

4 Financial Instruments

1 Financial Instruments.....	62
2 Prominent Initiatives in Recent Years.....	72
3 Framework for Supporting Globalization Efforts of Mid-tier Enterprises and SMEs.....	74



1 Financial Instruments

Export Loans

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

Terms and conditions of export loans are determined based on the Arrangement on Officially Supported Export

Credits (OECD Arrangement). In principle, the loan amount should not exceed the value of an export contract or technical service contract, and excludes the down payment. Local costs may be covered provided that the amount is within the scope prescribed by the OECD Arrangement.

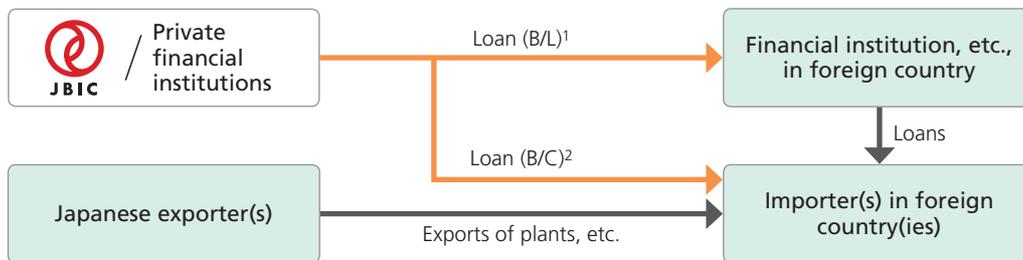
Note: Eligible Sectors of Export Loans in Developed Countries (as of July 31, 2017)

[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]

Ships, satellites, aircraft, medical positron beam therapy equipment



1. Loan to foreign financial institutions (bank-to-bank loan or "B/L")
2. Loan to foreign importers (buyer's credit or "B/C")

Supporting Exports of Construction Machinery by Japanese Companies to Mongolia



Provided by SUMITOMO CORPORATION

JBIC concluded an individual loan agreement based on an export credit line¹ extended to the Government of Mongolia in June 2013. The loan is intended to provide, through the Ministry of Finance of Mongolia and Trade and Development Bank of Mongolia LLC, the necessary funds for Khishig Arvin Industrial LLC, a Mongolian company, to purchase construction machinery made by Komatsu Ltd. from SUMITOMO CORPORATION.

The enactment of the Agreement between Japan and Mongolia for an Economic Partnership (EPA) in June 2016 is expected to liberalize and facilitate trade and investment between the two countries and enhance reciprocal economic cooperation. This loan will contribute to the development of the Mongolian economy through the promotion of Japanese exports while maintaining and strengthening the international competitiveness of Japanese industries.

1. An export credit line is a form of export financing in which JBIC makes a commitment to provide a maximum amount of credit to be extended to the borrower (foreign banks or other entities) to finance exports of machinery, equipment, and services from Japan.

Supporting Export of Bulk Carriers Built by Japanese Shipbuilders



JBIC concluded two buyer's credit agreements with a Singapore-based ship-holding subsidiary of the Ultrabulk A/S Group, a Denmark-based bulk carrier operator under Chile-based ship owner Naviera Ultrana Limitada Group. These loans are intended to finance the Ultrabulk A/S Group to purchase through the exporter MITSUI & CO., LTD. two bulk carriers to be built by IMABARI

SHIPBUILDING CO., LTD.

These loans are intended to support the export of ships built by Japanese shipbuilders which perform a significant role in the regional economy and associated industries. These loans will therefore contribute to maintaining and strengthening the international competitiveness of the Japanese shipbuilding industry.

Import Loans

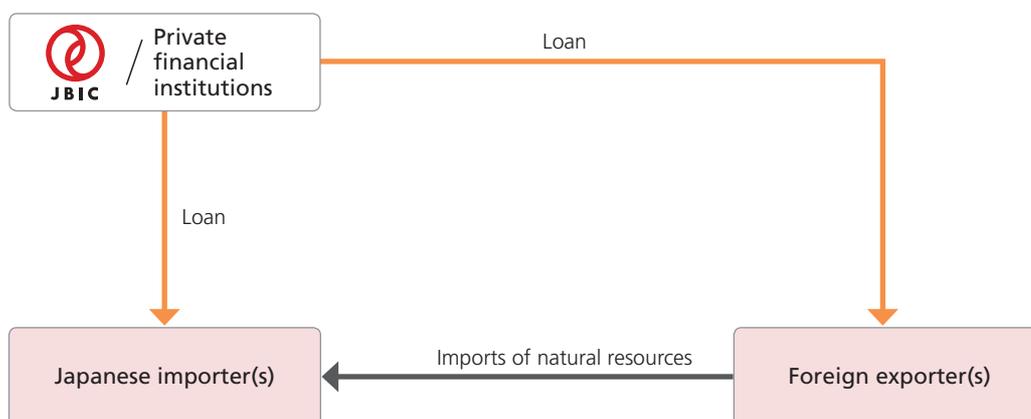
Import loans support imports of strategically important goods including natural resources. They are extended to Japanese importers or foreign exporters. As Japan is poorly endowed with natural resources, stable imports of natural resources over the long term are one of the key factors underpinning domestic economic activity. Import loans finance the development and import of energy resources, including oil and 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 67 for the scheme of guarantees for imports 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



Securing Long-term Supply of Crude Oil and Strengthening Strategic Partnership with UAE



JBIC concluded a facility agreement with Abu Dhabi National Oil Company (ADNOC), a state-run oil company wholly owned by the government in the Emirate of Abu Dhabi (Abu Dhabi) in the UAE. This is the fifth loan that JBIC has provided for ADNOC with an aim to securing a long-term oil supply for Japan.

Abu Dhabi is vital to Japan's energy resource strategy as it has been a stable source of crude oil for more than 30 years.

Additionally, Abu Dhabi allows foreign oil companies to conduct business based on oil concession agreements. This facility aims to support Japanese companies in renewing their existing concessions in the offshore oilfields in Abu Dhabi as well as acquiring new concessions. This facility will also help the strengthening of Japan's relationships with ADNOC as well as the UAE, which is an important country in terms of Japan's energy resource strategy.

Overseas Investment Loans

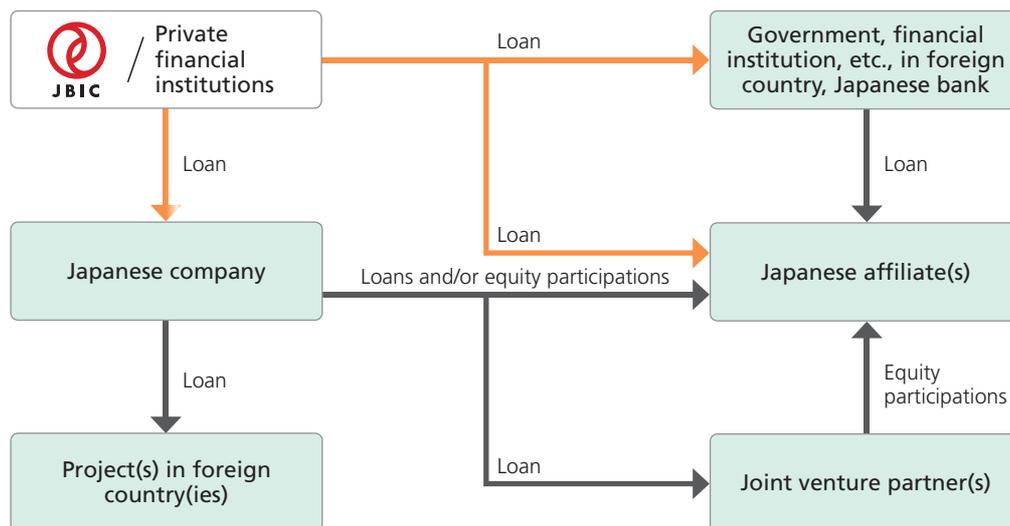
Overseas investment loans support Japanese foreign direct investments. The loans can be provided to Japanese companies (investors), overseas Japanese affiliates (including joint ventures), and foreign governments or financial institutions that have equity participations in or provide loans to such overseas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

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

when bridge loans are required to fill the financing gaps before that offers long-term loans. Moreover, JBIC is empowered to provide investment loans for projects in developed countries for specific sectors (see note).

Note: Eligible Sectors of Overseas Investment Loans in Developed Countries (as of July 31, 2017)

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, 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.



Supporting Japanese Companies' Long-term and Stable Procurement of Copper Concentrate



JBIC concluded a loan agreement with Chilean company Minera Escondida Limitada (MEL), in which Mitsubishi Corporation, JX Nippon Mining & Metals Corporation, Mitsubishi Materials Corporation, and others have stakes. This loan is provided to the expansion project of the Escondida Copper Mine in Región de Antofagasta, Chile, the world's largest copper mine. The loan is expected to maintain the production capacity of

copper concentrate impacted by the lower head grade.

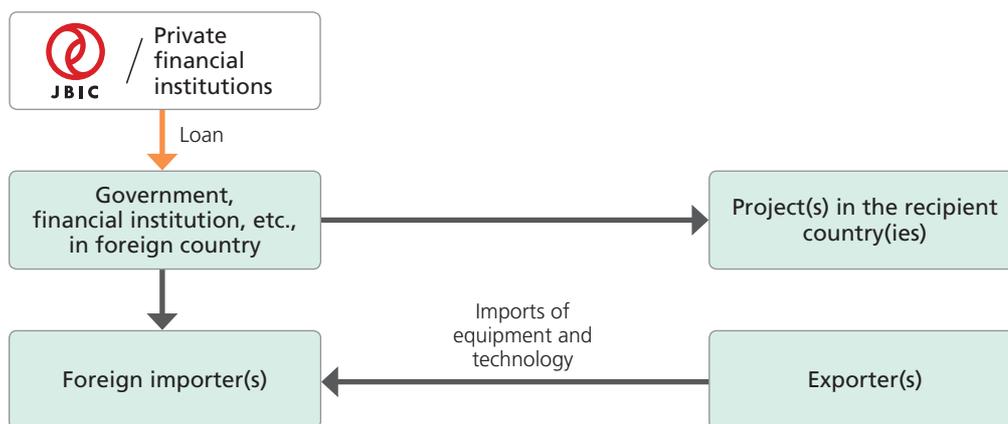
MEL is supplying a significant proportion of copper concentrate production to Japanese smelters. The loan contributes to the continuity of supply over the long term for a grade of product that is strategically important in the Japanese market because of its low level impurities and high copper content.

Untied Loans

Untied loans are intended to finance projects and the import of goods by developing countries, or for such countries to achieve equilibrium in their international balance of payments, or to stabilize their currencies. Loans are not conditional on investments or procurement of equipment and materials from Japan.

Capital procured from untied loans is used to: secure

stable supplies of energy and mineral resources for Japan; promote business activities of Japanese companies; maintain and expand trade and direct investment from Japan; finance projects having significant effects on global environmental preservation; and finance projects maintaining order in international financing.



Supporting Diversification of Turkey's Funding Sources and Vitalization of Samurai Bond Market

JBIC made a partial acquisition of a yen-denominated bond issued in the Japanese bond market (Samurai bonds)¹ by the Government of Turkey (GOT) under JBIC's facility of the Guarantee and Acquisition toward Tokyo market Enhancement (GATE)². This acquisition follows three previous Samurai bonds issued by GOT that JBIC has provided support to. At this time,

the issuance of Samurai bonds without JBIC's guarantee was successful. JBIC's support in encouraging foreign issuers to issue Samurai bonds in the Tokyo market is expected to provide broader investment opportunities for Japanese investors and stimulate the Samurai bond market.

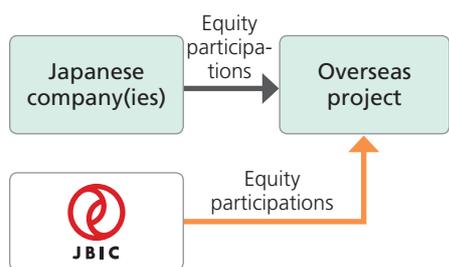
1. Samurai bonds are yen-denominated bonds issued by a foreign government or company in the Tokyo bond market.
2. GATE facility supports the issuance of Samurai bonds through partial guarantees or partial acquisition by JBIC.

Equity Participations

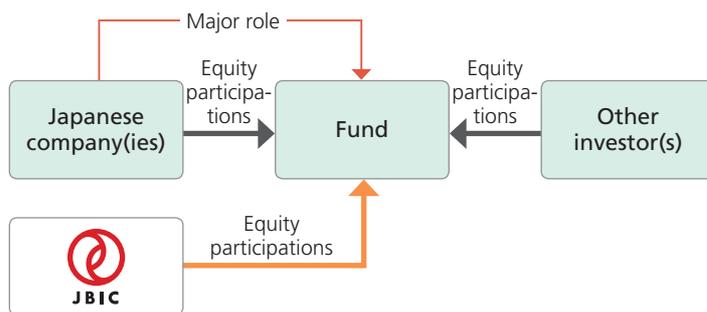
Equity participations are capital contributions to companies where Japanese companies have equity stakes to undertake overseas projects, as well as funds where Japanese

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

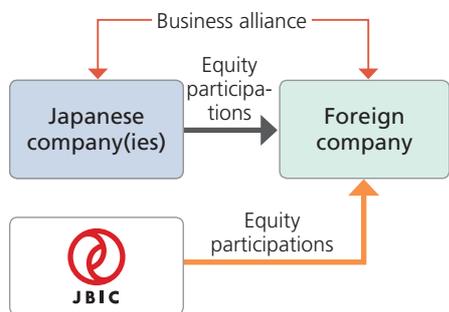
■ Japanese companies make equity participations in an overseas project



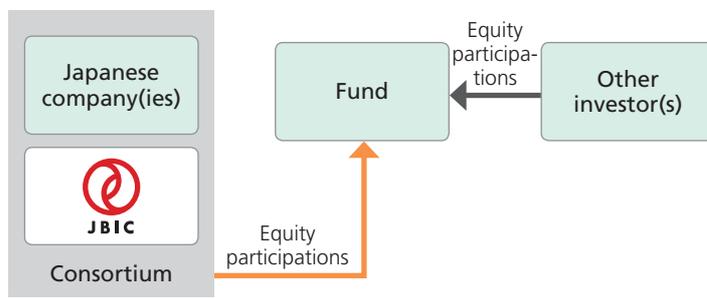
■ Japanese companies participate in a fund (and perform such a major role as general partner in their management and investment decisions)



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



■ Japanese companies form a consortium and participate in an international fund



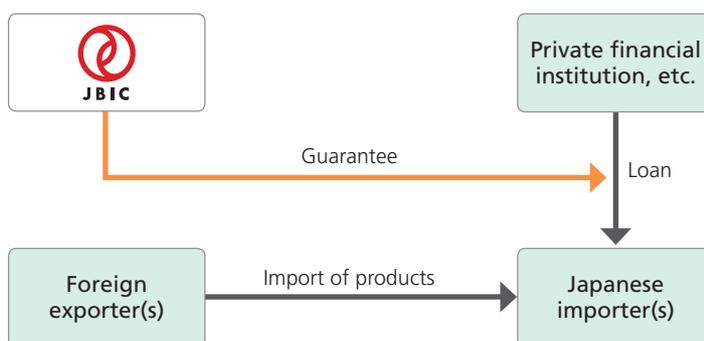
Guarantees

In addition to loans and equity participations, JBIC provides support through its guarantee facility. Guarantees are provided for loans extended by private financial institutions, bonds issued by governments of developing countries or

overseas Japanese companies, as well as for currency swap transactions. JBIC also issues reinsurance for guarantees from export credit agencies in other countries.

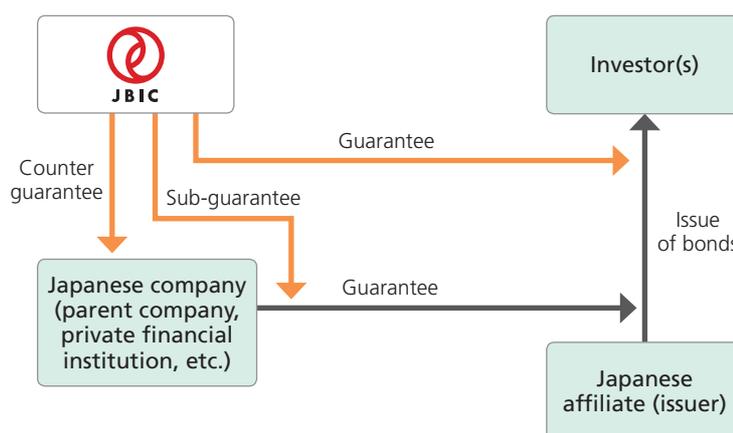
Guarantees for Imports of Manufactured Products

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



Guarantees for Corporate Bonds Issued by Japanese Affiliates

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



Guarantee for Loan by Private Financial Institutions for Aircraft Import



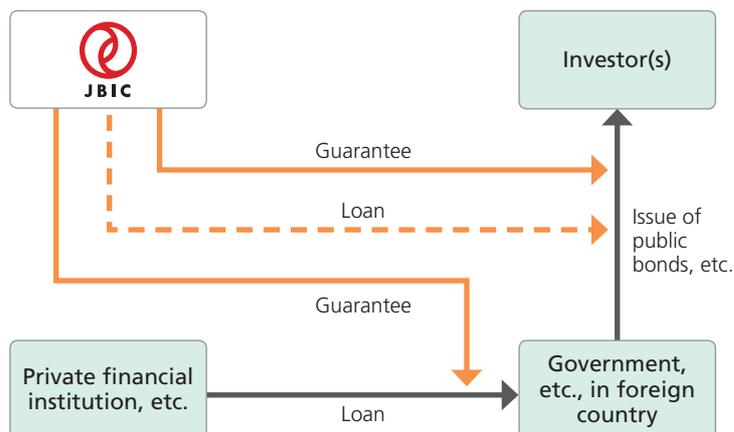
JBIC concluded a guarantee agreement with two private financial institutions for the principal and interest of private financial institution loans related to the import of aircraft by ANA HOLDINGS INC. (ANAHD). This guarantee will assist TLC Citron Co., Ltd. and FK Utopia Leasing Ltd. in borrowing from private financial institutions the funds necessary to import aircraft from the Boeing Company in the U.S. that will be operated by the ANA Group. The imported aircraft will then be leased to ANAHD.

JBIC also concluded a guarantee agreement with private financial institutions (16 banks) for the principal and interest of a loan to Japan Airlines Co., Ltd. (JAL). This guarantee is intended to support JAL in obtain financing from private financial institutions to import aircraft from the Boeing Company.

JBIC will contribute to maintaining and strengthening the international competitiveness of the Japanese aviation industry and continue to provide financial support for the import of aircraft that are indispensable for the lives of Japanese citizens.

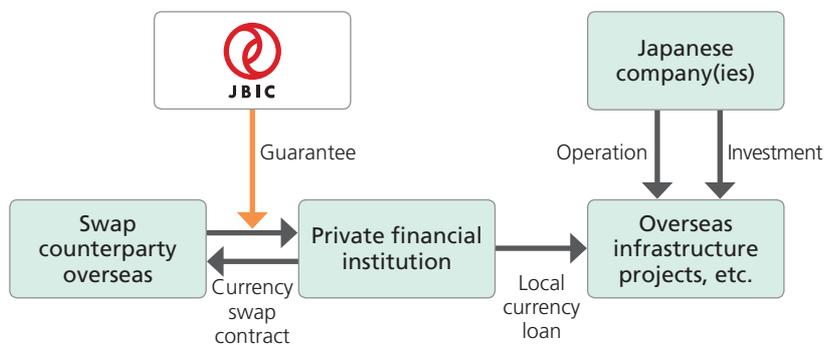
Guarantees for Cofinancing, Overseas Syndicated Loans, and Public Sector Bonds

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



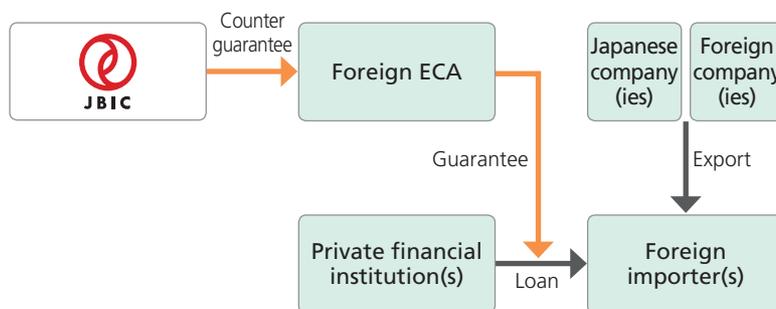
Guarantees for Currency Swaps

JBIC provides guarantees for swap transactions to support the local currency financing of overseas infrastructure projects and other projects undertaken by Japanese companies.

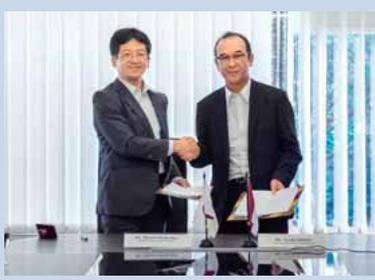


Counter Guarantees for Export Credits

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



Supporting Japanese Companies' Funding of Local Currency through Collaboration with Japanese and Indonesian Private Financial Institutions



JBIC concluded contracts with the MUFG Bank, Ltd. (MUFG) and PT Bank CIMB Niaga Tbk (CIMB Niaga) of Indonesia concerning a currency swap guarantee arrangement under which JBIC will guarantee currency swap transactions executed for providing funds in Indonesian rupiah (Rupiah) to Japanese companies in Indonesia.

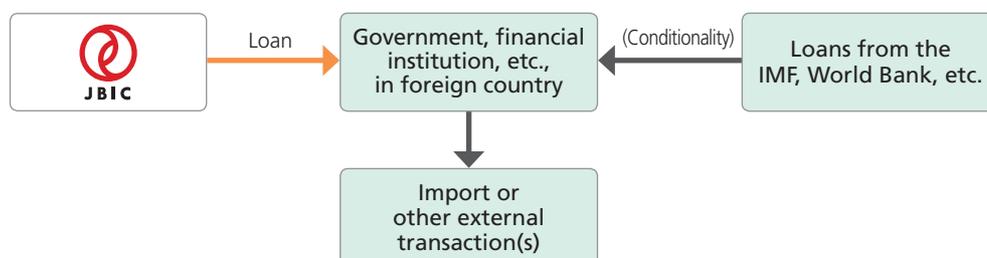
In Indonesia, which is undergoing continued economic growth, Japanese companies' needs for long-term Rupiah funds are rising due to the obligation to use Rupiah in fund settlements in the country. These contracts enable MUFG's smooth procurement of long-term Rupiah funds. JBIC will provide MUFG with a guarantee for the payment of early termination amount by CIMB Niaga, the counterparty of MUFG's currency swap transactions in case of cancellation of swap transactions. This currency swap guarantee arrangement will facilitate long-term funding in Rupiah by Japanese companies.

Bridge Loans

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

JBIC provided bridge loans (short-term bridging loans)

for Myanmar in January 2013 to support the clearance of arrears of past loans from the Asian Development Bank (ADB) and the International Development Association (IDA), a member of the World Bank Group.



Acquisition of Loan Assets and Public and Corporate Bonds

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

loans in international finance and Japanese companies' funding in international capital markets.

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

Research and Studies

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

specific projects. After the research and studies are completed, follow-up reviews are conducted at least once each year to confirm the progress of the project.

Research and studies are conducted in the following sequence.

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

Securitization and Other Financial Instruments

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

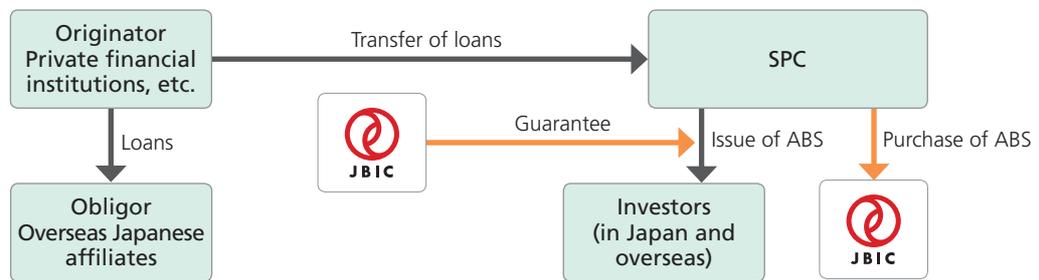
1. Securitization (Guarantees)

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

2. Securitization (Acquisition of Securities)

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

* An originator is the original owner of assets to be securitized and obtain funding through securitization.

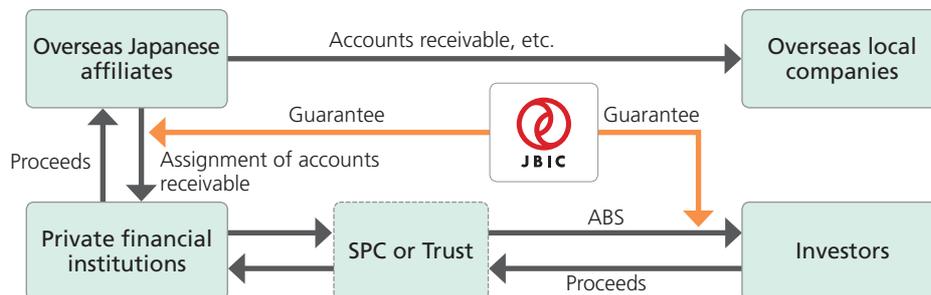


* The above diagram depicts a scheme where SPC are used, but the clients can also use schemes where trusts are used or JBIC acquires or provides guarantees for assets backed by securitization.

3. Securitization and Liquidation of Receivables

JBIC provides guarantees for the receivables and other monetary claims held by overseas subsidiaries of Japanese companies in order to facilitate the purchase of such receivables by banks (an increase in their liquidity). JBIC

is also able to provide guarantees for securities issued by SPC or trust companies in cases where these securities have monetary claims acquired from overseas Japanese subsidiaries on collateral.



Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations

Growing interest in environmental conservation has led to a worldwide trend toward more rigorous environmental regulations. There are more than a few cases, especially in overseas projects, in which insufficient risk management of possible environmental and social impacts has seriously affected project implementation or undermined its social reputation.

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

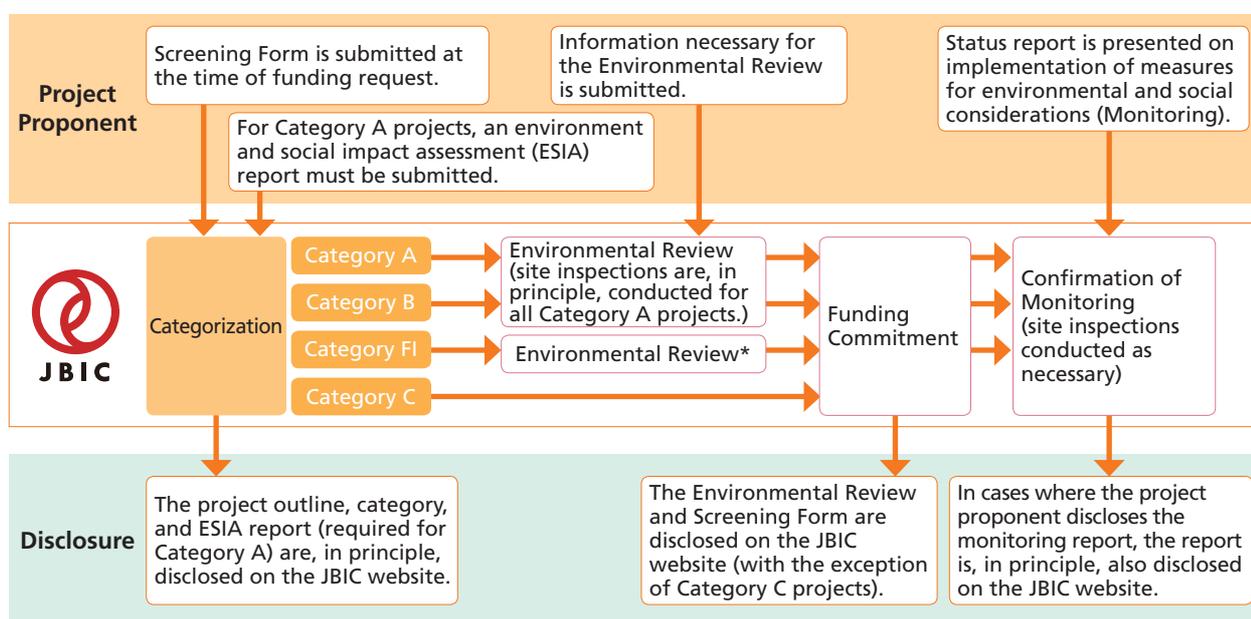
The Environmental Guidelines set out the procedures, criteria, and requirements that JBIC-financed projects must

meet in confirming environmental and social considerations. When JBIC judges that the project proponents have not made appropriate environmental and social considerations, it will encourage them to take remedial measures. If appropriate environmental and social considerations have not been taken, JBIC may decide not to extend funding.

In addition, JBIC established and made public the “Japan Bank for International Cooperation Guidelines for Confirmation of Information Disclosure Considerations for Nuclear Sector Projects” (Information Disclosure Guidelines) in December 2017. Based on the Information Disclosure Guidelines, JBIC confirms that appropriate measures are carried out by project proponents and other relevant parties to ensure information disclosure and public participation for issues specific to each project.

Procedure for Confirmation of Environmental and Social Considerations

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



* For Category FI projects, JBIC confirms through the financial intermediary that the proper environmental and social considerations indicated in the Environment Guidelines have been followed for the project.

Projects are classified into one of the following four categories in relation to the degree of environmental impact, based on the information provided by the project proponent during the screening process.

Category A	Project with the potential for a serious and adverse impact on the environment
Category B	Project with the potential for an adverse impact on the environment, but less than that of Category A projects
Category C	Project with the potential for minimal or no adverse impact on the environment
Category FI	Project for which JBIC provides funding to a financial intermediary, and after acceptance of JBIC funding, the financial intermediary selects and conducts screenings for specific subprojects, in cases where subprojects cannot be determined prior to acceptance of JBIC funding, and where such subprojects are anticipated to have an impact on the environment

2 | Prominent Initiatives in Recent Years

Global Facility to Promote Quality Infrastructure Investment for Environmental Preservation and Sustainable Growth

JBIC launched the new Global Facility to Promote Quality Infrastructure Investment for Environmental Preservation and Sustainable Growth (QI-ESG), and started it on July 1, 2018.

Japanese Deputy Prime Minister and Minister of Finance Taro Aso announced the launch of QI-ESG at the Annual Meeting of the Asian Development Bank held

in May 2018 in Manila, Philippines. Amid the increasing global trend for environmental, social and governance (ESG) investment across the world, JBIC's new facility, QI-ESG, aims to provide a wide range of financing support for infrastructure development which is expected to help to preserve the global environment.

■ Financing Conditions of QI-ESG

Eligible projects	Projects that are expected to reduce greenhouse gas (GHG) or contribute to protecting the global environment, including those related to renewable energy, energy savings, green mobility solutions (such as a modal shift in transportation and electric vehicles), air pollution prevention, water supply, water pollution prevention and waste disposal, etc.
Available currencies	Japanese yen, U.S. dollar, and the Euro (other currencies to be decided separately)
Financing amount available from JBIC	Up to 60% of the total cofinancing amount
Deadline for signing a financing agreement	Until the end of June 2021

■ Major Features of QI-ESG

Expanded scope of eligible projects: The new facility will provide various financial assistance to infrastructure development projects that are expected to contribute to global environmental protection, including those connected with air pollution prevention, water supply, water pollution prevention and waste disposal, in addition to the sectors that JBIC has supported under its GREEN Operations.

Energy supply (Power generation/Heat supply)	Renewable energy	<ul style="list-style-type: none"> Solar energy, wind energy, geothermal energy, biomass energy, hydro energy, etc. Essential equipment/machinery, etc.
	Other energy saving	<ul style="list-style-type: none"> High-efficiency coal-fired power generation, gas-fired thermal power generation, cogeneration, power generation from waste, fuel cells, etc. Essential equipment/machinery, etc.
Energy demand	Energy-saving equipment/machinery in each industrial field	<ul style="list-style-type: none"> High-efficiency equipment/technology, etc. Use of waste heat and exhaust gas
Green innovation	Smart energy	<ul style="list-style-type: none"> Smart grid, etc. Storage batteries, etc.
	Green mobility	<ul style="list-style-type: none"> Modal shift (including intercity traffic) Next-generation mobility (electric vehicles, electric ships, etc.)
	Smart cities	<ul style="list-style-type: none"> Regional energy management system, energy-saving consumer electronics
Other global environmental preservation activities		<ul style="list-style-type: none"> Recovery of methane, fluorocarbon, etc. Air pollution prevention (Desulfurization/Denitrification equipment) Water supply/Water pollution prevention Carbon dioxide absorption Waste treatment (including recycling)

More diversified financial support tools: Previously, JBIC provided financing support only in the form of untied loans and equity participation under its GREEN Operations. Under QI-ESG, to enhance the support for environmental projects through various financial tools, JBIC will offer overseas investment loans under its GREEN Operations, in addition to the above-mentioned financial instruments, for infrastructure projects that are expected to help protect the global environment. The new facility will enable JBIC to consider providing overseas investment loans to projects involving Japanese companies from the perspective of not only maintaining and increasing the international competitiveness of Japanese industries, but also of contributing to global environmental protection.

JBIC will promote QI-ESG in collaboration with multilateral development banks and other financial institutions.

More streamlined and efficient operation procedures: Projects approved under the GREEN Operations have been required to quantify GHG emission reductions under the Guidelines for Measurement, Reporting and Verification of GHG Emission Reductions in JBIC's GREEN. Under QI-ESG, to further promote the implementation of projects, the quantitative measurement process of GHG emission reductions applied to GREEN projects will be simplified by only evaluating an estimate of emission reductions made through projects when JBIC determines commitment of a loan, equity participation, or guarantee. Furthermore, if it is obvious that a project will help to protect the global environment based on a qualitative evaluation, the evaluation process of calculated emission reductions can be omitted for the purpose of implementing more simplified and efficient operation procedures. This will ease the burden of clients applying for JBIC's financing supports.

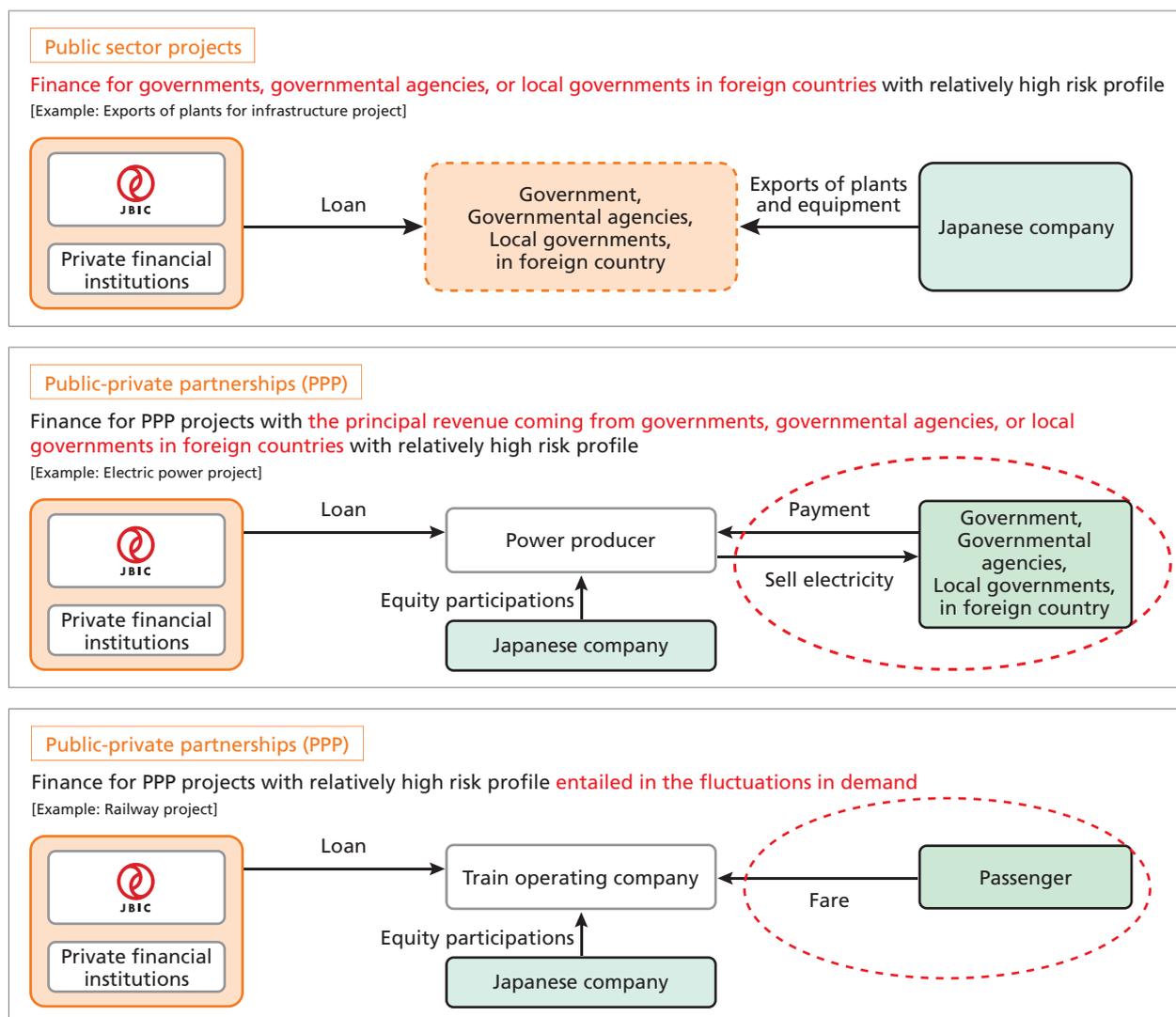
Launch of Special Operations for Overseas Infrastructure Projects

As part of the enhancement of JBIC functions based on the Act for Partial Amendment of the Japan Bank for International Cooperation Act, on October 1, 2016, JBIC launched the Special Operations, enabling JBIC to take further risks regarding overseas infrastructure projects,

with the aim of providing more support toward Japanese companies' overseas infrastructure businesses.

In fiscal 2017, JBIC supported the export of an automatic train stop system to Argentina as the second project of the Special Operations.

Examples of Projects under the Special Operations



Supporting Export of Automatic Train Stop System by Japanese Companies to Argentina

JBIC concluded a loan agreement on buyer's credit (export loan) with the Government of Argentina. The loan is intended to finance the purchase of a set of a railway signal system (manufactured by NIPPON SIGNAL CO., LTD.) from Marubeni Corporation in order for State Company of Administration of Railway Infrastructure to carry out installation of an automatic railway stop system for Buenos Aires' suburban rail lines.

The Argentine government announced that an infrastructure

development plan, which includes foreign investment and renewal of facilities, in infrastructure sectors, such as railway, is being considered. Japanese companies aim to capture the opportunities to export their products to the Argentine infrastructure industry. This loan will contribute to improving the safety of the Argentine railway sector by introducing high-quality infrastructure, as well as contribute to maintaining and strengthening the international competitiveness of Japanese industries.



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

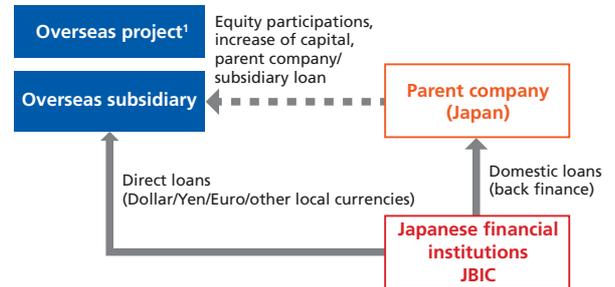
With the economic growth of emerging market countries, especially in Asia, an increasing number of mid-tier enterprises and SMEs seek not only to meet the procurement needs of major Japanese companies with overseas production operations, but also to expand their own business in emerging markets. With such change in the purpose of overseas expansion of mid-tier enterprises and SMEs, the need for funds among mid-tier enterprises and SMEs has grown more diverse.

To respond to the diversification of financial needs of mid-tier enterprises and SMEs for their overseas expansion, JBIC has further enhanced cooperation with Japanese private financial institutions. JBIC expanded its support from individual loan schemes based on cofinancing with private financial institutions to two-step loans through private financial institutions, foreign currency-denominated loans, and two-step loans for finance leases (see diagram on right for individual loan and two-step loan schemes).

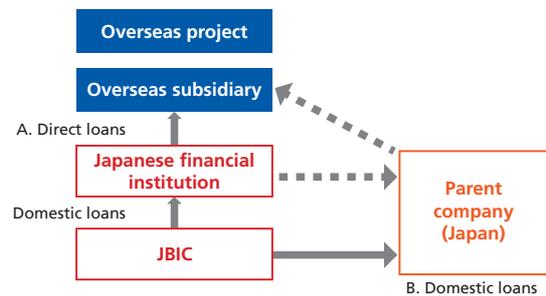
JBIC is also collaborating with local financial institutions overseas by signing memorandums to develop a support system for mid-tier enterprises and SMEs overseas business expansion that involves regional financial institutions in Japan.

Example of mid-tier enterprises and SMEs support schemes

1) Individual loan scheme



2) Two-step loan scheme (via Japanese financial institution)



1. In principle, intended to developing countries

* Definition of mid-tier enterprises and SMEs: Companies capitalized at less than ¥1 billion or with not more than 300 employees. Consolidated subsidiaries of large companies are excluded.

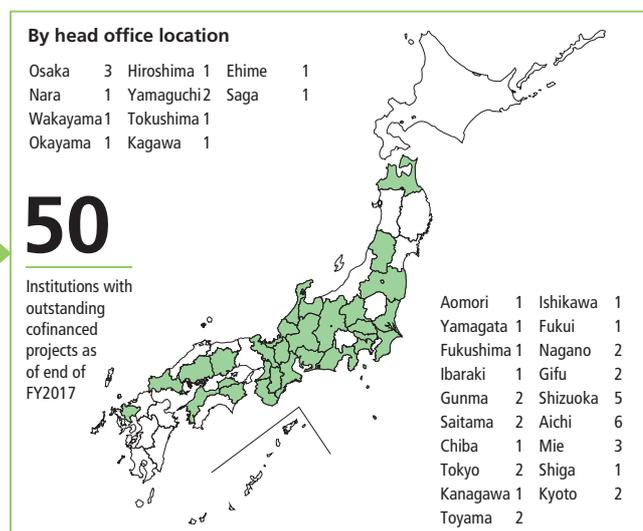
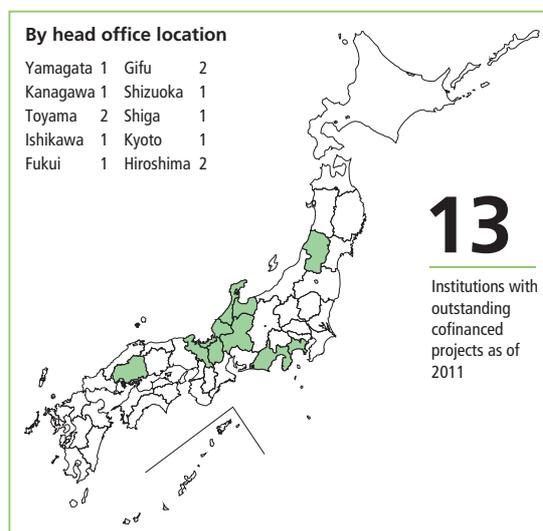
Five Measures to Support Overseas Business Deployment of Mid-tier Enterprises and SMEs

- (1) Response to small loans (several tens of millions of yen): Loans for replacement of machinery, in addition to new capital investment
- (2) U.S. dollar, Euro, and local currency-denominated loans: Financing of long-term with U.S. dollar, Euro, and local currency
- (3) Support for M&A overseas: Loans for acquisition funds required when entering overseas markets through M&A
- (4) Coordination and cooperation with private financial institutions (regional banks, *Shinkin* banks, mega banks): Support for the overseas business deployment needs of mid-tier enterprises and SMEs all through the country
- (5) Utilization of networks of JBIC overseas offices: Information service on overseas investment environment; support for solving issues with foreign governments

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

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 mid-tier enterprises and SMEs, for overseas investment, export of products, and other activities through cofinancing with private financial institutions in

Number of Local Financial Institutions That Cofinanced Projects for Mid-tier Enterprises and SMEs



the form of overseas investment loans, export loans, and other loans.

■ Cooperation with Japanese Regional Financial Institutions, etc.

Regional financial institutions that mid-tier enterprises and SMEs work with play an important role when mid-tier enterprises and SMEs seek to expand overseas.

JBIC has cooperated with regional financial institutions on cofinancing and financing of two-step loans. In FY2017, JBIC has cofinanced with the Bank of Saga Ltd., the Aomori Bank, Ltd., and the Musashino Bank, Ltd., in addition to regional financial institutions with which it has past transactions. Moreover, a general agreement to establish a credit line for the funds necessary to enable Japanese mid-tier enterprises and SMEs to promote their business in developing countries was concluded between the Nanto Bank, Ltd., the Chugoku Bank, Ltd., the Hokkoku Bank, Ltd., and the Nishi-Nippon City Bank, Ltd.

JBIC is strengthening cooperation beyond financing including cooperation in cofinancing and the financing of two-step loans. In April 2017, JBIC also invited executive officers including the presidents of more than 60 regional financial institutions to hold the High-level Workshop aimed at further enhancing cooperative relationships.



Meeting to exchange views with the State Bank of India

■ Cooperation with Local Financial Institutions in Developing Countries

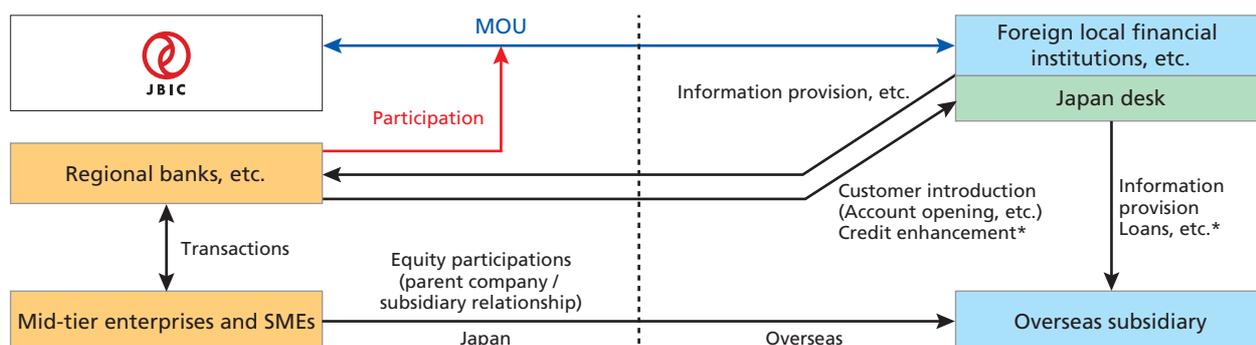
Securing the support of local financial institutions in developing countries well acquainted with the local area is also vital for mid-tier enterprises and SMEs.

JBIC has forged stronger relationships with local financial institutions in developing countries while it identifies the needs of mid-tier enterprises and SMEs to expand business overseas through Japan's regional financial institutions. As a part of those efforts, JBIC has concluded MOUs with local financial institutions to develop a support system for mid-tier enterprises and SMEs' overseas business expansion that involves regional financial institutions in Japan. Under these MOUs, 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 mid-tier enterprises and SMEs.

JBIC has concluded an MOU to establish Japan desks with seven local banks in five Asian countries (KASIKORNBANK Public Company Limited in Thailand, PT. Bank Negara Indonesia (Persero) Tbk in Indonesia, the State Bank of India, BDO Unibank, Inc., the Metropolitan Bank and Trust Company (Metrobank) in the Philippines, the Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) and the Joint Stock Commercial Bank for Foreign Trade of Vietnam), as well as four local governments (the State of Aguascalientes, the State of Jalisco, the State of Guanajuato, and the State of Nuevo León) and one local bank, (BANCO NACIONAL DE MÉXICO, S.A., INTEGRANTE DEL GRUPO FINANCIERO BANAMEX (Banamex)) in Mexico.

JBIC invited Japan desk staff of participating Japanese regional financial institutions and foreign local financial institutions to regular follow-up seminars to deepen mutual understanding through discussions on Japan desk management issues and methods of collaboration. In FY2017, JBIC held a meeting to exchange views with the State Bank of India and the State of Aguascalientes, Mexico.

Diagram Outlining Collaboration with Foreign Local Financial Institutions



* For loans from an foreign local bank based on credit enhancement from each Japanese regional bank, individual business cooperation agreements between the foreign local financial institutions and the Japanese regional bank must be concluded separately.

■ Providing Local Currency-denominated Loans

JBIC provides loans in various local currencies, including the Thai baht and Mexican peso. Mid-tier enterprises and SMEs, 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 and provides cofinancing with private financial institutions directly to the local subsidiaries of Japanese companies who are the clients of those financial institutions. The cofinancing sometimes involves JBIC providing local currency-denominated loans and the private financial institutions providing yen-denominated loans through the parent company in Japan.

■ Business Matching with Overseas Companies

JBIC assists Japanese mid-tier enterprises and SMEs to expand sales channels and co-production and helps them to enter foreign-affiliated global supply chains. Further, as a part of reinforcing collaboration with regional financial institutions that goes beyond financing, since FY2017 JBIC has been creating opportunities for business matching between overseas companies and Japanese mid-tier enterprises and SMEs. JBIC performed business matching with a French automotive parts manufacturer in June 2017, and with a Canadian automotive parts manufacturer with the cooperation of the Hiroshima Bank in March 2018.



Business matching with Canadian automotive parts manufacturer

■ Information Services and Seminars

In addition to individual consulting services for mid-tier enterprises and SMEs' 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, the 10 member states of ASEAN, North America, Latin America, and the Middle East.

JBIC also organizes seminars and consultations on overseas business deployment in cooperation with 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.

In FY2017, JBIC created guidebooks on the investment environments in India, Indonesia, Thailand, and Vietnam.

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 and or as-needed 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.