2016 Annual Report

Supporting Your Global Challenges
Profile of JBIC

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The Purpose of JBIC

JBIC is a policy-based financial institution wholly owned by the Japanese government, which has the objective of contributing to the sound development of Japan and the international economy and society, by conducting financial operations in the following four fields:

- Promoting the overseas development and securement of resources which are important for Japan
- Maintaining and improving the international competitiveness of Japanese industries
- Promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming
- Preventing disruptions to international financial order or taking appropriate measures with respect to damages caused by such disruptions

Corporate Slogan

日本の力を、世界のために。

Supporting Your Global Challenges

Corporate Philosophy

The objective of JBIC, as set forth in its statutory law, is to “contribute to the sound development of Japan and the international economy and society” by executing a variety of financial functions. To pursue this objective, we have set out the following corporate philosophy, which espouses three core values: “Hands-on Policy,” “Customer-1st Approach” and “Forward-looking Action.”

Positioned at the crossroads of global business opportunities, JBIC is opening new venues to the future for the Japanese and global economy.

Hands-on Policy: Pioneering new value by participating at the forefront of overseas project development, and by engaging proactively in projects from the early stages

Customer-1st Approach: Offering customers one-of-a-kind solutions by adopting their perspectives and integrating their views into policy development

Forward-looking Action: Contributing to the sustainable development of Japan and the world as a whole by deploying highly professional skills, with a view to realizing a secure and affluent future society

Operational Principles

JBIC, as a policy-based financial institution and in accordance with the following principles, conducts speedy and well-focused operations based on policy needs in response to economic and financial situations in Japan and abroad.

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

2. Ensuring financial soundness and certainty of repayment
   Pursuant to the JBIC Act, JBIC shall make efforts to maintain the financial soundness of its operations, and when making financial decisions, to conduct adequate screening regarding the outlook for the recovery of funds.

3. Maintaining and improving international creditworthiness and confidence
   In order to conduct adequate operations and effective overseas funding operations, JBIC shall maintain and improve the international creditworthiness and confidence gained by JBIC over the years.

4. Conducting business operations by drawing on its expertise and initiatives
   JBIC shall conduct operations by drawing on its own expertise and initiatives on international finance.


**JBIC Code of Conduct**

- Act consistently in the public interest. Contribute to Japan and the international community by pursuing our Mission.
- Prioritize client satisfaction. Deliberate, decide and act from the client’s perspective.
- Accept responsibility as a professional. Perform every task based on your own initiative.
- Undertake challenges daringly. Create new value without fear of failure.
- Work quickly and cost-effectively. Enhance your work quality with an eye to efficiency.
- Focus on teamwork. Share unified objectives with your colleagues to achieve significant successes.
- Maintain high ethical standards and a law-abiding spirit. Observe our moral code as a JBIC member at all times.

**History**

Japan Bank for International Cooperation (JBIC) was established on April 1, 2012 in accordance with the Japan Bank for International Cooperation Act (JBIC Act), which promulgated and came into effect on May 2, 2011.

**Profile**

<table>
<thead>
<tr>
<th>Name</th>
<th>Japan Bank for International Cooperation (JBIC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office</td>
<td>4-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8144, Japan</td>
</tr>
<tr>
<td>Capital*</td>
<td>¥1,391.0 billion (wholly owned by the Japanese government)</td>
</tr>
<tr>
<td>Outstanding Loans and Equity Participations*</td>
<td>¥13,843.9 billion</td>
</tr>
<tr>
<td>Outstanding Guarantees*</td>
<td>¥2,464.7 billion</td>
</tr>
</tbody>
</table>

* As of March 31, 2016
Interview with the Governor

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

The global economy remains vulnerable to downside risks that could jeopardize economic growth. The risks include the impact of monetary policy normalization in the U.S., an uncertain economic outlook in China and other emerging countries in Asia, as well as falling crude oil prices.

Japan is also facing significant changes in the global environment. In the energy and natural resources sector, following the idling of all domestic nuclear power stations, initiatives to diversify overseas energy suppliers, acquire upstream interests, strengthen relations with resource-rich countries, as well as to reduce procurement costs, while diversifying energy sources, have become critically important as these initiatives directly affect the lives of Japan’s citizens.

Japanese industries, meanwhile, have been globalizing entire value chains to capture demand from growth markets. However, amid intensifying competition from companies in both leading emerging-markets and developed countries, Japanese businesses cannot rely only on proprietary products and constituent technologies to expand overseas. They must also develop systems that integrate management know-how with their operations and maintenance services.

In particular, for infrastructure projects, the promotion of public–private partnerships has become important, given that such projects require a longer time to generate investment returns and face considerable business risks, while local governments hold considerable authority in the projects. Furthermore, in an era when achieving a balance between environmental conservation and economic development is recognized as a universal challenge, it is necessary for individual projects to respond to the need for reduced environmental and social impacts. Such expectations thus apply to those renewable energy projects that utilize Japan’s advanced environmental technologies.

As a response to changes in the domestic and overseas environment, the Act for Partial Amendment of the Japan Bank for International Cooperation Act was enacted on May 11, 2016. The Act enables JBIC to take further risks regarding overseas infrastructure and other foundations of socioeconomic activities, and to diversify its financing methods so that it might proffer additional support to Japanese companies expanding overseas.

As a policy-based financial institution, JBIC is committed to better buttressing Japanese companies as their presence overseas grows, in line with the expectations and needs of the Japanese government and Japanese industries.

Akira Kondoh
Governor
Japan Bank for International Cooperation (JBIC)
Would you briefly explain your objectives as the newly appointed governor?

It is important to remain cognizant of JBIC’s purpose and to bear in mind that, as a policy-based financial institution wholly owned by the Japanese government, JBIC serves the role of complementing the functions of Japanese private-sector financial institutions. JBIC strives to secure a stable supply of natural resources that are vital for Japan, improve the international competitiveness of Japanese industries, while conserving the global environment and maintaining international financial stability, with the aim of contributing to the sound development of Japan as well as the international economy and society. These imperatives are rooted in the laws that govern JBIC’s incorporation.

JBIC comprises a small but incredibly talented team of professionals. In terms of business execution, we are still informed by conventional policies, but I plan to focus on three areas for the management of this organization. First of all, for the organizational management which stands in the very center of our business operations, I would like to foster an open workplace that encourages mutual communication and affirms the value of our employees and their families.

Second, we must accurately respond to the needs of customers. In a broad sense, our customers are not limited to Japanese companies. Thus, working within a legal framework, it is imperative that we meet the needs of customers around the world, including governments of various countries, local financial institutions, and companies which are involved in projects.

Third, JBIC must be accountable to the people of Japan who, as taxpayers, are effectively its major shareholders. I will endeavor to manage the organization while not losing sight of the level of satisfaction required by each of our major stakeholders: our employees and clients, as well as the people of Japan.

What challenges do you anticipate?

Having been involved in managing JBIC as an outside director over the past four years, I am confident that we have been adequately fulfilling our role as an organization within a certain, defined framework. This commitment will continue to inform all our actions, including the implementation of our medium-term business plan.

Meanwhile, as demand for infrastructure projects overseas grows, we have significantly increased our risk exposure, in addition to changing the way in which we provide support. Specifically, the May enactment of the Act for Partial Amendment of the Japan Bank for International Cooperation Act has enabled us to become more involved in projects that we could not previously support. But, at the same time, the revision has opened up a new set of challenges for JBIC, based on a fresh set of expectations stemming from the amended law. This makes it necessary for us to further strengthen our risk management framework, taking advantage of the network, expertise and experience we have developed over the years.

Please summarize JBIC’s FY2015 performance.

In FY2015, JBIC provided ¥2,397.4 billion in loans, guarantees, and equity participation approvals. This was a high level of commitment, despite it being 26.2% less than the amount we had extended in FY2014, when there had been several large-scale natural resource and chemical plant projects.

On a project basis, in FY2015, JBIC contributed to 298 projects, representing a year-on-year increase of 27, reflecting the bank’s dedication to bolstering the strategic efforts of Japanese companies expanding abroad. Besides supporting overseas mergers and acquisitions (M&A) by Japanese enterprises, JBIC also has backed the push overseas by mid-tier enterprises and small and medium-sized enterprises (SME). The outstanding amount of loans and guarantees was ¥16,308.6 billion. Despite Provisions of Allowance for Loan Losses and Loss on Investments in Partnership, Net Income of ¥42.7 billion enabled JBIC to remain profitable and pay ¥21.3 billion into the national treasury.

What have been JBIC’s major achievements?

JBIC is making steady progress with regard to each of the five business areas highlighted in the Medium-Term Business Plan (FY2015–2017): energy and natural resources; infrastructure; manufacturing and other industries; mid-tier enterprises and SME; and the environment.

In the energy and natural resources sector, in FY2015, JBIC provided loans, guarantees, and equity participation approvals for 12 projects, totaling ¥489.2 billion. Both the number of projects and amount involved were down year on year, but I believe this was due to the more cautious stance of Japanese companies regarding new investments—bearing in mind the stagnant prices for natural resources, including crude oil—and the decline that might be expected following several large projects in the previous fiscal year.

For Japan, which imports most of its natural resources from overseas, securing a stable long-term...
supply of natural resources remains a critical issue, since it directly impacts the lives of Japanese citizens. Thus, in FY2015, JBIC aggressively increased its country-risk exposure and, as part of its plan to strengthen its relationship with resource-rich countries, provided a loan to Abu Dhabi National Oil Company (ADNOC) and project financing for Trinidad and Tobago. JBIC also continues to invest in projects that will assist in reducing procurement costs of liquefied natural gas (LNG).

In terms of infrastructure, particularly in the power sector, JBIC supported the participation of Japanese businesses in new growth markets, investments by Japanese companies in major private power generation projects and the export of equipment for renewable energy-based power generation. Such projects include funding to support the participation of Japanese companies in a natural gas-fired power generation and desalination project in Qatar; an offshore wind power generation project in the Netherlands; the export of thermal power generation facilities to the Bangladesh Power Development Board and to the Indonesian state-owned power company, PT PLN (Persero); as well as the export of geothermal power generation equipment to an Icelandic national power company and a Turkish company.

In the telecommunications sector, through an export loan to Banco de Desenvolvimento de Angola (BDA), the state-owned development bank of Angola, JBIC supported the export of a complete system to lay the world’s first optical submarine cable across the South Atlantic, directly linking the African and South American continents.

JBIC also utilized its equity participation function to sign a shareholders agreement giving it an equity interest in Dawei Special Economic Zone Development Company Limited in Myanmar. The purpose of this capital contribution is to enable JBIC to begin supporting project formulation in Myanmar from the early stages.

In the industrial sector, there continues to be robust demand for funds to finance the overseas acquisition of businesses by Japanese companies. JBIC supported projects included the acquisition of a beer production and sales business in Myanmar, as well as a logistics business in Singapore through a credit line for a Japanese financial institution.

JBIC also continues to provide firm support for initiatives in new growth fields, including for overseas M&A by Japanese companies targeting such expanding areas as agriculture, foods, and IT (big data).

In the mid-tier enterprises and SME sectors, due to the success of ongoing measures to increase collaboration with regional financial institutions and a commitment to satisfy the need for local-currency loans, JBIC approved financing for 133 commitments, representing ¥42.9 billion in loans, guarantees and equity participation. This was a new record in terms of the number of commitments.

Mid-tier enterprises and SME expressed optimism with the inauguration of the new JBIC in 2012 and, having expanded its initiatives, the bank has been increasing its commitments. One particular highlight has been the increase in cofinancing arrangements with regional financial institutions. As part of its efforts to support the overseas expansion of mid-tier enterprises and SME, JBIC signed in FY2015 memorandum of understanding (MOU) for business cooperation with the Mexican state governments of Aguascalientes, Jalisco, Guanajuato, and Nuevo León, as well as with BANCO NACIONAL DE MÉXICO, S.A., INTEGRANTE DEL GRUPO FINANCIERO BANAMEX (Banamex), a Mexican bank.

Mexico is an important operating base, particularly for the automotive industry, and more Japanese companies are expected to set up operations and invest in the country. By partnering with regional financial institutions, JBIC is building a framework to support the entry of Japanese mid-tier enterprises and SME in various Mexican states.

In terms of the environment, JBIC has supported measures to reduce the effects of climate change in developing countries. As part of the Global action for Reconciling Economic growth and ENvironmental preservation (GREEN) initiative, JBIC established new credit lines for Brazil’s Banco Nacional de Desenvolvimento Econômico e Social (BNDES), Mexico’s Banco Nacional de Comercio Exterior, S.N.C. (BANCOMEXT), and Latin America’s development bank, Corporación Andina de Fomento (CAF). Through these lines of credit, JBIC has provided loans to support renewable energy and energy-efficient projects in several Latin American and Caribbean countries. These are also in line with an initiative announced by the Japanese government in November 2015, “Actions for Cool Earth: ACE2.0.”

<table>
<thead>
<tr>
<th>Commitments to Mid-tier Enterprises and SME</th>
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<tbody>
<tr>
<td>Amount</td>
</tr>
<tr>
<td>(Billion of yen)</td>
</tr>
<tr>
<td>31.6</td>
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<td>33</td>
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<td>42.9</td>
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<tr>
<td>111.7</td>
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<tr>
<td>133</td>
</tr>
</tbody>
</table>

Notes
1. Includes separate loan agreements based on SME-supporting two-step loans for regional banks.
2. Commitments in FY2014 include loans amounting to approximately ¥75.4 billion to fund the Mizkan Group’s acquisition of a pasta sauce business from a Unilever subsidiary in the U.S.
Please summarize JBIC’s initiatives for this fiscal year and the future outlook.

FY2016 is the second year of the medium-term business plan, and I believe that our initiatives continue to emphasize our five business areas.

In the energy and natural resources sector, investments by Japanese companies are partly influenced by the future outlook of commodity prices. On the upside, the major private and state-owned natural resources companies are structuring their portfolio, and this has created a favorable opportunity for Japanese companies to acquire valuable assets on the chance that such assets become available for sale. Should a Japanese company have the opportunity to acquire resource interests, JBIC’s policy would be to consider providing financing, since its task is to prioritize initiatives that aim to diversify natural resource suppliers and secure a stable supply of resources. I believe that JBIC would strive to provide quality support, while managing the appropriate country-risk exposure to resource-rich countries.

In the infrastructure sector, the Japanese government’s Partnership for Quality Infrastructure underlines the importance of quality infrastructure exports. Reflecting this, JBIC will make greater use of its ability to negotiate with foreign governments and key players overseas, as it strives to participate in project formulation from the early stages, and take advantage of opportunities that entail higher risks by applying its risk-control expertise.

In the industrial sector, as well as in the mid-tier enterprises and SME sector, JBIC will contribute to strengthening the international competitiveness and profit opportunities of Japanese companies. Further, given the national importance of such projects, JBIC will step up those initiatives that enable it to offer consultations and to participate in strategy formulation from the early stages, and to supply risk money for a greater variety of projects. JBIC will also provide more vigorous support for the global expansion of such Japanese companies as mid-tier enterprises and SME, as well as M&A activities aimed at further enhancing their international competitiveness.

In the environment sector, JBIC will continue to exchange information and views with domestic and overseas governmental organizations, as well as international establishments. It will also continue to collaborate with them, while expanding and deepening its project support, in order to advance international measures and fund policies designed to mitigate climate change, including the Conference of the Parties (COP).

From a long-term perspective, could you briefly explain JBIC’s role and the issues it is likely to face in the future?

I believe that JBIC has two broad responsibilities. First, it must procure a stable, long-term supply of natural resources for Japan. Natural resource prices tend to fluctuate, and for Japan—which depends on overseas sources for most of its natural resources—securing such resources is an ongoing challenge in which JBIC must continue to be involved.

Second, based on the government’s Partnership for Quality Infrastructure initiative, JBIC will need to be aggressively involved in Japan’s efforts to make a global contribution. Asia has been joined by Latin America and Africa in realizing strong growth, but these regions lack the infrastructure to drive their development. Their social lifelines—including railways and roads, as well as power generation, energy, and water—are insufficient. Agriculture may also become an issue in the near future.

The major priorities are identifying business opportunities that these regions offer Japanese industries, the contributions the Japanese industries can make, and what kind of support JBIC should provide. The key lies in “high quality.” While achieving the high standards of functionality, durability, and safety which are required of infrastructure, Japan’s competitiveness is also attributed to its ability to deliver projects on schedule, as well as its consideration for the environmental and social impact of its projects.

As the ability to communicate those strengths becomes increasingly important, JBIC has been operating within a new framework since this year’s partial amendment of the Japan Bank for International Cooperation Act. By participating in projects from the formulation stage and fulfilling a more diverse range of funding functions, such as supplying financing for high-risk investments, JBIC will continue to contribute to the development of Japan and the global economy.
Directors, Managing Executive Officers and Corporate Auditors  
(As of August 1, 2016)

(Back row, from left) 
Managing Director 
Masaaki Amma  
Managing Director 
Shinichi Koizumi

(Front row, from left) 
CEO, Executive Managing Director 
Tadashi Maeda  
Governor 
Akira Kondoh  
COO, Senior Managing Director 
Nobumitsu Hayashi

(Back row, from left) 
Managing Executive Officer 
Shigeki Kimura  
Managing Executive Officer 
Yasuhiko Yoshida

(Front row, from left) 
Managing Executive Officer 
Kazuhiko Amakawa  
Managing Executive Officer 
Kenichiro Hayashi  
Managing Executive Officer 
Hideo Naito

Corporate Auditor 
Tatsuo Igarashi  
Corporate Auditor 
Yasuo Ota  
Corporate Auditor 
Yuko Tamai
### Directors

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governor</td>
<td>Akira Kondoh</td>
</tr>
<tr>
<td>CEO, Executive Managing Director</td>
<td>Tadashi Maeda</td>
</tr>
<tr>
<td>COO, Senior Managing Director</td>
<td>Nobumitsu Hayashi</td>
</tr>
<tr>
<td>Managing Director</td>
<td>Masaaki Amma</td>
</tr>
<tr>
<td>Managing Director (Outside Director)</td>
<td>Shinichi Koizumi</td>
</tr>
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### Managing Executive Officers

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing Executive Officer</td>
<td>Kenichiro Hayashi</td>
</tr>
<tr>
<td>Global Head of Corporate Group</td>
<td></td>
</tr>
<tr>
<td>Managing Executive Officer</td>
<td>Kazuhiko Amakawa</td>
</tr>
<tr>
<td>Global Head of Energy and Natural Resources Finance Group</td>
<td></td>
</tr>
<tr>
<td>Managing Executive Officer</td>
<td>Hideo Naito</td>
</tr>
<tr>
<td>Global Head of Infrastructure and Environment Finance Group</td>
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<tr>
<td>Managing Executive Officer</td>
<td>Shigeki Kimura</td>
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<tr>
<td>Global Head of Industry Finance Group</td>
<td></td>
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<tr>
<td>Managing Executive Officer</td>
<td>Yasuhiko Yoshida</td>
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<tr>
<td>Global Head of Credit, Assessment, and Systems Group</td>
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### Corporate Auditors

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Auditor (Full-time Corporate Auditor)</td>
<td>Yasuo Ota</td>
</tr>
<tr>
<td>Corporate Auditor (Outside Corporate Auditor)</td>
<td>Tatsuo Igarashi</td>
</tr>
<tr>
<td>Corporate Auditor (Outside Corporate Auditor)</td>
<td>Yuko Tamai</td>
</tr>
</tbody>
</table>
JBIC, since its inception in April 2012, has been proactively supporting Japanese companies’ overseas operations, including acquisition of energy and natural resources, infrastructure projects, M&A, as well as overseas business deployment of Japanese mid-tier enterprises and SME, utilizing a diverse array of financial schemes, including involvement in projects from the formation stage and performing risk-assuming functions. As a result, under JBIC’s three-year Medium-term Business Plan (FY2012–2014), the loans, equity participations, and guarantees carried out during the period amounted to a cumulative total of ¥9,700 billion.

At present, Japan is grappling with such structural challenges as population decline, a low birth rate, and population aging. Despite these challenges, the country is in the process of breaking free from more than two decades of economic stagnation as it works to regain its dynamism. To put the Japanese economy on a sound growth track and further lift society’s level of affluence, it is essential to improve the productivity of the economy as a whole and strengthen the country’s earning power. As one of the keys to achieving this goal, what is called for is the building of a new growth engine for the Japanese economy, particularly through opening up new frontiers. For example, this includes Japanese enterprises taking up the challenge of creating new businesses and the promotion of international project development.

Based on this recognition, JBIC has formulated its Medium-term Business Plan (FY2015–2017) as a means of contributing more actively to the sustainable growth of the Japanese economy. As Japan’s policy-based financial institution, JBIC will—as it has in the past—implement efforts to support the overseas business deployment of Japanese companies, and, through these efforts, JBIC will focus on supporting the building of a new growth engine for the Japanese economy. Hence, JBIC’s operations aim to further contribute to the sound development of Japan, the global economy, and the international community.

### Our Goal

JBIC will contribute to exploring and creating new business opportunities that will lead to the sustainable growth of Japan, through supporting the strengthening of Japanese companies’ overseas business deployment and resource acquisition, by exercising the financial intermediary functions unique to JBIC.

### Key Action Plans

<table>
<thead>
<tr>
<th>No.</th>
<th>Energy and Natural Resources</th>
<th>Infrastructure</th>
<th>Manufacturing and Other Industries</th>
<th>Mid-tier Enterprises and SME</th>
<th>Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>In these three business areas, JBIC will emphasize activities with higher difficulty levels such as those that require mid-to-long term project formation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In these two areas, JBIC will emphasize the whole range of activities of the Key Action Plans.</td>
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</tbody>
</table>

Established our “Goal” to conduct business more proactively and further contribute toward Japan’s sustainable future growth.

- Identified 5 “Business Areas” which JBIC needs to focus on.
- Identified 4 “Institutional Capabilities” to be demonstrated and strengthened, which are essential to better perform JBIC’s function in the 5 “Business Areas”.
- Identified “Key Action Plans” to “contribute to exploring and creating new business opportunities (country, region, area, sector, etc.) that will lead to the sustainable growth of the Japanese economy” by demonstrating and strengthening our 4 “Institutional Capabilities” in the 5 “Business Areas”.

### Our Goal and Key Action Plans
JBIC will contribute to exploring and creating new business opportunities that will lead to the sustainable growth of Japan, through supporting the strengthening of Japanese companies’ overseas business deployment and resource acquisition, by exercising the financial intermediary functions unique to JBIC.

**Our Goal**

**Business Areas**

1. Energy and Natural Resources
2. Infrastructure
3. Manufacturing and Other Industries
4. Mid-tier Enterprises and SME
5. Environment

**Institutional Capabilities**

- Financial Structuring for Business Implementation
- Realization of Projects Bankability
- Providing Information and Policy Recommendations
- Mobilization of Private Sector Finance

**Key Action Plans**

- Supporting Japanese Companies’ Energy and Natural Resources Business
- Supporting Promotion for Diversification and Advancement of Japanese Companies’ Overseas Infrastructure Development
- Supporting the Improvement of Japanese Industries’ Competitive Advantage and Growth Opportunities in the World Market
- Supporting Overseas Business Expansion of Japanese Mid-tier Enterprises and SME

- Positive Contribution to Preserving the Global Environment, including Measures to Mitigate Climate Change
- Enhancing Mobilization of Private Sector Finance through Strengthened Collaboration with Private Financial Institutions

**Key Action Plans of Corporate and Treasury Areas**

- Strengthening of Human Resources Development for the Further Improvement of Organizational Capability
- Improvement of Efficient Organizational Operation and Workflow
Details of Key Action Plans*

1. Supporting Japanese Companies’ Energy and Natural Resources Business

1-1 Promoting projects that secure and diversify the supply of resources

- JBIC supports project formation and implementation, through taking the country risk of resource-rich countries, utilizing its knowledge of risk management/allocation and developing a dialogue with overseas counterparties such as the governments of host countries, state-owned oil & gas companies and the international resources majors, by leveraging JBIC’s status as a policy-based financial institution. In addition, JBIC supports integrated natural resource projects, which include surrounding infrastructure and/or advanced technology.

1-2 Promoting projects that reduce LNG procurement costs

- JBIC supports the financing and realization of Japanese companies’ businesses that reduce Japan’s long-term LNG procurement costs in addition to the activities mentioned in the above 1-1.

2. Supporting Promotion for Diversification and Advancement of Japanese Companies’ Overseas Infrastructure Development

2-1 Strengthening efforts for social infrastructure projects such as railroad and water

- JBIC supports Japanese companies’ overseas infrastructure system projects, through developing a dialogue with the overseas counterparties and international key-players by leveraging JBIC’s status as a policy-based financial institution, utilizing its knowledge of risk management/allocation and drawing on various financial facilities and schemes, and promoting JBIC’s involvement from an early stage in the project’s framework development and formation.

2-2 Strengthening efforts for smooth implementation of power generation projects

- JBIC supports the overseas deployment of advanced technology and the participation of Japanese companies in high efficiency and renewable energy power generation projects, etc., beyond existing markets and schemes, by taking advantage of close relationships with and strong influence on host country’s governments and overseas key-players, and utilizing its knowledge of risk control/allocation and drawing on various financial facilities and schemes.

3. Supporting the Improvement of Japanese Industries’ Competitive Advantage and Growth Opportunities in the World Market

3-1 Strengthening support for the overseas business deployment of various industries which are the basis of the Japanese economy

- JBIC supports further opportunities for Japanese companies in various industries, which are the basis of the Japanese economy, to increase their earnings through overseas investment, by strengthening overseas risk-taking and communication from the development stage of corporate strategy.

3-2 Contributing to the development of competitive Japanese technologies and business models into growing industries through overseas business deployment

- JBIC supports Japanese companies with competitive technologies/brands/business models, etc. to develop into growth industries on a commercial basis and to capture market share in oversea markets, aiming to create Japan’s new growth industries.


Supporting mid-tier enterprises and SME overseas business expansion utilizing JBIC’s characteristics

- In collaboration with private financial institutions, JBIC supports Japanese mid-tier enterprises and SME increasing their earning opportunities through overseas business expansion, taking into account JBIC’s unique characteristics (e.g. local currency financing).

5. Positive Contribution to Preserving the Global Environment, Including Measures to Mitigate Climate Change

Strengthening efforts on projects that promote the preservation of the global environment, including measures to tackle with climate change

- JBIC supports the efforts of Japanese companies and overseas counterparties to preserve the global environment including measures to tackle with climate change, considering the international discussions and policies of the Japanese and host country governments in this field, by taking advantage of close relationships with host country governments and utilizing its knowledge of risk management/allocation and a wide range of financial facilities and schemes such as Global action for Reconciling Economic growth and ENvironmental preservation (GREEN).

Further enhancement of private sector finance mobilization

- JBIC expands efforts to promote its initiatives of credit securitization, including assignment of its loan portfolio.
- JBIC promotes the mobilization of private sector finance in a variety of ways, including providing funds in the form of equity, subordinated loans and providing LBO financing.
- JBIC pursues appropriate cofinancing taking into account the uniqueness of individual projects and the surrounding financial environment.

* JBIC will make necessary revisions to the Key Action Plans of the Medium-term Business Plan, when the surrounding environment or expected role change significantly, and as a result, JBIC determines that it should engage in additional/different fields.
Amendment of the Japan Bank for International Cooperation Act

Enhancing JBIC’s functions to support the overseas business expansion of Japanese companies

Following economic growth and rapid urbanization in emerging economies, global demand for infrastructure development is expected to continue expanding. Responding to this trend, the Japanese government announced the “Partnership for Quality Infrastructure.” This initiative intends to promote “Quality Infrastructure Investment,” referring to infrastructure investment under which life-cycle costs,* safety, resilience against natural disasters, environmental and social impacts, and contributions to the local society and economy are adequately taken into account.

As part of this initiative, the Act for Partial Amendment of the Japan Bank for International Cooperation Act was enacted on May 11, 2016, to further support the overseas business expansion of Japanese companies by strengthening JBIC’s functions.

* A life-cycle cost (LCC) is the sum of all costs accumulated throughout a project’s life, including not only the initial costs (such as those for planning, design, and construction), but also the cost of operation and maintenance, final dismantling and other costs.

JBIC’s Executive Managing Director and CEO summarized his views on key amendments and issues concerning the amendment of the JBIC Act.

Please briefly explain the act and its purpose.
Amid a significant increase in the demand for infrastructure development due to economic growth in emerging countries, capturing global infrastructure demand has become an important strategy for Japanese industries. In response to this trend, the Japanese government announced a “Partnership for Quality Infrastructure” at the “21st International Conference on the Future of Asia” in May 2015. The initiative, which focused on Asia, was led by Japan and was created to promote quality infrastructure investment that is made towards durable, safe, and socially and environmentally friendly infrastructure. Under this initiative, Japan aimed to boost funds for infrastructure investments by 30% over the next five years.

At the May 2016 G7 Ise-Shima Summit, the importance of “Quality Infrastructure Investment” was reaffirmed, and the target area expanded from Asia to the entire world. The initiative plans to raise the supply of funds to approximately USD 200 billion over the coming five years. As one of the pillars supporting such initiatives, the amendment of the JBIC Act is designed to further facilitate the expansion of Japanese businesses overseas, by strengthening JBIC’s ability to supply risk money and improve other functions.

Please describe the principal content of the amendments.
The amendments largely impact three areas. The first area is the Special Operations. Under the account for Special Operations, it is expected to provide deepened support for...
Three primary enhancements were made to JBIC’s functions by this amendment.

- **Establishment of Special Operations**
  The Operations enable JBIC to take further risks to support overseas infrastructure projects.

- **Expansion of JBIC’s operations in local currency**
  JBIC has introduced long-term borrowings in foreign currencies to further promote loans denominated in local currencies, for which there is strong demand from infrastructure projects carried out in developing countries.

- **Improvement of JBIC’s financial tools**
  JBIC has introduced new financial tools to further support the overseas deployment of Japanese companies.

overseas infrastructure projects that have relatively higher risk profiles, such as projects offered by local governments in emerging countries with lower credit.

The second area concerns long-term borrowings that JBIC is now allowed to make in currencies other than Japanese yen. Infrastructure projects basically generate revenues in local currencies and, since local currency-based loans are less sensitive to forex fluctuations, there long has been a great need for such loans. By introducing local currency borrowing, JBIC can more flexibly respond to requests from Japanese companies for local currency loans.

The third area that derives from the amendments concerns JBIC’s financial tools. These will allow us to broaden our financial support, making it possible for JBIC, for example, to purchase bonds issued for particular overseas infrastructure projects (project bonds).

- **What do you view as the future challenges?**
  I believe that the most important challenge lies in JBIC’s risk management framework. Even though types of risks and their impacts vary, no project is completely free of risk. It is, thus, imperative that we understand how to measure, analyze and control risks.

  To that end, it is important to participate in project formulation from the early stages, and to manage projects adequately to minimize risks. So, for example, when dealing with railroad projects, JBIC is expected to utilize its status as a public institution to have an intensive discussions with projects’ host country governments regarding their transportation policies, and confirm the importance and priority of projects to be undertaken. Conducting more detailed examinations of a project’s feasibility is also of great importance. This entails continuing to introduce more sophisticated analytical methods to eliminate uncertainty associated with, for instance, a ridership risk.* I believe it is vital that JBIC take advantage of the networks and skills it has cultivated through previous projects, and further refine such expertise.

  Further, as JBIC’s role is to supplement financial transactions conducted by the private sector, it must always consider ways to play a catalytic role in introducing private financing wherever possible. Infrastructure projects face higher risks during the construction phase. It is therefore important for JBIC to participate in project formulation from early stages and, once a project reaches an operational phase where a certainty of proper revenue generation can be reasonably well confirmed, JBIC should encourage the participation of private financial institutions and institutional investors by liquidating loan assets in the form of bonds or by other measures. If the considerable liquidity accumulating in Japan is channeled to overseas infrastructure projects, even greater results can be achieved.

* Ridership risk refers to the risk of being unable to secure the minimum number of passengers or users that is necessary to secure project profitability.
The total amount of commitments JBIC made during FY2015 in loans, guarantees and equity participation was ¥2,397.4 billion, which is 26.2% less than that of FY2014.
The outstanding amount of loans and guarantees as of March 31, 2016, was ¥16,308.6 billion.
The following is a report on JBIC’s major operations in each sector during FY2015.

**Efforts in the Energy and Natural Resources Sector**
Through the acquisition of upstream resource interests, diversification of supply sources, enhancement of the fuel value chain, and strengthening of relationships with resource-rich countries, JBIC contributes to securing a stable long-term supply of resources.

JBIC provided necessary support to Abu Dhabi National Oil Company (ADNOC) for Japanese companies to secure steady imports of crude oil. JBIC also supported the Sakhalin-I Odoptu Field Stage-2 Development Project in Russia, as well as the offshore FPSO project in Brazil, and financed the shipping businesses of LNG tankers. Furthermore, JBIC financed a methanol and dimethyl ether production project in Trinidad and Tobago, and a titanium sponge production and sales business in Saudi Arabia. The businesses in both countries are being conducted by Japanese companies.

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1. A floating production, storage, and offloading (FPSO) unit is a floating vessel that conducts primary refining of crude oil (removing gas and water mixed in the crude oil straight from a well), then stores and offloads the oil.
2. Dimethyl ether can be used as a substitute for LPG or as a substitute for diesel in automobiles or in power generation, and has therefore been receiving a lot of attention as a next-generation source of clean energy.

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**Changing Composition of Loans, Equity Participations and Guarantees**

<table>
<thead>
<tr>
<th>Year</th>
<th>Export Loans (unit: billion of yen)</th>
<th>Import Loans (unit: billion of yen)</th>
<th>Overseas Investment Loans (unit: billion of yen)</th>
<th>Untied Loans (unit: billion of yen)</th>
<th>Guarantees (unit: billion of yen)</th>
<th>Equity Participations (unit: billion of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY1955</td>
<td>60.3 (99%)</td>
<td>31.1 (6%)</td>
<td>7.4 (1%)</td>
<td>14.2 (2%)</td>
<td>0.5 (0%)</td>
<td>1 (2%)</td>
</tr>
<tr>
<td>FY1970</td>
<td>402.8 (74%)</td>
<td>33.3 (6%)</td>
<td>68.5 (13%)</td>
<td>14.1 (11%)</td>
<td>168.3 (10%)</td>
<td>313.5 (21%)</td>
</tr>
<tr>
<td>FY1985</td>
<td>356.4 (40%)</td>
<td>233.2 (26%)</td>
<td>182.2 (21%)</td>
<td>101.4 (11%)</td>
<td>31.1 (6%)</td>
<td>14.2 (2%)</td>
</tr>
<tr>
<td>FY2000</td>
<td>174.0 (14%)</td>
<td>321.4 (27%)</td>
<td>523.5 (21%)</td>
<td>6.4 (0%)</td>
<td>118.3 (10%)</td>
<td>1204.7 (111%)</td>
</tr>
<tr>
<td>FY2015</td>
<td>252.3 (11%)</td>
<td>1580.1 (78%)</td>
<td>24.8 (1%)</td>
<td>106.6 (4%)</td>
<td>14.3 (1%)</td>
<td>2397.4 (111%)</td>
</tr>
</tbody>
</table>
Supporting the Overseas Deployment of Infrastructure Business by Japanese Companies

In the power sector, JBIC provided loans on a project financing basis for the Facility D natural gas-fired power generation and desalination project in Qatar, as well as for the Luchterduinen (Q10) offshore wind power generation project in the Netherlands, both of which are invested in by Japanese companies. JBIC also supported Japanese companies in their efforts to export thermal power generation facilities to the Bangladesh Power Development Board and PT PLN (Persero), a state-owned power company in Indonesia, and geothermal power generation equipment to an Icelandic national power company and a Turkish company.

In the telecommunication sector, JBIC supported the export of a complete system needed for the optical submarine cable systems construction project by providing an export loan to Banco de Desenvolvimento de Angola (BDA), the development bank of Angola. The project will lay the world’s first optical submarine cable across the South Atlantic, directly linking the African continent to South America.

JBIC also signed a shareholders agreement for equity participation in Dawei Special Economic Zone Development Company Limited in Myanmar, enabling JBIC to support the formulation of projects from the early stages.

Support for Japanese Companies’ Strategic Overseas Business Deployment

JBIC provided loans for the manufacturing and sales business of large-diameter welded steel pipes for oil/gas pipelines in Abu Dhabi, by a Japanese company, and an overseas satellite communications project participated in by a Japanese company.

Furthermore, JBIC signed a shareholders’ agreement to acquire preferred shares in a Taiwanese petrochemical company, and provided financing to a private equity fund that invests in companies in Asian countries, as well as rapidly growing unlisted Chinese firms.

Supporting Exports by Japanese Companies

To support the export of equipment and facilities by Japanese companies, JBIC used an export credit line to provide necessary funds for exporting mining machinery to Mongolia, and also arranged an export credit line for a Turkish company that imports and sells construction equipment.

As for shipbuilding, JBIC also supported the export of ships built by Japanese shipbuilding companies through buyers’ credit.

Supporting Overseas Business Deployment of Japanese Mid-tier Enterprises and SME

To support the overseas business expansion of mid-tier enterprises and small and medium-sized enterprises (SME), JBIC made a total of 133 commitments, in cofinance with regional financial institutions and Shinkin banks. The support included loans for rice products manufacturing and sales businesses in Thailand, and the automotive parts manufacturing and sales businesses in Mexico by Japanese companies.

Furthermore, JBIC signed MOU with four Mexican state governments and a Mexican financial institution, respectively, to support Japanese mid-tier enterprises and SME, who are clients of Japanese regional financial institutions, expand their businesses to Mexico by actively utilizing Japan desks established in the country. These MOU enhance the “Development and Strengthening of Support System by Financial Institutions for Small and Medium Enterprises’ Entry into Asia through Coordination among Japanese Regional Financial Institutions, Japan Bank for International Cooperation (JBIC) and Japan External Trade Organization (JETRO),” a joint press release issued by the Financial Services Agency, the Ministry of Finance, and the Ministry of Economy, Trade and Industry in December 2010. They contribute to the Japanese government’s “drastic measures to enhance the comprehensive support system for the overseas development of mid-tier enterprises and SME” as part of the “Comprehensive TPP-related Policy Framework.”

In addition, JBIC established investment credit lines with Japanese regional financial institutions and overseas subsidiaries of Japanese leasing companies, to support the overseas business deployment of mid-tier enterprises and SME.

Supporting Japanese Companies with Local Currency Loans

JBIC provided 18 local currency loans totaling the equivalent of approximately ¥7.4 billion. They included JBIC’s first Indian rupee loan to fund the automotive, appliance, commercial, and industrial motors manufacturing and sales businesses in India by Japanese companies; and a Thai baht loan to fund the hygienic products manufacturing and sales business in Thailand.

Supporting Issuance of Samurai Bonds

JBIC agreed to provide a guarantee for and to acquire a part of the Samurai bonds (Japanese yen-denominated foreign bonds) issued by the Indonesian government.

Promoting Renewable Energy and Conserving the Global Environment

JBIC established credit lines with policy-based financial institutions of Mexico and Brazil under Global action for Reconciling Economic growth and Environmental preservation (GREEN) operations, and also provided loans for a national power company in Iceland, as well as a Turkish company, to purchase machinery and equipment related to geothermal power generation from Japanese companies.

3. In currencies other than JPY, USD and EUR.
4. Samurai bonds are yen-denominated bonds issued by a foreign government or company in the Tokyo bond market.
Operational Results

JBIC made total disbursements of ¥2,103.8 billion in FY2015.

Planned and Actual Lending and Investments

<table>
<thead>
<tr>
<th></th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planned</td>
<td>Actual</td>
<td>Planned</td>
<td>Actual</td>
</tr>
<tr>
<td>Export Loans</td>
<td>200.0</td>
<td>143.1</td>
<td>190.0</td>
<td>112.5</td>
</tr>
<tr>
<td>Import Loans</td>
<td>1,879.0</td>
<td>2,307.4</td>
<td>1,971.0</td>
<td>2,162.5</td>
</tr>
<tr>
<td>Investment Loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsub Loans</td>
<td>100.0</td>
<td>132.0</td>
<td>50.0</td>
<td>88.5</td>
</tr>
<tr>
<td>Equity Participations</td>
<td>100.0</td>
<td>17.2</td>
<td>100.0</td>
<td>85.4</td>
</tr>
<tr>
<td>Securitization</td>
<td>19.0</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>2,298.0</td>
<td>2,599.8</td>
<td>2,311.0</td>
<td>2,449.0</td>
</tr>
</tbody>
</table>

Financial Results

Pursuant to the Companies Act and Article 26 of the Japan Bank for International Cooperation Act, JBIC prepares financial statements and submits them to the Minister of Finance. The report on the final settlement of accounts is submitted to the government of Japan, together with the financial statements and, after examination by the Board of Audit of Japan, to the Diet.

Statement of Operations

In FY2015, JBIC recorded ¥213.8 billion in Interest Income and ¥240.0 billion in Ordinary Income. This was for various reasons including support to promote the acquisition of interests and development of natural resources, and to expand the overseas operations of Japanese companies, such as infrastructure projects.

The Fourth Term for JBIC (FY2015)

Statement of Operations

Balance Sheet

(As of March 31, 2016; unit: millions of yen)

<table>
<thead>
<tr>
<th>Accounts</th>
<th>Amounts</th>
<th>Accounts</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Due from Banks</td>
<td>1,220,187</td>
<td>Borrowed Money</td>
<td>9,438,450</td>
</tr>
<tr>
<td>Securities</td>
<td>236,602</td>
<td>Bonds Payable</td>
<td>2,668,558</td>
</tr>
<tr>
<td>Loans and Bills Discounted</td>
<td>13,540,661</td>
<td>Other Liabilities</td>
<td>528,890</td>
</tr>
<tr>
<td>Other Assets</td>
<td>256,188</td>
<td>Provision for Bonuses</td>
<td>516</td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>27,804</td>
<td>Provision for Directors’ Bonuses</td>
<td>6</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>2,737</td>
<td>Provision for Retirement Benefits</td>
<td>7,090</td>
</tr>
<tr>
<td>Customers’ Liabilities for Acceptances and Guarantees</td>
<td>2,464,703</td>
<td>Provision for Directors’ Retirement Benefits</td>
<td>39</td>
</tr>
<tr>
<td>Allowance for Loan Losses</td>
<td>(168,262)</td>
<td>Acceptances and Guarantees</td>
<td>2,464,703</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>15,108,255</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Stock</td>
<td>1,391,000</td>
<td>Retained Earnings</td>
<td>972,140</td>
</tr>
<tr>
<td>Total Shareholders’ Equity</td>
<td>2,363,140</td>
<td>Valuation Difference on Available-for-sale Securities</td>
<td>4,303</td>
</tr>
<tr>
<td>Deferred Gains or Losses on Hedges</td>
<td>104,923</td>
<td>Total Valuation and Translation Adjustments</td>
<td>109,226</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>2,472,367</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>17,580,622</td>
<td>Total Liabilities and Net Assets</td>
<td>17,580,622</td>
</tr>
</tbody>
</table>

Note: See pages 105 to 106 for details of Notes 3 to 6.
the other hand, JBIC recorded ¥197.2 billion in Ordinary Expenses as a result of posting ¥123.7 billion in funding costs, such as interest expenses. Therefore, Ordinary Profit was ¥42.7 billion, and Net Income totaled ¥42.7 billion, which included Extraordinary Income.

**Balance Sheet**
Total Assets reached ¥17,580.6 billion. This was due primarily to a decrease in Loans and Bills Discounted (declined by ¥892.2 billion to ¥13,540.6 billion compared with FY2014) because of a reduced yen-equivalent value of loans denominated in foreign currencies due to the yen’s appreciation.

**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 and FILP Agency Bond issuance, capital contributions from the government, and borrowings from the Foreign Exchange Fund Special Account.

As JBIC provides long-term financing, its operations are financed by long-term funds to match maturities between funding and lending instruments.

Borrowings from FILP Fiscal Loan, Government-guaranteed Foreign Bond issuance, capital contributions from the government, etc., are included in the national budget (either as an item in the General Account budget or the Special Account budget), and requests for them are submitted to the Diet for approval along the operating budget of JBIC. Recent funding results and plans for FY2016 are shown in the table below.

<table>
<thead>
<tr>
<th>Funding Sources: Actual and Planned</th>
<th>FY2012 Actual</th>
<th>FY2013 Actual</th>
<th>FY2014 Actual</th>
<th>FY2015 Actual</th>
<th>FY2016 Planned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Contribution from FILP Industrial Investment</td>
<td>69.0</td>
<td>—</td>
<td>31.0</td>
<td>—</td>
<td>33.0</td>
</tr>
<tr>
<td>Borrowing from FILP Fiscal Loan</td>
<td>400.0</td>
<td>555.1</td>
<td>239.7</td>
<td>244.9</td>
<td>467.0</td>
</tr>
<tr>
<td>Borrowing from Foreign Exchange Fund Special Account</td>
<td>1,744.9</td>
<td>1,581.3</td>
<td>1,273.2</td>
<td>1,595.8</td>
<td>800.0</td>
</tr>
<tr>
<td>Government-guaranteed Foreign Bonds*</td>
<td>205.3</td>
<td>658.6</td>
<td>374.8</td>
<td>419.0</td>
<td>800.0</td>
</tr>
<tr>
<td>FILP Agency Bonds*</td>
<td>—</td>
<td>—</td>
<td>10.0</td>
<td>—</td>
<td>60.0</td>
</tr>
<tr>
<td>Other Sources of Funds, Including Repayments</td>
<td>180.6</td>
<td>(345.9)</td>
<td>349.8</td>
<td>(155.9)</td>
<td>(100.0)</td>
</tr>
<tr>
<td>Total</td>
<td>2,599.8</td>
<td>2,449.0</td>
<td>2,278.6</td>
<td>2,103.8</td>
<td>2,060.0</td>
</tr>
</tbody>
</table>

* Figures for bonds are indicated at face value.
Government-guaranteed Bonds
JBIC raises part of its funds by issuing government-guaranteed bonds in international capital markets. Outstanding government-guaranteed bonds at the end of FY2015 amounted to ¥2,393.9 billion at face value, which accounts for 19.8% of the total outstanding borrowings and bonds. JBIC provides foreign currency loans when necessary to effectively implement policy, and funds raised by issuing government-guaranteed bonds are used as a source of those loans.

As Japanese companies have been recently moving forward with their overseas business deployment, there are greater expectations for JBIC to provide financial support denominated in local currencies. To properly meet demand for such funds, JBIC issued government-guaranteed foreign bonds denominated in Canadian dollars in March 2013 and similar bonds denominated in British pounds in March 2014.

In the FY2016 budget, JBIC plans to issue in the total amount of up to ¥800.0 billion in government-guaranteed bonds.

JBIC’s government-guaranteed bonds receive the same ratings as the Government of Japan from the rating agencies (A1 from Moody’s and A+ from Standard & Poor’s as of July 31, 2016). Since they are treated as assets for which the Bank for International Settlements (BIS) assigns zero risk weight in calculating the capital adequacy ratio for depository financial institutions, these bonds provide a quality investment opportunity for investors in international capital markets.

FILP Agency Bonds
In compliance with the government policy to reform the FILP, JBIC has issued bonds without government guarantees (FILP agency bonds) in the Japan’s capital market since FY2001, thereby raising funds based on its own creditworthiness. JBIC plans to issue up to ¥60.0 billion in FY2016.

FILP agency bonds that JBIC has already issued received the same ratings as the government of Japan (as of July 31, 2016) as shown below. They are treated as assets for which BIS assigns 10% risk weight in calculating the capital adequacy ratio for depository financial institutions.

Rating & Investment Information, Inc (R&I): ..... AA+
Japan Credit Rating Agency, Ltd. (JCR): ............ AAA
Moody’s: .................................................. A1
Standard & Poor’s: ...................................... A+
The Environment Surrounding JBIC and Its Challenges

1. Energy and Natural Resources Finance Group 22

2. Infrastructure and Environment Finance Group 26

3. Industry Finance Group 30
A Message from the Global Head of the Group

As Japan is poorly endowed with natural resources, the stable procurement of energy resources, such as oil, natural gas and other mineral resources from overseas is indispensable in order to maintain and develop Japan’s economy.

Among JBIC’s four business fields, the Energy and Natural Resources Finance Group— which consists of the Oil and Gas Finance Department and the Mining and Metals Finance Department—is responsible for promoting efforts to develop and acquire overseas natural resources which are essential for Japan. Projects for overseas natural resource development require massive, long-term investments and entail various risks, including geopolitical and price fluctuation risks. JBIC provides long-term funds through financing and equity participation to supplement private-sector funds and, as a policy-based financial institution, focuses on creating an environment which enables smooth implementation of projects by actively engaging in dialogues with local governments and state-run oil companies.

JBIC will continue to contribute to securing a stable supply of natural resources through such efforts.

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

Business Environment and Priority Issues

The global balance of energy supply and demand is affected by macroeconomic trends and various other factors. In recent years, oil production has come to exceed demand, mainly due to two factors: the tapping of unconventional energy sources that has boosted oil production in the U.S., and OPEC’s strategy emphasizing market share. By contrast, energy consumption in Asia is growing at a faster pace than in any other region. Thus, for example, in the case of Indonesia—one of the leading oil and gas producers in Asia—it is exporting less energy resources because of its increasing domestic demand for energy, as a result of its remarkable economic growth. For the entire Asian region, this means a surge in imports of oil and natural gas.

Meanwhile, because Japan imports from the Middle East over 80% of the crude oil it requires, such imports continue to be exposed to high geopolitical risks. Thus, from the perspective of energy security, it is critical that Japan should maintain and strengthen its relationship with Middle East countries, while also securing stable oil imports from other regions.

With Japan being the largest global importer of liquefied natural gas (LNG), and both China and India having increased their imports of the gas in the past few years, Asia now accounts for more than 70% of global LNG transactions. Thus, it is imperative that Japan, which currently relies heavily on natural gas as an energy source, ensure it has access to a stable supply of LNG. To this end, it is important that the participation of Japanese companies in overseas LNG projects be supported and linked to long-term LNG deals. In addition, it is important that Japan keeps the medium and long-term purchase prices of LNG in check by diversifying the pricing system for imported LNG.

Japan also faces a major challenge in the mineral resources sector. Despite a temporary slowdown, demand in China, India, and other emerging countries continues to increase, and thus it remains vital to secure a stable supply of those mineral resources which have a broad range of applications in Japanese industries.

In terms of iron ore imports, besides attaining the required volume, an increasingly critical issue is securing high-quality ore, since the overall quality of the ore from existing mines is deteriorating. Meanwhile, recent prices of copper have caused a slowdown in the development of new copper ore mines, and the supply of copper is expected to tighten over the medium to long term. Thus it is essential that Japan secure a steady supply of copper ore.

Despite the greater challenges involved in the securing of natural resources as a result of the changes in the global balance of the supply and demand of energy and other resources, the increased activity of extremists and heightened geopolitical risks, it is becoming increasingly important to proactively support Japanese companies in acquiring interests in, and securing the long-term purchase of, natural resources.
JBIC’s Activities

During FY2015, JBIC took on the following efforts to address the issue of securing a stable supply of energy and mineral resources from overseas.

- **Oil and Natural Gas**
  By providing the necessary funds—through project finance—for shipping business of LNG carriers to be used for transporting LNG from the U.S. Cameron and the Freeport LNG Projects to Japan, JBIC has supported both projects, the first projects to export LNG based on long-term contracts from the U.S. mainland to Japan.

  Traditionally the LNG price for Japanese buyers has been calculated based on crude oil prices. On the other hand, the price of the LNG in both of these projects is based on a formula linked to the U.S. gas market index. Thus, supporting these projects should contribute to the diversification of both LNG sources and prices.

  JBIC will strengthen ties with countries that are vital for Japan’s resource strategy, and will make available financial support to secure energy resources and a stable energy supply. In FY2015, JBIC provided the necessary funds for Japanese companies to secure a long-term, steady supply of crude oil from the Emirate of Abu Dhabi, one of the United Arab Emirates (UAE), and funding to Russian Sakhalin-I Odoptu Field Stage-2 development. Approximately 60% of the oil field concession rights owned by Japanese companies in Abu Dhabi are scheduled to expire in 2018, and JBIC’s funding will indirectly support the renewal of the rights for these concessions. Further, the Japanese company participating in the Sakhalin-I project is entitled to receive a quantity of crude oil produced from the project in proportion to its participating interest. It is expected that this crude oil will be sold primarily to Japan.

  At present, Japan depends on the Middle East for over 80% of its crude oil, but JBIC’s support to develop the Sakhalin-I project further is expected to contribute to the diversification of Japan’s energy supply. The project is also considered vital to Japan’s energy security, given that the fields are located in the Russian Far East, which is geographically close to Japan.

  Turning to the Caribbean, JBIC has provided a project financing loan to support a joint venture in the Republic of Trinidad and Tobago. The company will produce methanol and dimethyl ether, two raw materials derived from natural gas. Methanol is used as a gasoline additive, fuel for fuel cells, and raw material in chemical products, such as adhesive agents and synthetic resins. Since Japan depends entirely on imported methanol, it is vital that its procurement sources be diversified. The project is expected to result in expanding and diversifying those methanol production bases in which Japanese companies invest, and securing a stable supply of energy resources for Japan.

1. Project finance is a financing scheme in which repayments are made solely from cash flows generated by a project and secured only by project assets.
2. Dimethyl ether can be used as a substitute for LPG or diesel in automobiles, or for power generation. The gas has been receiving a significant amount of attention as a next-generation source of clean energy.
 JBIC supports the overseas business deployment of Japanese companies in the steel industry, and has financed Japanese companies in Indonesia that manufacture and sell steel products for construction and automotive steel sheets. Given that demand for these products is expected to expand, driven by the country’s economic growth, JBIC supports the expansion of Japanese companies’ sales bases, and endeavors to contribute to maintaining and strengthening their global competitiveness. JBIC has also provided a loan to finance Japanese companies’ joint venture business of manufacturing and sales of large-diameter welded steel pipes for oil and gas pipelines in the UAE. JBIC expects that, by producing high-quality steel pipes for pipelines locally, Japanese companies will enhance their ability to respond to customer needs and improve cost competitiveness in the Middle East, the world’s leading producer of oil and natural gas.

Manufacturing and sales business of cold-rolled and hot-dip galvanized steel sheets for automobiles in Indonesia.

JBIC is Japan’s policy-based financial institution, and its status as such enables it to hold discussions and work to strengthen bilateral ties with the governments and government agencies of resource-rich countries. It thereby facilitates the acquisition of interests in resources and resource development projects by Japanese companies.

Specifically, JBIC concluded a memorandum of understanding (MOU) with state-run oil company wholly owned by the Abu Dhabi government, Abu Dhabi National Oil Company (ADNOC), which has been Japan’s stable source of crude oil for more than 30 years. This MOU is intended to reinforce cooperation in the oil and gas sectors. The MOU reaffirms for both parties the importance of extending existing oil field concessions held by Japanese companies operating in Abu Dhabi, and the significance of their acquiring new concessions.

Signing of an MOU with ADNOC to cooperate in the oil and gas sectors.

In both the Strategic Energy Plan and Japan Revitalization Strategy, endorsed and revised in FY2014 and FY2015, respectively, the Japanese government sets “diversification of natural resources and the sources of such resources” as a measure to secure a stable and inexpensive (economical) resource supply. JBIC, in its FY2015–2017 Medium-term Business Plan (announced in June 2015), lists supporting Japanese companies’ energy and natural resources business as a priority task in the area of natural resources, and has committed itself to focusing on promoting projects that secure and diversify the supply of resources as well as promoting projects that reduce LNG procurement costs.

Following a sharp drop in, and the stagnation of, natural resource prices, investment in natural resource development by major resource companies and Japanese companies came to a standstill, and there is concern that the supply of natural resources could tighten in the medium- to long-term. This situation has squeezed the finances of resource-producing countries, but it has also created a favorable opportunity for the acquisition of valuable resource interests. JBIC has been supporting the acquisition and development of such resource interests by Japanese companies, thereby contributing...
to the securing of a stable supply of natural resources.

To enable Japan to diversify its procurement sources, JBIC is willing to support natural resource development projects in connection with the interests and transactions of Japanese companies, particularly those in Africa which is viewed as the last frontier for natural resources. Non-African countries have started investing in those projects. As acknowledged at the Tokyo International Conference on African Development (TICAD), natural resource development projects in Africa help support development projects, but also in the establishment of comprehensive and sustainable cooperative relationships that meet the needs of these countries in various fields, including infrastructure construction, industrial development, employment creation, technology transfer, and reduced environmental burden through the use of renewable energy and energy efficiency.

In addition to the previously mentioned Cameron and Freeport LNG projects in the U.S., there are also plans for shale gas-based LNG projects in other parts of North America which will be exported to Japan and other Asian countries. Since the projects are expected to satisfy the needs of the Japanese electric and gas companies mentioned above, JBIC will proactively consider support for these projects.

JBIC will also continue its efforts to create an environment which enables the formulation and smooth implementation of resource development projects by holding dialogues with various parties, including the governments and governmental agencies of resource-rich countries. The key to strengthening the relationship with these countries lies in the cooperation in resource development projects, but also in the establishment of comprehensive and sustainable cooperative relationships that meet the needs of these countries in various fields, including infrastructure construction, industrial development, employment creation, technology transfer, and reduced environmental burden through the use of renewable energy and energy efficiency.

JBIC will not only maintain, but also work to strengthen, its multilayered and positive relationships with governments of resource-rich countries through comprehensive efforts that encompass support for infrastructure, manufacturing, and various other projects in the countries.
A Message from the Global Head of the Group

It is often noted that there is a huge gap globally between the demand and supply of investment in infrastructure projects. The matter was in fact even mentioned in the G7 Ise-Shima Leaders’ Declaration. Since a stable supply of high-quality long-term funds is required to alleviate the gap, JBIC is prepared to provide long-term financing and to work for the further mobilization of long-term private financing.

In terms of project formulation, it is expected that high-quality projects will attract long-term investment by private-sector investors, especially in the case of public–private partnership (PPP) projects. JBIC will strive to develop such projects by partnering with host country governments, international institutions, and other entities.

Under its Medium-term Business Plan (FY2015–2017), JBIC will support the diversification and advancement of overseas infrastructure projects in which Japanese companies participate. JBIC will focus particularly on the power sector, where support shall be extended to what currently is beyond the ability of countries, schemes, and structures to provide. At the same time, JBIC will pursue stronger engagement with social infrastructure projects, such as those involving railroads and water supply, and aggressively work to preserve the global environment by, among other things, mitigating climate change.

Hideo Naito
Managing Executive Officer
Global Head of Infrastructure and Environment Finance Group

Business Environment and Priority Issues

Japan’s Growth Strategy and the Need to Tap into Overseas Infrastructure Demand

Global demand for infrastructure development is projected to increase, reflecting economic growth and rapid urbanization in emerging-market countries. Overseas infrastructure demand in the power, nuclear power, ports, as well as the information and communications technology sectors is expected to increase at an annual rate of about 2.2%, 2.4%, 5%, and 4%, respectively.¹

Such demand can be met by expanding Japanese companies’ investment in the projects abroad and providing integrated infrastructure systems that involve not only the delivery of infrastructure-related equipment from Japanese companies with advanced and eco-friendly technologies, which they have gained through infrastructure projects in Japan, but also the transfer of expertise in designing, constructing, operating, and managing infrastructure.

Providing such infrastructure systems and investments will contribute to the development of quality economic infrastructure that is necessary for the stability and growth of the global economy. At the same time, it will help Japanese companies expand their business and secure greater market share overseas.

With this in mind, the Japanese government set up three strategic policies: (1) the Japan Revitalization Strategy, endorsed by the Cabinet in June 2013, and revised in June 2016; (2) the Infrastructure Systems Export Strategy, adopted in May 2013 at the Ministerial Meeting on Strategy Relating Infrastructure Export and Economic Cooperation, and revised in May 2016; and (3) the Basic Policy on Economic and Fiscal Management and Reform, endorsed by the Cabinet in June 2013, and revised in June 2016.

The objective is to lead efforts to attain sustainable and robust economic growth in Japan by aggressively capturing the huge global demand for infrastructure through the maximum use of Japan’s leading technologies and know-how.

Under these policies, in May 2015, Japanese Prime Minister Shinzo Abe announced the Partnership for

Quality Infrastructure and, in the lead-up to the G7 Ise-Shima Summit in May 2016, the Expanded Partnership for Quality Infrastructure initiative. This latter initiative aims to contribute to the development of high-quality infrastructure around the world, and to facilitate Japan’s economic growth through the promotion of infrastructure exports by providing approximately USD 200 billion in funding over the coming five years. Through these initiatives, the Japanese government will strive to make sufficient infrastructure investment in terms of both quality and quantity, by further mobilizing private-sector efforts and, in the above-mentioned Japan Revitalization Strategy and Infrastructure Systems Revitalization Strategy, the Japanese government has promoted integrated public–private efforts and, in the above-mentioned Japan Revitalization Strategy and Infrastructure Systems Export Strategy, it has set a clear target of raising the total value of infrastructure system orders received by Japanese companies to some ¥30 trillion by 2020.

Further, since the government has called on the prime minister and other cabinet ministers to conduct vigorous sales promotions, they have gone so far as to integrate economic missions into their visits to ASEAN member states, the Middle East, North America, Africa, and India. This has resulted in the winning of orders for infrastructure systems and, in FY2014, the total value of orders was approximately ¥19 trillion.²

The Infrastructure Systems Export Strategy divides benefits: orders; footholds for Japanese companies; enhanced supply chains through the development of local infrastructure; and, eventually, local market share.

These exports also entail some major challenges: exposure to fierce international competition; the need for large upfront investments; substantial business risks, such as long recovery periods; and the need to negotiate with host-country governments. It is difficult for private-sector companies to handle these challenges on their own.

Taking these factors into consideration, the Japanese government has promoted integrated public–private efforts and, in the above-mentioned Japan Revitalization Strategy and Infrastructure Systems Export Strategy, it has set a clear target of raising the total value of infrastructure system orders received by Japanese companies to some ¥30 trillion by 2020.

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The Infrastructure Systems Export Strategy divides

² The Fourth Infrastructure Systems Export Strategy Follow-up (Twenty-fourth Ministerial Meeting on Strategy Relating to Infrastructure Export and Economic Cooperation, May 23, 2016).
emerging-market countries targeted for overseas infrastructure development into three groups: (1) China and ASEAN; (2) Southwest Asia, the Middle East, Russia, the Commonwealth of Independent States (CIS), as well as Central and South America; and (3) Africa. Designating China and ASEAN as top-priority regions, the strategy states that Japan will encourage the introduction of high-quality and robust infrastructure systems that lead to greater connectivity within the ASEAN region.

In addition, the Infrastructure Systems Export Strategy calls for promoting Japan’s advanced low-carbon technologies overseas, and steadily implementing Actions for Cool Earth: ACE 2.0, a strategy that seeks to provide assistance to developing countries and encourage innovation. These efforts will not only contribute to the economic growth of those countries and the reduction of greenhouse gas (GHG), but also promote the overseas development of infrastructure systems, in which area Japan has a comparative advantage.

**Three Challenges Japanese Companies Face in Overseas Infrastructure Projects**

As discussed earlier, the Infrastructure Systems Export Strategy, which unites the activities of public and private sectors, is underway and is beginning to produce some positive outcomes. Many Japanese companies face several difficulties when implementing infrastructure projects overseas. These concerns are: (1) the ability to offer competitive prices; (2) a shortage of versatile operators; and (3) the lack of schemes to ensure project feasibility in emerging and developing countries.

The first challenge, the ability to offer competitive prices, can be addressed by shifting the production base for noncore parts to countries where costs are lower, and combining the parts with core parts produced in Japan, as many Japanese companies have already done. Another approach is not to stick to the “All Japan” principle of mobilizing only Japanese entities but to adopt the “Japan Initiative” strategy, by which the best mix of Japanese and foreign products is achieved by using the core part of plants made mainly by Japanese companies with a technological competitive edge, while managing the other parts in cooperation with foreign companies.

The second challenge is most evident in the Japanese water and railway sectors, in which knowledge and expertise related to construction and operation are spread among several companies, including public corporations. There is a shortage of Japanese companies that possess the experience to comprehensively conduct business from upstream operations (creation of master plans) to downstream operations (operation and maintenance of facilities and collection of charges and fees). Therefore, Japanese companies are not always able to adequately meet the needs of host countries that call for integrated plans of infrastructure systems. In the sectors where Japanese companies lack expertise in comprehensive business operations, effective measures may involve establishing international alliances or acquiring overseas companies that will help them accumulate such expertise.

The third challenge is best represented by infrastructure projects in emerging and developing countries, in which there are cases where the system places excessive risks on project owners. These risks include inadequacies in the legal system related to the responsibilities of local governments and state-owned companies in electricity purchase agreements, and insufficient compensation by the local government regarding ridership risks in transportation projects. Furthermore, for construction projects that involve several governments agencies or occur in several local governments, it is not uncommon for the central government to lack the ability to coordinate related parties and monitor the project. Under these conditions, it has to be said that, when looked at from the perspective of a private-sector company considering participating in the project, the feasibility of the project scheme is extremely low, which makes it difficult to obtain private investment for the project.

In these situations, the expected approach is for the public and private sectors to have an extensive exchange of opinions and to form a partnership from the early stages of the project, so that the project will be feasible in the eyes of both parties. By engaging in activities of the host country government as early as the project formulation phase (the early stage when the business plan and risk distribution are proposed by the government) through, for example, creating a company to facilitate project formulation or regular dialogues with the host country government, the Japanese side will be able to offer appropriate support to the host country government in such aspects as the project’s basic scheme, as well as its implementation and management. It will also allow the adoption of bidding criteria covering all aspects of the project, including life-cycle costs.

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3. Ridership risk refers to the risk of being unable to secure the minimum number of passengers or users that is necessary to secure project profitability.
4. Life-cycle cost is the sum of all costs throughout a project—including those of maintenance, final dismantling, and disposal—not only for planning, design, and construction, or other costs that emerge in the initial phase of a project.
Support for Export of Infrastructure Systems

Expectations are rising for JBIC’s role in the Japanese government’s Infrastructure Systems Export Strategy and Expanded Partnership for Quality Infrastructure initiative. In response to such expectations, JBIC is creating and reinforcing its support system to help Japanese companies overcome any of the above challenges they may confront.

JBIC tries to ensure project feasibility by (1) establishing companies to promote project formulation from the early stages and (2) holding regular dialogues with host country governments.

In the first scheme, JBIC invested in the Delhi-Mumbai Industrial Corridor Development Corporation Limited (DMICDC), which is responsible for developing master plans for the Delhi-Mumbai industrial corridor and conducting feasibility studies for individual projects in the region. JBIC also has set up project development promotion companies in Myanmar and Thailand to play a similar role. Currently, JBIC is holding discussions with the governments of Myanmar and Thailand with regard to day-to-day management of those companies.

Turning to the second scheme, a representative example is the Financial Policy Dialogue held between JBIC and the government of Indonesia. JBIC is expanding the same scheme to other countries (a similar dialogue scheme has already been established with the governments of Mexico and Vietnam). As part of its efforts to ensure the feasibility of infrastructure projects with a long payout time and whose revenues are generated in the local currency, JBIC provides loans in local currencies in order to reduce exchange risks associated with foreign-currency loans borrowed by Japanese project owners, and thus supports stable operations of the projects over the long term.

The Act for Partial Amendment of the Japan Bank for International Cooperation Act (Act No. 41 of 2016) was enacted in May 2016, to enable JBIC to take further risks regarding overseas infrastructures and other foundations for socioeconomic activities; expand its ability to provide loans in local currencies and diversify JBIC’s assistance tools. With the strengthening of these functions, JBIC will step up its support for Japanese companies to further facilitate their deployment overseas.

JBIC will remain committed to upgrading and reinforcing its financing functions, which constitute its core business, to better accommodate markets and needs. Also, as an entity that coordinates the needs of the public and the private sector, JBIC will continue to support Japanese companies in a variety of aspects, so that the growing demand for infrastructure overseas will create and increase business opportunities for them.

JBIC’s Commitment to Preserving the Global Environment

Achieving economic development compatible with environmental sustainability is now recognized as a common issue facing both developed and emerging countries alike. Thus, there are hopes throughout the world for the implementation of projects that will lead to environmental preservation and improvement. The Paris Agreement was adopted at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21) in December 2015. It is a new international framework to reduce green house gas, and an alternative to the Kyoto Protocol. It is expected that the agreement will further advance initiatives that seek to combat global warming.

In this field, a wide range of efforts are being undertaken across the world. They include: (1) energy efficiency projects; (2) renewable energy projects using solar, wind, or other renewable sources of power; (3) highly-efficient coal-fired power generation projects that reduce CO2 emissions; (4) urban transportation projects, that help alleviate traffic congestion and air pollution, including rail transit projects; and (5) smart-grid projects aimed to efficiently supply electricity using IT technology, as well as smart-city projects aimed at realizing environmentally sustainable cities.

JBIC supports these efforts through its global promotion of Japan’s advanced environmental technologies under the Infrastructure Systems Export Strategy. JBIC’s support also goes to (1) projects for developing solar power plants and energy-efficient power plants in emerging-market countries that take advantage of advanced environmental technologies; and (2) projects that entail significant environmental preservation effects, such as those that introduce energy-efficient equipment. JBIC supports these projects with loans, equity participation, and guarantees while mobilizing private financing under the Global action for Reconciling Economic growth and ENvironmental preservation (GREEN) operations.

In addition to supporting the business activities by Japanese companies, JBIC will continue to provide financial support for efforts aimed at global environmental preservation by making most of the GREEN operations.
The Industry Finance Group focuses primarily on maintaining and strengthening the international competitiveness of various industries in Japan through wide-ranging methods of financing. The Group comprises the Corporate Finance Department, Finance Office for SME, the Marine and Aerospace Finance Department, and the West Japan Office.

Amid a continuing strong appetite for overseas investment by Japanese companies, particularly for overseas mergers and acquisitions (M&A), the Group provided loans, equity participations, and guarantees amounting to ¥1,580.2 billion for 264 commitments in FY2015.

JBIC is in the second year of the Medium-term Business Plan (FY2015–2017). The plan calls for JBIC to step up measures targeting “priority issues.” In the area of Manufacturing and other industries, JBIC will focus further efforts on (1) strengthening support for the overseas business deployment of various industries which are the basis of the Japanese economy; and (2) contributing to the development of competitive Japanese technologies and business models into growing industries through overseas business deployment, and, in the area of mid-tier enterprises and small and medium-sized enterprises (SME), on supporting mid-tier enterprises and SME overseas business expansion, utilizing JBIC’s characteristics.

Shigeki Kimura
Managing Executive Officer
Global Head of Industry Finance Group

Business Environment and Priority Issues

Japanese Companies Targeting Larger M&A
Despite the slowdown sparked by the global financial crisis in 2008, direct investment by Japanese companies overseas exceeded ¥100 billion in 2011 in consequence of the sudden appreciation of the yen. Subsequently, the yen has turned to fall in exchange rate from 2013, but the direct investment overseas by Japanese companies has remained steady, reaching ¥128.6 billion in 2015 (Figure 1).

Amid steady direct investment overseas by Japanese companies, their overseas M&A have surged since 2009, on the back of declining acquisition prices due to the strong yen. This level of activity has continued, irrespective of subsequent forex trends. The RECOF Corporation M&A database has recorded an ongoing rise in M&A: from 519 in 2012 to 561 in 2015.

This trend of M&A activities shows that Japanese companies are seeking to substitute shrinking domestic market by businesses in new markets. M&A aimed at achieving an edge on global competitors through scale has also been a major business strategy for Japanese companies.

While 20% of M&A held by Japanese companies...
exceeded ¥5.0 billion between 2001 and 2005, the percentage doubled to 40% in the 2011–2015 time frame (Figure 2). Such M&A deals, especially in the telecommunications and healthcare industries, are increasing in size, encouraged by diversified procurement methods and lower funding costs.

- Stagnant Exports from Japan
Global export transactions gradually increased from 2011 to 2014, reaching $18.9 trillion. However, 2015 saw a 13.2% year-on-year decrease to $16.4 trillion, due to a decline in Chinese demand and weak natural resource prices.

From 2012 to 2015, Japan’s export transactions gradually declined in dollar terms, despite the continued yen depreciation, falling 9.4% year-on-year to $624.9 billion (Figure 3). According to the UN Conference on Trade and Development (UNCTAD), Japan’s sluggish exports can be attributed to external factors such as a slowdown in global trade growth, but also to the internal factors such as Japanese companies’ establishment of local production structures in a bid to tap growth overseas, which resulted in a steady, successful development of Japanese supply chain systems abroad.

- Boosting Overseas Business for Mid-tier Enterprises and SME
A growing number of mid-tier enterprises and SME are trying to create new business opportunities, both by capturing demand in overseas markets and meeting local procurement needs of major Japanese companies that have launched operations in emerging-markets seeing economic growth, particularly in Asia.

According to the FY2015 Survey Report on Overseas Business Operations by Japanese Manufacturing Companies, the 27th such study, companies that intended to “strengthen/expand” overseas operations over the medium-term declined slightly to 80.5%. On the other hand, the number of mid-tier enterprises and SME with the same response has steadily risen since 2012 and is now at 75.2% (Figure 4).

Diversification has been seen in the mid-tier enterprises and SME willing to take on the challenge of going overseas, the countries they target, and their funding needs. Nevertheless, the two types of tier enterprises tend to face greater constraints than larger companies on various fronts, such as fund procurement and information gathering for the operation of overseas businesses. It is, therefore, incumbent on us to further enhance the support provided to these companies.
JBIC supports the overseas M&A activities of Japanese companies, overseas infrastructure, and natural resource-related projects. In particular, JBIC’s Industry Finance Group provides a flexible form of long-term funding required for the M&A activities of Japanese companies targeting overseas companies in various fields, including the food, beverages, human resource dispatch, finance, chemical, iron casting, media, and IT industries.

Furthermore, JBIC provided project financing for a long-term, floating production, storage, and offloading (FPSO) system chartering service project to develop oil fields, and a loan for a satellite communications project in which a Japanese company was participating; and also helped Japanese companies procure funds in the currency of the countries in which they operate. This includes Mexican peso-denominated and Indian rupee-denominated loans, the latter being a first for JBIC.

JBIC made a capital contribution to a fund that targets investments in growing, unlisted Chinese companies and companies in Asian countries. It also provided support from the early stages for a Japanese company that, after having split off from, and become independent of a Japanese investment fund, set up a joint venture with a leading Taiwanese company to develop its petrochemicals business in Taiwan.

Supporting Japanese Exports, Overseas Businesses
JBIC is committed to supporting exports and overseas sales by Japanese companies. During FY2015, JBIC supported Japanese companies as they sought to increase their exports of fertilizer and other plants by approaching buyers, such as the governments of host countries, with finance-related proposals to cover projects from the early stage, conducting direct negotiations and structuring project finance.

JBIC also maintains relationships with many mid-tier enterprises and SME, and supports the Japanese shipbuilding industry by offering flexible funding in the form of buyer’s credit to support the export of bulk carriers, offshore support vessels, and other ships made by Japanese shipbuilding companies which contribute significantly to regional economies.
Supporting Overseas Business Deployment of Mid-tier Enterprises and SME

Since FY2012, JBIC has been working more aggressively to support the overseas business deployment of mid-tier enterprises and SME through business units dedicated to this purpose at its Head Office and West Japan Office. JBIC made 34 commitments to such companies during FY2012 and sharply higher 133 commitments during FY2015.

To facilitate the support of mid-tier enterprises and SME, JBIC has strengthened cooperation with Japanese regional financial institutions and overseas subsidiaries of lease companies by establishing investment credit lines (financing facilities) through private financial institutions. JBIC also sought to complement private financing by providing, in addition to seamless funding in the form of loans denominated in hard currencies (U.S. dollars and euros), loans denominated in other currencies—such as the Thai baht, Indonesian rupiah, and Mexican peso—in order to meet the needs of overseas subsidiaries for funds in local currencies.

Furthermore, in FY2015, JBIC signed MOU with four Mexican state governments and a Mexican financial institution, respectively. This was intended to further develop the framework, “Development and Strengthening of Support System by Financial Institutions for Small and Medium Enterprises’ Entry into Asia through Coordination among Japanese Regional Financial Institutions, Japan Bank for International Cooperation (JBIC) and the Japan External Trade Organization (JETRO).” This framework was announced by a joint press release issued in December 2010 by the Financial Services Agency, the Ministry of Finance, and the Ministry of Economy, Trade and Industry. JBIC will support Japanese mid-tier enterprises and SME expanding into Mexico by actively utilizing Japan desks (desks providing services exclusively for Japanese companies) set up by Mexican state governments and a Mexican financial institution as agreed on the MOU.

JBIC has also held seminars and consultations across Japan to provide information on the foreign investment environment for mid-tier enterprises and SME seeking to expand their businesses abroad. The events have been conducted by members of staff from JBIC Head Office and the West Japan Office, as well as overseas representatives.

Meeting the needs of Japanese companies

Japanese companies continue to confront ever-changing economic conditions, such as the economic slowdown in China and anemic global trade growth. However, guided by the policies of the Japanese government, JBIC continues to provide support aimed at maintaining and improving the international competitiveness of Japanese industries.

JBIC’s financing options—including project finance, subordinated loans, and loans denominated in local currencies—are set to further diversify following the May 2016 enactment of the Act for Partial Amendment of the Japan Bank for International Cooperation.

Through the Industry Finance Group, JBIC will utilize these financing instruments to deepen its support for Japanese companies and, in order to contribute to the exploration and creation of new business opportunities that lead to sustainable growth for Japan, connect Japan to the world by accurately responding to the true needs of Japanese companies.
Examples of Business Outcomes in FY2015

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Overview of Business Outcomes by Region

Geographical Distribution of Loan and Equity Participation Commitments (FY2015; unit: billions of yen)

Europe
- Russia 50.3 (8%)
- Germany 90.0 (15%)
- France 0.6 (0%)
- Finland 7.0 (1%)
- Luxembourg 85.6 (14%)
- Netherlands 41.5 (7%)
- Switzerland 3.8 (1%)
- Spain 23.3 (4%)

Asia
- China 4.0 (1%)
- Indonesia 53.4 (19%)
- India 41.5 (15%)
- Vietnam 18.2 (7%)
- Thailand 18.2 (7%)
- Singapore 76.9 (28%)
- Malaysia 40.6 (15%)
- Myanmar 3.6 (1%)

The Middle East
- Qatar 152.4 (36%)
- United Arab Emirates 265.4 (62%)
- Saudi Arabia 2.7 (1%)
- Turkey 7.0 (2%)

Africa
- Uganda 7.5 (50%)
- Angola 7.3 (49%)

Oceania
- Australia 6.9 (100%)

North America
- United States 455.3 (100%)

Latin America and the Caribbean
- Mexico 22.4 (5%)
- Trinidad and Tobago 57.7 (12%)
- Brazil 67.5 (14%)

Other Regions
- Others 40.8 (10%)
- Others 154.2 (4%)
### Transition in Composition of Commitments by Region (Loans, Equity Participation and Guarantees) over the Last 5 Years (Unit: billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Asia</th>
<th>Europe</th>
<th>Oceania</th>
<th>The Middle East</th>
<th>Latin America and the Caribbean</th>
<th>Africa</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2011</td>
<td>1,595.9</td>
<td>268.9 (17%)</td>
<td>373.6 (14%)</td>
<td>232.4 (15%)</td>
<td>415.5 (26%)</td>
<td>219.3 (14%)</td>
<td>154.2 (10%)</td>
</tr>
<tr>
<td>FY2012</td>
<td>4,240.9</td>
<td>513.6 (12%)</td>
<td>373.6 (14%)</td>
<td>305.9 (7%)</td>
<td>209.1 (9%)</td>
<td>195.6 (6%)</td>
<td>81.1 (4%)</td>
</tr>
<tr>
<td>FY2013</td>
<td>2,206.1</td>
<td>610.5 (19%)</td>
<td>173.8 (5%)</td>
<td>104.8 (5%)</td>
<td>209.1 (9%)</td>
<td>195.6 (6%)</td>
<td>72.1 (3%)</td>
</tr>
<tr>
<td>FY2014</td>
<td>3,249.3</td>
<td>332.9 (14%)</td>
<td>14.9 (1%)</td>
<td>427.6 (18%)</td>
<td>138.3 (43%)</td>
<td>184.3 (52%)</td>
<td>15.5 (1%)</td>
</tr>
<tr>
<td>FY2015</td>
<td>2,397.4</td>
<td>332.9 (14%)</td>
<td>6.9 (0%)</td>
<td>427.6 (18%)</td>
<td>138.3 (43%)</td>
<td>184.3 (52%)</td>
<td>15.5 (1%)</td>
</tr>
</tbody>
</table>
Examples of Business Outcomes by Region

Asia

China

**Loan for Organic Solvent Purification and Sales Business**

Supporting new production base expansion by Japanese mid-tier enterprises and SMEs

JBIC concluded two loan agreements with Nippon Refine Co., Ltd. (Nippon Refine). These loans are intended to finance the organic solvent purification and sales business conducted by Hefei Refine Co., Ltd. (Hefei Refine), a Chinese subsidiary of Nippon Refine, in the city of Hefei in China. Nippon Refine is a small and medium-sized enterprise (SME) engaged in the used organic solvents purification and sales business, as well as the environmental equipment engineering business.

In China, where environmental awareness is on the rise, there is a growing demand for solvent recycling. Nippon Refine established the Hefei Refine production base in February 2015 with the intention of expanding this market in China. Through the support of such overseas business deployment of Nippon Refine, this financing will contribute to maintaining and strengthening the international competitiveness of Japanese industries.

Mongolia

**Individual Agreement Related to the Export of Mining Equipment**

Supporting exports by Japanese companies by utilization of an export credit line

JBIC concluded a loan agreement based on a credit line extended to the government of Mongolia in June 2013. The loan is intended to provide, through the Ministry of Finance of Mongolia, the necessary funds for Khishig Arvin Industrial LLC, a Mongolian company, to purchase from SUMITOMO CORPORATION mining machinery made by Komatsu Ltd. and related services.

The governments of Japan and Mongolia signed the “Agreement between Japan and Mongolia for an Economic Partnership” in February 2015, which is expected to further vitalize the two countries’ economies in a wide range of fields and facilitate trade and investment between the two countries. In addition, the “ERCH Initiative Plus” was agreed by the two countries’ leaders to promote financing utilizing this credit line in accordance with measures in both countries.

Indonesia

**Loan for the Manufacturing and Sales Business of Automotive Steel Sheets**

Supporting Japanese steel industry’s overseas business deployment

JBIC concluded a loan agreement with PT Krakatau Nippon Steel Sumikin (KNSS), an Indonesian subsidiary of NIPPON STEEL & SUMITOMO METAL CORPORATION (NSSMC). This loan is intended to provide the necessary funds for the manufacturing and sales of cold-rolled, hot-dip galvanized, and galvannealed steel sheets for automobiles (production capacity: 480 thousand tons/year) conducted by KNSS, which was jointly established by NSSMC and a state-owned Indonesian steel manufacturing company, PT KRAKATAU STEEL (Persero) Tbk. The Indonesian automobile market is expected to continue growing backed by the country’s economic growth. NSSMC aims to respond promptly and appropriately to the needs of its customers in Indonesia by setting up a state-of-the-art automotive steel sheet production line and producing locally through KNSS.

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1. ERCH Initiative Plus: “The ERCH Initiative” is aimed at promoting economic relations between Japan and Mongolia consisting of two pillars: (1) the development of an investment environment and (2) cooperation for sustainable economic development, as proposed by Japanese Prime Minister Shinzo Abe on his visit to Mongolia in March 2013. As a supplement to the ERCH Initiative, during the visit of Mongolian President Tsakhiagiin Elbegdorj in July 2014, “ERCH Initiative Plus” was proposed by Prime Minister Abe for the promotion of Mongolian exports and industrial diversification that was agreed on by both leaders.
Examples of Business Outcomes in FY2015

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Examples of Business Outcomes by Region

Asia
Supporting the Export of Multipurpose Vessels Built in Japanese Shipyards
JBIC concluded buyer’s credit agreements with IMC Holdings Limited (IMC) Group, a major shipping operator in Singapore, to fund the purchase of four multipurpose vessels. Based in Singapore, IMC is one of the major integrated shipping operators in Asia. These loans are intended to finance IMC’s purchase of a total of four vessels, comprising two 64,400 DWT and two 64,300 DWT multipurpose vessels, to be built by Oshima Shipbuilding Co., Ltd., a Japanese shipbuilding company. These loans are intended to support the export of ships built in a Japanese shipyard that performs a significant role in the regional economy and associated industries, including mid-tier enterprises and SME.

Myanmar
Shareholders Agreement for Equity Participation in Dawei SEZ Development Company
JBIC concluded a shareholders agreement with Myanmar’s Foreign Economic Relations Department (FERD) and Thailand’s Neighbouring Countries Economic Development Cooperation Agency (NEDA) to participate in Dawei Special Economic Zone Development Company Limited (“Company”). The Company was jointly established in June 2013 by FERD and NEDA with the aim of providing support, including advice, to the Myanmar government on the comprehensive development of the Dawei Special Economic Zone (“Dawei SEZ”) in Myanmar.

Japanese companies have high expectations for Myanmar’s growth potential. Through the equity participation in the Company, JBIC will assist Japanese companies to participate in infrastructure projects in the Dawei SEZ from an early stage of its development, and this will lead to increasing opportunities for them to be involved in future infrastructure business. The Dawei region, which faces the Indian Ocean, is also important in terms of ASEAN connectivity and will contribute to the business promotion of Japanese companies which have expanded into the ASEAN region, including Thailand.

JBIC will contribute to further deepening and developing economic relations between Myanmar and Japan.

The Philippines
Loan for the Manufacture and Sales Business of Medical Device
JBIC concluded a loan agreement with Tokai Medical Products, Inc. (Tokai Medical). This loan is intended to finance the medical device manufacturing and sales business of Tokai Medical’s Philippine subsidiary, TOKAI MEDICAL PRODUCTS PHILIPPINES INC. (TMPPI). Tokai Medical is an SME that manufactures and sells medical devices. In light of growing demand in North America, Europe and the ASEAN region, Tokai Medical established TMPPI in the Philippines, which has geographical advantages as a production base. The company seeks to secure stable supplies and expand its overseas sales channels through TMPPI’s local production. The loan is in line with the “Healthcare and Medical Strategy” and the “Infrastructure Export Strategy” endorsed by the Japanese government, which are designed to promote the global expansion of Japanese medical technologies.

Singapore
Supporting the Export of Multipurpose Vessels Built in Japanese Shipyards
Supporting exports from Japan utilizing buyer’s credit for the export of ships
JBIC concluded buyer’s credit agreements with IMC Holdings Limited (IMC) Group, a major shipping operator in Singapore, to fund the purchase of four multipurpose vessels. Based in Singapore, IMC is one of the major integrated shipping operators in Asia. These loans are intended to finance IMC’s purchase of a total of four vessels, comprising two 64,400 DWT and two 64,300 DWT multipurpose vessels, to be built by Oshima Shipbuilding Co., Ltd., a Japanese shipbuilding company. These loans are intended to support the export of ships built in a Japanese shipyard that performs a significant role in the regional economy and associated industries, including mid-tier enterprises and SME.

2. Dead weight ton (DWT) refers to the total carrying capacity of a vessel, including freight, fuel, food, drink, water, ship’s crew and their personal effects.
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### Asia

#### Thailand

**Loans for the Manufacture and Sales Business of Cosmetics Containers**

Supporting overseas business deployment of mid-tier enterprises and SMEs

JBIC concluded two loan agreements with GLASEL CO., LTD. (GLASEL). These loans are intended to finance the manufacture and sales business of cosmetics containers by GLASEL (THAILAND) CO., LTD. (GTCL), a subsidiary of GLASEL in Thailand. GLASEL is an SME that plans, designs, and sells a wide range of containers for cosmetics, medicine, reagents, and health foods.

In the ASEAN region demand is increasing, as the middle-income class is growing in line with economic development. GTCL was established to capture market share related to cosmetics in ASEAN. As Japan’s policy-based financial institution, JBIC will continue to financially support the overseas business deployment of Japanese companies in growing markets such as Thailand.

#### Vietnam

**Loan for Refrigerated Warehouse Business**

Supporting the establishment of a high-quality food logistics system leveraging Japan’s strengths

JBIC concluded a loan agreement with RYOBI HOLDINGS Co., Ltd. (RYOBI HD). This loan is intended to finance the refrigerated warehouse business conducted by Ryobi (Vietnam) Distribution Service Company Limited (RDSC), a Vietnamese subsidiary of RYOBI HD, in an industrial park in Ho Chi Minh City. RYOBI HD, a company which has developed a business spanning a wide-range of sectors, including logistics and tourism, established RDSC in February 2015 in Vietnam, where Japanese department stores continue to open new branches amid steady economic growth. RYOBI HD seeks to gain market share in the refrigerated warehouse business by providing high-quality cold chain services which is indispensable for the distribution and sale of fresh food products, including Japanese food, in Vietnam.

#### Bangladesh

**Buyer’s Credit for Bangladesh Power Development Board**

Supporting export of facilities for gas-fired combined cycle power plant by Japanese company

JBIC concluded a buyer’s credit agreement with the Bangladesh Power Development Board (BPDB). The loan is intended to provide financing for BPDB to purchase a complete set of facilities, including gas turbines (MITSUBISHI HITACHI POWER SYSTEMS, LTD.) and steam turbines (FUJI ELECTRIC CO., LTD.) from Marubeni Corporation for the construction of a new 400 MW gas-fired combined cycle power plant in the northeast of Bangladesh.

Despite growing demand for electricity in Bangladesh due to steady economic growth, the power supply has not caught up with this demand, and the country has been experiencing a chronic power shortage. Given these circumstances, the Bangladesh government has been promoting the enhancements of power supply under its Power System Master Plan. This loan is expected to support Bangladesh’s economic development by realizing steady power supply, and, at the same time, contribute to maintaining and strengthening the international competitiveness of Japanese industries through financial support for the export of infrastructure-related facilities.

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Examples of Business Outcomes in FY2015

India

Loan for Manufacture and Sales Business of Engine Valves
Supporting overseas business deployment of Japanese automotive parts industry with local currency loan

JBIC concluded a loan agreement with Nittan India Tech Private Limited (NIT), an Indian subsidiary of NITTAN VALVE CO., LTD. (NITTAN VALVE). This loan is intended to finance the expansion of manufacturing and sales of engine valves for four-wheel and two-wheel vehicles by NIT, through providing investment capital in the local currency (Indian rupee).

NITTAN VALVE provides engine valves, precision forgings and a various products to a wide range of sectors, including automobiles. This loan is aimed at enhancing NIT’s manufacturing facilities in response to the growing demand for engine valves by Japanese automobile manufacturers in India, and will lead NIT to gaining a stronger customer base as well as a larger share of the local market. This local currency loan will contribute to maintaining and strengthening the international competitiveness of Japanese industries.

Asian countries

Support for Japanese Company Business Deployment in Asia
Equity participation in fund that invests in companies in Asia

JBIC signed an agreement for equity participation in the Advantage Partners Asia Fund, L.P. (“the Fund”), which is jointly managed by Advantage Partners, Inc. (AP) and MITSUI & CO., Ltd. (Mitsui).

The Fund is a private equity fund that invests in companies (mainly in the manufacturing, retailing, service, and information technology industries) in Asian countries, such as China, Thailand, and Malaysia.

The Fund aims to discover, through the networks of AP and Mitsui, companies in Asia which have the potential to form business partnerships with Japanese companies and to increase the corporate value of those local portfolio companies by promoting their new business partnerships. The Fund’s investment in the Asian companies will give more opportunities for Japanese companies to enter the overseas business market or to form a capital tie-up with the portfolio companies, as well as boost the business deployment of Japanese companies in Asia. JBIC will continue to actively contribute to maintaining and strengthening the international competitiveness of Japanese industries by drawing on various financial schemes, including equity participation.
Examples of Business Outcomes by Region

Europe

Netherlands

Project Financing for Offshore Wind Power Generation Project
Supporting participation of Japanese company in renewable energy project creating sustainable environmental value

JBIC concluded a loan agreement with Clusius C.V. (CLUSIUS), a limited partnership in the Netherlands invested in by Mitsubishi Corporation (MC) providing project financing for an offshore wind power generation project. The loan is intended to provide the long-term financing that is necessary for CLUSIUS, jointly established by MC and Dutch power and energy company Eneco Holding N.V. (Eneco) to operate the Luchterduinen (Q10) offshore wind farm and sell the generated electricity to Eneco Energy Trade B.V. over a period of 20 years. This project is in line with the Japanese government’s “Infrastructure Systems Export Strategy” and the initiative “Actions for Cool Earth: ACE 2.0,” which promotes the advancement of low-carbon technologies.

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1. Project finance is a financing scheme in which repayments are made solely from the cash flows generated by the project and secured only on the project assets.
2. Eneco Energy Trade B.V. is a wholly owned subsidiary of Eneco Holding N.V., one of the largest Dutch power and energy companies.
3. MHI Vestas Offshore Wind The Netherlands B.V., the supplier of wind power generation equipment for this project, is wholly owned by MHI Vestas Offshore Wind A/S, a Danish company. JBIC has provided financing for the establishment of the Danish company, which is invested in by Mitsubishi Heavy Industries, Ltd.
The Middle East

Qatar

Project Finance for Facility D Natural Gas-fired Power Generation and Desalination Project

Supporting Japanese companies’ participation in overseas IWPP project

JBIC concluded a project finance loan agreement with Umm Al Houl Power (UHP) of Qatar for the Facility D IWPP project. UHP was established by Mitsubishi Corporation (MC) and Tokyo Electric Power Company, Incorporated (TEPCO) together with Qatar Petroleum, Qatar Electricity & Water Company Q.S.C., and the Qatar Foundation for Education, Science and Community Development. This project involves the construction, ownership, and operation of a natural gas-fired combined cycle power plant (capacity: approximately 2,400 MW) and a desalination plant (capacity: approximately 590 thousand cubic meters per day) under the BOOT5 in Qatar, where demand for electric power and water has been increasing due to rapid population growth and economic development. The electricity and water generated by the project will be sold to Qatar General Electricity and Water Corporation for 25 years after the completion of the plants.

United Arab Emirates

JBIC Signs MOU with Abu Dhabi National Oil Company

Supporting acquisition of new concessions and renewal of existing concessions involving Japanese oil companies

JBIC signed a memorandum of understanding (MOU) with Abu Dhabi National Oil Company, a state-run oil company wholly owned by the government of Abu Dhabi.

JBIC has signed with ADNOC a succession of MOU in the oil and gas sector, as well as the environmental sector. This MOU is intended to further expand and develop such a cooperation agreement in the oil and gas sector. Above all, it allowed both parties to mutually recognize that the granting of new concessions to and the renewal of existing concessions involving Japanese entities are significant objectives for Japan.

The UAE is vital to Japan’s energy resource strategy because the UAE allows the entry of foreign oil companies to operate on the basis of concession agreements regarding oil fields. The strengthening of this relationship through the MOU is in line with Japan’s energy resource policies targeting an increase in the self-development ratio of oil and natural gas to 40% or more by 2030 under the “Basic Energy Plan.”

United Arab Emirates

Loan for the Manufacturing and Sales Business of Large-diameter Welded Steel Pipes in Abu Dhabi

Supporting overseas business deployment by Japanese companies

JBIC concluded a loan with Al Gharbia Pipe Company LLC (AGPC), an Abu Dhabi, UAE company. The loan is intended to finance the manufacturing and sales of large-diameter welded steel pipes for oil/gas pipelines by AGPC, a joint venture company owned by JFE Steel Corporation (JFE), Marubeni-Itochu Steel Inc. (MISI) and a UAE company. The Middle East region is the world’s largest producing area for oil and gas, in which a stable demand for high grade pipes for delivery of oil and gas is expected. JFE and MISI aim to enhance their ability to respond to customer needs in the Middle East region, as well as to maintain cost competitiveness, by producing high-quality steel pipes for pipelines locally through the joint venture.

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4. IWPP (independent water and power producer) is a form of an independent water and power producer builds and operates power generation and water desalinization plants on its own, and sells the electricity and water produced from them.

5. BOOT (Build, Own, Operate, and Transfer) is a form of financing program in which a private company builds, owns, and operates the project facility during the contract term, and then transfers ownership to the public sector after the project completion.

6. The ratio of self-development is defined as the percentage of the trade volume of petroleum and natural gas (including domestic production) which is under the control of Japanese companies out of the total of the import volume and domestic production volume of petroleum and natural gas.
Africa

Angola

Export Credit Line for Development Bank of Angola
Supporting export of high-quality communications infrastructure equipment to Africa

JBIC concluded a loan agreement in buyer’s credit (export loan) with Banco de Desenvolvimento de Angola (BDA), the state-owned development bank of Angola. The loan is intended to provide part of the financing, through BDA, necessary for Angola Cables S.A., an Angolan telecom operator, to construct a complete optical submarine cable system, measuring a total length of approximately 6,200 km, for a project directly connecting Angola and Brazil. This project will lay the world’s first optical submarine cable across the South Atlantic, directly linking the African continent to South America, manufactured and laid by NEC Corporation (NEC) and its subcontractors, applying the latest technologies with the world’s highest standards in data transmission capacity, connectivity, and amplification.

This loan is provided as financial support under the JBIC Facility for African Investment and Trade Enhancement (FAITH), which was established in accordance with the Fifth Tokyo International Conference on African Development (TICAD V), and is also in line with the Japanese government policy pertaining to “Infrastructure System Export Strategy” (revised in FY2015).

1. Angola Cables S.A.: 51% of the company’s shares are held by state-owned Angola Telecom, and the rest by four private Angolan telecommunications companies.
United States

Project Financing for Shipping Business of LNG Tankers for Freeport LNG Project
Support for strengthening LNG value chain to ensure long-term and stable LNG supplies

JBIC concluded two loan agreements in project financing with a special purpose company (SPC) funded 50% by CHUBU Electric Power Co., Inc. (Chubu Electric) and 50% by Nippon Yusen Kabushiki Kaisha (NYK LINE) together with two loan agreements with an SPC funded 50% by Chubu Electric and 50% by Mitsui O.S.K. Lines, Ltd. These loans are intended to finance the shipping business of liquefied natural gas (LNG) tankers by both SPC. These LNG tankers are scheduled to be used mainly for transporting LNG produced by the U.S. Freeport LNG Project in which Chubu Electric participates. These loans support the efforts of Japanese companies to strengthen their energy value-chains, from participating in LNG projects through transporting LNG.

United States

Project Financing for Shipping Business of LNG Tankers for Cameron LNG Project
Support for securing long-term LNG supplies

JBIC concluded two loan agreements in project financing with Singaporean entities DIAMOND LNG SHIPPING 1 PTE. LTD. (DLS1) and DIAMOND LNG SHIPPING 2 PTE. LTD. (DLS2) funded 50% by Mitsubishi Corporation (MC) and 50% by Nippon Yusen Kabushiki Kaisha (NYK LINE). These loans are intended to finance the procurement by DLS1 and DLS2 of LNG tankers to be used mainly for transporting LNG produced by the Cameron LNG project located in the U.S. in which MC, NYK LINE, and other Japanese companies participate. These loans will contribute to securing for Japan a long-term and stable supply of LNG that has become increasingly important in recent years as fuel for power generation, while utilizing the Japanese shipping companies’ wide experience in the area of LNG shipping business.

As Japan’s policy-based financial institution, JBIC will continue to financially support the promotion of acquisition and development of energy resources by Japanese companies, by drawing on its various financial facilities and schemes for structuring projects, and performing its risk-assuming function.

2. JERA Co., Inc., funded 50% by Chubu Electric and 50% by TEPCO Fuel & Power. Incorporated has succeeded participation rights for the U.S. Freeport LNG project and shares in each SPC held by Chubu Electric.
Examples of Business Outcomes in FY2015

Latin America and the Caribbean

Trinidad and Tobago

Project Financing for Methanol and Dimethyl Ether Production Plant

JBIC concluded a loan agreement for project financing with Caribbean Gas Chemical Limited (CGCL). This loan is JBIC’s first project financing provided to a project in Trinidad and Tobago. CGCL is a joint venture established by Mitsubishi Gas Chemical Company, Inc. (MGC), Mitsubishi Corporation (MC) and Mitsubishi Heavy Industries, Ltd. with Trinidad and Tobago’s state-owned company, The National Gas Company of Trinidad and Tobago Limited, and other. In this project, CGCL plans to produce one million tons of methanol per annum, as well as dimethyl ether (DME).1 MGC and MC will off-take the majority of the methanol produced and sell it to various countries including Japan. As Japan depends on entirely on imported methanol, JBIC aims to promote the diversification of import sources of methanol by supporting the project, thereby reducing the supply risk of methanol.

Mexico

Loan for the Manufacture and Sales Business of Automobile Parts

JBIC concluded a loan agreement with G-TEKT MEXICO, CORP S.A. DE C.V. (G-MEX), a Mexican subsidiary of G-TEKT CORPORATION (G-TEKT). The loan is intended to finance the automobile parts manufacturing and sales business of G-MEX in the state of Guanajuato, Mexico. G-TEKT conducts manufacture and sales of automobile parts, mainly automotive body frames and transmission components, and has been in operation for more than 70 years. G-TEKT is globally deploying overseas business to establish a mobile parts supply system for customers who are finished car manufacturers and parts manufacturers, backed by the recent expansion of overseas production capacity by Japanese automobile and parts manufacturers. G-MEX was established in September 2013 and plans to expand local operations.

MOU for Business Cooperation with Four Mexican State Governments

JBIC signed MOU with the four Mexican states of Aguascalientes, Jalisco, Guanajuato and Nuevo León aimed to support the deployment of Japanese mid-tier enterprises and SME in these regions. These MOU, whose main purpose is to support Japanese mid-tier enterprises and SME with whom Japanese financial institutions have business relations, agree to JBIC acting as an intermediary between the four state governments and Japanese financial institutions, and actively utilizing a Japan desk (a desk providing services exclusively for Japanese companies), which is scheduled to be established by the state. It also agrees on provision of advisory services to mid-tier enterprises and SME from both JBIC and the state.

These areas are now regarded the most important automobile production sites in Mexico for Japanese companies. JBIC will support the overseas deployment of Japanese mid-tier enterprises and SME business in cooperation with financial institutions.

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1. Dimethyl ether can be used as a substitute for LPG or as a substitute for diesel in automobiles or in power generation, and has therefore been receiving a lot of attention as a next-generation source of clean energy. A part of the methanol produced from this project will be used to manufacture DME.
Examples of Business Outcomes Relating to Support for Mid-tier Enterprises and SME

JBIC supports SME in a wide range of industries with their overseas business deployment.

**Examples of Business Outcomes Relating to Support for Mid-tier Enterprises and SME**

**China**

**EPOCH CO., LTD.**

Manufacturing and Sales Business of Toys

EPOCH, a well-established toy maker, is expanding its global business by developing sales networks in the U.S., Singapore, and the Netherlands, and its own manufacturing facility in China. Amid active demand for toys in the upper-income class in North America, Europe and Asia, EPOCH plans to expand manufacturing and sales of its toys in the diverse region by strengthening the manufacturing capacity of its Chinese subsidiary, EPOCH INDUSTRIAL CO., LTD (EPI). JBIC provided EPOCH with funds necessary for additional facilities of its EPI’s plant in China.

**Haso Ltd.**

Production and Sales Business of Hygiene and Cleaning Products

HASO is engaged in the production and sales of hygiene and cleaning products, including dust-collecting wipes and wet tissues. As demand for hygiene and cleaning products is expected to increase in developed countries given their growing consciousness of hygiene HASO established, in August 2001, HASO SANITARY MATERIALS (SUZHOU) CO., LTD. (HSM) as a production and sales base in China. HASO intends to further expand the business through increasing its production capacity and sales to daily-use product manufacturers and retail stores. JBIC provided HASO with funds necessary for the expansion of HSM’s production facilities.

**Indonesia**

**YUTAKA INDUSTRY CO., LTD.**

Automotive Parts Manufacturing and Sales Business

YUTAKA INDUSTRY is engaged in the manufacturing and sales of automotive parts. It established PT. YTK INDONESIA (YTK) in 2011 as a production and sales hub for the Indonesian market. YUTAKA INDUSTRY seeks to further expand its business by enhancing YTK’s production capacity and increasing sales to global auto makers in Indonesia, where the need for automotive parts is expected to continue to be strong in the future backed by the increasing demand for automobiles. JBIC provided YUTAKA INDUSTRY with funds necessary for the expansion of YTK’s production facilities.

**BOLTZ Corporation Limited**

Automobile and Motorcycle Fastenings Manufacturing and Sales Business

BOLTZ manufactures and sells fastenings, such as high-strength bolts and piston pins, for automotive parts, including engines, steering wheels, and transmissions. BOLTZ established PT. BOLTZ INDONESIA (PT. BZI) in Indonesia, where demand for automobiles and motorcycles is expected to increase. BOLTZ seeks to increase its overseas fastening product market share through local production. JBIC provided PT. BZI with funds denominated in the Indonesian rupiah for its business operation.
Examples of Business Outcomes in FY2015

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Examples of Business Outcomes Relating to Support for Mid-tier Enterprises and SME

Malaysia

Goto Denshi Co., Ltd.

Electronic Component Manufacturing and Sales Business

Goto Denshi is engaged in the manufacturing and sales of electronic components. Given growing worldwide demand for electronic equipment, Goto Denshi established, in February 2015, GOTO DENSHI MFG. PHILS., INC. (GDMP) in the Philippines, which has geographical advantages as a production hub. The company seeks to secure stable supplies for major electronic component manufacturers and expand its overseas sales channels through local production. JBIC provided Goto Denshi with funds necessary for the electronic component manufacturing and sales business conducted by GDMP in the Province of Pampanga, the Philippines.

The Philippines

MARUYONE CO., LTD.

Fishing Tackle Manufacturing and Sales Business

MARUYONE is not only engaged in the build-to-order manufacturing as an original equipment manufacturer (OEM), but also in the development and sales of its original brand of products, such as KANJI. The company has recently been exporting products to the U.S., Australia, and New Zealand. By enhancing its Philippine subsidiary, Day 1 Craft Philippines Inc.’s (DCP)’s production capacity, MARUYONE seeks to expand its business in the Southeast Asian market. JBIC provided funds necessary for DCP’s fishing tackle manufacturing and sales business in the Province of Laguna, the Philippines. The funds will be used to expand its plant facilities.

The Philippines

HIROYUKI CO., LTD.

Manufacturing and Sales Business of Packaging Products

HIROYUKI is engaged in the wholesale business of packaging products. Logistic needs are increasing in Asia against the backdrop of economic growth in the region, and the demand for packaging products is expected to expand accordingly. Taking into account such circumstances, HIROYUKI seeks to expand its business via its Malaysian subsidiary, HIROYUKI INDUSTRIES (M) SDN. BHD. (HISB). JBIC provided HISB with funds necessary for the expansion of its production facilities for manufacturing and selling packaging products in Johor State, Malaysia.

Thailand

Saraya Co., Ltd.

Health and Sanitation Products Manufacturing and Sales Business

Saraya has been engaged in the manufacturing and sales of health and sanitation products since it was established in 1959. In 2004, it established a Thai subsidiary, Saraya MFG. (Thailand) Co., Ltd. (SMTC). As demand for various sanitation products such as liquid soap, detergent and disinfectant is expected to increase backed by steady economic growth of Thailand and neighboring countries, the company plans to expand its market share of the health and sanitation products market through SMTC. JBIC provided SMTC with funds denominated in the Thai baht necessary for the expansion of its facilities.

Malaysia

MARUYONE CO., LTD.

Fishing Tackle Manufacturing and Sales Business

MARUYONE is not only engaged in the build-to-order manufacturing as an original equipment manufacturer (OEM), but also in the development and sales of its original brand of products, such as KANJI. The company has recently been exporting products to the U.S., Australia, and New Zealand. By enhancing its Philippine subsidiary, Day 1 Craft Philippines Inc.’s (DCP)’s production capacity, MARUYONE seeks to expand its business in the Southeast Asian market. JBIC provided funds necessary for DCP’s fishing tackle manufacturing and sales business in the Province of Laguna, the Philippines. The funds will be used to expand its plant facilities.
Examples of Business Outcomes in FY2015

Thailand

KAIHARA CORPORATION
Denim Fabric Manufacturing and Sales Business

KAIHARA has manufactured and sold denim fabrics since it was founded in 1893. The company is Japan’s largest denim fabric maker and has established an integrated denim production system from the spinning of raw cotton, dyeing, weaving, up to finishing of fabrics. KAIHARA is well-known and highly rated globally for the Aizen (indigo dyeing) technology it has developed since its inception, and the company supplies high quality denim to domestic and overseas apparel manufacturers. The company established its first overseas base, KAIHARA (THAILAND) CO., LTD. (KTC), in March 2014. JBIC provided KAIHARA with funds necessary for the establishment and operation of KTC.

Nagoya-shokuryo Co., Ltd.
Rice-related Products Production and Sales Business

Nagoya-shokuryo, established in 1996, is primarily a rice wholesaler which is also engaged in the production of processed rice food products, as well as food retailing and restaurant management. In 2014, the company established RICE CREATION (THAILAND) CO., LTD. in Thailand, where the Japanese food market is expected to expand because of the entry of more Japanese companies and an increase in the number of Japanese restaurants, and plans to further increase its sales share through local manufacturing. JBIC provided RICE CREATION with funds denominated in the Thai baht necessary for expanding its production facilities.

Vietnam

NAKAGAWA MFG. CO., LTD.
Label Paper Production and Sales Business

NAKAGAWA MFG produces and sells label paper. The company established NAKAGAWA MFG. VIETNAM CO., LTD. (NMV) in 2011 as a label production and export base, such as for address labels to the U.S. and other countries. In response to a growing demand for label papers in the U.S., the company plans to further expand its business through the enhancement of NMV’s production capacity and the expansion of sales to office supply manufacturers. JBIC provided NAKAGAWA MFG with funds necessary for expanding NMV’s factory and production facilities.

YOTSUGI CO., LTD.
Insulating Equipment Production and Sales Business

YOTSUGI is engaged in the production and sales of insulating equipment. In anticipation of increasing demand for insulating equipment backed by Asia’s economic growth, YOTSUGI established YOTSUGI VIETNAM CO., LTD. (YSV), its first overseas base, with a goal to expand its business in the ASEAN region. JBIC provided YOTSUGI with funds necessary to finance YSV’s insulating equipment production and sales business in Hung Yen Province, Vietnam.
Examples of Business Outcomes in FY2015

**Japan**

**Fuji Concrete Industry Co., Ltd.**
Toyota Kohki Co., Ltd.
Concrete Products Manufacturing and Sales Business

FIJI CONCRETE INDUSTRY and TOYOTA KOHKI are engaged in the manufacturing and sales of concrete products and molds for concrete products, respectively. Based on an expected increase in demand for infrastructure investments against the backdrop of economic growth in India, the companies jointly established Fuji Silvertech Concrete Private Limited (FSC) in India as a joint venture with an Indian company. FSC manufactures and sells pre-cast concrete products used in various infrastructure projects. JBIC provided FSC with funds necessary for concrete products manufacturing and sales business.

**Mexico**

**MINO Industry Co., Ltd.**

Die-cast Aluminum Parts Manufacturing and Sales Business

MINO Industry is engaged in the manufacturing and sales of die-cast aluminum parts for automobiles. MINO Industry established MINO INDUSTRY MEXICO S.A. DE C.V. (MIMX) in Mexico, which is experiencing a continuing inflow of automotive parts manufacturers due to the growing demand for automobiles in the North American market. By increasing the sales of its products through MIMX, MINO Industry seeks to further expand its business in Mexico. JBIC provided MINO Industry with funds necessary to finance MIMX’s automotive die-cast aluminum parts manufacturing and sales business.

**Mexico**

**GOHSYU CORPORATION**

Forged Automotive Parts Manufacturing and Sales Business

GOHSYU, established in 1946, is engaged in the manufacturing and sales of high-precision forged parts for automobiles, motorcycles, and agricultural machinery. In anticipation of continued growth of demand for automotive parts, particularly in the U.S. and Latin America, GOHSYU established GOHSYU MEXICANA, S.A. DE C.V. (GMX) in Mexico in 2014 to meet the needs of its major clients. JBIC provided GMX with funds denominated in the Mexican peso necessary to finance GMX’s business operation in the state of Aguascalientes in central west Mexico.

**Mexico**

**SURTECKARIYA Co., Ltd.**

Automotive Parts Surface Treatment Business

SURTECKARIYA is involved in the automotive parts surface treatment business. The company has been building a global production network with local subsidiaries in China and Southeast Asia. The company aims to expand its business through its local subsidiary, SURTEC & SUZUKI TECHNOLOGY MEXICANA S.A. DE C.V. (SSM) in Mexico, which serves as a manufacturing base for North America and is expected to experience growing demand for auto parts. JBIC provided SSM with funds necessary for the construction of a new factory in the state of San Luis Potosi, Mexico.

1. FIJI CONCRETE and TOYOTA KOHKI hold FSC through Fuji-Toyota Precast Technology Japan Co. Ltd., a Japanese company which is jointly invested in by the two companies.
2. The pre-cast concrete products are produced with high precision and in large quantities at a factory, not at a construction site.
4 Examples of Business Outcomes Relating to Environment

Supporting Environmental Conservation and Improvement Projects

Achieving both environmental preservation and economic development is at present universally recognized as a common challenge for developed and developing countries alike. Given this awareness, there are growing expectations across the world on implementing projects which lead to environmental conservation and improvement.

Various efforts in this field are underway throughout the world, including energy-saving projects to increase energy efficiency; renewable energy projects such as solar and wind power generation; projects involving highly efficient, high-performance coal-fired power generation and natural gas-fired combined-cycle power generation that reduce carbon dioxide (CO₂) emissions; urban transportation projects such as railroads that help alleviate traffic jams and air pollution; smart grid projects that supply electricity efficiently using IT technology; and eco-city projects that aim to realize environmentally sustainable cities.

Amid such developments, JBIC not only takes into consideration the environmental and social aspects of individual projects, but is also committed to support environmental conservation and improvement projects, such as measures against global warming. For its Global action for Reconciling Economic growth and Environmental preservation (GREEN) operations, JBIC focuses its support on efforts to conserve the global environment, including projects that are expected to dramatically reduce greenhouse gas (GHG) emissions, while keeping in mind the global dissemination of Japan’s internationally acclaimed leading environmental technologies (see page 59).

Supporting the Export of Geothermal Power Generation Plant Facilities to Iceland

JBIC conducted a buyer’s credit agreement (export loan) with Landsvirkjun (LV), the largest state-owned power company in Iceland. The loan is intended to provide financing for LV to purchase machinery and equipment related to geothermal power generation from FUJI ELECTRIC CO., LTD. and other companies for the construction of a new geothermal power station (installed capacity: 90 MW) in Theistareykir, northeast Iceland. This loan marks JBIC’s first financing provided to a company in Iceland. The project is expected to further enhance the wide range of cooperation in the power infrastructure sector between Japanese companies and LV, which owns hydro, geothermal, and wind power generation facilities, as well as a majority in the transmission grid, and generates about 70% of Iceland’s electricity.

Iceland supplies most of its domestic electricity by renewable energy. Furthermore, with its competitive cost power supplies, the country actively attracts foreign enterprises in power-intensive industries. The project is expected to increase business opportunities for Japanese companies, who boast advanced technologies and hold approximately 70% of the global market share of turbines for geothermal power generation.

Supporting Export of Geothermal Power Generation Equipment to Turkey

JBIC has signed a loan agreement with Turkiye Is Bankasi A.S. (Isbank), a commercial bank in Turkey, based on a credit line that supports the export of machinery and equipment related to renewable energy and climate change control. The loan is intended to provide financing, through Isbank, for Gurmat Elektrik Uretim A.S. (Gurmat) to import machinery and equipment related to geothermal power generation, such as steam turbines made by MITSUBISHI HITACHI POWER SYSTEMS, LTD., from Mitsubishi Corporation, TIX-IKS Corporation and TIX-TSK Corporation.

The Turkish government has intensified its efforts to propagate power generation harnessing renewable energy as part of its environmental policy, and has set a target for the share of renewable energy to reach 30% of total generated energy by 2023. As a result, many renewable energy projects and projects in related fields, including geothermal power generation, are expected to increase in the future. This loan will lead to the creation of business opportunities for Japanese companies in the field of renewable energy in Turkey.
Examples of Business Outcomes in FY2015

Supporting Renewable Energy and Energy Efficiency Projects in Mexico

JBIC has signed a loan agreement with Banco Nacional de Comercio Exterior, S.N.C. (BANCOMEXT) as part of GREEN operations, establishing a credit line to finance renewable energy and energy efficiency projects in Mexico through BANCOMEXT.*

BANCOMEXT is a governmental financial institution in Mexico with a mission to promote foreign trade and attract foreign capital. The Mexican government has been vigorously implementing measures to cope with climate change, including setting a quantitative goal of reducing GHG emissions to 50 percent of the level in 2000 by 2050. This credit line is thus expected to reduce GHG emissions in Mexico, and provide opportunities to introduce Japan’s advanced environmental technologies in the country. This is in line with an initiative announced by the Japanese government in November 2015, “Actions for Cool Earth: ACE2.0.”

Partnerships and Knowledge Sharing in the Environmental Sector

Amid growing expectations for the implementation of environment-related projects toward global environmental conservation and a low-carbon society in various parts of the world, JBIC supports Japanese overseas business deployment as well as efforts being made by foreign governments in this field, not only through financing but also by sharing information and providing knowledge through activities such as holding seminars and participating in relevant events. JBIC also simultaneously forms close partnerships with foreign governments and government agencies, domestic prefectural and municipal governments, and other stakeholders both in Japan and abroad.

* This loan follows similar loans made to BANCOMEXT in October 2011 and July 2014.
Examples of Business Outcomes Relating to Studies, and Collaboration with Overseas Governmental Organizations and International Organizations

JBIC conducts researches and surveys related to overseas investment and international finance. These efforts include collection and analysis of a wide range of information, as well as knowledge sharing, while interacting with overseas government organizations, foreign and domestic research institutes and experts in various fields.

Survey Report on Overseas Business Operations by Japanese Manufacturing Companies
FY2015 marks the 27th year of the “Survey Report on Overseas Business Operations by Japanese Manufacturing Companies,” an annual survey that has been conducted by JBIC since 1989. The survey attempts to identify the strategies and challenges of Japanese manufacturing companies expanding overseas, and appeals to a broad audience for its originality and continuity. In addition to publishing the survey’s results externally through brochures and its website, JBIC holds seminars in collaboration with the chambers of commerce and industry and banks of various regions across Japan.

In FY2015, JBIC held seminars in cities such as Tokyo, Osaka, Kyoto and Nagoya based on the theme “Overseas Investment Seminar: Overseas Business Operations by Japanese Manufacturing Companies.” JBIC also hosted explanatory meetings for Japanese chambers of commerce and industry located overseas, as well as for foreign governments, and the survey’s results have been effectively utilized in policy recommendations to foreign governments.

Collaboration with Overseas Governmental Organizations and International Organizations
In April 2015, JBIC hosted a task force meeting with the Indonesian government on macroeconomic issues under a framework for financial policy dialogue that has been in place since August 2010. This recent meeting, which focused on “The Present Status and Issues of Indonesia’s Bond Market,” was held after having come to the recognition that it is critical to strengthen financial functions for Indonesia’s economy to sustain growth. The Indonesian delegation began with a presentation from members of the Indonesian Ministry of National Development Planning on economic growth targets, necessary investment and financing for such investment, then from Bank Indonesia (central bank of Indonesia) on the status of initiatives and issues that they face as they seek to strengthen the financial system. From the Japanese side, specialists from participating institutions gave presentations on the trade settlement characteristics of Japanese companies in Indonesia and other ASEAN countries, and issues when deepening the financial system. JBIC explained the possibilities of utilizing crowdfunding for public investment as an example of financial products linked to business. The subsequent general discussion resulted in a consensus among participants that financing will play a major role in stimulating the investment vital for Indonesia’s economic growth, and that joint cooperation and action in carrying out the policies among the relevant government ministries will be in need to secure this financing.

In January 2016, JBIC received a courtesy call from the Rt Hon Philip Hammond MP, then U.K. Secretary of State for Foreign and Commonwealth Affairs. Mr. Hammond expressed his appreciation for JBIC’s support for investment by Japanese companies in infrastructure projects in the U.K., as well as his expectations for JBIC to continue providing support for future projects, such as in the railway and power sectors. JBIC in turn expressed its wish to collaborate with Japanese companies in contributing to infrastructure and economic development in the U.K. to further strengthen the relationship between the two nations, underscoring the commitment of JBIC and the U.K. government to strengthening their cooperative relationship.

In February 2016, JBIC held a discussion with young researchers from The Brookings Institution, a renowned think tank in the U.S., on the overseas business expansion
of Japanese companies and other topics. The researchers of the institution were invited to Japan as part of the KAKEHASHI Project, which is hosted by Japan’s Ministry of Foreign Affairs and carried out by the JAPAN INTERNATIONAL COOPERATION CENTER (JICE). The researchers visited central government ministries and agencies, as well as leading Japanese companies and think tanks, in addition to JBIC. The KAKEHASHI Project aims to: 1) promote an understanding of the politics, society, history, and diplomatic policies of Japan through people-to-people exchanges; 2) expand Japan’s diplomatic base by identifying people who are knowledgeable about and support Japan; and 3) have the program’s participants proactively disseminate information about Japan’s appeals, creating an even better image of Japan in the international community and promote sustained interest in Japan. After briefly explaining its organizational structure and past achievements, JBIC gave a presentation on Japan’s foreign economic policies and trend in overseas expansion by Japanese companies, and JBIC’s activities, citing a few examples. Discussions were lively, with participants from The Brookings Institution proactively voicing opinions and asking questions on a wide range of topics, such as the economic policies of Japan, risks and risk-controlling methods in overseas businesses, and the present state of public-private partnerships.

**Collaboration with Universities**

JBIC gave a presentation on Islamic finance at the Third IIUM-Kyoto University Research Colloquium (IIUM: International Islamic University Malaysia) held in Malaysia in December 2015. As part of academic exchange activities between the Kulliyyah (Faculty) of Architecture & Environmental Design (KAED) of IIUM and the Graduate School of Management, Kyoto University, this was the third such conference and was held based on the theme “Understanding Shari’ah and Its Application in Construction.”

Under the title, “The 3 R’s in Islamic Project Finance: its relevance under Maqasid al-Shari’ah,” JBIC explained, while making reference to Riba (Arabic for “interest”), Recourse and Risk sharing, that Islamic project finance (PF) would be preferable given the principles of Islam because lenders in such transactions bear some of the risks associated with projects, rather than the ordinary full-recourse financing methods in which the borrower is wholly responsible for repayment as well as project risks. Islamic finance extends beyond Islamic countries in the Middle East and Southeast Asia and has been developing across the world, including in non-Islamic countries. Japanese banks have noticeably begun to be involved in Islamic finance, especially after the 2015 revision of the Comprehensive Guidelines for Supervision by the Japanese FSA. Some of the project finance projects that JBIC has participated in are related to Islamic finance, and JBIC sees Islamic project finance becoming increasingly significant as a field offering a new risk profile.

**Collaboration with private-sector financial institutions**

JBIC held its “JBIC Project Finance Seminar” (three two-day sessions), starting in February 2015, for regional banks. In this seminar, JBIC staff in charge of project finance gave lectures on the following subjects:
1. Fundamentals of project finance: risk analysis and risk control techniques,
2. Practice of project finance: project finance agreements and project management, and
3. Case studies: examples of JBIC’s projects.

JBIC has been co-financing with regional banks to support the overseas business deployment of mid-tier enterprises and SME, and also actively promoting collaboration with them by holding seminars and providing information on overseas investment. In addition to these efforts, in recent years, cooperation with regional banks in the form of taking foreign companies’ risk is increasing, and cooperation in project finance is also expected to expand in the future.
Financial Instruments

1 Financial Instruments  

2 Framework for Supporting Globalization Efforts of Mid-tier Enterprises and SME  

JBIC • Annual Report 2016
Export Loans

Export loans are provided to overseas importers and financial institutions to support finance exports of Japanese machinery, equipment and technology mainly to developing countries. In particular, products such as marine vessels, power generation facilities and other types of plant equipment incorporate a significant amount of advanced technology, and their export will be instrumental in enhancing the technological base of Japanese industries. Furthermore, Japanese shipbuilding and plant facilities industries have a broad range of supporting industries including small and medium-sized enterprises (SME) producing parts and components, and thus the loans are expected to positively contribute to the business of these Japanese companies. Export loans in specific sectors* are also available to developed countries.

Terms and conditions of export loans are determined based on the Arrangement on Officially Supported Export Credits (OECD Arrangement). In principle, the loan amount should not exceed the value of an export contract or technical service contract, and excludes down payment. Local costs may be covered provided that the amount is within the scope prescribed by the OECD Arrangement.

* Eligible Sectors of Export Loans in Developed Countries (as of October 1, 2016)

**Integrated Infrastructure System Projects**
- Railways (high-speed, inter-city projects and projects in major cities), road business, water business, biomass fuel production, renewable energy power generation, nuclear power generation, power transformation, transmission and distribution, highly efficient coal-fired power generation, coal gasification, carbon capture and storage (CCS), highly efficient gas-fired power generation, petrochemical production, waste incineration and waste to energy, smart grid
- (Other Export Transactions)

**Other Export Transactions**
- Ships, satellites, aircraft, medical positron beam therapy equipment

Supporting Export of Vessels Built by Japanese Shipbuilder

JBIC concluded buyer’s credit agreements with Teekay Offshore Partners L.P. (Teekay Offshore), a core subsidiary of Teekay Corporation, an international shipping company with its principal operating office in Canada, to purchase four anchor handling tug (AHT) vessels. Based in Canada, Teekay Offshore is one of the world’s leading providers of offshore logistics and production services with a world-class fleet of shuttle tankers, floating production storage and offloading (FPSO) units and floating storage and offtake (FSO) units. The loans are intended to finance the purchase of four AHT vessels with 300 tons BP pulling capacity, to be built by Niigata Shipbuilding & Repair, INC., a Japanese shipbuilder.

1. Anchor handling tug (AHT): A support vessel for offshore oil and gas field development and production, and engages mainly in towing and anchoring oil production rigs and transporting supplies and workers to and from the rigs.
2. Shuttle tanker: Vessel for the offshore loading of oil from FPSO, etc., and transport to land-based oil storage or oil refining facilities.
3. Floating Production Storage and Offloading System (FPSO): Floating vessel for the first stage processing of crude oil produced at the oil well, which separates associated gas and water, and for the storage and offloading of oil.
4. Floating Storage and Offloading System (FSO): Floating facility for the storage and offloading of oil where there are no oil and gas production facilities.
5. Bollard Pull (BP): Refers to the towing capacity of a watercraft. These particular vessels have a tractive power of 300 tons.
Import Loans

Import loans support imports of strategically important goods including natural resources. They are extended to Japanese importers or foreign exporters. As Japan is poorly endowed with natural resources, stable imports of natural resources over the long term are one of the key factors underpinning domestic economic activity. Import loans finance the development and import of energy resources, including oil and liquefied natural gas (LNG), and mineral resources, including iron ore, copper and other rare materials.

In addition to natural resources, JBIC provides a guarantee facility for goods and services essential to the sound development of the Japanese economy, such as for the import of aircraft. (See page 61 for the scheme of guarantees for import of manufactured products)

- **Products Eligible for Import Loans (Natural Resources)**
  - Oil, petroleum gas, LNG, coal, uranium, metallic ores, metals, mineral phosphate, fluorite, salt, lumber, wood chips, pulp and other materials.

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**Securing Long-term Supply of Crude Oil**

JBIC concluded a loan agreement with Abu Dhabi National Oil Company (ADNOC) in the United Arab Emirates (UAE). The UAE is vital to Japan’s energy resource strategy as it has been a stable source of crude oil for more than 30 years, and because the UAE allows foreign oil companies to acquire and develop oil fields on the basis of concession agreements. ADNOC, a state-run oil company wholly owned by the Abu Dhabi government, conducts oil and gas business in the Emirate of Abu Dhabi, which produces most of the oil and gas in the UAE. This is the fourth time JBIC has provided funding to ADNOC with the aim of securing a long-term oil supply for Japan.
Overseas Investment Loans

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

Direct loans to Japanese companies are intended for mid-tier enterprises and SME, as well as to projects aimed at developing or securing interests in overseas resources that are strategically important to Japan, and projects that support merger and acquisition (M&A) activities (these projects include those of large companies). Moreover, JBIC provides two-step loans (TSL) to support the overseas business deployment of Japanese companies, including mid-tier enterprises and SME, as well as TSL intended to support M&A activities.

JBIC is also able to provide short-term loans for overseas business operations when bridge loans are required to fill the financing gaps before that offers long-term loans. Moreover, JBIC is empowered to provide investment loans for projects in developed countries for specific sectors.*

* Eligible Sectors of Overseas Investment Loans in Developed Countries (as of October 1, 2016)
- Railways (high-speed, inter-city projects and projects in major cities), road business, water business, biomass fuel production, renewable energy power generation, nuclear power generation, power transformation, transmission and distribution, highly efficient coal-fired power generation, coal gasification, carbon capture and storage (CCS), highly efficient gas-fired power generation, smart grid, development of telecommunications network, shipbuilding and marine transport, satellite launching and operation, aircraft maintenance and sales, medical business (related to positron beam therapy facility), petrochemical production, waste incineration and waste to energy, M&A activities, etc.

Loan for Production and Sales Business of Polyvinyl Chloride Stabilizer of Japanese Company

JBIC concluded a loan agreement with SUN ACE BRASIL INDUSTRIA QUIMICA E COMERCIO LTDA. (SABI), a Brazilian subsidiary of SUN ACE CORPORATION. SUN ACE has been conducting the production and sales of industrial chemical products, including polyvinyl chloride stabilizer, since its establishment in 1940. Since its advancement into Singapore in 1980, it has been expanding the business, such as by setting up production and sales bases around the globe. With an expectation that demand for industrial chemical products will remain steady in Brazil, SUN ACE plans to expand its business. This loan is intended to finance the polyvinyl chloride stabilizers production and sales business of SABI. The funds will be used for the construction of its production plant.
Untied Loans

Untied loans are intended to finance projects and the import of goods by developing countries, or for such countries to achieve equilibrium in their international balance of payments, or to stabilize their currencies. Loans are not conditional on investments or procurement of equipment and materials from Japan. Capital procured from untied loans is used to: secure stable supplies of energy and mineral resources for Japan; promote business activities of Japanese companies; maintain and expand trade and direct investment from Japan; finance projects having significant effects on global environmental preservation; and finance projects maintaining order in international financing.

GREEN Operations

JBIC launched Global action for Reconciling Economic growth and ENvironmental preservation (GREEN) operations in April 2010. Previously, JBIC’s financing operations had centered mainly on projects directly aiming to maintain and improve international competitiveness of Japanese industries, such as projects involving Japanese companies’ investment and machinery/equipment exports. Accordingly, projects dedicated solely to preservation of the global environment were so far not eligible for JBIC support. Launching GREEN operations enabled JBIC to focus its financing on projects seeking to preserve the global environment, such as those that materially reduce greenhouse gas (GHG) emissions, while propagating advanced Japanese environmental technologies across the world.

Promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming

Eligible Entity:
Foreign government, governmental agencies or local governments, public enterprises such as utilities operating closely with government, foreign financial institution, multilateral institution.

Eligible Projects:
1. Favorable impact on preservation of the global environment, such as significantly reducing GHG emissions.
2. Accepting J-MRV* process on the effect of the environmental preservation. (e.g. Energy efficiency improvement, Renewable energy, etc.)

* JBIC original methodology for Measurement, Reporting and Verification.

Fourth Credit Line for BNDES under GREEN Operations

JBIC concluded a loan agreement to set up a credit line with Banco Nacional de Desenvolvimento Econômico e Social (BNDES), Brazilian Development Bank. This credit line is intended to finance, through BNDES, environment-related projects focusing on renewable energy in Brazil, including wind and biomass power generation projects, as part of operations under GREEN operations. This is the fourth time JBIC has provided funding to BNDES. This loan is expected to help reduce GHG in Brazil as well as provide opportunities to propagate Japanese advanced environmental technologies.
Equity Participations

Equity participations are capital contributions to companies where Japanese companies have equity stakes to undertake overseas projects, as well as funds where Japanese companies perform significant roles. In principle, equity participations take the following forms.

- **Japanese companies make equity participations in an overseas project**

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

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

- **Japanese companies form a consortium and participate in an international fund**

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**Equity Participation in TJOC’s Petrochemicals Business in Taiwan**

JBIC signed a shareholders’ agreement on the subscription of preferred shares with KH Neochem Co., Ltd. (KH Neochem) to participate in Taiwan-Japan Oxo Chemical Industries Inc. (TJOC), a Taiwanese company jointly established by KH Neochem, CPC Corporation, Taiwan (CPC) and Mega International Commercial Bank. This transaction is intended to support the production and sales of isononyl alcohol (INA) by TJOC, which is the KH Neochem’s first overseas production base, from the early stage utilizing its function of equity participation.
Guarantees

In addition to loans and equity participations, JBIC provides support through its guarantee facility. Guarantees are provided for loans extended by private financial institutions, bonds issued by governments of developing countries or overseas Japanese companies, as well as for currency swap transactions. JBIC also issues reassurance for guarantees from export credit agencies in other countries.

- **Guarantees for Imports of Manufactured Products**

  JBIC has a guarantee facility for the borrowings made by Japanese companies to finance the import of aircraft and other manufactured products that are vital for Japan.

- **Guarantees for Corporate Bonds Issued by Japanese Affiliates**

  JBIC supports Japanese affiliates operating overseas by providing guarantees for the bonds they issue in local capital markets.

- **Guarantees for Co-financing, Overseas Syndicated Loans and Public Sector Bonds**

  Loans to developing countries involve, among others, currency conversion and transfer risks, as well as country risks. Guarantees that JBIC issues to cover such risks will enable Japanese private financial institutions to provide medium- and long-term financing for developing countries, and contribute to developing countries to bringing in private capital and facilitating private companies to expand international business activities.

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**Providing Guarantees for Loan of Private Financial Institutions for Importing Aircraft**

JBIC concluded guarantee agreements for the principal and interests of loans from private financial institutions to fund the import of aircraft by ANA HOLDINGS INC. and Japan Airlines Co., Ltd. (JAL). The agreements not only help the ANA Group and JAL to borrow the necessary funds from private financial institutions to import aircraft (operated by the ANA Group and JAL) from the U.S.-based Boeing Company, but also contribute to maintaining and strengthening the international competitiveness of Japan’s aviation industry. As Japan’s policy-based financial institution, JBIC will continue to provide financial support for the import of aircraft, which are indispensable for the lives of Japanese people.
Guarantees for Currency Swaps
JBIC provides guarantees for swap transactions to support the local currency financing of overseas infrastructure projects and other projects undertaken by Japanese companies.

Counter Guarantees for Export Credits
In the cases where Japanese companies export machinery and equipment jointly with companies of another country, JBIC provides a counter guarantee for the guarantee provided by that country’s Export Credit Agency (ECA). This function enables JBIC to flexibly support export projects by Japanese companies collaborating with foreign companies through multilateral mutual guarantee schemes.

Loan and Guarantee for Sales Financing Business of Automobile in Taiwan
JBIC concluded a loan agreement with Taiwanese company Hotai Finance Co., Ltd. (HFC) and provided a partial guarantee on the co-financed portion by private financial institutions. This loan is intended to finance part of the necessary funds for the sales financing business of Toyota and Lexus brands automobiles by HFC in Taiwan. Taiwan’s automobile market is growing backed by the country’s steady economic growth, and continues to be an important market for Japanese automobile manufacturers that have a large presence there. In recent years, non-Japanese automobile manufacturers have been expanding their market shares in the Taiwanese automobile market, and the loan has become a strategically important tool for automobile manufacturers. This loan will financially support the overseas business deployment of Japanese automobile manufacturers.

Guarantee and Partial Acquisition of Privately Placed Samurai Bonds Issued by the Government of Indonesia (GOI)
JBIC signed a set of agreements to provide a guarantee for a portion of a bond issue in the Japanese bond market (Samurai bonds) by the GOI and acquired a part of the remaining issue without guarantee. JBIC had previously concluded three similar guarantees for Samurai bond issues by the GOI. This issuance without guarantee was made possible due to the increased appetite of investors for GOI (issuer) bonds in the Tokyo bond market. JBIC’s support of Samurai bond issues in the Tokyo market by foreign issuers is expected to contribute to offering a broad range of investment opportunities to Japanese investors and help increase activity in the Samurai bond market.

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1. Samurai bonds are yen-denominated bonds issued by a foreign government or company in the Tokyo bond market.
2. This project is based on the Guarantee and Acquisition toward Tokyo market Enhancement (GATE) facility.
**Bridge Loans**

JBIC provides short-term financing for governments of developing countries to meet their foreign currency needs for external transactions when they face balance-of-payment difficulties.

JBIC provided bridge loans (short-term bridging loans) for Myanmar in January 2013 to support clear the arrears of past loans from the Asian Development Bank (ADB) and the International Development Association (IDA), a member of the World Bank Group.

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**Acquisition of Loan Assets and Public and Corporate Bonds**

When JBIC provides export loans, import loans, overseas investment loans and untied loans, JBIC can also provide credits, in addition to providing loans and guarantees, by purchasing loan assets and acquiring public and corporate bonds* issued by borrowers for funding. The objective of such operations is to promote private financial institutions' funding in international capital markets.

* The scope of assets and securities acquired includes public bonds, corporate bonds, debt securities and trust beneficiary rights.

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**Research and Studies**

JBIC conducts research and studies on individual projects during their initial stage, as well as those focused on specific regions or industry sectors that may be conducive to specific projects. This is an effective means of identifying potentially quality projects, and is expected to lead to increasing exports of materials and services from Japan, as well as expand opportunities to participate in projects by Japanese companies. Research and studies are conducted at each stage necessary for realization of the project, including preparation of a master plan for an individual project, conducting of prefeasibility and feasibility studies (Pre-F/S, F/S), front-end engineering design (FEED), and studies of regions and industry sectors conducive to specific projects. After the research and studies are completed, follow-up reviews are conducted at least once each year to confirm the progress of the project.

Research and studies are conducted in the following sequence.

1. Selection of a research and study subject
2. Selection of the contractor to conduct the research and studies
3. Conduct of the research and studies
4. Completion of the research and study report
5. Follow-up
Securitization and other financial instruments

JBIC provides support for securitization and an increase in liquidity in order to complement and encourage the activities of private financial institutions.

1. Securitization (Guarantees)
In cases where special purpose companies (SPC) or trust companies issue asset-backed securities (ABS) or other financial products with loans or other assets as collateral, JBIC guarantees the payment of such ABS to reduce country and structure risks, thereby supporting the issuance of bonds in the emerging capital markets.

2. Securitization (Acquisition of Securities)
JBIC supports bond issues by acquiring a portion of the ABS issued by SPC or trust companies with loans or other assets as collateral. JBIC’s acquisition will support the securitization needs of the originators and is expected to help invigorate the bond market by circulating the acquired bonds back into the market when market conditions allow.

3. Securitization and Liquidation of Receivables
JBIC provides guarantees for the receivables and other monetary claims held by overseas subsidiaries of Japanese companies, in order to facilitate the purchase of such receivables by banks (an increase in their liquidity). JBIC is also able to provide guarantees for securities issued by SPC or trust companies in cases where these securities have monetary claims acquired from overseas Japanese subsidiaries on collateral.

The above diagram depicts a scheme where SPC are used, but the clients can also use schemes where trusts are used or JBIC acquires or provides guarantees for assets backed by securitization.
Growing interest in environmental conservation has led to a worldwide trend toward more rigorous environmental regulations. There are more than a few cases, especially in overseas projects, in which insufficient risk management of possible environmental and social impacts has seriously affected project implementation or undermined its social reputation.

In conducting these operations, JBIC confirms whether the borrower has made appropriate consideration for local communities and the natural environment in all the JBIC financed projects based on the “Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations” (Environmental Guidelines).

The Environmental Guidelines set out the procedures, criteria, and requirements that JBIC-financed projects must meet in confirming environmental and social considerations. When JBIC judges that the project proponents have not made appropriate environmental and social considerations, it will encourage them to take remedial measures. If appropriate environmental and social considerations have not been taken, JBIC may decide not to extend funding.

**Procedure for Confirmation of Environmental and Social Considerations**

Prospective projects are screened prior to funding, and classified into categories according to the degree of potential environmental impact. An Environmental Review is then conducted to verify that the environmental and social impacts have been considered in a proper manner. After funding has been approved, projects are monitored to assess the actual impact.

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.

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category A</td>
<td>Project with the potential for a serious and adverse impact on the environment.</td>
</tr>
<tr>
<td>Category B</td>
<td>Project with the potential for an adverse impact on the environment, but less than that of Category A projects.</td>
</tr>
<tr>
<td>Category C</td>
<td>Project with the potential for minimal or no adverse impact on the environment.</td>
</tr>
<tr>
<td>Category FI</td>
<td>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.</td>
</tr>
</tbody>
</table>

*Note: 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.*
JBIC actively supports Japanese mid-tier enterprises and small and medium-sized enterprises (hereinafter collectively referred to as “SME”) expanding overseas in response to economic globalization.

In recent years, following the economic growth of emerging market countries, especially in Asia, an increasing number of SME are not only meeting the procurement needs of major Japanese companies with overseas production operations, but also seeking to expand their own business in emerging markets. With such change in the purpose of SME’s overseas expansion, the need for funds among SME has grown more diverse.

In order to respond to the diversification of SME’s financial needs for their overseas expansion, JBIC is further enhancing cooperation with Japanese private financial institutions, as well as local financial institutions in other countries, and expanding its support, including provision of two-step loans through private financial institutions, loans in cooperation with regional banks and credit unions (shinkin banks), loans denominated in local currencies, and two-step loans for finance leases.

### Commitments for SME

<table>
<thead>
<tr>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>34</td>
<td>54</td>
<td>109</td>
</tr>
<tr>
<td>Amount</td>
<td>¥34.1 billion</td>
<td>¥18.0 billion</td>
<td>¥111.7 billion</td>
</tr>
</tbody>
</table>

### Support for the Overseas Deployment of SME

Utilizing the know-how and experience of overseas financing that it has accumulated over the years, JBIC provides long-term financing required by Japanese companies, including SME, for overseas investment, export of products, and other activities through co-financing with private financial institutions in the form of overseas investment loans, export loans, and other loans. JBIC implements the following six measures in order to support the overseas business deployment of SME.

1. Application of preferential loan conditions: Long-term loans with preferential loan conditions (interest rates, etc.)
2. Response to small loans (several tens of millions of yen): In addition to new capital investment, small loans for replacement of machinery, etc.
3. Local currency-denominated loans: Long-term local currency loans with fixed interest rates
4. Support for M&A overseas: Loans for acquisition funds required when entering overseas markets through M&A
5. Coordination and cooperation with private financial institutions (regional banks, credit unions, money center banks): Support for the overseas business deployment needs of SME all through the country
6. Utilization of networks of JBIC overseas offices: Information service on overseas investment environment; support for solving issues with foreign governments

### Cooperation with Japanese Regional Financial Institutions

Regional financial institutions that SME work with play an important role when SME seek to expand overseas.

JBIC concludes business cooperation memorandums of understanding (MOU) with regional financial institutions and provides a wide range of support to facilitate the overseas expansion of local companies, such as holding joint seminars on overseas business expansion and other issues.

In FY2015, JBIC provided medium- to long-term funding to SME and their overseas subsidiaries through six regional financial institutions, including the Hyakujushi Bank Ltd. and THE SHIGA BANK, LTD., establishing a credit line at each bank for the funds necessary to enable Japanese SME to promote their businesses in developing regions.

### Cooperation with Local Financial Institutions in Developing Countries

Securing the support of local financial institutions in developing countries well acquainted with the local area is also vital for SME.

Not limiting itself to supporting overseas subsidiaries of Japanese companies, JBIC has strengthened its relationship with local financial institutions, through measures such as provision of two-step loans, in order to develop and support local companies that supply the Japanese subsidiaries with materials and components.

In addition, JBIC has concluded MOU with the local financial institutions to develop a support system for SME’s overseas business expansion that involves regional financial institutions in Japan. JBIC has been for many years reinforcing its relationships with the local financial institutions, while working with the regional Japanese financial institutions to confirm SME’s needs in their overseas expansion. Under these MOU, JBIC encourages local financial institutions to set up and expand single contact points “Japan desks” for Japanese companies, and builds frameworks which enable consultations on specific cooperation and coordination together with the regional financial institutions that have business relationships with the SME.

In order to support the expansion of such SME into Mexico through proactive utilization of the Japan desks
and the frameworks, JBIC signed MOU with four Mexican state governments and regional financial institutions, respectively. These initiatives enhance a framework jointly announced in December 2010 by the Financial Services Agency, the Ministry of Finance and the Ministry of Economy, Trade and Industry, the “Development and Strengthening of Support System for Financial Institutions for Small and Medium Enterprises’ Entry into Asia through Coordination among Japanese Regional Financial Institutions, Japan Bank for International Cooperation (JBIC) and Japan External Trade Organization (JETRO),” and are instrumental in implementing the Japanese government’s “drastic measure to enhance the comprehensive support system for the overseas development of mid-tier enterprises and SME” as part of the “Comprehensive TPP-related Policy Framework.”

Providing Local Currency-denominated Loans
In response to expansion of the overseas business of SME, JBIC has provided loans in various local currencies, including the Thai baht, Indonesian rupiah, Chinese yuan, and Indian rupee, since 2012. Many SME, when trying to procure local currency funds in developing countries, face the problems of short repayment periods (basically up to one year) and high interest rates. In order to solve these problems, JBIC prepares long-term fixed-rate local currency loans, a preferential measure for SME, and provides co-financing with private financial institutions directly to the local subsidiaries of Japanese companies who are the clients of those financial institutions. The co-financing sometimes involves JBIC providing local currency-denominated loans and the private financial institutions providing yen-denominated loans through the parent company in Japan.

Information Services, Seminars, etc.
In addition to individual consulting services for SME’s overseas expansion, JBIC provides advisory services through experts concerning the legal, accounting, and currency regulations related to tax affairs, employment and labor issues, contracts, company establishment, and other issues for China, India, and the ten member countries of ASEAN.

JBIC also organizes seminars and consultations on overseas business deployment in cooperation with Japanese entities, including regional financial institutions, prefectural and municipal governments, and local chambers of commerce and industry. In addition, it conducts field studies to assess investment climates in countries where Japanese companies are actively expanding their business. The findings of these studies are compiled into guidebooks, which are available in book form and on JBIC’s website.

Moreover, JBIC offers an itinerant advisory service in many parts of Japan in cooperation with prefectural and municipal governments, as well as local chambers of commerce and industry which support local companies in expanding their operations overseas. This service, which is available on a regular basis in Sendai City, Ota City, Tokyo, and Nagoya, offers advice on the overseas investment climate and how to obtain long-term financing, among other topics.

Seminars for SME
The overseas business deployment of Japanese SME continues to be very active, as evidenced by the more than 130 JBIC loans in FY2015. In light of this, JBIC plans and holds seminars responding to the needs of regions and companies, aiming to contribute to overseas expansion from not only the financial aspect but also from the information perspective.

In July 2015, JBIC held a seminar at the Hamamatsu Chamber of Commerce and Industry titled “Trend of overseas business deployment of the Japanese motorcycle parts industry—challenges in the global motorcycle market” for SME that are JBIC clients and headquartered in the Tokai region. In January 2016, JBIC held a seminar at its head office in Tokyo for SME titled “Forecast of the economic and political situation in the Asian market and challenges in overseas business development.”
Operational and Administrative Policies

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2 Risk Management .......................................................... 74

3 Public Information and Disclosure .................................. 77
Corporate Governance

Fundamental Approach to Corporate Governance
JBIC is making efforts to build corporate governance structure in conducting operations with particular attention to integrity and efficiency, as it seeks to fulfill the mission set out under the JBIC Act (Law No. 39, 2012) 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 national budget passed in the Diet, inspections by the Board of Audit of Japan, by the Competent Minister and by the Financial Services Agency whose inspection is delegated by the Competent Minister.

Supervisory and Evaluation Function and the Conduct of JBIC Operations
To strengthen the supervisory and evaluative function of the Board of Directors as well as conduct speedy and flexible operations, JBIC has established, in addition to the Board of Directors, the Board of Corporate Auditors and other organs required by the Companies Act, the Management Advisory and Evaluation Committee, the Risk Advisory Committee, the Internal Audit Committee and the Executive Committee. Furthermore, a variety of committees were set up by the Executive Committee that delegated specific tasks to them.

(1) Board of Directors
The Board of Directors consists of 5 members, of which one member is an outside director as set forth in the Companies Act. The external director supervises the conduct of JBIC operations from the point of view of a corporate outsider, apart from representative directors of JBIC. In addition, he contributes to improving the governance of JBIC as a member of the Management Advisory and Evaluation Committee as well as the Risk Advisory Committee.
(2) Board of Corporate Auditors
The Board of Corporate Auditors consists of 3 auditors, of which two are outside corporate auditors, as set forth in the Companies Act. Outside corporate auditors contribute to improving the governance structure of JBIC, as they cooperate with the full-time auditor in auditing the conduct of its operations. As a section helping them execute their responsibilities, there is the Office of Corporate Auditor.

(3) Management Advisory and Evaluation Committee
The Management Advisory and Evaluation Committee consists of 3 to 7 external experts and the outside director. They make assessment and offer advice on the matters referred to them by the Board of Directors pertaining to the business operations and management of JBIC.

(4) Risk Advisory Committee
The Risk Advisory Committee consists of 3 to 7 external experts and the outside director. They offer advice on the matters referred to them by the Board of Directors pertaining to risk management and assessment framework associated with large-lot obligors and risk exposure to large-scale projects.

(5) Internal Audit Committee
The Internal Audit Committee consists of representative directors and the outside director. They make decisions and deliberations concerning important matters pertaining to internal audit, as delegated by the Board of Directors.

(6) Executive Committee
The Executive Committee consists of representative directors, executive director and all the managing executive officers. They make decisions and deliberations concerning important managerial matters, thereby taking responsibility for conducting flexible JBIC operations, as delegated by the Board of Directors. Certain decisions such as financing to a specific project are delegated to the following committees.

(i) Credit Committee
The Credit Committee makes decisions and deliberations concerning important matters on loan, guarantee and equity participation by JBIC, as delegated by the Executive Committee.

(ii) Corporate Risk Management Committee
The Corporate Risk Management Committee makes decisions and deliberations concerning important matters pertaining to the corporate risk management of JBIC, as delegated by the Executive Committee.

(iii) Compliance and Customer Protection Management Committee
The Compliance and Customer Protection Management Committee makes decisions and deliberations concerning important matters pertaining to the compliance and customer protection management of JBIC, as delegated by the Executive Committee.

(iv) Personnel Committee
The Personnel Committee makes decisions and deliberations concerning important matters pertaining to the personnel of JBIC, as delegated by the Executive Committee.

(v) Preliminary Credit Committee
The Preliminary Credit Committee makes deliberations concerning important matters pertaining to assessment policies toward loan, guarantee and equity participation and credit policy toward large-lot debtors, as delegated by the Executive Committee.

(vi) ALM Committee
The ALM Committee makes deliberations concerning important matters pertaining to the asset-liability management (ALM) of JBIC, as delegated by the Executive Committee and the Corporate Risk Management Committee.

(vii) Global Head Committee
The Global Head Committee makes deliberations concerning cross-cutting matters among internal groups, including operational policy for each country or region, as delegated by the Executive Committee.

List of Members of the Management Advisory and Evaluation Committee

<table>
<thead>
<tr>
<th>Name</th>
<th>Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shujiro Urata</td>
<td>Professor, Graduate School of Asia-Pacific Studies, Waseda University</td>
</tr>
<tr>
<td>Shinichi Koizumi</td>
<td>JBIC Managing Director (Outside Director)</td>
</tr>
<tr>
<td>Yoshikatsu Suzuki</td>
<td>Senior Commentator of Jiji Press Ltd.</td>
</tr>
<tr>
<td>Yuzo Takagi</td>
<td>Chairman &amp; Representative of Audit Corporation GODAI, Certified Public Accountant</td>
</tr>
<tr>
<td>Mikiko Fujiwara</td>
<td>CEO of Alpha Associates Co., Ltd.</td>
</tr>
<tr>
<td>Sumihiko Yoshie</td>
<td>Executive Auditor of Government Pension Investment Fund, Japan (former Representative Director and President of NIPPON STEEL &amp; SUMIKIN INSURANCE SERVICE, INC.)</td>
</tr>
</tbody>
</table>

List of Members of the Risk Advisory Committee

<table>
<thead>
<tr>
<th>Name</th>
<th>Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shuhei Abe</td>
<td>President, CEO&amp;CIO of SPARX Group Co., Ltd.</td>
</tr>
<tr>
<td>Eiji Ogawa</td>
<td>Professor, Graduate School of Commerce and Management, Hitotsubashi University</td>
</tr>
<tr>
<td>Shinichi Koizumi</td>
<td>JBIC Managing Director (Outside Director)</td>
</tr>
<tr>
<td>Toshiki Tomita</td>
<td>Professor, Faculty of Law, Chuo University</td>
</tr>
<tr>
<td>Chieko Matsuda</td>
<td>Professor of Management, Graduate School of Social Sciences, Tokyo Metropolitan University</td>
</tr>
<tr>
<td>Keisuke Yokoo</td>
<td>Advisor of Mizuho Securities Co., Ltd.</td>
</tr>
</tbody>
</table>

(Listed in the order of 50 character kana syllabary, name listed without honorifics)
(viii) BCP Committee
The BCP Committee makes deliberations concerning enhancement of JBIC’s business continuity plan (BCP) to be carried out upon the occurrence of large-scale disasters, as delegated by the Executive Committee.

(ix) ICT Promotion Committee
The ICT Promotion Committee makes deliberations concerning matters for achieving an effective, efficient, and steady ICT (information and communication technology) when carrying out various measures required for the ICT plans and policies which had been determined by the Board of Directors and Executive Committee, as delegated by the Executive Committee.

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 facilitating JBIC to perform the functions in its mission more flexibly and strategically.

Specifically, Corporate Group; Energy and Natural Resources Finance Group; Infrastructure and Environment Finance Group; Industry Finance Group; and Credit, Assessment, and Systems Group were set up, with each Group having departments with special expertise.

For each Group, the responsible board member is appointed, and the Managing Director or a Managing Executive Officer performs as 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 speedy, flexible and efficient operations.

Members of Board of Directors

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governor</td>
<td>Akira Kondoh</td>
</tr>
<tr>
<td>CEO, Executive Managing Director</td>
<td>Tadashi Maeda</td>
</tr>
<tr>
<td>COO, Senior Managing Director</td>
<td>Nobumitsu Hayashi</td>
</tr>
<tr>
<td>Managing Director</td>
<td>Masaaki Amma</td>
</tr>
<tr>
<td>Managing Director (Outside Director)</td>
<td>Shinichi Koizumi</td>
</tr>
</tbody>
</table>

Managing Executive Officers

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Head of Corporate Group</td>
<td>Kenichiro Hayashi</td>
</tr>
<tr>
<td>Global Head of Energy and Natural Resources Finance Group</td>
<td>Kazuhiko Amakawa</td>
</tr>
<tr>
<td>Global Head of Infrastructure and Environment Finance Group</td>
<td>Hideo Naito</td>
</tr>
<tr>
<td>Global Head of Industry Finance Group</td>
<td>Shigeki Kimura</td>
</tr>
<tr>
<td>Global Head of Credit, Assessment, and Systems Group</td>
<td>Yasuhiko Yoshida</td>
</tr>
</tbody>
</table>

Corporate Group
- Energy and Natural Resources Finance Group
- Infrastructure and Environment Finance Group
- Industry Finance Group
- Credit, Assessment, and Systems Group

Member of Board of Directors | Member of Internal Audit Committee | Member of Executive Committee
Fundamental Policy on Internal Control

As an internal control system for overall operations, JBIC has appropriate internal audit procedures to review, as well as evaluate their appropriateness and effectiveness and make recommendations to improve them. For these purposes, JBIC has the Internal Audit Committee, which includes the outside director, as a decision-making body independent of the Executive Committee that is responsible for conducting operations. There is also the Internal Audit Department independent of the line departments and directly reporting to the Governor.

The Internal Audit Department exchanges relevant information and cooperates with Corporate Auditors and an Accounting Auditor for executing efficient internal audit. (see pages 161 and 162 for the Fundamental Policy on Internal Control)

Maintenance and Control of Information Assets

JBIC sets forth its fundamental “Security Policy” concerning the use and management of information assets (see page 163) in order to secure high standard information security and implement proper and efficient operations. Based on the standard, JBIC properly handles, manages, protects and maintains information assets.

Compliance

JBIC has set forth in its Code of Conduct to “Maintain high ethical standards and a law-abiding spirit. Observe our moral code as a JBIC member at all times.” Its management and staff members 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 management and staff 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 striving toward compliance and operational integrity.

JBIC makes efforts to improve compliance, primarily through the Compliance and Customer Protection Management Committee, and has established the Legal Affairs and Compliance Office as an integrated compliance management unit.

Each Group and Overseas Representative Office serving as a regional headquarter has an Integrated Compliance Officer, while each department and overseas representative office has a Compliance Officer for making efforts in compliance, such as fostering such awareness among JBIC employees.

To foster in-depth understanding of compliance, JBIC makes good use of its Compliance Manual and provides training sessions for its management and staff members. It also develops a compliance program every fiscal year as a basis for making necessary compliance arrangements and providing relevant training, and follows up on the progress and completion.

In addition to the reporting procedures in its ordinary line of business, JBIC has put in place and is properly operating an internal reporting system such that it is capable of finding significant compliance issues at an early stage and taking appropriate remedial action.

Protection of Private Information

JBIC has drawn up and disclosed its Privacy Policy (see page 164) which stipulates appropriate management of private information held by JBIC pursuant to the provisions of the Act on the Protection of Personal Information Held by Independent Administrative Agencies, etc.
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 (a risk added to corporate risk and project risk arising from the country where the debtor resides and the project is located). Given the very nature of financial support JBIC provides for promoting 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.

Managing Credit Risk

The cornerstone of credit risk management at JBIC is the evaluation of an individual borrower’s creditworthiness in the process leading to credit approval. When a new loan application is being processed, the relevant finance department and the Credit Department collect and analyze information on the borrower. The overseas representative offices also play a part in collecting information on foreign governments and companies. It is based on this information and its analysis that credit appraisal takes place, with checks and balances at work between these different departments throughout this process, leading to the final decision by management.

In providing credit for foreign governments and companies, JBIC makes the most of its unique position as an official financier, as it exchanges views and information with the governments and relevant authorities in the recipient countries, multilateral institutions such as the International Monetary Fund (IMF) and the World Bank, other official export credit agencies and, furthermore, with private financial institutions in developed countries. Using all these channels, JBIC evaluates sovereign and country risks based on a broad range of information collected on borrowing governments, government agencies, and political and economic conditions in their countries.

In providing credit for domestic and foreign companies, there is a need to evaluate their creditworthiness and the appropriateness of the collateral they offer. In particular, for credit provision related to overseas projects, credit evaluation involves checking and examining the certainty of conducting transactions to be financed, feasibility studies of the projects and the industry in which the borrower operates.

Internal Credit Rating

JBIC has established an internal credit rating system which covers, in principle, all the borrowers. Internal
credit ratings are the cornerstone of credit risk management, being used for conducting individual credit appraisals and quantifying credit risks.

**Internal Assessment of Asset Portfolio**

Japanese private financial institutions undertake the internal assessment of asset portfolios in accordance with *Inspection Manual for Deposit-Taking Institutions* (the “Financial Inspection Manual”) of Japan’s Financial Services Agency. JBIC is similarly undertaking the internal assessment of its loan portfolio, based on the Financial Inspection Manual 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.

**Market Risk**

Market risk refers to the potential loss from changes in the value of assets and liabilities as a result of fluctuations in interest rates and foreign exchange rates. JBIC manages specific market risks as follows.

**Exchange Rate Risk**

Foreign currency-denominated loans involve the risk associated with exchange rate fluctuations. JBIC has a consistent policy of hedging the full amount of such exposure through currency swaps and forward exchange transactions.

**Interest Rate Risk**

Funding for yen-denominated loans is mainly managed at fixed-rate interest. Interest rate risk for yen-denominated loans, however, is limited since derivative transactions such as interest rate swaps are used to hedge interest rate risk for portions of loans that are thought to have high exposures to interest rate fluctuation risk. Interest rate risks associated with foreign currency-denominated loan operations and relevant fundings are generally hedged by managing the funds with floating interest rates with the use of interest rate swap transactions. In addition, JBIC carefully calculates and analyzes projections of its future asset/liability structure and profits and losses.

**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. To quantify credit risks, it is important to take 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. Also to be taken into account are mechanisms for securing assets, such as the Paris Club—a unique framework for debt management by official creditor countries. The credit risk quantification model incorporating these factors measures credit risks and is utilized for internal control.

1. The Paris Club is an informal group of official creditors whose role is to find coordinated and sustainable solutions to the payment difficulties experienced by debtor nations. Since the first meeting took place in 1956 to resolve the debt problem of Argentina, the meeting has been held in Paris, with the French Treasury acting as its secretariat. Hence, it has come to be called the Paris Club.

**Derivatives Transactions**

(1) Basic Policy for Derivatives Transactions

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

(2) Transactions

Derivatives transactions of JBIC include interest rate and currency swaps and forward exchange contracts. The following table gives a summary of these transactions as of March 31, 2016.

<table>
<thead>
<tr>
<th>Credit Risk of Derivatives, etc. (As of March 31, 2016; unit: 100 million yen)</th>
<th>Contract Amounts / Notional Amounts</th>
<th>Credit Risk Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate Swaps</td>
<td>33,339</td>
<td>1,012</td>
</tr>
<tr>
<td>Currency Swaps</td>
<td>40,823</td>
<td>3,881</td>
</tr>
<tr>
<td>Forward Exchange Contracts</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Other Derivatives</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Credit Risk Reductions through Netting</td>
<td>—</td>
<td>(3,312)</td>
</tr>
<tr>
<td>Total</td>
<td>74,166</td>
<td>1,580</td>
</tr>
</tbody>
</table>

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

Risk Management

(3) Risks Involved in Derivatives Transactions

Derivatives transactions involve the following risks.

◆ Counterparty Credit Risk
The potential loss from the failure of a counterparty to perform its obligations in accordance with the terms and conditions of the contract governing transactions due to bankruptcy or its deteriorating business performance.

◆ Market Risk
The potential loss from changes in the market value of financial products due to fluctuations in interest rates or exchange rates in the market.

(4) Measures to Address These Risks

◆ Counterparty Credit Risk
JBIC constantly monitors the market value of a derivative in making transactions with each counterparty, credit risk exposure to it and its creditworthiness. Such information is then used to assess the appropriateness of making a transaction with it.

◆ Market Risk
JBIC utilizes derivatives transactions exclusively for the purpose of hedging. Therefore, the market risk on derivatives transactions and the risk on hedged (lending or funding) transactions, in principle, offset each other.

Liquidity Risk

Liquidity risk refers to the potential loss resulting from difficulties in funding due to a maturity mismatch between financing and funding caused by unexpected cash-outs or from being forced to fund at an interest rate significantly higher than in normal circumstances, as well as the potential loss resulting from a failure to make transactions in the market due to market turmoil or from being forced to make transactions at a significantly disadvantageous price compared to normal circumstances.

JBIC is minimizing liquidity risk through effective cash flow management and the diversification of its funding sources, including borrowings under the Fiscal Investment and Loan Program (FILP), government-guaranteed bond issues in international capital markets and FILP agency bond issues in the domestic capital market.

Operational Risks

Operational risk refers to the potential loss resulting from inadequate or failed internal processes, people and systems or from external events. Apart from administrative and computer system risks, JBIC recognizes that its operations involve various direct and indirect risks. JBIC will proactively identify, assess and manage such risks.

■ Administrative Risk
Administrative risk is the risk of a financial institution incurring losses from the neglect by officers and employees to conduct administrative work properly, accidents caused by them, and violation of laws and regulations caused by them, etc., conducted in the course of the administrative work process.

JBIC has been minimizing this risk by ensuring sound operations through scrupulous checks on work processes, creating operational manuals, improving training programs, and streamlining and adopting systematic procedures.

■ Computer System Risk
Computer system risk refers to the potential loss from a breakdown or malfunction in computer systems as well as from their misuse. JBIC has been minimizing computer system risk by increasing 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.
JBIC is providing and disseminating information to a broad range of the domestic and overseas public in an effort to promote further understanding of its operations and activities.

The JBIC Information Center at the Head Office and the West Japan Office produce various brochures, annual reports, public relations magazines, and other materials available to the general public. In addition, a variety of information about JBIC is provided publicly in Japan and overseas through the JBIC website (http://www.jbic.go.jp/en/).

**Publications**

JBIC publishes its annual operations and activities as well as its financial conditions in various disclosure materials, including annual reports, business reports, financial statements, and Form 18-K, submitted to the U.S. Securities and Exchange Commission.

Other publications available to the public include *JBIC Today*, a public information magazine that reports on JBIC’s latest activities and topics on its operations and other relevant issues; and *JBIC Profile: Role and Function*, a brochure describing JBIC operations.

**Website**

The website provides access to JBIC information, including its financial instruments, press releases, invitations to seminars, reports on various studies, activities on environmental issues, annual reports, various brochures, IR information for investors, and various other types of information.

**Information Dissemination for the Media**

Aside from information disseminated through various publications, the website, and other means, JBIC informs the news media about its operations and activities through press conferences, meetings, etc.

**Disseminating Information from Overseas Representative Offices**

JBIC’s overseas representative offices are actively contributing reports and articles to the news media to provide information, such as political, economic, and business trends in overseas development, etc.
Promoting International Exchange
Since 1976, JBIC has held annual JBIC Seminars in Japan to promote mutual understanding with its overseas business partners and relevant organizations by inviting officials from foreign governments, government agencies, private companies, financial institutions, etc. The cumulative number of seminar participants is approximately 660 so far.

Participating in Various Events
JBIC actively takes part in events held both in Japan and overseas in order to explain its role and functions, its support in the environmental field, etc.

In December 2015, JBIC set up an exhibition booth at Eco-Products 2015, which was held at Tokyo Big Sight. Overseas, in February 2016 JBIC participated in Mining Indaba in South Africa, one of the world’s largest mining conferences.

In July 2015, JBIC gave a lecture to students of the Economics Special Lecture II (a course of Commerce and Trade Policy), Course at Department of Economics of Osaka University of Economics, based on the theme “Overseas Business Support by Policy-based Finance.”

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

<table>
<thead>
<tr>
<th>Source of Information</th>
<th>Access</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report on Settlement of Accounts</td>
<td>● Available at the Head Office and the West Japan Office</td>
</tr>
<tr>
<td></td>
<td>● Distributed to the National Diet Library and economic organizations, etc.</td>
</tr>
<tr>
<td>Annual Report Public Relations Magazine, etc.</td>
<td>● Available at the Head Office, the West Japan Office and Representative Offices</td>
</tr>
<tr>
<td></td>
<td>● Distributed to interested persons/institutions</td>
</tr>
<tr>
<td>Website:</td>
<td>● On the internet</td>
</tr>
<tr>
<td>● Type of Business Operations, Operational Results, Overview of Organization, Financial Composition, etc.</td>
<td>Address: <a href="http://www.jbic.go.jp/en/">http://www.jbic.go.jp/en/</a></td>
</tr>
</tbody>
</table>