States–Australia partnership and QUAD, supporting Ukraine and its neighboring countries, strengthening collaboration with Global South countries, and promoting the Asia Zero Emission Community (AZEC)

	Three-year Targets	FY2024 Targets
No. of commitments	53	22
No. of initiatives	54	18

Action Plan 8: Provide own unique solutions through strategic information analysis

- Strengthen external communication and sophisticate JBIC's operations and strategies through information-gathering and analysis functions

Key Focus Area 4: Reinforce and Reform Organizational Base toward Value Creation

Action Plan 9: Exercise human capital management

- Develop and introduce new HR strategy focusing on organizational challenges
- Establish a human capital management system in which directors and staff members can maximize their abilities

Action Plan 10: Streamline operations through DX and develop business promotion infrastructure

- Streamline operations and develop an infrastructure for operational promotion by: further strengthening IT infrastructure, constantly reviewing operations, finding the best balance between the continuous review of operations and the utilization of cutting-edge technologies (including generative AI), through the agile utilization of such technologies

Action Plan 11: Build a highly engaged organization, reinforce and stabilize the organizational base, and achieve efficient management

- Build an organization with high staff engagement through concrete organizational reforms directed by the management
- Enhancement and stable, efficient operation of the organization's core businesses that underpin value creation

Review of Fourth Medium-Term Business Plan (Plan Evaluation)

Report by Management Advisory and Evaluation Committee

JBIC has established a Management Advisory and Evaluation Committee, comprising external experts and outside directors, to evaluate and advise on matters referred to the Board of Directors regarding the Bank's business operations and management.

The committee bases its evaluation on our Fourth Medium-Term Business Plan and the key focus areas it contains. The overall evaluation follows.

Management Advisory and Evaluation Committee's general assessment

During the period covered by the Fourth Medium-term Business Plan, although the COVID-19 pandemic was finally showing signs of ending, global uncertainty was increasing due to Russia's invasion of Ukraine, rising energy prices, and the growing need to restructure supply chains.

In this context, JBIC supported Japanese companies in rebuilding and strengthening their supply chains, while also helping them make overseas investments geared to digital innovation. All the while, the Bank was responding to the COVID-19 crisis and addressing the challenges of social issues in host countries.

At the same time, JBIC was putting together a framework that would reflect the revisions made to the JBIC Act. We believe that, taken together, these efforts have produced results that will have a lasting impact.

Key Focus Area I: Addressing global issues

JBIC has supported decarbonization by investing in funds that back hydrogen-related businesses across the globe. Further, it has provided a broad variety of support in such areas as healthcare; food value chains; urban transportation; waste treatment and reuse; projects in host countries to help solve social issues; renewable energy projects in Africa; and earthquake reconstruction projects in Türkiye.

Key Focus Area II: Strengthening the international competitiveness of japanese industries

JBIC has supported standout M&A deals that include pharmaceutical and innovation-related projects. In addition, JBIC has backed acquisitions by major semiconductor manufacturers and the overseas business operations of Japanese companies that help strengthen the semiconductor value chain. It also has promoted initiatives in other important fields, such as those related to EVs and storage batteries. We are hoping to see the projects developed during the Fourth Medium-term Business Plan come to fruition.

Key Focus Area III: Overseas infrastructure development

Amid the growing complexity of political and economic relations among countries and regions, JBIC has been promoting multilateral collaboration with public financial institutions from around the world in strategically important areas. Among the significant results it has achieved are such structuring and actualizing deals as the renewable energy projects in Taiwan and Germany.

Key Focus Area IV: Exercising policy-based financial functions

JBIC has worked on projects in countries and regions of high importance to Japan's policy interests through Japan–U.S.–Australia and Japan–U.S.–Australia–India collaboration. Yet, issues have remained.

Little progress was made in Special Operations project structuring, while the disbursement of investments and loans remained low, indicating that JBIC should have made better use of its policy-based finance functions to realize its initiatives.

During the current Medium-Term Management Plan, we expect JBIC to flexibly fulfill the functions required of policy-based finance. By taking into account the expansion of fields covered by our Special Operations following the amendment to the JBIC Act, JBIC will continue addressing issues facing Japan and the international community.

Key Focus Area V: Business framework establishment

JBIC has been steadily strengthening its sustainability promotion framework in a number of ways. It has published its ESG policy, issued green bonds, established a Sustainability Management Department and related committees, conducted scenario analyses in the context of transition and physical risks, and implemented and expanded TCFD disclosures.

In addition, JBIC has strengthened its functions by the amendment of the JBIC Act, while it also has taken advanced initiatives based on those revisions. The initiatives include the establishment of the Representatives for Supporting Ukraine Recovery and Neighbouring Countries to help support Ukraine's recovery and discussions for building enhanced support mechanisms for startups.

Key Focus Area VI: Efficient organizational management

JBIC has put forward initiatives, based on the Second Plan for Work Style Reform (FY2021–2023), that include measures such as enhancing its support for balancing childcare and nursing care, enriching its onboarding support for new employees, and introducing new training programs.

JBIC also has improved its working environment by launching an electronic decision-making and document management system; promoting cloud computing to digitalize various operations; and changing office layouts to enable more diverse working styles even in the face of the COVID-19 pandemic. In terms of human capital, we hope to see JBIC continue and elevate its efforts.

Today, amid the need for worldwide efforts to achieve decarbonization and the rise of global uncertainty, global challenges such as the increasing importance of energy security and economic security are becoming more sophisticated and complex.

In this context, JBIC is expected to take the lead in addressing such crucial issues as supporting the compatibility of carbon neutrality with economic growth, and strengthening the resilience of Japanese industry in the context of energy security and economic security through supply chain reconfiguration.

To that end, JBIC needs to take the lead in addressing issues by offering distinctive solutions that leverage its multilateral collaboration and risk-taking capabilities, while working together with host countries in finding solutions to issues they face.

We hope to see JBIC tackle these important challenges using its own special methods, while pursuing ongoing organizational reforms. These include enhancing efficiency in organizational management and the promotion of human capital, while taking into account the external environment and customer needs.

3. Management Foundation for Value Creation

1. Sustainability-related Policy 038
2. Environment 045
3. Social 056
4. Governance 063
5. Compliance and Risk Management 070
6. Financial Capital 080

1. Sustainability-related Policy

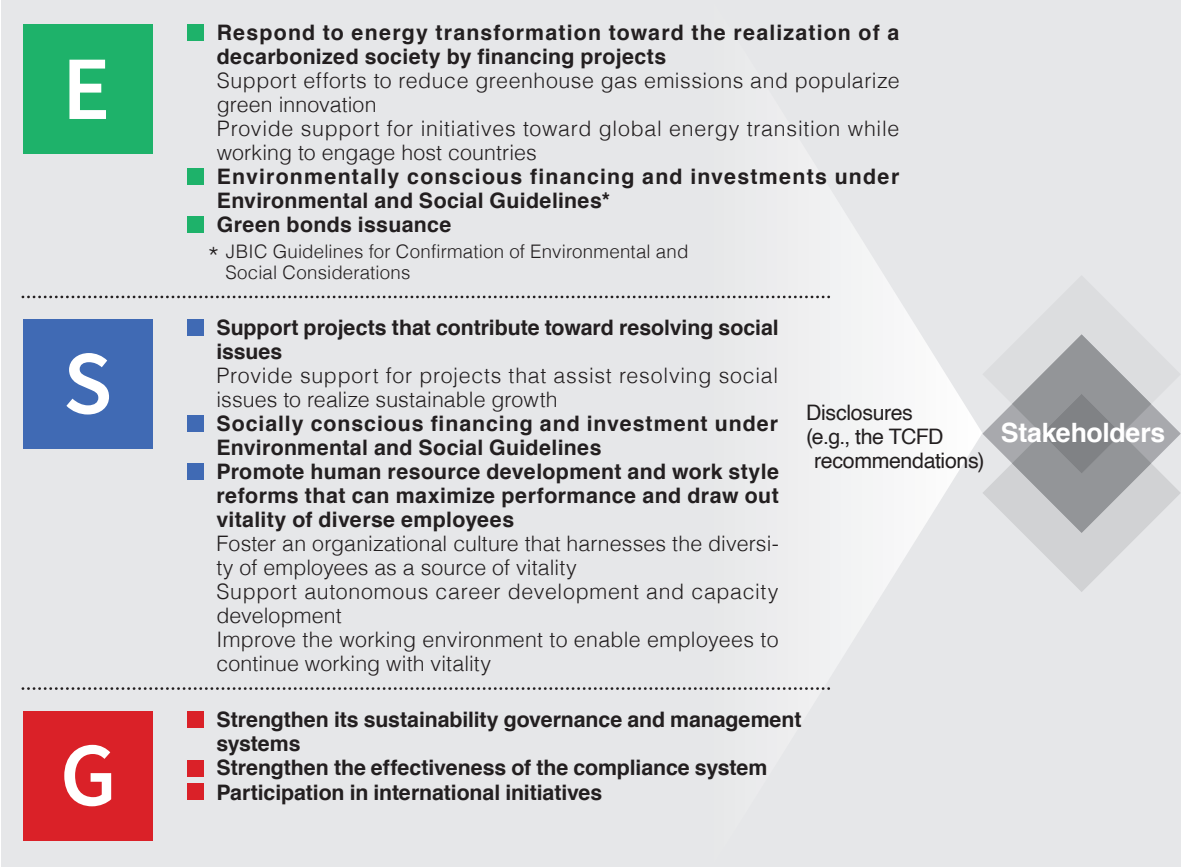
JBIC ESG Policy

Policies toward the realization of sustainability

The world's economies are facing the shared challenges of dealing with climate change and pursuing sustainable growth and development, while seeking to achieve a balance between the economy, society, and the environment.

In response to these challenges, based on the "Policy towards the realization of sustainability" set out in JBIC ESG Policy released in October 2021, JBIC is working with stakeholders to foster global sustainable development and resolve global challenges, as well as realize a world that embraces diversity among countries and people.

As Japan's policy-based financial institution, JBIC promotes the realization of sustainability through efforts to resolve global challenges, including responses to climate change issues and respect for human rights.



Climate change policy

In October 2021, JBIC released its ESG policy, which sets out its Climate Change Policy. As a Japan's policy-based financial institution that contributes to the sound development of the Japanese and international economic community, under this policy we proactively provide financial support through climate change-related finance and other measures in accordance with the policies of the Japanese government.

In addition, as a contribution to the international implementation of the Paris Agreement, JBIC is committed to pursuing ambitious and accelerated efforts to reduce its operational emissions to net zero by 2030, and to achieve net zero emissions in its finance portfolio by 2050.

The full text of our ESG policy is available here:
https://www.jbic.go.jp/en/information/press/press-2021/image/1028-015365_2.pdf

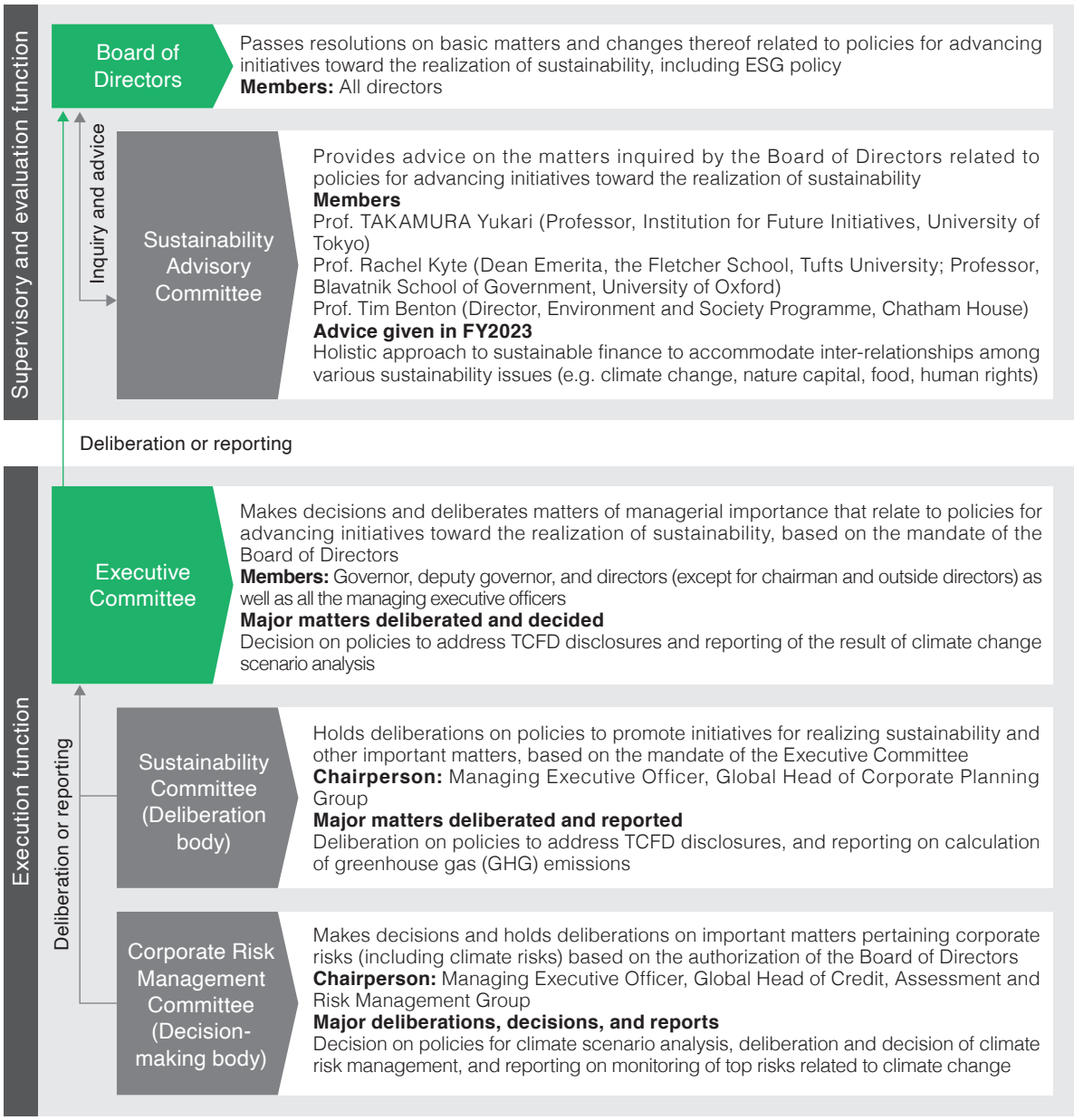
Sustainability Governance and Management Systems

At JBIC, important matters related to sustainability, including items concerning climate change, are discussed at the Executive, Sustainability, and Corporate Risk Management Committees under the supervision of the Board of Directors.

In June 2022, JBIC established the Sustainability Advisory Committee, Sustainability Committee, and Sustainability Management Department as a part of its efforts toward "strengthening its sustainability governance and management systems," as set out in the ESG Policy and has implemented initiatives to promote sustainability including efforts for climate change (sustainability promotion).

Under such sustainability governance and management systems, JBIC will contribute actively to the realization of global sustainability, including sustainable development of the global economy and society and resolution of global issues. To that end, JBIC will provide proactive support for initiatives by Japanese corporations to promote the SDGs and realize the decarbonization of global economy and society, and ensure the appropriate disclosure and announcement of the outcomes of such initiatives to stakeholders.

Sustainability Governance and Management Systems



◆ Role of Board of Directors, Sustainability Advisory Committee

The Board of Directors supervises the basic policies on sustainability promotion and its progress in JBIC. Matters concerning sustainability promotion are addressed as important managerial matters and are discussed by the Board of Directors. The outcomes are reflected in the management strategies and risk management policies.

In addition, the status of climate finance is regularly reported to and properly supervised by the Board of Directors.

The Sustainability Advisory Committee, comprising external experts, was founded in June 2022 as an advisory body of the Board of Directors. It provides advice on matters such as JBIC's policies for advancing sustainability promotion including initiatives for climate change.

◆ Role of Executive, Sustainability, Corporate Risk Management Committees

The Executive Committee is responsible for the implementation of climate change-related operations, based on the mandate of the Board of Directors.

The Sustainability Committee, based on the mandate of the Executive Committee, deliberates on policies for advancing initiatives toward the realization of sustainability and other important issues, and it reports the progress of sustainability promotions by JBIC and related general updates in Japan and abroad. Matters deliberated on are reported to the Executive Committee and are taken to the Board of Directors if necessary, following the discussions and decisions by the Committee.

The Corporate Risk Management Committee deliberates and decides on the important matters related to the management of corporate and credit risks (including climate risks), based on the basic policies determined by the Board of Directors, the Executive Committee, and others. When necessary, the Committee reports and takes matters to the Board of Directors and the Executive Committee.

Guidelines for Environmental and Social Considerations

Amid growing global interest in the environment and human rights, there are more than a few cases where inadequate risk management regarding environmental and social impacts has significantly affected business operations and exposed social reputational risks.

Under these circumstances, JBIC confirms that all projects JBIC has financed consider the impact on local communities and the natural environment, in accordance with the Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations (Environmental Guidelines).

The Environmental Guidelines set out the criteria and requirements that JBIC-financed projects must meet, and the procedures they must follow, when confirming environmental and social considerations. When JBIC judges that a project's proponents have not made appropriate environmental and social considerations, it will encourage them to take remedial measures. If appropriate environmental and social measures have not been taken, JBIC may decide not to extend funding, or may request that the borrower repay the loan before the due date.

For nuclear sector projects, in December 2017 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). Based on the Information Disclosure Guidelines, JBIC confirms that appropriate measures are carried out by project proponents and other relevant parties. This is designed to ensure that information about issues specific to each project are disclosed, and that there is public participation in projects.

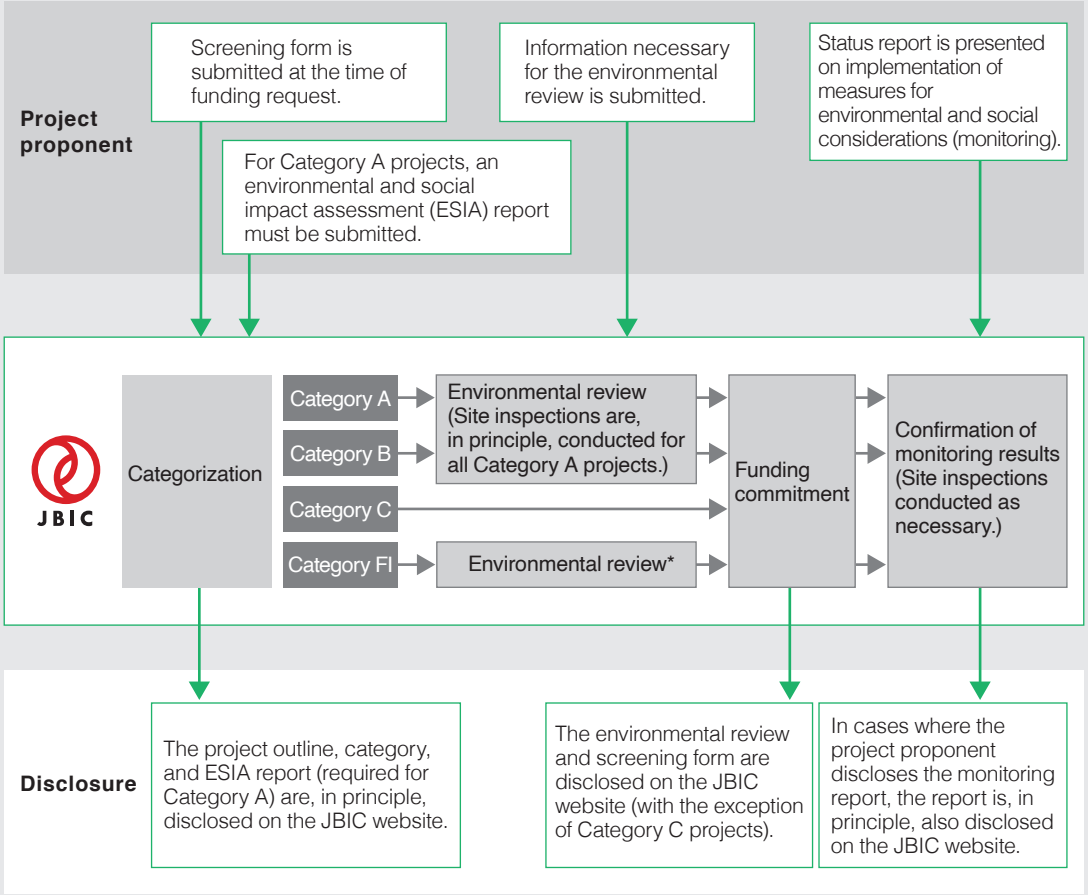
Every five years after their enforcement, the Environmental Guidelines are subject to a comprehensive review. It is based on verification of the Environmental Guidelines' implementation during the previous five years. Revisions are carried out as necessary based on review results. In 2020, five years after their enforcement, JBIC initiated a revision of the guidelines, which it made public. The revision was completed in May 2022, and its stipulations took effect in July of that year.

In order to ensure that the process of revision was open and transparent, JBIC held 10 consultation forums between February 2021 and February 2022, and solicited public comment on the draft revision. In keeping with this revision, JBIC also revised its Summary of Procedures to Submit Objections concerning JBIC Guidelines for Confirmation of Environmental and Social Considerations and Information Disclosure Considerations for Nuclear Sector Projects (Procedures) in May 2022. The current summary of Procedures came into force in July 2022.

Details on the Guidelines for Confirmation of Environmental and Social Considerations are available here:
https://www.jbic.go.jp/en/business-areas/environment/image/Environemtal_Guidelines_2022.pdf

Procedures 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

Participation in Various Initiatives

JBIC participates in both domestic and international initiatives to promote efforts to achieve sustainability in collaboration with various stakeholders. In FY2023, we joined the Keidanren Nature Conservation Council, the Impact Consortium, and the Asia GX Consortium, and have been exchanging ideas with participating companies and others on advanced case studies. We are also strengthening our existing initiatives, and the Sustainability Leaders Council has been disseminating opinions on water resources through online public events and reports. (See pp. 44 and 55 for details.)

External initiatives

◆ Climate change related

■ Asia GX (Green Transformation) Consortium

The Asia GX Consortium is a consortium for public and private financial institutions to discuss transition finance based on case studies in Asia with the aim to form specific methodologies and real cases of transition finance. JBIC has been participating in the consortium since its kickoff meeting in March 2024.

■ TCFD Consortium

In October 2019, JBIC expressed its support for the objectives of the Task Force on Climate-related Financial Disclosures (TCFD) and joined the body's consortium.

■ Japan Hydrogen Association

The Japan Hydrogen Association is a forum for various stakeholders in the public and private sectors to discuss the direction of strategies for realizing a hydrogen-based society.

■ Japan Hydrogen Forum (JH2F)

Set up by 32 Japanese companies engaging in hydrogen-related businesses in the U.S., The forum aims to contribute to the achievement of the country's decarbonization goal. JBIC joined JH2F in April 2022 and has since been participating in monthly general and other meetings.

■ Clean Fuel Ammonia Association

The Clean Fuel Ammonia Association was established in April 2019 as a general incorporated association (formerly known as the Green Ammonia Consortium) to establish a value chain from the production to the use of CO_2-free ammonia and for its social implementation, thereby helping to realize a low-carbon society.

◆ Nature related

■ TNFD Forum

In December 2022, JBIC became a member of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum, and supports the work and mission of the TNFD.

■ Keidanren Nature Conservation Committee

The objective of the Keidanren Nature Conservation Committee is to support biodiversity conservation activities both in developing countries and Japan, as well as to promote such activities of businesses. It supports projects through the Keidanren Nature Conservation Fund, makes policy recommendations, and conducts awareness-raising of biodiversity conservation among Japanese businesses; JBIC joined the committee in June 2023.

Sustainability Leaders Council

The Sustainability Leaders Council was jointly established by the Eurasia Group and Suntory Holdings Limited in October 2021 to advance the sustainability agenda in Asia. JBIC is contributing to the activities of this council as a sponsoring partner.

Executive Sustainability Forum

The Executive Sustainability Forum is an organization that brings together executives of Japanese businesses to discuss and disseminate information on sustainable growth and sustainable business in Japan and Asia. JBIC has been a participant since its launch in November 2022. At the World Economic Forum Annual Meeting in January 2024, the Executive Sustainability Forum announced a joint statement on the circular economy and carbon neutrality in ASEAN.

Others

African Clean Cities Platform

In July 2022, JBIC became an associate member of the African Clean Cities Platform, which was set up to support the achieving the SDGs by realizing clean and healthy cities, sharing knowledge on waste management, and promoting relevant investment in African countries.

2X Challenge / 2X Global

JBIC announced in June 2018, at the G7 summit in Charlevoix, Canada, its participation in The G7 2X Challenge: Financing for Women (the 2X Challenge), an initiative to promote women's social empowerment. In June 2024, the 2X Challenge announced its collective target of mobilizing US$20 billion in gender lens investments by 2027.

The 2X Challenge is currently operating as part of 2X Global.

ESG Finance High-level Panel

The ESG Finance High-level Panel is a forum organized by Japan's Ministry of the Environment to discuss, take action to raise awareness about, and initiate efforts regarding ESG finance between the financial and investment industries and the government. JBIC has participated as a member since the fifth meeting held in March 2022. At the seventh meeting in March 2024, JBIC expressed its views on the importance of engagement as a prospect for deepening ESG finance in Japan.

Human Capital Management Consortium

JBIC has been a member of the Human Capital Management Consortium since its establishment in August 2022. The consortium was set up to share advanced examples of human capital management practices, examine information disclosure methods, and engage in dialogue with companies and investors.

Impact Consortium

In February 2024, JBIC joined the Impact Consortium, which was launched to support a variety of economic and financial initiatives that aim to achieve environmental and social impacts, and to serve as a platform for discussion and collaboration with a wide range of stakeholders.

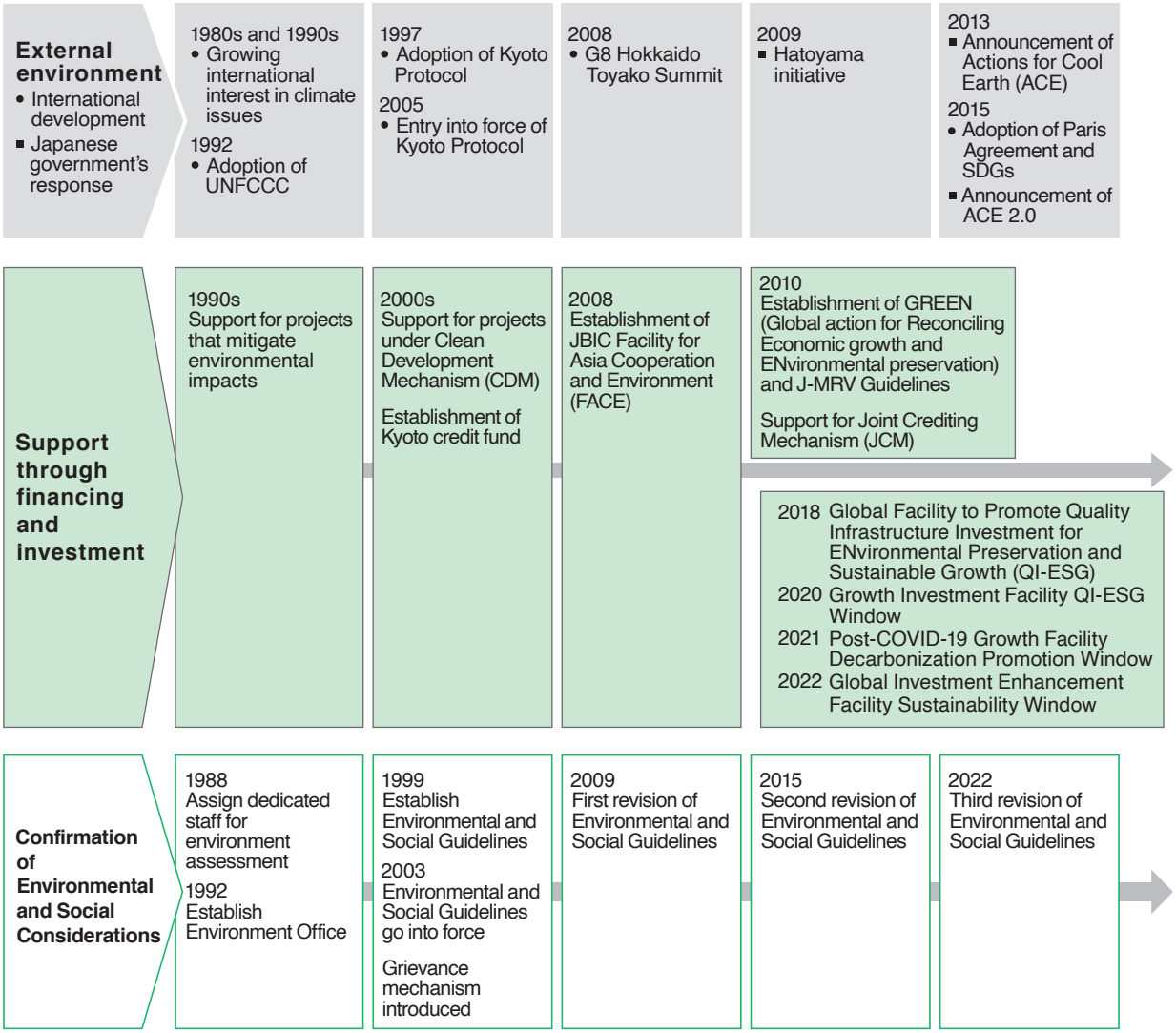
2. Environment

JBIC's Journey on Environmental Issues

Since the 1990s, JBIC has been working to create a new finance menu and develop governance and management systems, while reflecting Japanese government policy and recognizing the need for global efforts to address environmental issues.

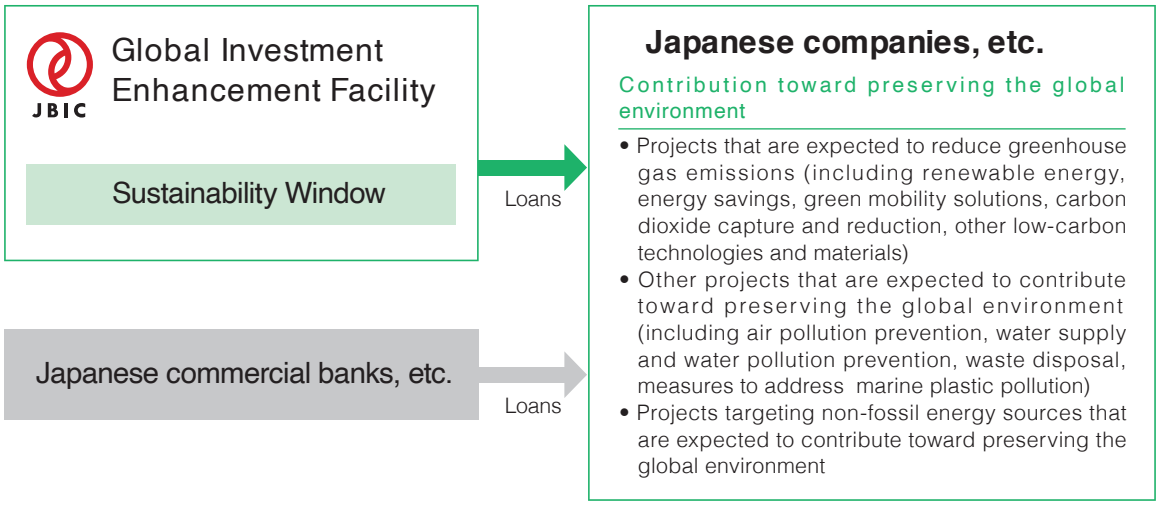
As we put to good use the distinctive functions of a policy-based financial institution, we aim to accelerate the transition to sustainable sources of energy in emerging and developing countries. We plan to continue offering a variety of options for financing, engagement, and multilateral collaboration, thereby contributing to the achievement of worldwide carbon neutrality.

JBIC continues to be proactive in providing financial support for efforts to tackle climate change and other issues. This reflects international agreements and Japanese government policies based on those agreements.



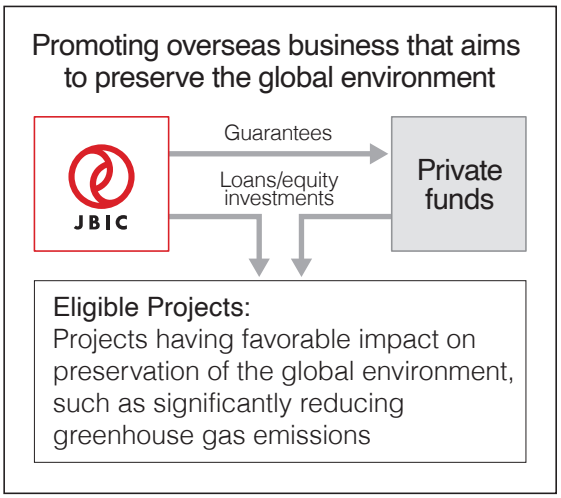
Global Investment Enhancement Facility (Sustainability Window)

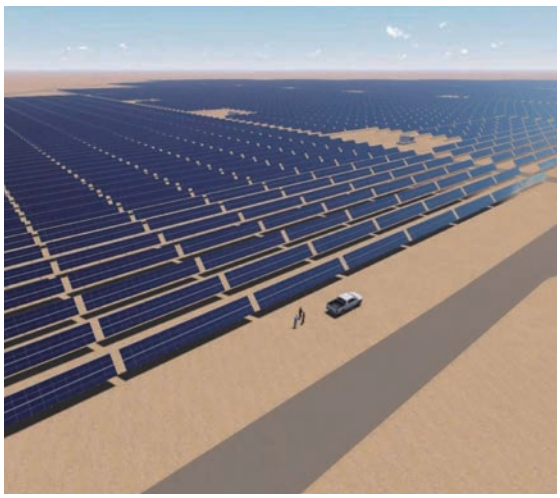
In July 2022, JBIC established the Sustainability Window under the Global Investment Enhancement Facility in order to support and accelerate overseas expansion of Japanese companies with cutting-edge technologies in the area of environment, or with distinctive competitiveness. It is intended to support Japanese companies contributing to preserving the global environment, including decarbonization.



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 major effect in terms of global environmental conservation. The support is given in the form of loans, guarantees, and equity investment, while private sector funds are mobilized. The projects undertaken include those to construct solar power generation plants or high energy efficiency power plants, and those to introduce energy-saving equipment that utilizes 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 gas emissions, while paying attention to the potential use of Japanese advanced technologies that are highly regarded around the world.





Green Bonds

JBIC aims to contribute to realizing a sustainable society and environment through green finance. To raise the necessary funds, in January 2022, JBIC first issued green bonds as international bonds, which were guaranteed by the Japanese government. Since then, we have issued another two government-guaranteed global green bonds and one non-guaranteed domestic green bond.

The funds raised through these issues will be allocated to eligible projects, including those related to renewable energy and clean transportation. Green bonds have been issued based on a stringent framework that has received a second-party opinion from Sustainalytics Japan Inc., a company holding a major market share and well recognized in the market.

Global green bond issues

	First (JBIC50)	Second (JBIC55)	Third (JBIC60)
Guarantor	Japanese government		
Currency	USD		
Maturity	5 years		
Coupon rate	1.625%	4.375%	4.875%
Amount	$500 million		

Eligible projects

- Renewable energy (e.g. wind power projects in Africa, geothermal power projects in Southeast Asia)
- Clean transportation (e.g. high-speed railway projects in Europe)

Details concerning issue schedule, results, etc. are available here: https://www.jbic.go.jp/en/ir/greenbond.html

Climate-related Financial Disclosures Based on TCFD Recommendations

JBIC has been disclosing climate-related information based on TCFD recommendations since 2022. Below is a summary of the TCFD disclosure published in December 2023.

Governance

Sustainability Governance and Management Systems

At JBIC, important matters related to sustainability, including items concerning climate change, are discussed at the Executive, Sustainability, and Corporate Risk Management Committees under the supervision of the Board of Directors. For details, please refer to Sustainability Governance and Management Systems (p. 39).

Strategies

Approach to transitioning toward the realization of carbon neutrality

Climate change is one of the most urgent challenges facing the world's economies. Following the adoption of the Paris Agreement in December 2015, international efforts to address climate change have accelerated. As achieving the objectives of the Paris Agreement requires substantial investment, the flow of funds, including private finance, needs to be redirected to pathways leading to decarbonization.

JBIC sees opportunities in activities related to climate change. They include the growing need to finance green energy projects to attain carbon neutrality; the business and technological transformation required for the transition to a decarbonized society; and innovation to establish new technologies. JBIC intends to support such initiatives in a bid to help realize a decarbonized society.

Further, achieving carbon neutrality on a global scale is an issue that must be tackled in tandem with the pursuit of sustainable economic growth. To that end, it is crucial for JBIC to support various paths to a sustainable decarbonized society and thereby contribute to the steady decarbonization of the economy.

With such recognition, JBIC is committed to supporting energy transition-related projects from their initial phases, and to boosting decarbonization initiatives through various types of financial support, while taking into consideration Japanese government policies. To this end, we will use our long-term strategic risk-taking function as a policy-based financial institution. We also will make use of our continuous engagement with host countries' governments and authorities, as well as our ongoing collaboration with overseas governmental organizations and international organizations.

As part of our contribution to the international implementation of the Paris Agreement, we will attain net-zero GHG emissions in our own business by 2030, and net-zero GHG emissions in our investment and lending portfolio by 2050.

JBIC addresses fossil fuel projects appropriately in line with the Japanese government's policies (e.g., consistency with the 1.5°C target and goals of the Paris Agreement), and we have discontinued financing for unabated international thermal coal power generation projects.

Examples of initiatives related to green finance

(1) Financing for offshore wind power generation projects in France

In April 2023, JBIC signed loan agreements to provide project financing amounting to up to €1.1 billion for each of the approximately 500 MW offshore wind power projects to be implemented off the coast of (1) western and (2) northern France. Co-financing amounted to approximately (1) €2.2 billion and (2) €2.4 billion. The loans will contribute to the French government's goal of achieving net-zero GHG emissions by 2050, as well as its renewable energy transition policy.

(2) Finance for U.K. offshore electricity transmission project

In November 2023, JBIC signed a loan agreement to provide up to approximately £259 million (with co-financing totaling approximately £523 million) for an offshore electricity transmission project to transmit electricity generated at the U.K. Triton Knoll offshore wind farm to the British mainland. This loan is in line with the U.K. government's energy policy to achieve net zero CO_2 emissions by 2050 and to advance introduction of renewable energy to attain the target of net zero CO_2 emissions by 2050.

Further, in line with the Japanese government aims to strengthen the international competitiveness of the energy industry by supporting Japanese companies' efforts in development and implementation of decarbonization technologies, the expertise acquired by project investor TEPCO Power Grid UK Limited, a subsidiary of TEPCO Power Grid Inc., regarding power transmission services for the offshore wind farm is expected to be utilized in future business expansion in Japan and outside the U.K.

(3) Post-earthquake energy-related projects in Türkiye

Signing ceremony with TKYB

Signing ceremony with TSKB

In December 2023, JBIC established credit lines of up to $120 million each with (1) the Türkiye Kalkınma ve Yatırım Bankası A.Ş. (TKYB) and (2) the Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB) banks, for total co-financing of $200 million. JBIC also provides guarantees for the portion co-financed by private financial institutions.

The credit lines will provide financing respectively for (1) renewable energy and energy efficiency projects in Türkiye, as well as (2) renewable energy, energy efficiency, and water- and waste-related projects that contribute to recovery efforts from the February 2023 earthquake. These loans are in line with initiatives of the government of Türkiye, TKYB, and TSKB, which uphold policies related to the development of renewable energy sources and efficient energy consumption. These loans also create business opportunities for Japanese companies with expertise in energy-saving equipment manufacturing.

Examples of initiatives related to engagement

We believe that engagement with stakeholders including host countries represents our important responsibility as a policy-based financial institution for accelerating energy transition in emerging and developing countries toward the realization of a decarbonized society and for ultimately achieving global carbon neutrality. As Japan's policy-based financial institution, JBIC continues to be proactive in providing financial support for efforts to tackle climate change through the reinforcement of collaboration with overseas governmental organizations and international organizations.

(1) Engagement with host countries' governments

Indonesia
Annual policy dialogue with the Government of Indonesia (March 2022)

Conducted 10th Policy Dialogue among JBIC, the Ministry of Finance of Indonesia, the Ministry of Energy and Mineral Resources and the Indonesia Investment Authority.
Exchanged views on investment trends of Japanese companies and JBIC's potential plan to support decarbonization in Indonesia.

Vietnam
Launch of Vietnam Climate Finance Framework (VCFF) (January 2023)

Launched the VCFF under the Australia–Japan–U.S. partnership to promote projects contributing to Vietnam's goal of achieving net zero GHG emissions by 2050.

(2) Strengthening of cooperation with government and international agencies

Romania
MOU with the Ministry of Finance and Banca de Export-Import a României EximBank S.A. (Romania EximBank) (March 2023)

Strengthen cooperation in energy security and climate change measures in Romania and third-party countries including countries neighboring Ukraine. It also supports direct investment and business expansion in Romania by Japanese companies, and diversification of fund-raising methods to include the issuance of Samurai bonds by the Romanian government.

Egypt
MOU with Ministry of International Cooperation (April 2023)

Support the business development of Japanese companies in a variety of sectors, including decarbonization, such as renewable energy, hydrogen, and ammonia, by strengthen the cooperation between the Government of Egypt and JBIC.

Agreement inked with G7, European development financial institutions, European Bank for Reconstruction and Development (EBRD) (June 2023)

Signed a business cooperation agreement on the Ukraine Investment Platform with G7 and European development finance institutions, as well as the EBRD, at the Ukraine Recovery Conference co-hosted by the British and Ukrainian governments in London. Aims to support Ukraine and neighboring countries in solidarity among the G7, European development financial institutions, and the EBRD, primarily focusing on exchanging information and collaborating on financing to assist the private sector.

UAE
MOU with Abu Dhabi National Oil Company (ADNOC) (July 2023)

Promote cooperation between ADNOC and Japanese corporations, with a focus on areas such as decarbonization, energy transition, and energy efficiency.

MOU for business cooperation with the Black Sea Trade and Development Bank (BSTDB) (February 2024)

Strengthen mutual cooperation including facilitating business activities that contribute to Ukraine's reconstruction; promoting structuring projects in the areas of agriculture, food, transportation, logistics, digital, and healthcare in Ukraine and neighboring countries; and the formation of projects that contribute to climate change mitigation in BSTDB member countries, focusing on renewable energy projects.

Saudi Arabia
MOU with electric power company (April 2024)

Strengthen partnership with the Saudi Arabian Electricity Company (SEC) to facilitate the country's energy transition investment by the introduction of products and technologies, and Japanese companies' financial solutions for the SEC's future projects.

US
MOU with International Development Finance Corporation (April 2024)

Signed an MOU on business cooperation with the U.S. International Development Finance Corporation. The MOU affirms willingness to cooperate in areas such as quality infrastructure, supply chain resilience, and energy transition, primarily in the Indo–Pacific region, and will help realize the Free and Open Indo–Pacific promoted by the Government of Japan.

Discussions with International Finance Corporation
(January 2024)

Aim to further strengthen cooperation with IFC to promote structuring projects in areas such as sustainability, including climate change and energy transition, and infrastructure and resources that help strengthen global supply chains, and innovation.

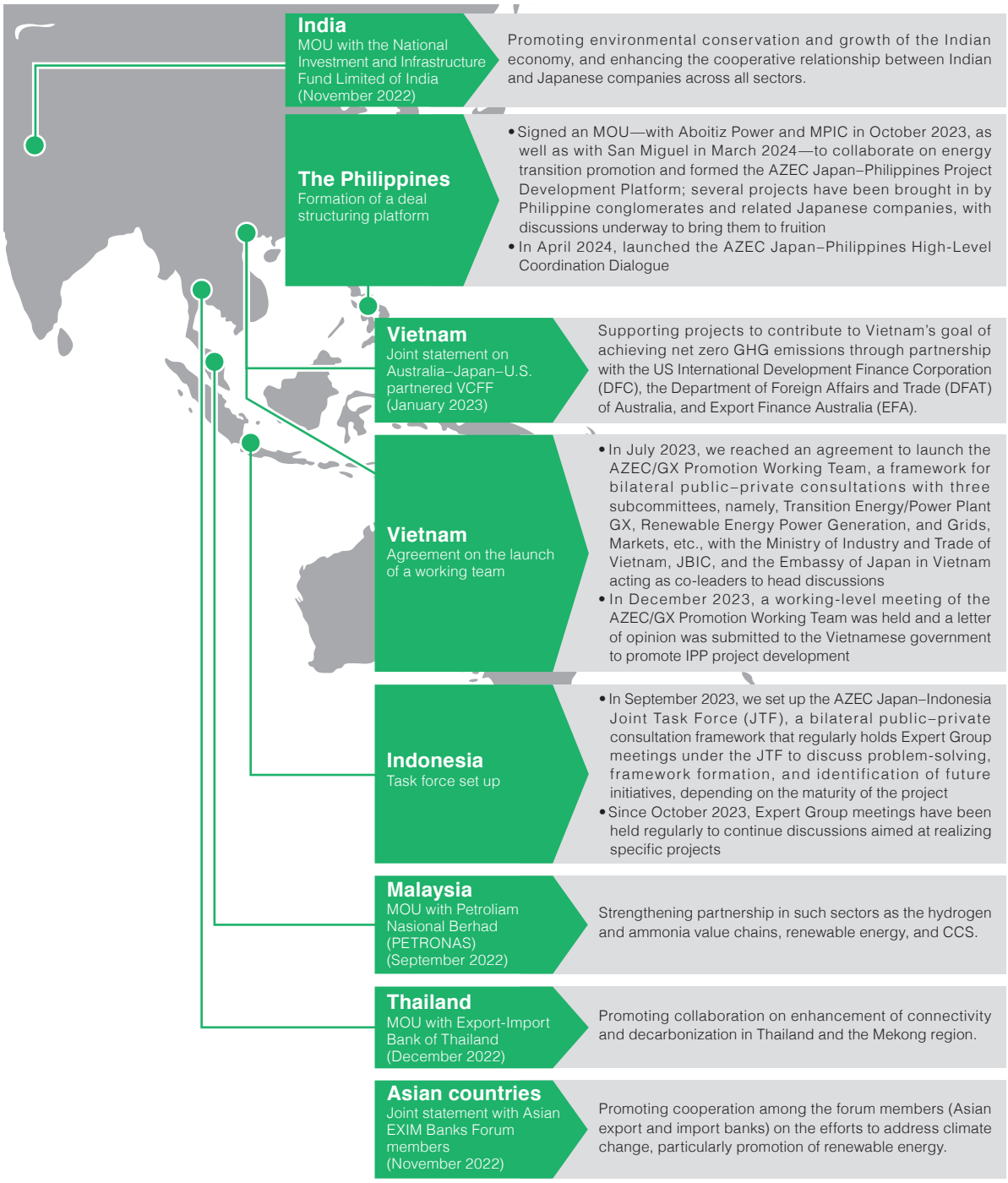
Support for energy transition in Asia

The Japanese government promotes decarbonization through the Just Energy Transition Partnership and the Asia Zero Emissions Community (AZEC). JBIC supports energy transition by engaging with host countries' governments and developing projects such as those for renewable energy.

Asia Zero Emission Community (AZEC)

AZEC is a multilateral platform that was put forward by Prime Minister KISHIDA Fumio in January 2022 and launched under the leadership of the Government of Japan in March 2023. Together with other Asian countries that are actively tackling carbon neutrality, AZEC supports decarbonization while considering the unique circumstances each country faces to ensure economic growth and energy security.

In line with the AZEC concept, JBIC strengthens support for decarbonization in Indonesia, Vietnam, and the Philippines not only through promoting engagement with the host countries' governments but also by structuring renewable energy projects in those countries.



◆ Climate related risk management

JBIC recognizes the importance of managing risks related to climate change, and so decided to incorporate a climate risk management policy in 2023. Based on this policy, JBIC has prepared a framework to identify, assess, and manage climate-related risks.

Risk management frameworks

JBIC recognizes climate-related risks as forward-looking risks that may materialize in different patterns and magnitudes, subject to future environmental and social circumstances, and which therefore need to be addressed through long-term, comprehensive perspectives. We also understand that climate-related risks are characterized as risk drivers that are associated with every risk category, including credit risk, market risk, liquidity risk, and operational risk. Thus, they may materialize over a variety of time horizons, both short and long term, and through a wide range of channels and touchpoints.

Based on this recognition, JBIC has designated climate-related risks as one of the Top Risks (risk events that will significantly impact JBIC when they become apparent and require particular attention) in its enterprise risk management framework, and it comprehensively manages these risks by monitoring the social and regulatory trends related to climate issues and changes in situations regarding fossil fuel projects.

With external experts, we also conduct qualitative assessments of the significance of climate-related risk events that are anticipated in each risk category, taking into account the characteristics of JBIC's business activities and portfolios. This assessment shows that JBIC's credit risks (e.g., increases in credit-related costs due to a deterioration in a borrower's business performance) are of high significance, so JBIC has been prioritizing the development of climate-related risk assessments and management frameworks.

One of the climate-related credit-risk assessment measures that JBIC implements is scenario analysis regarding the transition and physical risks of borrowers. As the TCFD's supplemental guidance for the financial sector recommends the disclosure of significant concentrations of credit exposure to carbon-related assets for certain sectors, JBIC has designated the four sectors of electricity, energy, transportation, and iron and steel as high-priority sectors, where climate-related risks are high in light of the relatively large amounts of credit.

		Examples of Risk Events	Climate Risk	Timeframe
Credit risk		Increasing credit costs along with the deterioration of a borrower's business performance resulting from declining revenue and increasing carbon-related burdens, mainly in carbon-related industries	Transition risk	Medium- to long-term risks
		Increasing credit costs along with the deterioration of a borrower's business performance and collateral impairment due to extreme weather	Physical (acute) risk	Short-term risks
		Increasing credit costs resulting from collateral impairment and deterioration of a borrower's business performance following long-term climate change	Physical (chronic) risk	Medium- to long-term risks
Market/ liquidity risk		Disruption to financial and commodity markets and accompanying price fluctuations of financial products and commodities due to hasty transitions or natural disasters.	Transition and physical (acute) risk	Short- to long-term risks
		Funding costs increase due to a deterioration in reputation resulting from a delayed response to transition risks	Transition risk	Short- to medium-term risks
Operational risk	Tangible asset risk	Damage to the head office, branch, etc.	Physical (acute) risk	Short-term risks
	Reputation risk	Deterioration of reputation resulting from an inadequate response to climate change issues and delayed responses to disclosures	Transition risk	Short-term risks

Scenario analysis

In order to evaluate the impact that climate change is likely to have on our portfolio in the future, we conduct scenario analyses for transition and physical risks. The analyses are based on climate scenarios from the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), a financial authority network primarily related to climate change risks, in line with the TCFD recommendations.

In terms of transition risks, we have analyzed the likely impacts until 2050, mainly using the Net Zero 2050 scenario (for warming below 1.5°C) based on NGFS calculations. It assumes a view in which strict regulations and progress in innovation will limit global warming to 1.5° C and achieve zero carbon dioxide emissions around 2050.

We selected analysis targets taking into consideration both GHG emissions and the credit exposure of JBIC. Specifically, our analyses have focused on large domestic and international corporate borrowers in the four high-priority sectors, borrowers with particularly large credit lines in carbon-related project finance projects, and large sovereign borrowers that are vulnerable to the effects of the transition to a decarbonized society as we often provide credit to foreign governments due to the nature of a policy-based financial institution.

In terms of physical risks, the hazards (climate disasters) analyzed were acute risks—such as coastal floods, river floods, storms, droughts, wildfires, and sea level rises—as well as chronic risks, such as rising temperatures and sea levels.

Based on a worldview in which currently implemented policies will be maintained while physical risks increase, we analyzed impacts up to 2050, primarily using the NGFS Current Policies scenario (3° C rise scenario). Taking into account the characteristics of JBIC's credit portfolio, the analysis covered all of JBIC's project financing. This is because in project finance, the revenue assets are concentrated in one location, making them highly susceptible to the effects of hazards.

As a result of the scenario analyses of transition and physical risks, we have confirmed the importance of implementing appropriate credit management. At the same time, the characteristics of each project must be taken into account, dialogue and engagement with governments and borrowers must continue, and support through GX finance and other means must be provided to ensure that decarbonization efforts are carried out as planned. JBIC acknowledges scenario analysis as a tool to assess the future impact that climate change will have on its portfolio, and it will continue to utilize scenario analysis in order to enhance the flexibility and resilience of its risk management for various future climate-related conditions.

We will advance our ceaseless efforts to improve the analysis and data utilization method through dialogue with various stakeholders, including host countries' governments and clients so that we can enable scenario analysis to reflect decarbonization prospects in each sector and in clients' transition plans.

Metrics and targets

Key Monitoring Metrics	Results	Target
GHG emissions (FY2022)		
Scope 1	181.5 t-CO_2	Net zero by 2030
Scope 2	861.4 t-CO_2	Net zero by 2030
FY2023 climate-related finance results		
Number of projects structured	57	28
Number of projects committed	32	42
Co-financing amount	¥2,443.3 billion	—
Outstanding credit of project financing to the thermal coal power generation projects	¥1,106.6 billion	Expected to reach zero by the early 2040s

GHG emissions

JBIC is conducting analysis and examination on the measurements of its GHG emissions as a metric to evaluate and manage climate-related risks and opportunities.

(1) Initiatives toward reduction of GHG emissions from our operations

Under its ESG policy, JBIC is committed to pursuing efforts to reduce GHG emissions from its own operations to net zero by 2030. We will continue to implement measures to reduce Scope 1 and 2 emissions. We also started calculations for the categories in Scope 3 (business trips) from FY2022.

(2) GHG emissions from our finance portfolio

Currently a trial calculation of GHG emissions in our finance portfolio, based on our operational features, is underway. We will continue to analyze and adjust our calculations and the scope of our monitoring to achieve net zero emissions by 2050.

Pages 47 to 53 of *Integrated Report 2024* are based on a summary of *Annual Report 2023 Addendum—Climate-related Financial Disclosures Based on TCFD Recommendations*, published in December 2023. For *Integrated Report 2024*, examples of initiatives mentioned in the Addendum have been updated.

For the full text of climate-related financial disclosures based on TCFD recommendations, please refer to the *Annual Report 2023 Addendum* on the JBIC website:
https://www.jbic.go.jp/en/information/news/news-2023/image/TCFD_2023_E.pdf

Initiatives for Natural Capital

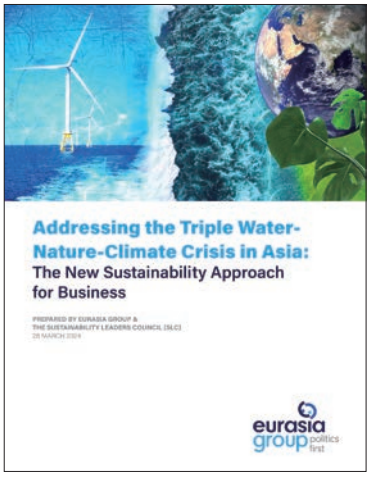
There is a correlation between climate change and natural capital and biodiversity loss. Thus, transition to a decarbonized society, restoration of nature, and conservation of biodiversity need to be promoted in an integrated manner.

JBIC recognizes such efforts to address sustainability issues as new business opportunities for companies, and new value-added creation opportunities for the global economy. Therefore, from a cross-regional and cross-industry perspective, JBIC supports projects related to natural capital and biodiversity, as well as decarbonization.

Initiatives to conserve water resources

JBIC participates in the Sustainability Leaders Council, an initiative jointly established by the Eurasia Group and Suntory Holdings Limited, and is involved in discussions on sustainability, mainly in Asia.

In 2023, its theme was water. In November, it held a public event online to communicate principal needs: for integrated measures in collaboration with stakeholders who share water resources, and for innovative water-related technologies and support. In March 2024, it released a report on the current situation of water-related issues and future initiatives.



Partial acquisition of publicly offered Samurai blue bonds

In May 2023, JBIC partially acquired yen-denominated foreign bonds (Samurai bonds) These bonds total ¥20.7 billion, and were issued by the Government of Indonesia through public placement in the Japanese market.

JBIC provided guarantees for Samurai bonds issued by the Government of Indonesia four times, and partially acquired such bonds twice in the past. The bonds that JBIC partially acquired this time are the first Blue Bonds that the Government of Indonesia has issued. Use of the proceeds is limited to activities in the maritime sector, such as conservation of marine resources.

The proceeds of the bonds will be allocated to eligible projects, which may include marine and coastal protection, restoration of biodiversity and ecosystems, waste management, sustainable fishing, and so on under the SDG Government Securities Framework formulated by the Government of Indonesia. In addition, the purchase of the bonds will contribute to facilitating such projects, thereby strengthening the cooperation between JBIC and the Government of Indonesia.

(This is for illustrative purpose only.)

Sustainability transformation

In March 2023, JBIC signed an agreement for equity investment up to €58 million NordicNinja Fund II SCSp of Luxembourg.

The fund is a venture capital fund established by JBIC IG Partners, a joint venture between Industrial Growth Platform, Inc. (IGPI) and JBIC, and others. It invests in startups related to the sustainability and digitalization sectors, mainly in northern Europe (Nordic and Baltic countries plus the U.K., Ireland, and the Benelux countries).

One of its investees, Onego in Finland, produces alternative proteins that, compared with conventional proteins, reduce manufacturing-related GHG emissions, land use, and water use. That company also plans to use by-products from the manufacturing process for a number of applications, including as packaging materials.

The fund will support Japanese companies to achieve sustainability transformation by promoting businesses and capital alliances between such startups in northern Europe and Japanese strategic investors.

Cream made from alternative protein produced by Onego.
(This is for illustrative purpose only.)

3. Social

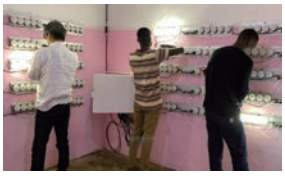
Examples of initiatives related to Social Finance

Through social impact finance, we are providing support for projects that assist in resolving social issues.

(1) Benin Ministry of Primary Education electric lantern project

In June 2023, JBIC signed a loan agreement amounting to up to €1 million, of which JBIC's portion is €500,000, with the Government of the Republic of Benin under a credit line set up in March 2021. JBIC provided a guarantee for the portion co-financed by private financial institutions.

The loan is provided as part of JBIC's GREEN operations, and is intended to provide the funds necessary for the installation of rooftop solar panels at Benin's elementary school buildings, enabling students to power rechargeable electric lanterns with a clean renewable energy source and lend them to pupils to light households in unelectrified areas.



Lanterns are lent (left) and can be recharged.

(2) Environmental conservation supported as Japanese companies expand in India

In August 2023, JBIC signed an agreement for equity investment in the India -Japan Fund. The target size of the fund is INR49 billion, with the Indian government and JBIC committed to investing INR24 billion and INR25 billion, respectively. The fund was set up by the National Investment and Infrastructure Fund Limited (NIIFL), Indian government affiliated investment fund manager, and is operated by NIIFL in collaboration with JBIC IG Partners, a joint venture between JBIC and IGPI.

The fund will invest in India's environmental and social sector (including renewable energy, electric vehicles, waste management, and water management), and Indian companies/projects that collaborate with Japanese companies, in order to enhance the cooperative relationship between Indian and Japanese companies across all sectors. As India works to address the challenges derived from population growth and rapid urbanization, the fund will help solve such social issues as the ongoing increase in untreated waste and water pollution.

Signing ceremony

(3) Antigua and Barbuda decentralized water circulation system

In February 2024, JBIC signed a loan agreement with WOTA Corp. for a loan of up to ¥84 million (with total co-financing amounting to ¥120 million). The loan will fund the manufacture and sale in Antigua and Barbuda of a small-scale decentralized water recycling system developed by WOTA, which allow residences to reuse grey water. With the island nation facing chronic water shortages, the systems are expected to contribute to a hygienic and stable water supply without relying on water and sewerage infrastructure, which require huge outlays for development and maintenance.

Discussions are held with local stakeholders.

Human Rights Initiatives

Fundamental approach

As a Japanese policy-based financial institution with the aim of contributing to the sound development of Japan and the international economy and society, JBIC recognizes that respect for human rights is a critical issue that it is required to be addressed proactively.

In April 2023, JBIC released its Human Rights Policy (the Policy). It expresses JBIC's commitment to human rights, and states that JBIC expects its clients and suppliers to respect human rights. JBIC will continue to respect human rights and promote the realization of sustainability in line with this policy.

Commitment to Respect Human Rights

JBIC respects international human rights standards, while endeavoring to respect these rights. JBIC shares the philosophy behind the Policy and expects its employees, suppliers, and clients to respect human rights.

International human rights standards

The Universal Declaration of Human Rights

International Covenants on Human Rights

ILO Declaration on Fundamental Principles and Rights at Work

Guiding Principles on Business and Human Rights

Philosophy

- Prohibit discrimination of any kind
- Zero tolerance of human rights violations, including harassment, forced labor, child labor, and human trafficking

The full text of our Human Rights Policy is available here: https://www.jbic.go.jp/en/sustainability/image/0414-017692_1.pdf

Initiatives for human rights due diligence

JBIC respects international norms on human rights, including the United Nation's Guiding Principles on Business and Human Rights.

JBIC carries out human rights due diligence initiatives that include the identification and assessment of human rights risks, while considering and implementing measures to prevent and mitigate adverse impacts.

When conducting transactions with clients, JBIC confirms that project proponents undertake appropriate environmental and social considerations, including human rights, in accordance with Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations, which will be reflected in our funding decision-making. Moreover, even after decision-making on funding, it continues to monitor and engage with the projects to ensure environmental and social considerations are being undertaken properly.

Access to remedies

Suppliers and clients can bring to JBIC's attention their concerns and complaints through a complaints hotline.

Further, the JBIC Guidelines for Confirmation of Environmental and Social Considerations recommends that project proponents establish a point of contact for complaints in order to receive complaints from stakeholders such as local residents at an early stage and to promote their resolution.

For employees, JBIC has set up an internal and an external hotline to provide relief for those who have been negatively affected within JBIC, as well as an external consultation counter specializing in harassment issues. When an issue arises, JBIC will conduct prompt investigations and take measures to provide relief to the victim and prevent the issue from recurring. As part of our efforts to raise awareness of respect for human rights and prevent harassment, we provide training and e-learning programs for all executives and employees annually.

Human Capital Management in Practice

Human capital management in medium-term business plan

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, JBIC 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." This defines what JBIC wishes to become over the next 10 years.

The theme for our Fifth Medium-Term Business Plan thus is, Navigate toward and Co-create a Valuable Future. To achieve these goals, we need to have talented people with high levels of financial expertise and public spirit, as well as an international perspective. The people in question should also recognize the development of Japan and the international economy as being in an increasingly complex international environment.

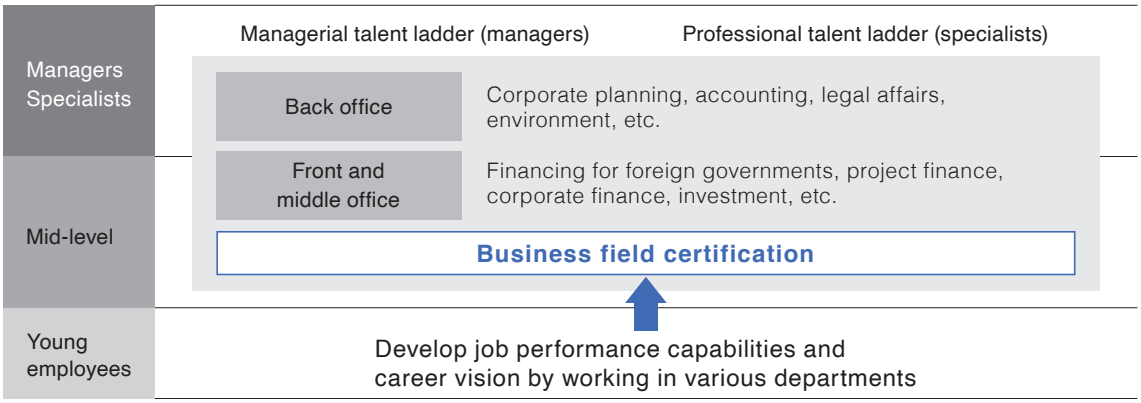
Under the business plan, we will work to evolve into a highly engaged organization that can maximize the capabilities of our employees in order to quickly respond to the needs of the times and the environment to create value.

Human resource development policy

As an organization that contributes to the advancement of Japan and the international economic community, JBIC aims to create added value and respond to needs that are becoming increasingly diverse and sophisticated amid the progression of globalization. To do so, JBIC implements human resource development and training policies that focus on the strengths and aptitudes of individual employees rather than training generalists in a homogeneous manner, consciously cultivating hard and soft skills from an early stage and continually strengthening these with an eye to future career paths.

Please see the diagram below for an overview of career development for managerial track and administrative track positions.

Managerial Track Positions



- Managerial talent ladder: Building a career while taking on organizational management responsibilities as a manager in one's certified business field
- Professional talent ladder: Narrow down one's knowledge and expertise within the certified business field (country/region, macroeconomics, etc.) and build a career as a highly-skilled expert

Administrative Track Positions

Human Resource Development

Training system (JBIC Academia)

In order to develop human resources in a way that draws out the capabilities and vitality of its diverse employees, JBIC has been upgrading its training system and, in April 2023, set up the JBIC Academia as a new training system consist of Human/Conceptual Skills, Technical Skills, and Global Skills. It fosters learning, teaching, and communication among employees. JBIC is working to strengthen its training through the Learning Management System, an IT tool that was introduced the same month.

Human/Conceptual skills

In order to be active at the forefront of international business, strengthen our human resource development capabilities, and develop our future executive personnel, we are providing the skills required at each level. Thus for new employees, we are stressing logical thinking; for mid-level employees, leadership and the skill of involving others; while for managers, we are boosting their leadership and organizational management abilities.

Technical skills

We hold training and study sessions featuring the specialized knowledge required to carry out our work, which involves sovereign, corporate, project and structured finance and investment, together with legal, environment- and sustainability-related aspects. In addition, we subsidize the cost of attending training courses offered by other institutions, in order that our employees may acquire the specialized knowledge required for our work.

Depending on the specialty that employees choose to follow, we send them to graduate schools overseas or in Japan, to study areas such as economics, business administration, public policy, and law.[1] We also arrange for employees to be seconded to international organizations[2] and overseas branches of private banks through a partly-open application system, as well as to government agencies responsible for foreign and economic policy.

Notes:
1. Overseas graduate schools include Harvard University, Stanford University, Massachusetts Institute of Technology, Columbia University, London Business School, and the University of Cambridge.
2. International organizations include the World Bank and International Finance Corporation.

Global skills

New and young employees undergo intensive English-language training through private lessons and group training. New and young managerial-track employees, meanwhile, spend several months as trainees at overseas representative offices. In fiscal 2023, 13 men and 18 women were thus dispatched.

To encourage employees to acquire ability in foreign languages—not just English—in the context of their work, we subsidize part of the costs they face for tuition and other fees, and send them to graduate schools abroad, on secondment, and to specialist language schools.

Encouraging diverse and talented human resources

Besides OFF-JT (off the job training) that utilizes the above-mentioned JBIC Academia, JBIC provides OJT (on the job training) at the actual workplace to establish career paths that reflect each employee's specialized skills through work experience. We ensure that both new graduate employees who begin their careers at JBIC and mid-career employees who JBIC focuses on enhancing recruitment as described below, can quickly become familiar with our organization and can work autonomously. Specifically, during OJT we provide support by assigning trainers (instructors for work-related development) to our new graduate employees and mentors to mid-career employees. Additionally, we are strengthening support for employee development through one-on-one meetings, which provide regular opportunities for dialogue with managers for the purpose of employee development.

Diversity

Approach

JBIC regards the promotion of diversity and inclusion (D&I) as an organizational requirement if we are to see a world that, embracing diversity, enables countries and people to make the most of their individual potential. By respecting the diversity of all employees, each with their own individuality, and providing them with fair and equal opportunities, we seek to create an organization in which all staff can work energetically and sustainably in a way that best suits their respective and diverse values.

Implementation framework

At JBIC, the Human Resources Office takes the lead in promoting D&I through various initiatives. We believe that stimulating communication within the organization is important to promoting D&I, and thus undertake a variety of initiatives, including the implementation of interactive and participatory projects involving management and employees.

In addition to these initiatives, JBIC has introduced an Inclusivity Officer system to enable employees to seek advice and help each other regarding concerns and questions they may have in the workplace. In addition, our management team has announced its executives' commitment to fostering a corporate culture that, understanding the importance of D&I, is working to promote it throughout the Company.

Promoting diverse work styles

With a view to enabling work styles matched to the diverse values of employees, we have established leave and other personnel systems and a range of support programs for employees who balance work with childcare/nursing care. We distribute childcare/nursing care handbooks, hold childcare/nursing care interviews with managers, and regularly communicate information about work–life balance support systems to all employees. Through these initiatives, JBIC has received public certifications, such as "Kurumin" certification as a company supporting child-rearing and "Tomonin" certification as a company striving to create a workplace environment that helps employees to balance work with nursing care.

Under the Second Plan for Work Style Reform, we created an environment in which all employees can perform childcare and return to work without anxiety; held work–life balance support seminars and roundtable discussions; and provided training for managers to promote an understanding of childcare and nursing care. Additionally, we have expanded our support system for employees with children in school, as well as systems to encourage male employees to take temporary retirement for childcare. In FY2023, the percentage of men taking temporary retirement for childcare was 76.4% and the percentage of men taking childcare leave and leave for childcare purposes was 105.8%.* We are also expanding our comeback system, which allows employees who left the company for reasons such as childbirth, childcare, nursing care, or the transfer of a spouse to return to work.

* The number of male employees who took childcare leave in FY2023 includes those whose spouses gave birth in fiscal 2022, so the figure for fiscal 2023 exceeds 100%.

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仕事と介護の両立支援

Creating Environments that Enable Flexible Working Styles

We implement a highly flexible staggered work system, a telework system, and a summer vacation (five days) that is separate from paid vacation. We have set a target of 80% paid leave usage rate for JBIC employees (2023 result: 66.3%) and encourage employees to steadily take paid leave, including encouraging them to take consecutive holidays, while making efforts to create work environments conducive to easily taking leave such as by making employees aware of the state of their unused paid leave.

Besides improving networks for employee teleworking, we are working to improve the office environment so that employees can be more productive in a more comfortable environment, when they begin work each day. We are also making efforts to revitalize communication among employees working in hybrid conditions by implementing team building training and roundtable discussions on a variety of topics.

Active participation of diverse human resources

In our action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, we set a goal of increasing the proportion of female employees in management positions at JBIC to 10% or more by the end of July 2024 (10.1% as of the end of July 2024). To do so, we expanded support for balancing work with childcare/nursing care and created an environment that enables flexible work styles. Concurrently, we are making efforts to foster career development awareness among female employees such as by sending them to external training programs. Under this plan, we are actively recruiting women with the aim of increasing the proportion of recent-graduate females to 50% each year among new graduates hired for managerial track positions at JBIC (45% in 2023, 50% in 2024). We are also increasing the number of female employees at overseas representative offices and seconding locations (as of the end of March 2024, the percentage of managerial track employees posted overseas was 16% for men and 13% for women).

We are also focusing on mid-career recruitment, including of specialist personnel. As of the end of March 2024, mid-career hires accounted for approximately 20% of managerial positions and approximately 30% of non-managerial positions among managerial track employees, while the mid-career hiring ratio for regular employees in 2023 was 30%.

Creating a work environment that promotes physical and mental health

To provide mental health care to our employees, besides implementing stress check tests, we distribute regular newsletters, set up external consultation desks, and provide self-care and line-care training.

Creating a highly engaged organization

In response to the times and environment, and in order to create value, JBIC is creating a highly engaged organization in which employees can maximize their capabilities through specific, management-led organizational reforms. This is also one of the priority issues in JBIC's Fifth Medium-Term Business Plan.

To understand the state of engagement within the organization, we conduct annual employee opinion surveys and share the results with each workplace. We do our best to identify issues, while studying and carrying out measures to improve workplaces so that employees can feel more motivated and have a sense of growth.

Employee interviews and comments

Human resource development

JBIC serves as a bridge between Japan and the world, and is at the crossroads of business and policy formation. In order to collaborate with a wide range of stakeholders, it is important that each employee acquire a broad perspective and a big-picture viewpoint based on their financial expertise and multifaceted skills.

JBIC Academia plays an important role in employees' acquisition of the necessary outlook and skills, and has significantly expanded our training system. Another feature of all-round employee training is job rotation. As we are not a large organization, we want to see each employee demonstrate leadership qualities on behalf of the organization in an environment of broad discretion and great responsibility. Our goal is to develop human resources able to grasp the big picture of our organization, as they gain a bird's-eye view and a broad perspective, while helping the organization advance. Thus we are committed to developing all of our employees.

IKEHARA Satoshi

Special Advisor for Human Resource Development (at the time)
Human Resources Management Office, Corporate Planning Department, Corporate Planning Group

Diversity promotion

Diversity has many different contexts, such as women's participation in the workforce, support for balancing work and family life, paternity leave, and diversification of the workforce. But in all cases, I believe mutual understanding is necessary between the people involved and those around them.

Therefore, when I was in charge of promoting diversity, I was conscious of creating a workplace with a high degree of psychological safety, where communication was a two-way street, and people were free to express their opinions without having any qualms.

The newly adopted split-shift working system is very helpful as it allows me to work flexibly to suit my life and that of my family. I use it when taking part in weekday daytime events such as parent–teacher meetings and elementary school interviews.

JBIC has a well-established work style, which allows employees to make independent arrangements by using the work system best suited to their needs. At the same time, the type of career and life staff want to lead is taken into consideration.

Personally, I hope to continue taking advantage of the work options JBIC offers and enjoying a healthy balance between my professional and personal life.

MATSUO Yuri

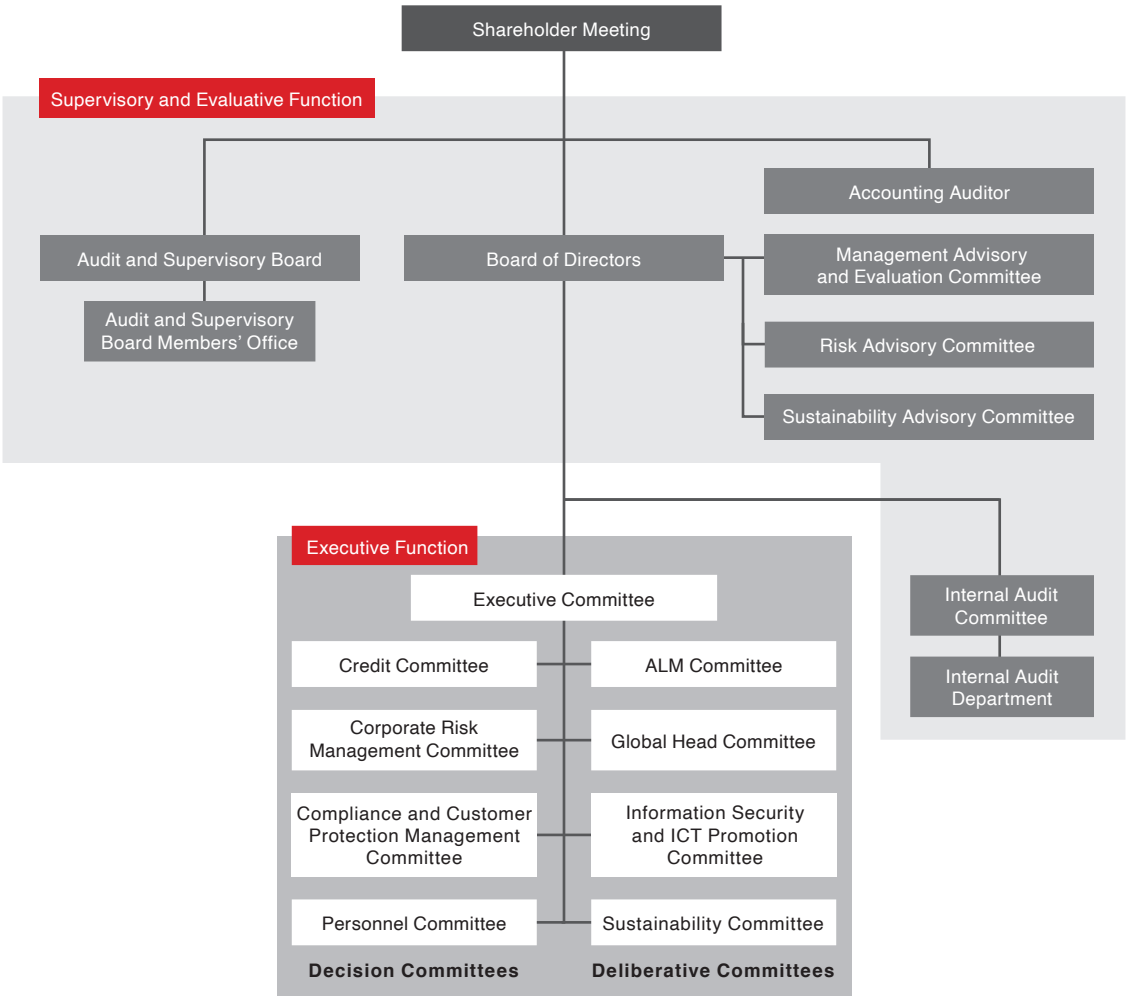
Deputy Director
Unit 1, Finance Office for SMEs, Industry Finance Group

Note: Matsuo was previously in charge of diversity promotion in the Human Resources Management Office.

4. Governance

Fundamental Approach

JBIC is making efforts to build a 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 a 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 Audit and Supervisory Board and other organs required by the Companies Act, the Management Advisory and Evaluation Committee, Risk Advisory Committee, Sustainability 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 nine members, of whom three are non-executive directors, including two outside directors as set forth in the Companies Act. The non-executive directors supervise the conduct of representative directors and executive directors in JBIC's operations, thereby making a contribution to improving its governance.

The main discussion topics in FY2023 are as follows:

- Fifth Medium-Term Business Plan (FY2024–2026)
- Policy to review implementation framework to strengthen Special Operations
- Policy to appoint Chief Representative for Supporting Ukraine Recovery and Neighbouring Countries
- Policy to revise regulations in line with the Act for Partial Amendment of the Japan Bank for International Cooperation Act
- Sustainability Advisory Committee Selection
- Policy on climate change-related information disclosure based on TCFD recommendations
- Feasibility studies for creation of research and planning system to streamline operations using IT
- Report on FY2024 government budget proposal, decision on funding plans, and other matters

(2) Audit and Supervisory Board

The Audit and Supervisory Board consists of three members, of whom two are outside Audit and Supervisory Board Members, as set forth in the Companies Act. Outside Audit and Supervisory Board Members contribute to improving the governance structure of JBIC, as they cooperate with the full-time Audit and Supervisory Board Member in auditing the conduct of its operations. The Audit and Supervisory Board Members' Office helps them carry out their responsibilities.

(3) Management Advisory and Evaluation Committee

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

List of Members of the Management Advisory and Evaluation Committee (As of July 1, 2024)

Name	Occupation
URATA Shujiro	Professor Emeritus, Waseda University; Chairman, Research Institute of Economy, Trade and Industry, IAA (RIETI)
ENDO Noriko	Senior Researcher (Professor), Research Council at Waseda University
KAWAMURA Yoshinori	JBIC Managing Director (Outside Director)
KOIZUMI Shinichi	JBIC Managing Director (Outside Director)
SATO Yasuhiro	Senior Advisor, Mizuho Financial Group, Inc.
SOGO Hiromi	Head of Editorial Content, Richesse & Esquire The Big Black Book, Hearst Digital Japan Co., Ltd.; Specially Appointed Professor at Shinshu University
TAKAGI Yuzo	Certified Public Accountant
NIINAMI Takeshi	President & Chief Executive Officer, Member of the Board, Representative Director, Suntory Holdings Limited

(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 the assessment framework associated with large-lot obligors and risk exposure to large-scale projects.

■ Members of the Risk Advisory Committee (As of July 1, 2024)

Name	Occupation
ABE Shuhei	President, CEO of SPARX Group Co., Ltd.
EHARA Nobuyoshi	Co-founder, Unison Capital, Inc.
OGAWA Eiji	Professor Emeritus, Hitotsubashi University; Professor, Faculty of Economics, Tokyo Keizai University
KAWAMURA Yoshinori	JBIC Managing Director (Outside Director)
KOIZUMI Shinichi	JBIC Managing Director (Outside Director)
SASAKI Mami	External Director, Sumitomo Mitsui Trust Asset Management 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

(5) Sustainability Advisory Committee

The Sustainability Advisory Committee consists of external experts. They offer advice on matters regarding JBIC's policy to advance initiatives toward the realization of sustainability.

■ Members of the Sustainability Advisory Committee (As of July 1, 2024)

Name	Occupation
TAKAMURA Yukari	Professor, Institute for Future Initiatives, The University of Tokyo
Rachel Kyte	Dean Emerita, the Fletcher School, Tufts University; Professor of Practice in Climate Policy, Blavatnik School of Government, University of Oxford
Tim Benton	Director, Environment and Society Programme, Chatham House

(6) Internal Audit Committee

The Internal Audit Committee consists of representative directors and an outside director. They make decisions and deliberate on important matters pertaining to internal audits, as delegated by the Board of Directors.

(7) Executive Committee

The Executive Committee consists of representative directors, executive directors, and all the managing executive officers. They make decisions and deliberate on 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 committee makes decisions and discusses important matters in connection with loans, equity investment, and guarantees issued by JBIC, based on the Executive Committee's authorization.

ii. Corporate Risk Management Committee

This committee makes decisions and holds deliberations on important matters pertaining to JBIC's corporate risk management, based on authorization by the Executive Committee.

iii. Compliance and Customer Protection Management Committee

This committee makes decisions and holds discussions on important matters related to JBIC's compliance and customer protection management, as authorized by the Executive Committee.

iv. Personnel Committee

Decisions are made and deliberations held by this committee concerning important matters related to JBIC personnel, as authorized by the Executive Committee.

v. ALM Committee

Deliberations are held by the committee concerning important matters pertaining to JBIC's asset-liability management (ALM), as authorized by the Executive and the Corporate Risk Management Committees.

vi. Global Head Committee

As authorized by the Executive Committee, this committee discusses cross-cutting matters among internal groups, including operational policy for each country and region.

vii. Information Security and ICT Promotion Committee

This body discusses the use and management of JBIC's information assets, as well as important matters regarding information security and cross-divisional ICT-related matters, such as measures required for ICT plans and policies which have been determined by the Board of Directors and Executive Committee, as authorized by the Executive Committee.

viii. Sustainability Committee

The committee holds deliberations concerning the promotion of sustainability. To this end, it discusses JBIC's sustainability-related policies and measures, as authorized by the Executive Committee.

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 know-how and expertise in each sector and area, thereby enabling JBIC to perform the functions in its mission more flexibly and strategically.

Seven groups were set up: 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, each having departments with special expertise.

For each group, a 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.

Global Heads of Groups (As of July 1, 2024)

Global Head of Corporate Planning Group	NEGISHI Yasuaki Managing Executive Officer	Corporate Planning Group
Global Head of Credit, Assessment and Risk Management Group	TANAKA Eiji Managing Executive Officer	Credit, Assessment and Risk Management Group
Global Head of Treasury and Systems Group	KITAJIMA Toshiaki Managing Executive Officer	Treasury and Systems Group
Global Head of Energy and Natural Resources Finance Group	AMANO Tatsushi Managing Executive Officer	Energy and Natural Resources Finance Group
Global Head of Infrastructure and Environment Finance Group	SEKINE Hiroki Managing Executive Officer	Infrastructure and Environment Finance Group
Global Head of Industry Finance Group	SASAKI Satoshi Managing Executive Officer	Industry Finance Group
Global Head of Equity Finance Group	YONEYAMA Yasuaki Managing Executive Officer	Equity Finance Group

Basic policy for internal control

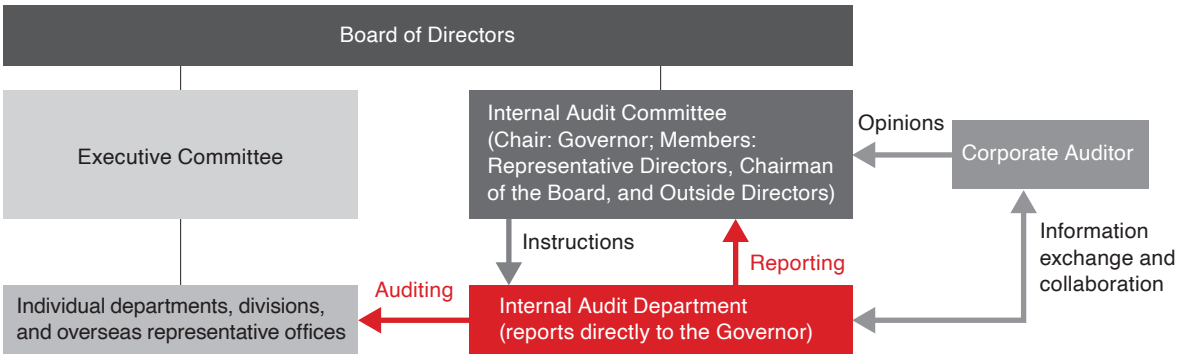
Pursuant to the Companies Act, JBIC has put in place an institutional structure, including internal regulations, to ensure the proper conduct of its operations and activities, based on the Basic Policy for the Internal Control System decided by the Board of Directors.

Internal audit system

JBIC has an Internal Audit Committee that serves to control overall operations and ensure that appropriate internal audit procedures are in place. JBIC is thus able to review and evaluate whether its operations are appropriate and effective, and to recommend improvements as necessary. The committee, which includes an outside director, functions as a decision-making body independent of the Executive Committee, which is responsible for conducting operations.

JBIC also has an Internal Audit Department which, independent of line departments, reports directly to the Governor. The Internal Audit Committee makes important decisions regarding, for example, annual internal audit plans, and receives the results of internal audits from the Internal Audit Department.

In addition, in the interests of conducting efficient internal audits, the Internal Audit Department exchanges relevant information and cooperates with Audit and Supervisory Board members and an accounting auditor.



Directors and Audit and Supervisory Board Members

Directors

Governor

HAYASHI Nobumitsu

Division of duties, etc.

Presides over JBIC's operations and the Internal Audit Department

Deputy Governor

AMAKAWA Kazuhiko

Division of duties, etc.

Assists the governor in managing JBIC's operations

Executive Managing Director

HASHIYAMA Shigeto

Division of duties, etc.

Corporate Planning Group, Industry Finance Group

Senior Managing Director

KIKUCHI Yo

Division of duties, etc.

Credit, Assessment and Risk Management Group and assistant to the Executive Managing Director for the Corporate Planning Group

Senior Managing Director

OGAWA Kazunori

Division of duties, etc.

Treasury and Systems Group, Infrastructure and Environment Finance Group

Senior Managing Director

UCHIDA Makoto

Division of duties, etc.

Energy and Natural Resources Finance Group, Equity Finance Group

Non-executive Directors

Managing Director, Chairman of the Board of Directors

MAEDA Tadashi

Chairman of the Board

Managing Director (Outside)

KOIZUMI Shinichi

Managing Director (Outside)

KAWAMURA Yoshinori

Corporate Auditors

Corporate Auditor (full-time)

NASU Noriko

Corporate Auditor (Outside)

TSUCHIYA Mitsuaki

Corporate Auditor (Outside)

MOTOMURA Aya

5. Compliance and Risk Management

Compliance

Fundamental approach

JBIC has set forth in its Code of Conduct that it will maintain high ethical standards and a law-abiding spirit, while observing its moral code.

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 compliance and operational integrity
- Directors and employees recognize that JBIC is accountable to the general public regarding its operations and that it must make efforts to ensure it has the trust of the general public through appropriate information disclosure
- JBIC shall have no connection with antisocial forces, shall adopt an uncompromising Company-wide attitude to antisocial forces, and decisively reject all improper demands from such forces to maintain public trust and ensure JBIC's operations are appropriate and sound as it responds in collaboration with police and other relevant authorities

Compliance system

In accordance with the above Basic Principles, JBIC adheres to all relevant compliance requirements.

JBIC makes efforts to improve compliance, primarily through the Compliance and Customer Protection Management Committee and has set up 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.

Compliance Initiatives

Implementation

Each fiscal year, JBIC formulates a compliance-related program, laying out specific action plans for achieving compliance. Based on this, JBIC tackles and monitors compliance-related issues and regularly follows up on the program's progress.

In addition, we have compiled a compliance manual as a guide for executives and employees to put compliance into practice. We review the manual every year, bearing in mind current awareness, as well as changed domestic and international circumstances. In addition, we work to foster and strengthen compliance awareness among all employees, through training.

Financial crime countermeasures

With the importance of anti-money laundering and counter-terrorist financing measures increasing, financial institutions are having to strengthen their related measures. Although JBIC does not accept deposits or conduct foreign exchange transactions, bearing in mind the nature of its business operations, we carry out verification procedures to vet borrowers, recipients, and other business partners in accordance with the Foreign Exchange and Foreign Trade Act, as well as other relevant laws and regulations.

In our effort to prevent bribery, we take measures based on the OECD's Recommendation on Bribery and Officially Supported Export Credits.

Insider trading prevention

To prevent insider trading by executives or other members of staff, we have regulations in place regarding the buying and selling of stocks and other securities, as well as regulations regarding the management of important company information, including insider information. To prevent insider trading and other nefarious activities, we raise awareness among all employees through training.

Whistleblowing

In addition to the reporting procedures in its ordinary line of business, JBIC has put in place a reporting system for whistleblowers. This enables us to find any significant compliance issues at an early stage and take appropriate remedial action. We have rules to ensure the anonymity of whistleblowers and confidentiality regarding the information we receive to prevent retaliation.

In addition to the internal reporting counter, which is managed by the head of the Legal Affairs and Compliance Office, we also have an external counter managed by external law firms and specialist service providers.

We are working to increase trust in the system by raising awareness of its existence, while providing compliance training for all employees, posting information on JBIC's intranet and in its compliance manual, and sending regular relevant emails to all staff.

Risk Management

Risk management systems

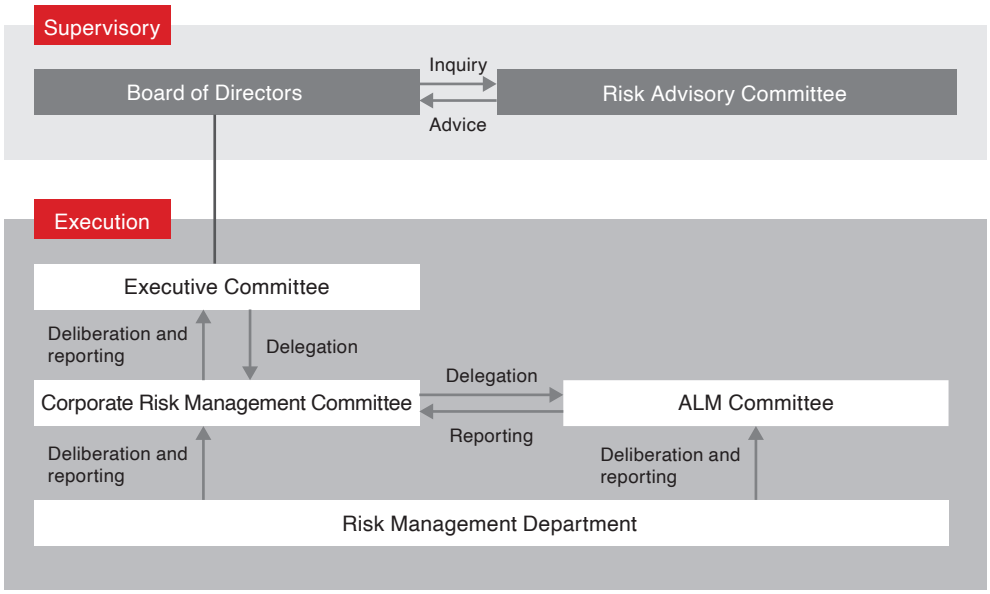
In general, the operations of financial institutions involve various risks, including credit risk, market risk (such as interest rate and exchange rate risks), liquidity risk, and operational risk.

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 personnel responsible for managing various risks and has a department managing overall risk.

In addition, there are the Corporate Risk Management Committee and the ALM Committee which 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 conducts risk management separated into the Ordinary Operations Account and Special Operations Account. The following sections describe how JBIC manages the various risks it faces in conducting operations as a policy-based financial institution.

Risk Management Structure



◆ Enterprise risk management

To ensure the soundness and appropriateness of its operations as a policy-based financial institution, JBIC undertakes enterprise risk management that comprehensively ascertains the risks to which JBIC is exposed and utilizes Top Risk management and stress tests as its main methods.

(1) Top Risk management

JBIC defines Top Risks as those events that will significantly impact JBIC when they become apparent and require particular attention. Top Risks are designated based on risk factors that are assumed in view of current international circumstances and the characteristics of JBIC's portfolio. Monitoring of these risks is regular and ongoing.

In principle, the Top Risk identification policy and monitoring policy are determined by the Executive Committee each fiscal year. The results of monitoring are reported regularly to the Executive Committee and the Corporate Risk Management Committee.

Note: Please refer to p. 51 for information on climate related risk management.

Top Risks

Risk Events	Reasons for Selection
Growing cost of credit	A decline in the creditworthiness of large borrowers and borrowers with low ratings due to factors such as the global economic downturn, continuing inflation, and the emergence of geopolitical risks would directly affect JBIC's profitability through an increase in credit costs.
Increased cost of funding	An increase in funding costs due to the deterioration of the funding environment will directly affect JBIC's profitability, especially when there are signs of a shift in the interest rate environment in domestic and international financial markets.
Climate-related risks	JBIC has a relatively high proportion of carbon-related assets in its credit portfolio, so it is important to understand international trends among supervisory authorities and financial institutions regarding climate change and to respond appropriately to their requests or trends. It is becoming increasingly important to ascertain the impact on business conditions and the creditworthiness of borrowers, given that the transition to a decarbonized society is likely to cause change in JBIC's external environment and stakeholder trends surrounding fossil fuel projects (transition risk), while extreme weather events are causing damage around the world (physical risk).

(2) Capital adequacy review and stress tests

Although JBIC is not subject to the Basel capital adequacy ratio requirement, it voluntarily calculates and reviews its capital adequacy ratio in accordance with the FSA's notifications based on Basel III standards. JBIC also periodically reviews its capital adequacy based on a risk measurement methodology that takes into account the characteristics of its own portfolio and conducts stress tests as a forward-looking risk management tool.

Stress scenarios are developed that are suited to the characteristics of JBIC's portfolio. In developing the scenarios, JBIC analyzes historical events and hypothetical future events that take into account macroeconomic changes and emerging risks at present and in the foreseeable future. We examine the impact on our capital adequacy and annual profits and formulate business operation plans based on the results.

◆ 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.

(1) 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.

(2) Internal credit rating management

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.

(3) 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.

(4) Quantifying credit risk

In addition to individual credit risk management, JBIC is working on quantifying credit risks with a view to evaluating the risk of the overall loan portfolio. JBIC quantifies credit risk utilizing its own proprietary credit risk quantification model that takes into account the characteristics of JBIC's loan portfolio, which holds a significant proportion of long-term loans and loans involving sovereign and country risks and mechanisms for securing assets, such as the Paris Club,* 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.

* 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.

(1) 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.

(2) 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.

(3) Derivatives transactions

i. Basic policy for derivatives transactions

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

ii. 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, 2024.

■ Credit Risk of Derivatives, etc.

(As of March 31, 2024; unit: ¥100 million)

	Contract Amounts / Notional Amounts	Credit Risk Amounts*	Market Value
Interest rate swaps	70,118	1,148	(3,811)
Currency swaps	50,761		(6,136)
Forward exchange contracts	229	—	0
Credit risk reductions through netting	—	—	—
Total	121,109	1,148	(9,947)

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

iii. 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.

iv. 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 risk

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.

(1) 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.

(2) 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.

(3) 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.

Cybersecurity Risk Management

Fundamental approach

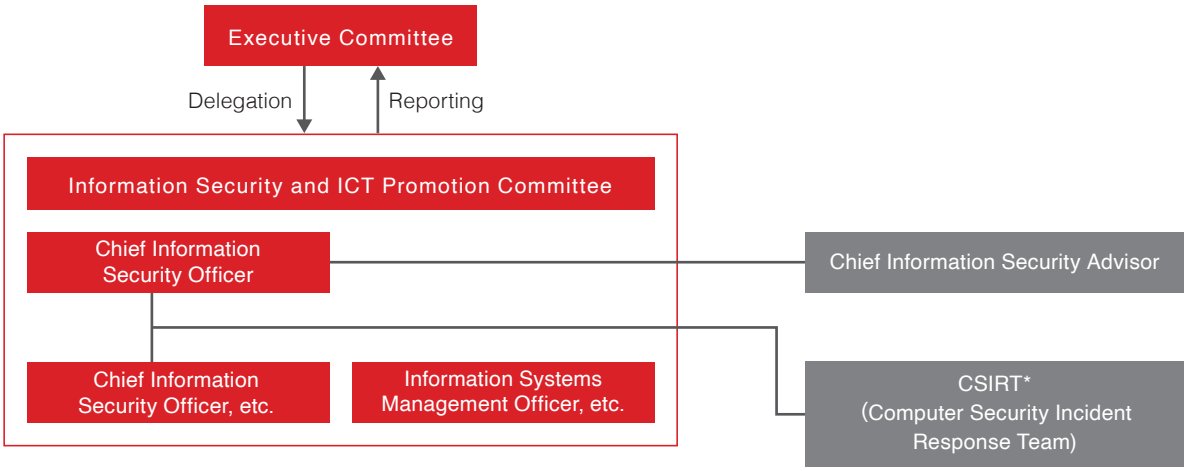
The cybersecurity environment has changed significantly in recent years, due to the increasing sophistication and ingenuity of those conducting cyber attacks and the increased use of remote working. JBIC recognizes that ensuring information security is critical for gaining the trust of customers and enhancing the sustainability of its business. Therefore, as part of its management plan, JBIC is working to strengthen security against cyber attacks.

Governance framework

To manage its information assets, JBIC has established rules and regulations. They cover the classification and management of information, physical security, personnel security, technical security, operations, as well as evaluation and review. As part of its information security framework, JBIC has appointed a chief information security officer and a chief information security advisor, and created a Computer Security Incident Response Team to clarify the division of roles and responsibilities.

Furthermore, JBIC has established an Information Security and ICT Promotion Committee. It is authorized by the Executive Committee to deliberate important matters related to the use and management of JBIC's information assets and information security, respectively, and has devised a system for reporting matters deliberated by the ICT Promotion Committee to the Executive Committee as necessary.

As part of its management framework, JBIC has in place a system for appointing information security officers and information security personnel in each department and Bank office to inform employees of relevant regulations and enable them to report security incidents. JBIC is working to improve its human and technical security by conducting anti-phishing training, security diagnoses, security incident drills, and other related measures.



* A team directly under the chief information security officer.

6. Financial Capital

Message

Future value creation based on solid financial foundation

Looking back at the business environment over the past few years, companies engaging in trade and overseas investment on a global scale have faced a series of severe challenges. Investor confidence has been shaken by supply chain disruptions during and since the pandemic, Russia's invasion of Ukraine, subsequent energy and food problems, monetary tightening in response to rising inflation in several countries, the ensuing political and economic instability, as well as ongoing rising diplomatic tension in some countries and regions. And this has continued to affect market volatility in interest rates, foreign exchange rates, and other areas. These unpredictable risks are unprecedented obstacles to the pursuit of sustainable growth and a stable business environment.

Given the uncertainties of the market environment, JBIC will flexibly respond to changes in society and the market. As it is the only policy-based financial institution that plays an important role in the foreign economic policies of the Japanese government, the bank will continue agile and stable fund procurement through dialogue with stakeholders, while avoiding market risks by using swaps and other financial instruments.

Furthermore, essential to JBIC's ongoing value creation with stakeholders is a strong financial foundation and sound financial position, backed by stable funding and an autonomous revenue structure based on the proactive control and sharing of risk.

Based on these initiatives, JBIC will demonstrate its risk-taking functions by making full use of a diverse range of financial tools, mainly foreign currency, to respond to global issues and needs in Japan and the international community. This includes projects which aim to help attain a decarbonized society, while strengthening and creatively transforming Japan's industries, as well as providing local currency-denominated support in several countries and regions.

KITAJIMA Toshiaki

Managing Executive Officer,
Global Head of Treasury and Systems Group

Basic Policy

- In light of the role expected of JBIC by society and our clients, we will ensure stable fund procurement and cash management, while responding promptly and flexibly to social and market changes
- To ensure an adequate supply of risk capital, we will maintain an autonomous profit structure and increase our capital adequacy, thereby ensuring a strong financial foundation and financial soundness

Awareness of Current Conditions

Given the changing international conditions surrounding Japan, JBIC is leveraging its unique strengths, including its ability to assume risks as a policy-based financial institution, to support Japanese companies that are contributing to global environmental conservation through decarbonization, enhanced supply chain resilience, and the development of quality infrastructure overseas.

As JBIC provides long-term financing with loan maturities of more than five years, it is essential that we procure long-term funding corresponding to loan maturity, in particular U.S. dollar-denominated long-term funds. These account for approximately 90% of our loan assets.

Since 2022, the U.S. and Europe have implemented rapid policy-related interest rate hikes in response to rising inflation. Coupled with the situation surrounding Russia and Ukraine, the outlook for the global economy has become increasingly uncertain. As the rise in European and U.S. interest rates slowed down in the second half of 2023, the market environment showed some calm compared with 2022. Given that interest rates in Europe and the U.S. remain high, with concerns lingering over the worsening situation in the Middle East, it remains more difficult to procure low-cost, long-term foreign currency funding than a few years ago.

Despite uncertainties, we have been able to accurately ascertain the constantly changing market environment through ongoing dialogues with investors, financial institutions, and other market participants around the world. We have secured a stable financial foundation that can provide long-term, large-scale funding by efficiently and stably raising foreign currency funds through a combination of means. These include currency swap transactions and borrowing from the Japanese government, with a focus on issuing government-guaranteed foreign bonds, while at the same time avoiding market risk.

Leveraging this financial foundation, we proactively respond to the needs of Japanese companies and others engaged in overseas business as the one-of-a-kind policy-based financial institution with an important role in the Japanese government's foreign economic policies.

Consolidated Operating Results and Financial Condition

In FY2023, JBIC recorded interest income including interest on loans and discounts of ¥1,022.0 billion, and ordinary income of ¥1,133.0 billion. Yet, JBIC recorded ¥1,069.7 billion in ordinary expenses, after having posted ¥902.7 billion in interest expenses including interest on borrowed money. As a result, ordinary profit amounted to ¥63.2 billion and net income to ¥62.3 billion.

Since the majority of our assets and liabilities are denominated in foreign currencies, the yen equivalent value increases as the yen weakens. As of the end of March 2024, total assets amounted to ¥21,657.1 billion (of which loans amounted to ¥16,423.4 billion). Total net assets amounted to ¥2,985.0 billion, mainly due to the increase in investment in capital and recording of net income. The capital adequacy ratio was 18.79% (non-consolidated, BIS basis), indicating ongoing financial soundness.

Financial Strategy

As JBIC moves forward with various initiatives based on the recently formulated Fifth Medium-Term Business Plan (FY2024–2026), it will be necessary to efficiently manage the procurement of stable funding, while strengthening our financial foundation. Specifically, we will promote initiatives focused on the following points.

• Ensuring a strong financial foundation

JBIC exercises its risk-taking function by making full use of a wide range of financial tools, primarily in foreign currencies, in order to respond to global challenges, as well as Japanese domestic and international community needs.

JBIC has initiated risk control and risk sharing by collaborating with host governments, as well as cooperating with public and international organizations. As a result, JBIC has established and maintained an autonomous profit structure, and has consistently been profitable since its establishment.

JBIC has returned a portion of its profits to the national treasury while increasing its own capital adequacy. At the same time, because international and market situations can have a significant impact on our financial balance, we will continue our efforts to secure core profitability and capital adequacy, so as to maintain and strengthen our financial foundation.

• Agile and stable fund procurement

As mentioned above, a majority of JBIC's assets are foreign currency-denominated loans, principally in U.S. dollars. Thus, ensuring stable foreign currency liquidity is a key issue in financial management.

Based on its integrated relationship with the Japanese government, JBIC seeks to procure foreign currency in a flexible and stable manner by issuing bonds and engaging in currency swap transactions. For this reason, we believe it is important to continue to deepen our ties with our key stakeholders, while continuing to hold regular dialogues with overseas investors and financial institutions.

Further, to help realize a sustainable society and environment through green finance, we will continue issuing green bonds, the use of which is limited to initiatives that contribute to climate change countermeasures and environmental conservation.

• Providing support in locally denominated currencies

In order to meet various country and regional funding needs, including support for infrastructure projects, where project income is usually denominated in local currencies, JBIC is focusing on local currency-denominated support. For this, it has set up a system that can handle several currencies, including the Thai baht, Indian rupee, and Indonesian rupiah.

Moreover, since communication with local financial institutions and financial authorities is also important when providing local currency-denominated assistance, we will continue to leverage the relationships we have built with institutions in each country to further expand local currency-denominated assistance to reflect funding needs.

• Avoiding Market Risks

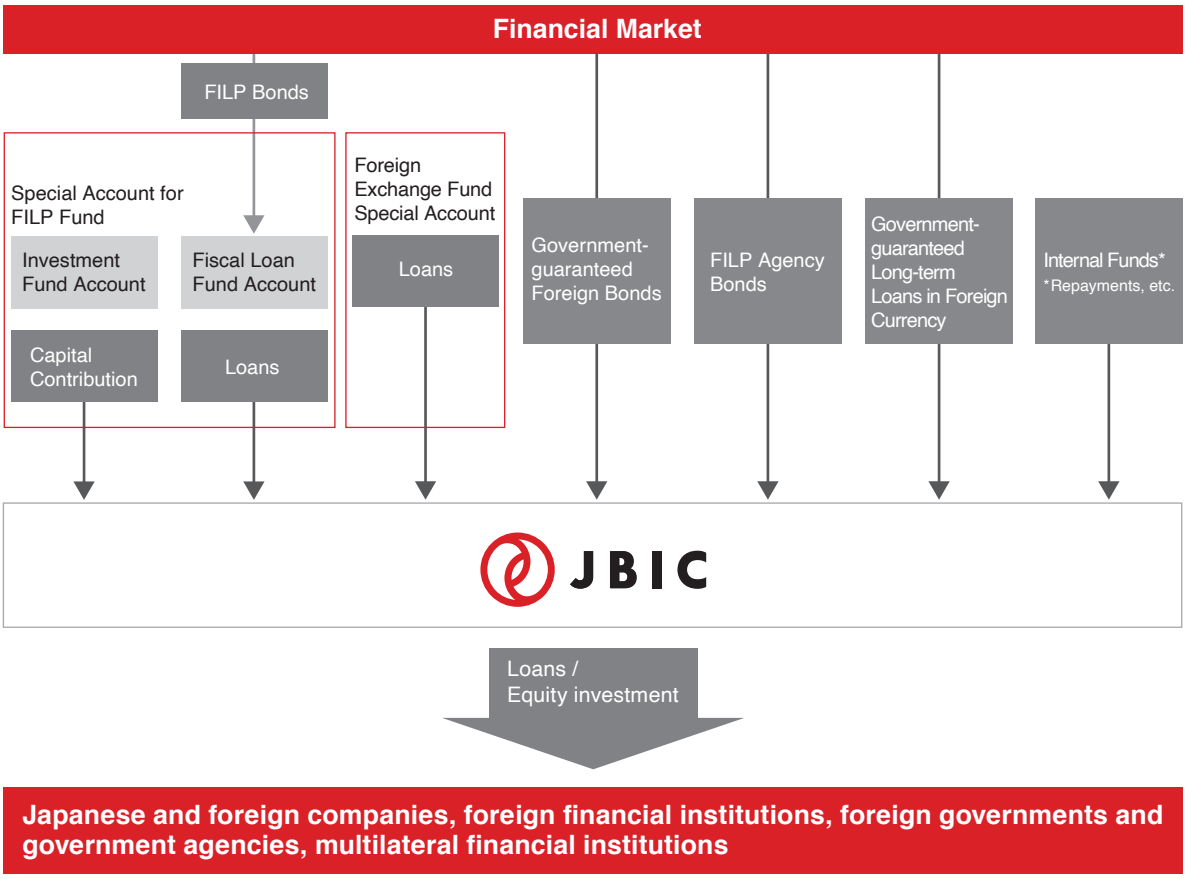
In the event of sudden market fluctuations, such as are caused by market turmoil, losses may be incurred due to such market risks as interest rate and exchange rate fluctuations. With regard to the latter when associated with foreign currency lending, we hedge our interest rate risk by adopting a full hedging policy that, generally, uses currency swaps and other instruments. We also manage funds with variable interest rates, using interest rate swaps and other methods. We will continue to do as appropriate to avoid market risks.

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, Non-guaranteed domestic 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.

Funding Sources



Government-guaranteed foreign bonds

JBIC raises part of its funds by issuing government-guaranteed global bonds in international capital markets. Outstanding government-guaranteed foreign bonds at the end of FY2023 amounted to ¥6,627.5 billion at face value, accounting for 41.84% of the total outstanding borrowings and bonds. JBIC provides foreign currency loans (primarily in U.S. dollars) when necessary to effectively implement policy. The loans are sourced from funds raised by issuing government-guaranteed global bonds.

In October 2021, JBIC developed the JBIC Green Bond Framework, which is aligned with the "Green Bond Principles 2021," published by the International Capital Market Association and, in January 2022, JBIC issued its first green bond. This is Japan's first government-guaranteed foreign green bond. JBIC went on to issue green bonds in October 2022 and October 2023, and plans to continue doing so. According to the JBIC Green Bond Framework, the proceeds from the issuance of these bonds will be used for renewable energy projects that help decarbonize society, and for green finance to assist green mobility.

In the FY2024 budget, JBIC plans to issue government-guaranteed foreign bonds for a maximum amount of ¥1,438.5 billion.

JBIC's government-guaranteed foreign bonds receive the same ratings from rating agencies as does the Government of Japan. Since they are treated as assets for which the Bank for International Settlements 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.

Non-guaranteed domestic bonds

Since FY2001 and in compliance with the government policy to reform FILP, JBIC has issued bonds without government guarantees (non-guaranteed domestic bonds) in Japan's capital market. This has enabled it to raise funds based on its own creditworthiness. JBIC plans to issue up to ¥20.0 billion worth of bonds in FY2024. In May 2024, it issued its first green bond as a non-guaranteed domestic bond.

Non-guaranteed domestic bonds that JBIC has already issued have received the same ratings as the Government of Japan (see 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+
(As of July 10, 2024)

4. Business Foundation for Value Creation

1. Energy and Natural Resources Finance Group 086
2. Infrastructure and Environment Finance Group 090
3. Industry Finance Group 096
4. Equity Finance Group 102

1. Energy and Natural Resources Finance Group

Group Outline

We contribute to ensuring a stable supply of the energy and natural resources that are essential for the sound development of the Japanese economy. We do this by supporting Japanese companies engaged in the acquisition of overseas interests, as well as the development and importing of energy and natural resources. Our role is to do the following.

- Ensure a stable supply of energy and natural resources essential for Japan
- Balance energy security, supply chain resilience with green transformation, resolve social issues, and implement innovative technologies
- Provide cumulative commitments for energy and natural resource projects: approx. ¥2,335.8 billion (41 projects over the past five years)

Message

Aiming to be the most trusted entity in the energy and natural resources sectors

In accordance with its mission to ensure a stable supply of energy and natural resources that are important for Japan, the Energy and Natural Resources Finance Group has provided financing for projects that contribute to energy security and stronger supply chain resilience. Moreover, from the perspective of carbon neutrality, in recent years we have focused efforts on realizing a green transformation (GX) and implementing innovative technologies, among other issues. We also work to resolve social issues in the Global South, in countries of Africa, Central and South America, and the Middle East, as well as in former Soviet republics in Central Asia and the Caucasus.

The Japanese government is targeting the attaining of carbon neutrality by 2050, but this cannot be achieved unless the requisite social costs are affordable and sustainable. However, Russia's protracted invasion of Ukraine, together with the Israel–Gaza conflict, have brought great uncertainty to energy supply and demand. Furthermore, over the long term, decarbonization is expected to lead to higher demand for critical minerals such as copper, nickel, and lithium. But over the short term, due to the sluggish recovery of the Chinese economy, the environment is not one in which we can be optimistic about expanding supplies. Further, as demonstrated by China's export restrictions on gallium, germanium, and graphite, strengthening supply chain resilience has never been more important.

Given the uncertain conditions, the theme of our Medium-Term Business Plan is navigation and co-creation. We believe navigation and co-creation are only possible if there is trust on the part of our clients and partners.

A particular strength of our division is the long, deep relationships of trust we have built in the energy and natural resources sector, with Japanese government and companies as well as resource majors, host countries, international organizations, and private financial institutions. We will fully utilize our strengths to balance energy security and supply chain resilience efforts, which have played a major role thus far. We will continue our efforts in resolving GX-related and social issues, while implementing innovative technologies that will become ever more important.

SHIBUSAWA Eiichi, whose face began appearing on banknotes in 2024, said, "Trust is capital." The relationship of trust we have with our customers and partners is the fundamental capital that results in JBIC's value creation. We aim to become the most reliable entity in the energy and natural resources sector by tackling difficult challenges head on, and working with our clients and partners to form projects and to secure financing, thereby further strengthening our relationships of trust.

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

Business Environment: Risks and Opportunities

The Japanese government aims to achieve carbon neutrality by 2050 by making renewable energy sources such as wind, the sun, and biomass the primary sources of electricity in its Strategic Energy Plan. In addition, decarbonization will be achieved through innovations in thermal power generation incorporating CO_2 emission reduction measures, such as power generated using hydrogen and its derivatives including ammonia, and CCUS* and carbon recycling.

Meanwhile, geopolitical risks have arisen in natural resource-supplying countries and regions. Some of the risks derive from Russia's invasion of Ukraine and the Israel–Gaza conflict. At the same time, energy security is becoming increasingly important.

At the G7 Hiroshima Summit of May 2023, and the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28) held in the United Arab Emirates in November that year, the Japanese government stressed the importance of achieving energy transition by following various paths to the common goal of net zero emissions.

Another urgent issue for Japan is the need to enhance the resilience of supply chains for low-carbon iron resources and critical minerals. As the global energy situation undergoes major changes, Japan, which relies on overseas procurement for many of its natural resources, must take steps toward a realistic energy transition, while being mindful of energy security and supply chain resilience.

* Carbon dioxide capture, utilization and storage (CCUS) is the process of utilization of separated and stored carbon dioxide.

Group Strategy

Ⅰ. Realize a sustainable future

We will steadily undertake projects related to renewable energy, decarbonization, and energy transition, and provide financing for hydrogen projects. In addition, we plan to proactively formulate undertakings to utilize the price differential support system; formulate and realize metallic resource schemes (such as those using direct reduced iron, base metals, and battery metals) essential for achieving a low-carbon society; develop projects such as SAF,[1] CCUS, methanation,[2] carbon recycling and hydrogen-related businesses, and contribute to the formation of global standards through specific projects using all our products, including loans, equity investments, and guarantees.

Ⅱ. Strengthen resilience of Japanese industry and support creative innovation

We will support energy transitions (including LNG) that contribute to energy security, mineral projects that help supply chain resilience, and strategically formulate projects through supply chain analysis and customer dialogue related to critical minerals.

Ⅲ. Provide JBIC's own unique solutions by strategically functioning as an international financial institution

In addition to providing support for Ukraine, we will strengthen relations with the Global South through events, such as the 10th Pacific Islands Leaders Meeting (PALM10), the G20 Summit on Financial Markets and the World Economy, and the 9th Tokyo International Conference on African Development (TICAD9).

Notes:
1. Sustainable Aviation Fuel (SAF) is produced from raw materials derived from biomass, such as plants and waste cooking oil from restaurants and other businesses.
2. Methanation is a technology that converts carbon dioxide to methane (the main component of natural gas) through hydrogenation. E-methane is a synthetic gas produced from renewable hydrogen and recycled carbon dioxide.

Project Highlights

Loan for biomass fuel manufacturing and sales business in Vietnam

—Contributing to the long-term securing of biomass fuel for a decarbonized society—

JBIC provided erex Co., Ltd., a Japanese renewable energy company, with a loan to fund the production and sale of biomass fuel (wood pellets) through its subsidiaries in Vietnam. Biomass fuel is a renewable energy source, and biomass power generation is becoming increasingly important as we move towards a decarbonized society.

In supporting the overseas business of erex, the loan will help ensure the long-term securing of biomass fuel, an important energy resource for Japan, which is seeking to help realize a decarbonized society.

Project finance to expand Centinela copper mine in Chile

—Supporting Japan's long-term, stable procurement of copper concentrate—

JBIC provided part of the funds required by the mining concern Centinela, in which Antofagasta plc of the U.K. and Marubeni Corporation of Japan have invested. The enterprise plans to develop a new mining area at the Centinela copper mine in Antofagasta, Chile's second-largest region. It will then build and operate concentrator plants and related facilities. Japanese companies plan to purchase part of the increased copper concentrate output.

Given the current trend to decarbonization, demand for copper is expected to increase globally, since the metal is indispensable for electric vehicles, as are renewable energy facilities and equipment. Since Japan relies solely on imports for copper concentrates, securing a long-term, stable supply of copper resources is a major challenge.

It will support the enhancement of the resilience of the entire copper product supply chain through the additional development of a copper mine in which Japanese companies hold interests and the securing of a long-term, stable supply of copper resources.

Loan to Vale S.A. in Brazil for stable import of pellets and pellet feed*

—Supporting Japanese supply of mineral resources and decarbonization—

JBIC signed a loan agreement with Vale S.A. to fund Japanese companies' stable import of pellets and pellet feed* from Vale. As the international trend toward decarbonization accelerates, low-carbonization and decarbonization of the steelmaking process have become urgent issues. And to support decarbonization among Japanese steel manufacturers, it is essential to ensure that supplies of steelmaking raw materials are stable.

By providing financial support to enable Japanese companies to secure a long-term and stable supply of pellets and pellet feed, the loan will help ensure a stable supply of those mineral resources critical for the Japanese steel industry.

In addition, through future sales to the overseas businesses of Japanese companies, the loan will enhance natural resource supply chain resilience, while helping to realize a sustainable society.

Tubarao Maritime Terminal
Vitória, Espírito Santo (ES), Brasil, 1994 - Pilha de pelotas em pátio de estocagem de pelotas do Complexo Portuário de Tubarão. Foto: Beto Felício

* Pellet feed is processed iron ore that has been crushed into pieces 0.05mm or less in diameter. The feed is agglomerated at a pellet plant and fed into a blast furnace or direct-reduction furnace.

For details, please visit https://www.jbic.go.jp/en/information/press/resources.html.

2. Infrastructure and Environment Finance Group

Group Outline

We strive to maintain and improve the international competitiveness of Japanese companies by promoting the use overseas of quality infrastructure based on Japan's advanced technologies. We provide:

- Support for overseas expansion in the areas of infrastructure and the environment, to maintain and improve the international competitiveness of Japanese industry
- Support for overseas projects aimed at protecting the global environment
- Infrastructure and Environment Finance Group loans, equity investment, and guarantees, on the basis that, over the past five years, we have been involved in 80 projects valued at approximately ¥2.5 trillion

Message

Engagement-based path, unique answers solve global issues

Many in the international community are working tirelessly to advance technological innovations and establish a sustainable society. The efforts are expected to accelerate digitalization, decarbonization, and other social transformations, resulting in a growing global need for flexible responses to new infrastructure needs that differ from those of the past. Moreover, it is essential that members of the international community work together to ensure a future-oriented, peaceful, stable, and better international environment. This is on top of dealing with such current issues as the need for social adaptation to climate change and assistance for reconstruction following damage caused by war, conflict, and natural disasters.

Amid these conditions, under the Fifth Medium-Term Business Plan (FY2024–2026) announced in June 2024, the Infrastructure and Environment Finance Group aims to contribute to resolving climate change-related issues. It will co-create a realistic path to decarbonization, tailored to each country's circumstances. The balancing of decarbonization with economic growth and enhancing of energy security will be prioritized, while concrete solutions will be put forward.

Additionally, we will focus on adapting to climate change, presenting solutions to a wide range of social issues, such as the securing of water and addressing waste problems, as well as the promotion of specific projects. With the digital age approaching, we will also promote the development of highly reliable infrastructure to help realize a safe and secure digitalized society.

To achieve these goals, JBIC will leverage its unique strengths and employ three approaches. First, we will conduct dialogues with various countries to identify the wide range of social issues facing each. Second, we will utilize JBIC's global network and demonstrate its coordination capabilities within multilateral cooperation to address issues that would be difficult to tackle alone. Third, we will monitor technological innovation trends that contribute to resolving various issues and, through the daily accumulation of knowledge outside the boundaries of finance, we will propose custom-made solutions. These three approaches will enable us to maintain an awareness of challenges facing countries around the world amid constantly changing international conditions. At the same time, we will play a leading role as a navigator, in the development of global infrastructure by Japanese companies.

SEKINE Hiroki
Managing Executive Officer
Global Head of Infrastructure and Environment Finance Group

Business Environment: Risks and Opportunities

Under the Paris Agreement, international efforts and collaboration targeting decarbonization are accelerating. Particularly high are the expectations of the leadership of countries with economic power and advanced technologies. There is a growing recognition that individual companies have a duty to responsibly tackle the international challenge of decarbonization, and this will be a major factor in corporate investment decisions.

Given these changes in the environment, in addition to domestic initiatives, the Japanese government aims to realize borderless decarbonization efforts by engaging with energy policies, especially those of Asian nations, to realize an energy transition. As part of this policy, the Japanese government has proposed, and is promoting, the Asia Zero Emission Community (AZEC) initiative.

Further, as the world responded to the global spread of COVID-19 infections, supply chain vulnerabilities became apparent. There is a growing need to take a fresh look at the global flow of production, transportation, and delivery, as also for a flexible response to infrastructure needs from perspectives that differ from those of the past.

To respond to these new issues and deal with environmental changes, JBIC is supporting Japanese companies with strengths in proprietary technological capabilities, such as cutting-edge environmental, digital, and communications technologies, for Japanese companies' overseas expansion and supply chain enhancements. Our support is critical for maintaining and improving the international competitiveness of Japanese companies in the new post-COVID world, as well as for linking Japanese solutions to the resolution of global issues.

Looking at the international political and economic situation, Russia's invasion of Ukraine is having a significant impact and poses a major threat. The international community continues to provide support to Ukraine and neighboring countries, and the Japanese government is also taking concrete action, such as holding the Japan–Ukraine Conference for Promotion of Economic Growth and Reconstruction in February 2024. Multilateral cooperation, together with cooperation with international organizations supporting Ukraine and neighboring countries, is becoming increasingly important.

The concept of a Free and Open Indo-Pacific (FOIP), advocated by the government of Japan in 2016, is rooted in the idea of ensuring peace and prosperity for the entire region and, by extension, the whole world, through a free and open rules-based international order.

In March 2023, multi-layered connectivity was set forth as the fourth pillar of cooperation for FOIP. It also sees as important the development of quality infrastructure that can help improve connectivity among regions. We believe that Japan and JBIC will play increasingly important roles in the formation of projects involving the complex intersection of various stakeholders and the realization of large-scale projects.

Group Strategy

Ⅰ. Realize a sustainable future

We will proactively implement engagement-based approaches through the AZEC framework and policy dialogues with governments, relevant organizations, and councils. We will co-create a realistic decarbonization process that takes into account the specific circumstances of the host country, and places importance on a balance between decarbonization and economic growth, as well as on energy security. In addition, we will mobilize all JBIC's resources to present specific solutions and promote the achievement of projects. By pursuing practical solutions that differ in each country, in conjunction with decarbonization and problem-solving efforts by Japanese companies expanding overseas, we hope to build on our achievements and expand international support for the flexibility and usefulness of AZEC initiatives.

In discussions with host countries, we will identify a wide range of social issues beyond energy transition, and present solutions utilizing the technologies of Japanese companies to address them. As an example, we are formulating projects in areas such as water supply, sewage treatment, waste disposal, and waste-to-energy.

Ⅱ. Strengthen resilience of Japanese industry and support creative innovation

We will utilize discussions with host countries and leverage Japanese company know-how and technologies to structure projects related to telecommunications infrastructure, logistics infrastructure, and other areas.

In addition to formulating projects that utilize innovative technologies, we will spread technical knowledge to other countries. This, in turn, will lead to new projects.

Ⅲ. Provide JBIC's own unique solutions by strategically functioning as an international financial institution

We have formulated projects involving support for Ukraine and surrounding countries through coordination with multilateral and international organizations. JBIC will formulate projects related to the development of quality infrastructure in areas such as energy transition, connectivity, and digitalization. This we will do through multilateral cooperation frameworks involving Japan, the U.S., Australia, and India, such as in the Quad Alliance; involving Japan, the U.S., and Australia; and involving Japan, the U.S., South Korea, and cooperation with international organizations.

Project Highlights

Financing for Hai Long offshore wind farm project in Taiwan

—JBIC's first wind power generation project in Asia under multilateral cooperation—

JBIC signed loan agreements with two Taiwanese companies, in which Mitsui & Co., Ltd. and others have invested. The loans will finance an offshore wind power generation project in Taiwan. In addition to private financial institutions, a total of seven development finance institutions and export credit agencies, including Export Finance Australia (EFA), from six countries (Japan, Australia, Canada, the U.K., Belgium, and Norway) have cooperated to support the project, which is important for Taiwan's decarbonization policy.

For this project, a business company in which Mitsui holds equity shares will construct, own, and operate an offshore wind farm with a generating capacity of 1,022 MW in the waters off the coast of Changhua County, Taiwan. Taiwan announced its policy of increasing the proportion of renewable energy in its power supply to 60–70% by 2050, and this project is in line with Taiwan's renewable energy transition policy. By supporting the overseas business development of Japanese companies in this way, JBIC is helping maintain and improve the international competitiveness of Japanese industry.

Untied loan to IndusInd Bank Limited of India

—Supporting enhancement of supply chain resilience of Japanese agricultural machinery manufacturers in India—

JBIC signed a loan agreement with IndusInd Bank Limited to provide the funds needed by the manufacturing and sales businesses of local suppliers, by dealers of Japanese agricultural machinery manufacturers, and by the local sales finance businesses that sell Japanese agricultural machinery. India is one of the world's largest agricultural machinery markets by units sold, and with India having become the world's most populous country in 2023, the market is expected to expand in line with the rapid increase in the nation's demand for food.

Given its high potential for growth, Japanese agricultural machinery manufacturers position India as an important market, as well as an export hub for countries in the Global South. The loan will financially support the general manufacturing and sales activities of Japanese agricultural machinery manufacturers in India. In this way, it will support the enhancement of local supply chain resilience and contribute to maintaining and improving the international competitiveness of Japanese industry.

Fourth credit line for CAF under GREEN operations

—Supporting environment-related projects in Latin American and Caribbean countries—

JBIC set up a credit line for the 21-member Corporación Andina de Fomento (CAF) multilateral development bank to provide, through CAF, the necessary funds for environment-related projects in the bank's Latin American and Caribbean member nations. This is part of JBIC's Global action for Reconciling Economic growth and ENvironmental preservation (GREEN) operations.

The objectives of CAF are to achieve economic integration, as well as to promote economic development and trade finance in the region. CAF also focuses on climate change and environment initiatives in the region, and has announced its commitment to allocating $25 billion to green finance over five years from 2022. JBIC has built a strong cooperative relationship with CAF over more than 40 years, through JBIC loans for infrastructure projects, exports of machinery and equipment to the Latin American and Caribbean region, as well as for industrial investment and export promotion in the region. The loan will further support efforts to achieve decarbonization of the region.

Guarantee for Samurai bonds issued by Bank Gospodarstwa Krajowego of Poland

—Supporting humanitarian aid to Ukrainian refugees following the Russian invasion—

JBIC provided a guarantee for the issuance of Samurai bonds by the Polish development bank, Bank Gospodarstwa Krajowego (BGK). It is a policy-based, wholly government-owned financial institution that provides financial services with a view to realizing the sustainable economic and social development of Poland.

In September 2022, JBIC concluded a memorandum of understanding with BGK and has been engaged in ongoing discussions aimed at strengthening cooperation in various fields, including support for Ukraine. In this context, BGK established a Ukraine Aid Fund in Poland, the largest recipient of refugees in Central and Eastern Europe, and is helping fund Ukrainian refugees' humanitarian aid, including medical care, education, and housing. Fund procured by the Samurai bonds will be utilized through the Ukraine Aid Fund.

For details, please visit
https://www.jbic.go.jp/en/information/press/infrastructure.html
https://www.jbic.go.jp/en/information/press/environment.html

3. Industry Finance Group

Group Outline

The Industry Finance Group comprises the Corporate Finance Department, the Finance Office for SMEs, the Marine and Aviation Finance Department, and the Osaka Branch. We use a variety of financing methods to support the strategies and needs of Japanese companies expanding overseas, and are engaged in the following efforts to maintain and improve the international competitiveness of Japanese industries.

- Providing support for the overseas expansion of Japanese companies, including mid-tier enterprises and SMEs, and the export of marine vessel and plant equipment, to maintain and improve the international competitiveness of Japanese industries
- Lending support to strengthen and rebuild Japanese companies' global supply chains and cross-border M&A aimed at acquiring next-generation technologies
- Supporting projects that contribute to helping provide a sustainable future through green finance and other methods

Message

Boosting Japan's economic security through enhanced supply chain resilience

The environment surrounding Japan and the wider world, is experiencing uncertainty and difficulty, due to a number of factors including: the emergence of geopolitical risks such as U.S.–China friction, Russia's invasion of Ukraine, and the Israel–Gaza conflict; global climate change and resulting food shortages and soaring raw material prices; and rising financial costs brought about by persistently high interest rates, and ongoing global inflation. Amid these difficulties, Japanese companies are facing extremely tough challenges. They need to rebuild robust supply chains for essential industries like semiconductors, as well as work to realize a decarbonized society that simultaneously prevents global warming and achieves corporate profits. We believe that the role of the financial community, including JBIC, is becoming increasingly important in overcoming these challenges.

The Industry Finance Group will contribute to Japan's economic security by supporting Japanese companies in strengthening and rebuilding their global supply chains through understanding their needs and proactive risk-taking. We are also making efforts to maintain and improve the international competitiveness of Japanese industries by strengthening supporting measures for: overseas M&A aimed at acquiring next-generation technologies; projects that contribute to the prevention of global warming through green finance; and the development of cutting-edge and innovative key technologies.

Further, JBIC is utilizing its global network to collect and analyze information around the world pertaining to efforts being made to strengthen industrial supply chains and to achieve carbon neutrality.

By providing information to our clients accurately and in a timely manner, we hope to support their dynamic global expansion under the rapid changes in industrial and social structures.

As a platform for the overseas expansion of Japanese companies, JBIC aims to meet stakeholder expectations and become a presence that supports economic security and the creative innovation of Japanese industry.

SASAKI Satoshi
Managing Executive Director
Global Head of Industry Finance Group

Business Environment: Risks and Opportunities

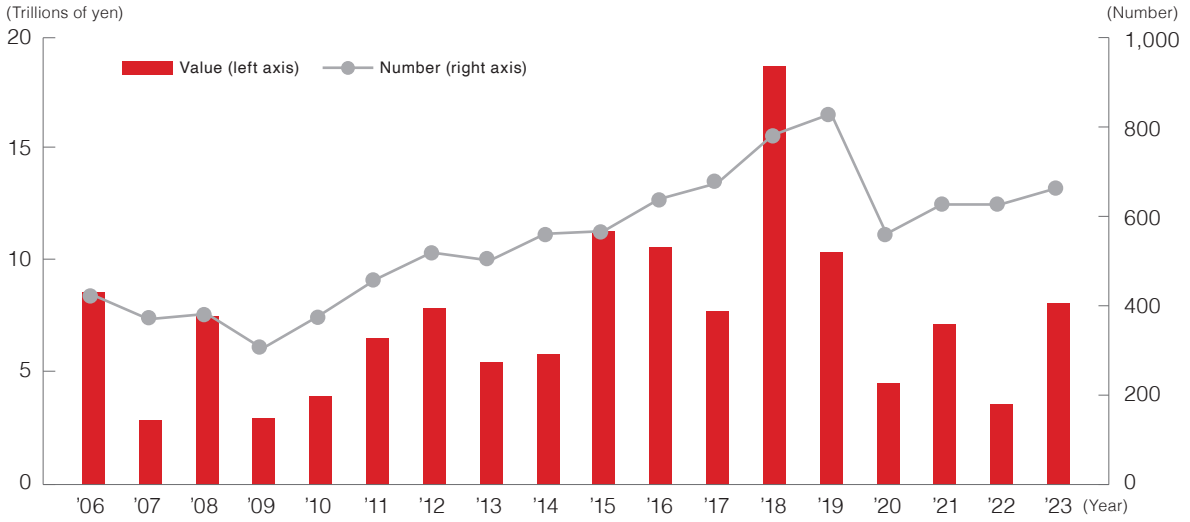
Uncertain business environment

Japanese companies continue to operate in a highly uncertain business environment. In the *Survey Report on Overseas Business Operations by Japanese Manufacturing Companies* released by JBIC in December 2023, approximately 90% of companies polled responded that, regardless of the country or region where they operate, soaring global energy, raw material, parts, and other costs are forcing them to take measures such as curbing energy use and cutting expenses. This reaffirms our belief that rising prices are an important factor affecting the overseas business expansion of Japanese companies. Furthermore, we are also seeing a move to reassess raw material procurement sources, particularly among major corporations. This comes in response to the rise in geopolitical risk associated with the Russian invasion of Ukraine, prolonged U.S.–China friction, and the Israel–Gaza conflict that began in 2023.

Globally, government-led digital transformation (DX) investments are proceeding apace, particularly in Europe and the U.S., and the semiconductor industry, which is at the core of industrial DX, is becoming increasingly important. As supply chains are being restructured in light of rising geopolitical risks, and the trend toward DX and green transformation creates new investment opportunities, Japanese companies are continuing to expand their overseas businesses through M&A among other capital investments. There were 661 M&A transactions undertaken by Japanese companies overseas in 2023, which is more than in 2022, with an increase in large-scale transactions of ¥100 billion or more indicating a recovery in cross-border M&A investments, partly due to easing concerns about a global economic recession.

The shipping, shipbuilding, and aviation industries are also working to help realize a decarbonized society. Specifically, they are using state-of-the-art marine vessels that comply with environmental regulations, and promoting developments aimed at the introduction both of ships powered by new fuel, and aircraft with high fuel-efficient performance. As efforts to realize a decarbonized society accelerate in various countries, the promotion of these efforts has become an urgent issue in order to maintain and improve the international competitiveness of Japanese companies.

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



Source: RECOF Corporation

Mid-tier enterprise and SME business environment awareness

Compared with large enterprises, mid-tier enterprises and SMEs have limited human resources and capital. When expanding overseas, they are under great pressure to respond to the impact of rising financing costs. They seek to overcome the higher costs, due to high, mainly dollar-based interest rates by, for example, borrowing in local Asian currencies such as the Thai baht. They are also forced to take measures to counter supply chain disruptions and breakdowns resulting from growing geopolitical risks. Remedial action taken might be pulling out of China and relocating to other countries, such as Vietnam or India.

Group Strategy

Ⅰ. Realize a sustainable future

We will support projects that contribute to resolving global issues related to renewable energy, electric vehicles and fuel cell vehicles, environmentally friendly marine vessels and aircraft, food, medical care, and other areas.

Ⅱ. Strengthen resilience of Japanese industry and support creative innovation

We will support projects that help eliminate bottlenecks in the supply chains of Japanese industries (semiconductors, electric vehicles, aircraft parts, etc.). Further, with regard to mid-tier enterprises and SMEs, we will expand, strengthen, and deepen cooperative ties and partnerships mainly with regional financial institutions, and support the overseas expansion of enterprises that are important for stabilizing the supply chain and possess technological capabilities expected to be useful in the future.

Ⅲ. Provide JBIC's own unique solutions by strategically functioning as an international financial institution

In countries surrounding Ukraine, we will back investment projects by Japanese companies that are supporting energy transition there.

Project Highlights

Loan for manufacture, sale of semiconductors chemicals by U.S. subsidiary of Mitsubishi Gas Chemical Company, Inc.

—Supporting supply chain resilience—

JBIC signed a loan agreement with MGC Pure Chemicals America, Inc. (MPCA), a U.S. subsidiary of Mitsubishi Gas Chemical Company, Inc. The loan will fund the expansion of MPCA facilities producing the chemicals used in semiconductors: super-pure hydrogen peroxide and super-pure ammonium hydroxide.*

Mitsubishi Gas Chemical manufactures and sells chemicals for semiconductors in the U.S., and is planning to increase MPCA production capacity in anticipation of rising demand for semiconductor chemicals, reflecting long-term growth in the semiconductor market. The loan will support Mitsubishi Gas Chemical's overseas business deployment, thereby helping maintain and improve the international competitiveness of Japanese industries.

MGC Pure Chemicals America, Inc. Texas Plant
(Source: Mitsubishi Gas Chemical.)

* Chemicals are essential in semiconductor manufacturing. They are used for the cleaning, etching, and photoresist stripping of silicon wafers.

Loans to acquire Fairfield Chemical Carriers of Singapore by MOL Chemical Tankers under auspices of Mitsui O.S.K. Lines

—Supporting overseas M&A—

JBIC signed loan agreements with Mitsui O.S.K. Lines, Ltd. (MOL), and Singapore-based MOL Treasury Management Pte. Ltd., to provide a portion of the funds necessary for Singapore-based MOL Chemical Tankers Pte. Ltd. (MOLCT) to acquire Fairfield Chemical Carriers Pte. Ltd. (FCC). FCC is a Singapore-based company specializing in the operation of chemical tankers with global sea routes.

In acquiring FCC as a wholly-owned subsidiary, MOLCT will significantly increase its fleet of chemical tankers, and aims to further expand its business and capture additional earning opportunities by acquiring a new customer base. The loans provide financial support for MOL Group companies' overseas M&A activities, and contribute to maintaining and improving the international competitiveness of the Japanese shipping industry.

A chemical tanker operated by the acquired Fairfield Chemical Carriers
(Source: Mitsui O.S.K. Lines.)

Loans to set up FUJIX subsidiary in Vietnam

—Supporting Japanese electrical and electronic component companies to strengthen their supply chains—

JBIC, in cooperation with MUFG Bank, Ltd., signed a loan agreement with FUJIX CO., LTD., to provide the funds necessary to establish a subsidiary, FUJIX ELECTRONIC VIETNAM COMPANY LIMITED (FEV).

FUJIX manufactures and sells wire harnesses and aluminum die-cast products used in servo motors and inverters for industrial robots. FEV was established in November 2023, amid growing demand for electrical components required for industrial robots and other applications in line with the expansion of global factory automation demand. The funds provide financial support for FUJIX overseas business developments, and help maintain and improve the international competitiveness of the Japanese industry.

FUJIX ELECTRONIC VIETNAM COMPANY LIMITED

(Source: FUJIX.)

Loans for manufacture, sale of shipping container packaging by Shinwa Package's Indonesian subsidiary

—Supporting SME overseas business development through local currency-denominated financing—

JBIC signed a loan agreement with PT. SHINWA PACKAGE INDONESIA (SPI), a subsidiary of SHINWA PACKAGE CO., LTD. The loan provides the funds SPI needs to manufacture and sell shipping container packaging in Karawang Regency, Indonesia. It will be used to expand SPI's manufacturing facilities.

SHINWA PACKAGE is an SME that makes and sells packaging materials for steel containers used to transport automobiles, construction machinery, industrial equipment, and semiconductors. In line with the overseas expansion of major Japanese steel manufacturers and other companies, SHINWA PACKAGE has been developing its overseas business by expanding into Thailand and Indonesia.

These funds are helping to finance SHINWA PACKAGE's overseas business,and are contributing to maintaining and improving the international competitiveness of the Japanese industry.

SHINWA PACKAGE INDONESIA

(Source: SHINWA PACKAGE.)

4. Equity Finance Group

Group Outline

The Equity Finance Group is engaged in operations related to equity investment and securitization to support Japanese industry by supplying risk capital. We handle the following:

- Operations related to equity investment and securitization
- Equity investments supporting M&A activities by Japanese companies and business alliances with overseas companies
- Equity investments through funds managed by JBIC IG Partners (JBIC IG) under the collaboration with JBIC
- Equity investment commitments over the past five years: approximately ¥170 billion (of which ¥140 billion was in the environment and renewable energy sectors)

Message

Leading the creative transformation of Japanese industry through the promotion of innovation

The international community has entered an age of volatility, uncertainty, complexity, and ambiguity. Coupled with rising geopolitical risks, the environment surrounding companies is changing at an unprecedented pace. Under these circumstances, Japanese companies must promote GX and DX, which are essential for creating innovations leading to sustainable growth.

Accordingly, Japanese companies seeking to acquire advanced technologies or develop new business models are increasingly making use of equity and other forms of risk capital in various scenarios, including M&A and overseas expansion. The Equity Finance Group is striving to enhance its investment operations to meet the needs of Japanese companies.

In collaboration with JBIC IG, established in June 2017, we have launched five funds. JBIC and JBIC IG, as also the JBIC Group, will continue to support structuring projects and Japanese companies' overseas businesses by utilizing our equity investment functions.

Further, the Japan Bank for International Cooperation Act was amended in FY2023 to strengthen our startup support function. We will continue to enhance our efforts to support the innovation.

To further strengthen Japan's economy, it is extremely important to both expand into overseas markets utilizing the technologies and track records of Japanese companies, as well as to incorporate innovative technologies from a global perspective and achieve breakthroughs.

JBIC remains a partner to Japanese companies and contributes to achieving the innovative transformation of Japanese industry. This it does not only through its financing functions, such as providing risk capital, but also by leveraging its know-how, networks, and brand power to support its portfolio companies, overseas joint venture partner companies, and the host countries themselves.

YONEYAMA Yasuaki
Managing Executive Director
Global Head of Equity Finance Group

Business Environment: Risks and Opportunities

The "Basic Policy on Economic and Fiscal Management and Reform 2023," formulated by the Japanese government in June 2023, calls for the promotion of GX, DX, and startups, as well as for a shift to a new industrial structure and the promotion of economic security policies to make Japan's economy more resilient.

To this end, the government will strengthen its use of relevant government agencies to promote international economic cooperation, including the realization of the Asia Zero Emission Community initiative. Further, it will also encourage companies that possess both technologies and ambition to pursue overseas expansion.

In line with the Japanese government's basic policy is recognition of the need to strengthen support for Japanese companies that aim to acquire new advanced technologies and develop new business models. Meanwhile, if these aims are to be achieved, it is becoming increasingly necessary to provide risk capital.

With regard to startup promotion, the "Startup Development Five-year Plan," formulated by the Japanese government in November 2022, aims to cultivate a startup ecosystem in Japan. It hopes to make Japan the largest startup hub in Asia and, eventually, one of the world's leading global locations for startups. JBIC already is developing capabilities to meet these new needs, including the use of Special Operations.

Group Strategy

Ⅰ. Realize a sustainable future

We will provide risk capital for strategic initiatives by Japanese companies that aim to enter two kinds of business. First, next-generation energy businesses (such as those related to hydrogen and storage batteries) in developed countries where framework development is ahead of schedule; and, second, renewable energy and basic infrastructure businesses in developing countries.

Ⅱ. Strengthen resilience of Japanese industry and support creative innovation

We will provide risk capital to Japanese companies engaged in projects aimed at strengthening global value and supply chains, as well as to M&A projects targeting innovative technologies and businesses.

With regard to investment in startups, the JBIC Group, including JBIC IG, is working to accumulate specific investment projects designed to help Japan's startups enter global startup ecosystems. Meanwhile, the Group is globalizing the startup ecosystem in Japan.

Ⅲ. Provide JBIC's own unique solutions by strategically functioning as an international financial institution

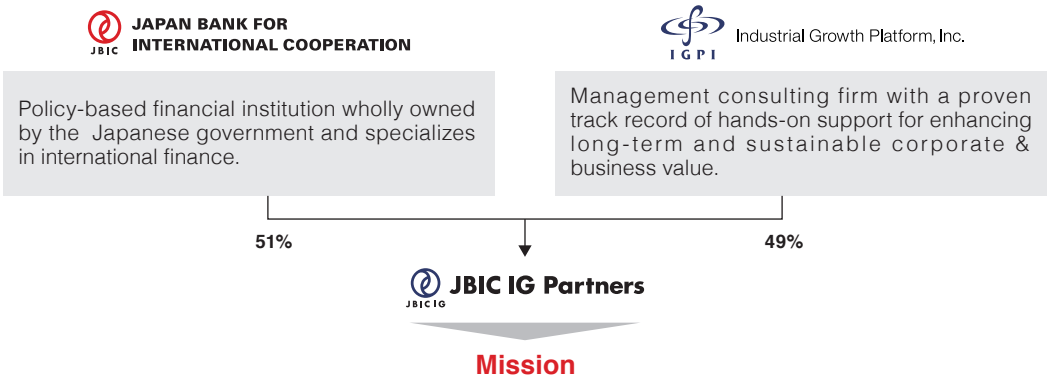
In working to structure new investment projects related to Key Focus Areas I and II, JBIC will leverage its functions in the areas of multilateral cooperation and collaboration with international organizations. It aims, thereby, to help construct and implement Japan's foreign economic policies.

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 Japanese policy-based financial institution; IGPI has the knowledge of investments 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

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



JBIC IG business model

Through investment advisory services to overseas funds, JBIC IG invests in overseas projects by partnering with foreign investment managers. The investments aim to promote Japanese companies' joint investments or provide opportunities for Japanese companies to collaborate with overseas companies.

Among several noteworthy achievements, one occurred in January 2019, when JBIC IG established the JB Nordic (also known as NordicNinja) venture capital fund. The fund, designed to invest in startups in the Nordic and Baltic regions, made a total of 20 investments. In March 2023, JBIC IG launched successor fund NordicNinja II, and is expanding its investment target areas to cover all Northern Europe.

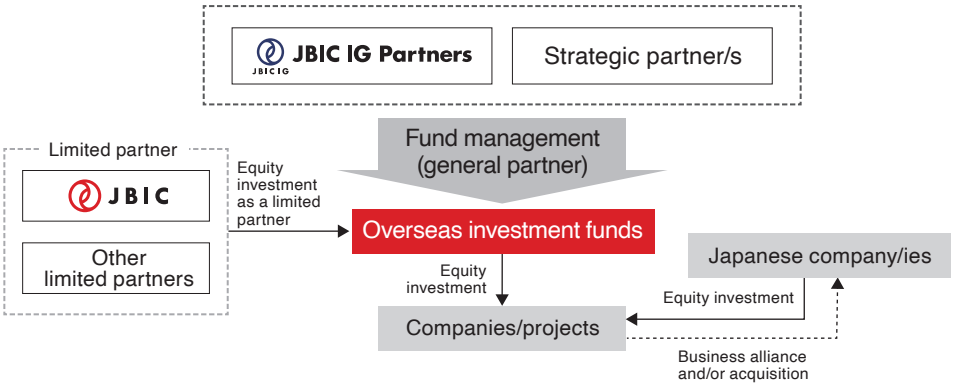
In May 2023, JBIC IG collaborated with New York-based ff Venture Capital, which has a proven track record for forming funds in the U.S. and Poland. Together, the two enterprises have set up ff Red & White, a new venture capital fund that will invest in startups in Central and Eastern Europe.

Then in August 2023, JBIC IG launched the India–Japan Fund in collaboration with the National Investment and Infrastructure Fund Limited, an Indian government-affiliated organization.

JBIC IG has brought together investee companies from the above funds with Japanese companies, and is engaged in activities to promote collaboration. It will continue to provide added value for Japanese industry through the creation of new investment funds.

Investment structure

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



Project Highlight

Investment in the India-Japan Fund

In August 2023, JBIC committed to making an equity investment in the Japan–India Fund, which is managed by the NIIFL, an Indian government-affiliated fund management firm, in collaboration with JBIC IG.

The fund invests in Indian renewable energy, electric vehicles, waste management, water treatment, and other businesses related to environmental conservation. It also invests in local companies and projects that collaborate with Japanese companies, with a view to promoting collaboration between Japanese and Indian enterprises.

At the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) held in November 2021, the Indian government stated that it plans to achieve carbon neutrality by 2070. It is, thus, promoting measures to address climate change, including the introduction of renewable energy and the promotion of electric vehicles. Additionally, through initiatives such as Clean India, announced in 2014, the country is working to improve domestic sanitation, including waste disposal and water treatment.

At a time when many Japanese companies are facing disruptions to their supply chains as a result of unstable global conditions, India has been attracting attention. Given its remarkable recent economic growth and its huge market size, it has great appeal as a destination for the relocation of production bases and for new investment.

Through its fund initiatives, JBIC will contribute to environmental conservation in India, as well as to maintaining and improving the international competitiveness of Japanese companies.

Signing ceremony

5. Data Section

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1. Twelve-year Main Financial Performance Outline

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017*
Total assets	14,430,245	16,346,047	18,463,816	17,580,622	18,571,673	18,012,060
Cash and due from banks	837,986	723,189	850,496	1,220,187	1,526,209	1,751,287
Securities	122,181	227,201	261,786	236,602	281,249	351,605
Loans and bills discounted	10,555,128	12,655,401	14,432,949	13,540,661	14,309,138	13,513,680
Total liabilities	12,083,506	14,004,734	16,003,296	15,108,255	16,064,061	15,465,589
Borrowed money	7,234,598	8,407,707	9,425,316	9,438,450	9,908,705	8,370,758
Bonds payable	2,215,962	2,711,377	3,049,490	2,668,558	3,301,565	4,392,597
Total net assets	2,346,738	2,341,312	2,460,520	2,472,367	2,507,611	2,546,471
Capital stock	1,360,000	1,360,000	1,391,000	1,391,000	1,683,000	1,765,200

Ordinary income	217,291	226,100	257,252	240,005	294,656	390,060
Ordinary expenses	153,708	134,741	136,755	197,276	253,118	327,996
Ordinary profit	63,583	91,358	120,496	42,728	41,537	62,063
Net income before income taxes	—	—	—	—	—	62,065
Net income	63,585	91,366	126,187	42,772	41,612	62,064
Net income attributable to owner of parent	—	—	—	—	—	62,081

Net cash provided by (used in) operating activities	13,826	151,011	32,337	716,752	86,879	316,767
Net cash provided by (used in) investing activities	(33,030)	(100,086)	(19,356)	21,888	(38,559)	(33,263)
Net cash provided by (used in) financing activities	42,358	(31,712)	(14,695)	(63,698)	120,601	61,591
Cash and cash equivalents at end of period	23,154	42,367	40,651	715,594	884,516	1,229,610

* Consolidated financial statements have been disclosed since fiscal 2017, with the establishment of the subsidiary JBIC IG.

First Medium-Term Business Plan → Second Medium-Term Business Plan

(Unit: millions of yen)

FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
17,648,951	17,337,510	16,873,323	18,429,429	20,157,883	21,657,108
1,191,463	1,544,838	1,233,919	1,451,153	2,193,775	2,565,369
367,026	358,748	272,359	328,053	347,087	340,203
13,576,561	13,133,980	13,556,815	14,759,174	15,587,788	16,423,476
14,962,287	14,223,458	13,832,426	15,526,462	17,208,488	18,672,083
7,574,713	6,786,499	6,651,321	7,554,208	8,513,677	9,193,988
4,583,492	4,886,646	4,964,965	5,634,984	6,191,755	6,636,856
2,686,664	3,114,051	3,040,896	2,902,967	2,949,394	2,985,025
1,785,300	1,883,800	1,963,800	2,023,800	2,108,800	2,211,800

479,113	485,856	284,742	313,480	659,923	1,133,061
426,085	369,071	240,369	296,089	503,404	1,069,795
53,028	116,784	44,372	17,391	156,518	63,265
53,034	116,801	44,382	17,394	156,532	62,371
53,030	116,775	44,337	17,345	156,518	62,316
53,022	116,740	44,290	17,299	156,585	62,342

(448,205)	225,807	(354,995)	(66,110)	411,380	(306,770)
(36,062)	7,512	75,141	(25,412)	(11,064)	24,483
(11,050)	71,974	21,544	38,116	77,670	23,053
734,292	1,039,586	781,277	727,871	1,205,858	946,624

Third Medium-Term Business Plan → Fourth Medium-Term Business Plan

2. Profile

(As of June 18, 2024)

Name	Japan Bank for International Cooperation (JBIC)
Office	4-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8144, Japan
Capital	¥2,211.8 billion (wholly owned by the Japanese government)
Loan and equity investments outstanding	¥16,828.7 billion (as of March 31, 2024)
Guarantees outstanding	¥1,526.4 billion (as of March 31, 2024)

3. Organizational Chart

(As of July 1, 2024)

● Domestic

- **Corporate Planning Group**
  - Corporate Planning Department
  - Legal Affairs and Compliance Office
  - Human Resources Management Office
  - Sustainability Management Department
  - Strategic Research Department
- **Credit, Assessment and Risk Management Group**
  - Credit Department
  - Environmental Assessment Office
  - Country Credit Department
  - Risk Management Department
- **Treasury and Systems Group**
  - Treasury Department
  - Administration and General Services Department
  - IT Planning and Operations Administration Department
- **Energy and Natural Resources Finance Group**
  - Energy Solutions Finance Department
  - Energy Transformation Strategy Office
  - Mining and Metals Finance Department
- **Infrastructure and Environment Finance Group**
  - New Energy and Power Finance Department I
  - New Energy and Power Finance Department II
  - Social Infrastructure Finance Department
- **Industry Finance Group**
  - Corporate Finance Department
  - Finance Office for SMEs
  - Marine and Aviation Finance Department
  - Osaka Branch
- **Equity Finance Group**
  - Equity Investment Department
- Internal Audit Department
- Audit and Supervisory Board Members' Office

● Overseas

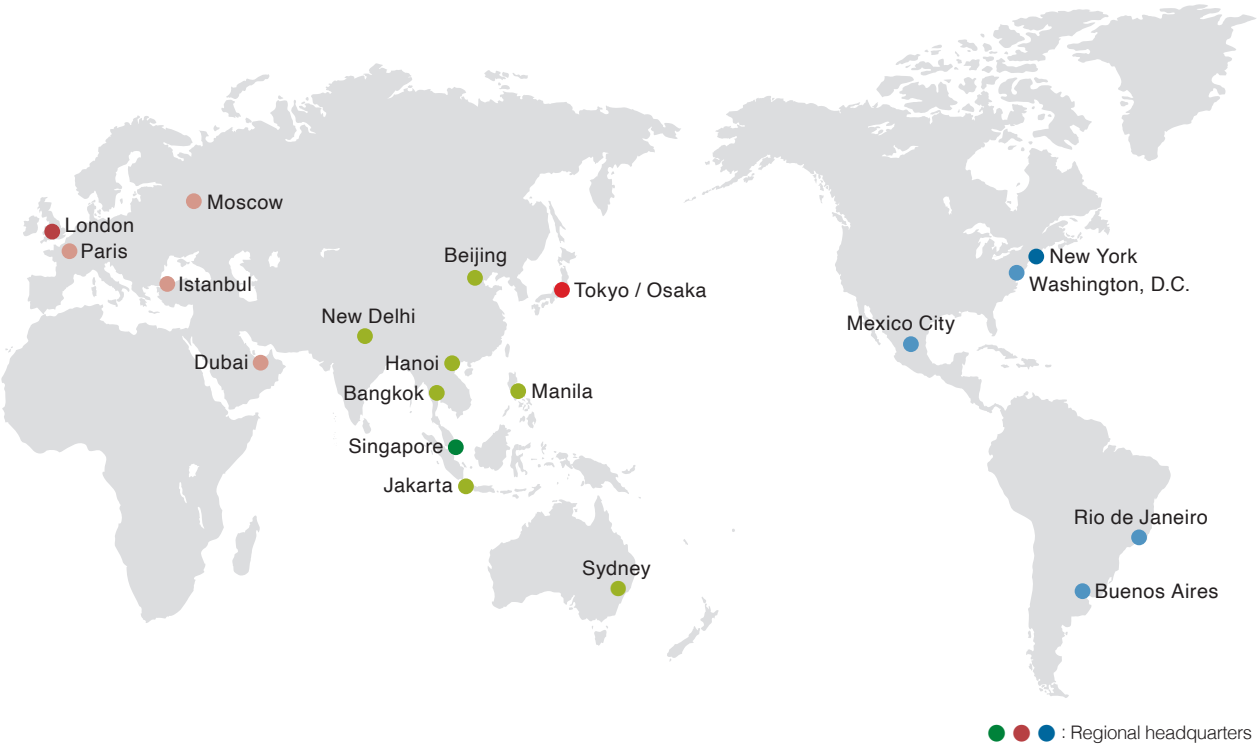
Regional Head for Asia and Pacific	Singapore,* Beijing, Bangkok, Hanoi, Jakarta, Manila, New Delhi, Sydney
Regional Head for Europe, the Middle East and Africa	London,* Moscow, Paris, Istanbul, Dubai
Regional Head for the Americas	New York,* Washington, D.C., Buenos Aires, Mexico City, Rio de Janeiro

* Singapore, London, and New York are assigned as core regional headquarters to supervise business and administrative activities and support project formulation in Asia and Pacific; Europe, the Middle East and Africa; and the Americas, respectively.

4. Domestic and Overseas Network

(As of July 1, 2024)

JBIC has its head office in Tokyo and a branch in Osaka, both in Japan, and 18 representative offices overseas.



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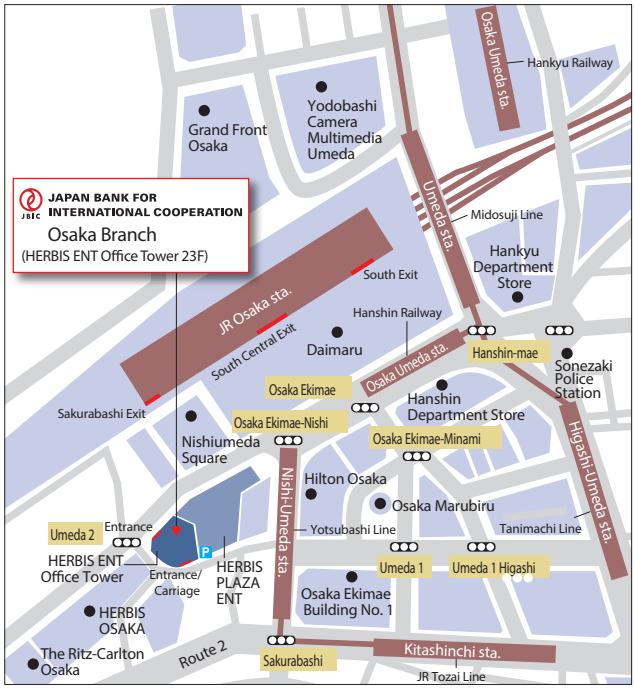

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JAPAN BANK FOR
INTERNATIONAL COOPERATION

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This publication has been printed using eco-friendly vegetable oil ink.

VEGETABLE OIL INK

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