

2013 Annual Report

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



**JAPAN BANK FOR
INTERNATIONAL COOPERATION**

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Numerical figures in this report

- Numerical figures, other than percentages, in this report are truncated to the nearest whole number. (Figures prior to FY2008 were rounded off.) Percentage figures are rounded off. Thus numerical and percentage figures may not add up to the totals given. Amounts denominated in foreign currencies are treated as follows.
Commitments are converted into yen at the Basic Rate of Exchange (revised semi-annually by the Minister of Finance, based on the prevailing market rates during the preceding 6 months) at the time financing contracts are concluded. Disbursements, repayments and outstanding balances are calculated based on book value.
- Numerical figures less than the specified units are denoted by "0"; "-" denotes that data is not available.
- Until FY1998, the data of the Export-Import Bank of Japan (JEXIM) was used. Data in FY1999 is the sum of the data from JEXIM in the first half and that from the International Financial Account of the then-JBIC in the second half. From FY2000 to FY2007, data came from the International Financial Account of the then-JBIC. Data for FY2008 is the sum of the data from the International Financial Account of then-JBIC in the first half and the data from the Account for JBIC operations under the Japan Finance Corporation in the second half. From FY2009 to FY2011, data came from the Account for JBIC operations under the Japan Finance Corporation. Data for FY2012 is data of Japan Bank for International Cooperation.

Profile of JBIC

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1• Message from the Governor



As we publish the 2013 Annual Report, I would like to express my heartfelt appreciation for your continued understanding and support for our activities.

The global economy remained sluggish during the early-to-middle part of FY2012 amid the sovereign debt crisis in Europe, the fiscal problem in the United States, and the slowdown in emerging economies. It then began to show signs of gradual recovery due in large part to the mild recovery of the U.S. economy and the end of the slowdown phase of emerging economies in the second half of FY2012. The international economic climate surrounding Japan, however, continues to pose many challenges for the country. Global competition for natural resources remains fierce amid the ever-growing global population. It is vital for Japan to secure stable access to energy and mineral resources as this is directly linked to people's lives. In the manufacturing sector as well as the infrastructure sector, which is seeing growing demand worldwide, Japan is facing increasing competition around the world in developed and developing countries alike. Additionally, achieving economic development in harmony with global environmental sustainability has now come to be seen as a common global issue. Thus, there is an increasing need not only for environmental and social considerations in individual projects, but also for projects conducive to environmental conservation and improvement, including, among others, those seeking to cope with global warming. Moreover, as the world economy is becoming increasingly integrated, global financial and economic crises could have a more substantial impact on the Japanese economy than ever before.

Amid these various changes currently underway in the global economic environment, JBIC set off on a new start on April 1, 2012 as a policy-based financial institution wholly owned by the Japanese government, pursuant to the Japan Bank for International Cooperation Act (JBIC Act). The JBIC Act provides that we at JBIC shall conduct operations in the following four fields, while complementing the financial transactions of private-sector financial institutions: (1) promoting the overseas development and securement of resources which are important for Japan; (2) maintaining and improving the international competitiveness of Japanese industries; (3) promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming; and (4) preventing disruptions to international financial order or taking appropriate measures with respect to damages caused by such disruption. Contributing in this way to the sound development of Japan as well as the international economy and society is the ultimate mission of JBIC under the JBIC Act. In these four fields, we have been working actively to conduct loan, guarantee and equity participation operations.

During FY2012, we focused on, among other activities, promoting the development and securement of energy and natural resources. For example, we supported the development of natural gas and LNG projects in Australia, the acquisition of interests in copper mines in Chile, and the import of crude oil from the United Arab Emirates with our financial instruments. We also focused on facilitating the M&A of foreign firms by Japanese companies and supporting exports and stable overseas operations by Japanese mid-tier enterprises as well as small and medium enterprises.

During FY2012, we also helped to maintain and improve the international competitiveness of Japanese companies. For overseas infrastructure development projects, our support was extended to projects such as an intercity express railway project in the U.K. and a renewable energy power generation project in Canada—each of which involved a Japanese company playing a pivotal role in the project as a major participant. We also assisted in a coal-fired power plant project in Morocco, as well as the export of equipment and services from Japan for an oil refinery modernization project in Kazakhstan. Furthermore, we assisted Myanmar in returning to the international financial market by extending bridge loans to the Government of Myanmar to help clear the arrears of past loans from the Asian Development Bank and the World Bank Group (International Development Association). As a result of these and other financing operations, the total amount of commitments we made during FY2012 in loans, guarantees, and equity participations reached JPY 4,240.9 billion. This was an all-time high since the establishment of the Japan Export-Import Bank, the predecessor of JBIC.

We, the management and staff of JBIC will strive to execute our work efficiently as a unified body and live up to the expectations placed on us, while taking care to devote ourselves to complementing private-sector financial institutions and ensure financial soundness.

It is my sincere wish that our endeavors will earn your understanding and enduring support.

August 2013

Hiroshi Okuda
Governor
Japan Bank for International Cooperation
(JBIC)

2. Profile

As a policy-based financial institution, JBIC has the objective of contributing to the sound development of Japan and the international economy and society, while having the objective of supplementing the financial transactions implemented by private-sector financial institutions.

■ Profile

| | |
|--|--|
| Name | Japan Bank for International Cooperation (JBIC) |
| Office | 4-1, Ohtemachi 1-chome Chiyoda-ku, Tokyo 100-8144, Japan |
| Capital | ¥1,360.0 billion (wholly owned by the Japanese government) |
| Outstanding Loans and Equity Participations* | ¥10,685.3 billion |
| Outstanding Guarantees* | ¥2,400.6 billion |

*As of March 31, 2013

■ Corporate Slogan

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

■ 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 operation 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 disruption

■ JBIC 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

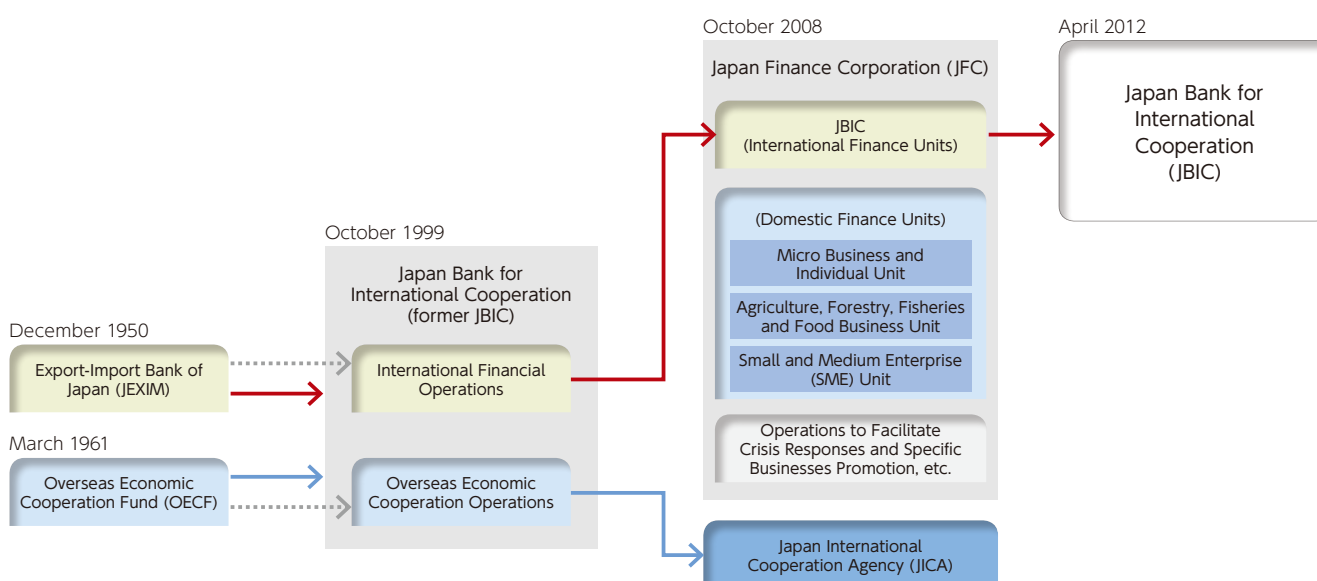
JBIC shall conduct operations by drawing on its own expertise and initiatives on international finance.

■ 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.



3. JBIC's Medium-Term Business Plan (FY2012-2014)

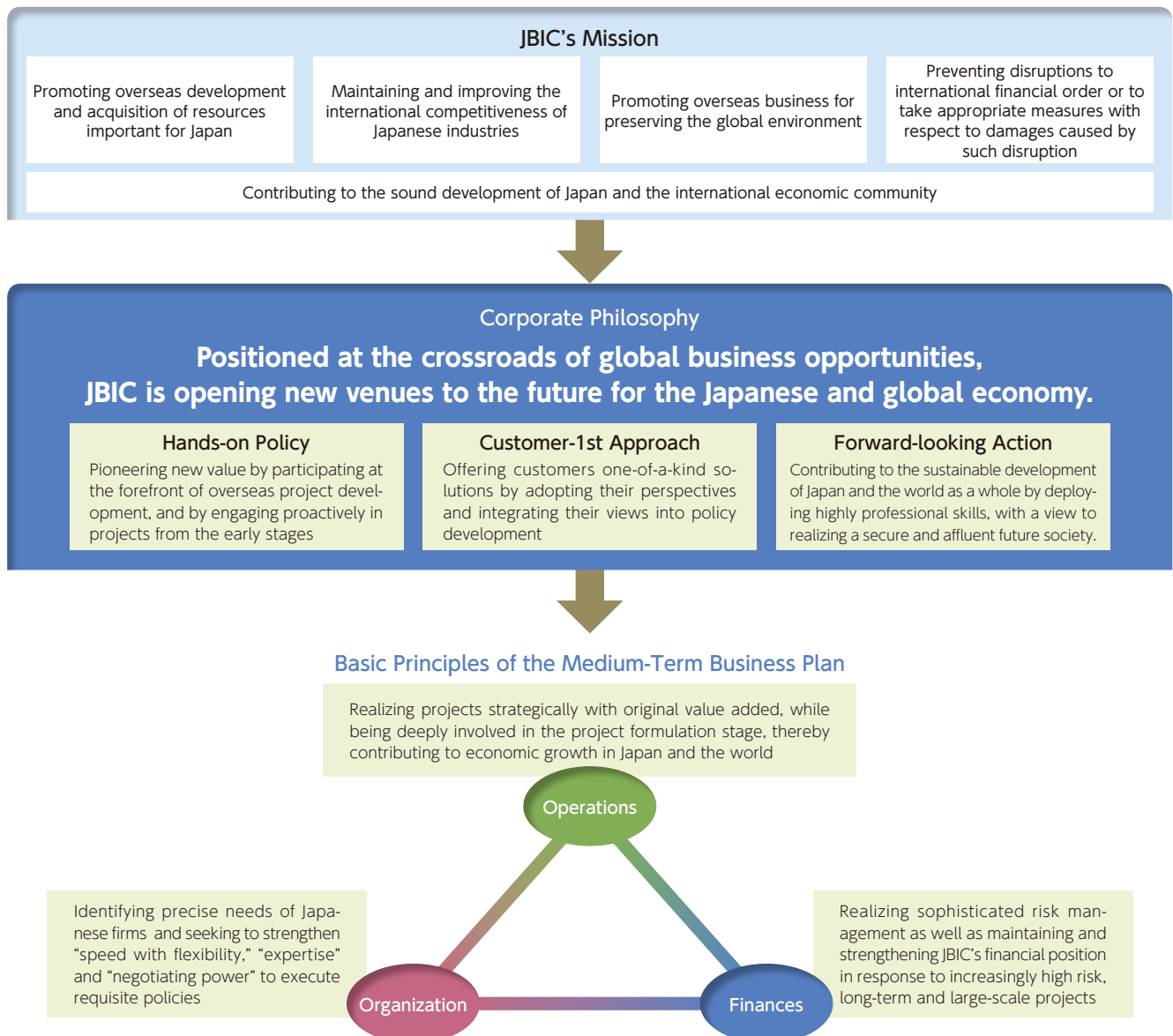
Basic Principles, Backdrop and Overview

JBIC's current Medium-Term Business Plan (FY2012-2014) aims to promote efficient and results-oriented business operations in line with the Japanese government's policies and to accomplish proper accountability. To this end, it explicated high priority business and management issues to be addressed by JBIC over the medium term, and set forth strategies and action plans to tackle these issues. JBIC also sets the Annual Business Plan for each fiscal year to set specific targets JBIC should strive to pursue this year with the action plans set in the Medium-Term Business Plan.

JBIC sets the basic principles of the Medium-Term Business

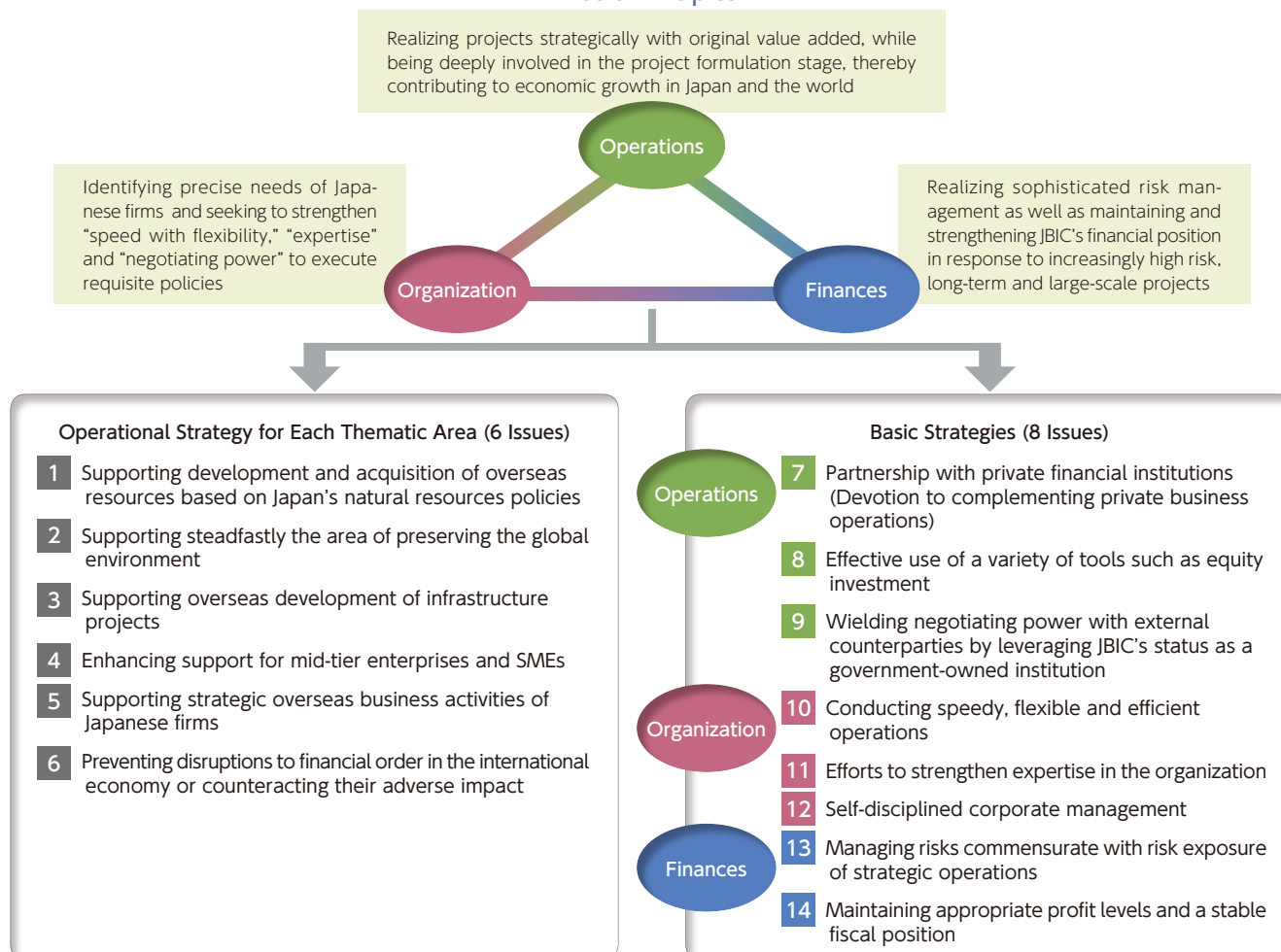
Plan of Operational Strategy for 6 Thematic Areas and Basic Principles to 8 Basic Strategies, based on following JBIC mission and policy; 1) Realizing projects strategically with original value added, while being deeply involved in the project formulation stage, thereby contributing to economic growth in Japan and the world, 2) Identifying precise needs of Japanese firms and seeking to strengthen "speed with flexibility," "expertise" and "negotiating power" to execute requisite policies, 3) Realizing sophisticated risk management as well as maintaining and strengthening JBIC's financial position in response to increasingly high risk, long-term and large-scale projects.

JBIC's Mission, Corporate Philosophy and the Basic Principles of the Medium-Term Business Plan



Overview of the Medium-Term Business Plan FY2012-2014

Basic Principles



Basic Principles (on Operations) and Their Backdrop

Basic Principles

Operations

Realizing projects strategically with original value added, while being deeply involved in the project formulation stage, thereby contributing to economic growth in Japan and the world

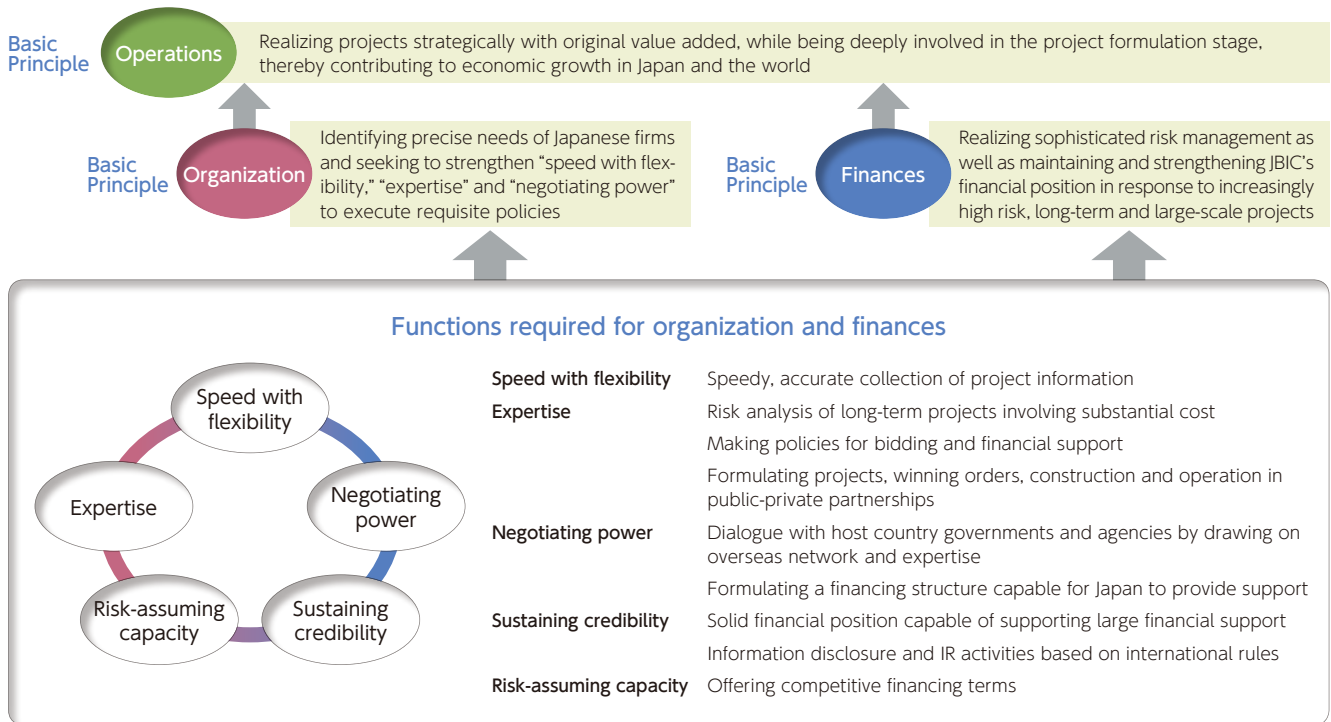
Government Efforts: Examples



JBIC's Efforts



Basic Principles (on Organization and Finances) and Their Backdrop



The Medium-Term Business Plan contains the following content.

| | |
|---------------------------------|---|
| Basic Principles | Set out principles guiding JBIC operations over the medium term to effectively execute the mission mandated on JBIC, given its status as a policy-based financing institution. |
| Key Strategies | Designate strategic issues necessary to conduct operations in accordance with the Basic Principles. These consist of the Basic Strategies, which set out matters concerning operations, organization and finances, and Operational Strategies for Thematic Areas, which set out an operational strategy for each thematic area. |
| Agendas and Action Plans | Assigned over the medium term for each of the Key Strategies. |
| Performance Indicators | Evaluate the extent to which the objective of each action plan has been achieved as well as monitor and evaluate the progress being made for each action plan. |

There are four types of performance indicators used in the Medium-Term Business Plan as shown below. Objectives are set in the Annual Business Plan for each fiscal year, and the Management Advisory and Evaluation Committee will evaluate the performance at the end of each fiscal year by assessing the extent to which the initially-set objectives have been achieved.

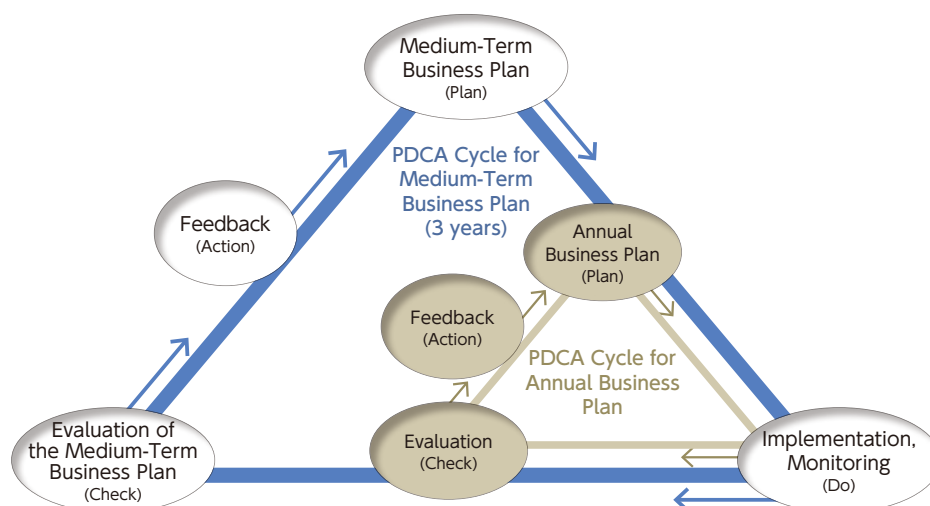
| Indicator | Definition | Initial Assignment | End Period Evaluation |
|-------------------------|--|---|---|
| Quantitative Indicators | Set initially quantitative objectives for the end of the planned year and evaluate the extent to which they are achieved at the end of the planned period. | Set quantitative objectives. | Tabulate the actually achieved figures and evaluate them quantitatively.* |
| Monitoring Indicators | Add up performance figures at the end of the planned period and monitor their chronological changes. | | Tabulate the actually achieved figures and monitor them. |
| Qualitative Indicators | Set initially exemplified qualitative objectives for the end of the planned period and evaluate the results actually achieved at the end of the planned period. | Set exemplified qualitative objectives. | Tabulate actually achieved results and evaluate them qualitatively. |
| Milestone Indicators | For issues that require steady progress in action over the medium to long term (about 3 years), set initially concrete actions (milestones**) to take each year and evaluate the extent to which they achieve the milestone (if necessary, a milestone may be modified at the beginning of the next year). | Set initially in the planned 3-year period milestones** (for each year). Review at the initial point in the subsequent years. | Evaluate the results based on the already set milestones.* |

* Quantitative Milestone indicators may also be evaluated from a qualitative aspect.

** Quantitative figures may be incorporated in milestones.

JBIC is committed to performing its mission and roles appropriately as a policy-based financing institution by implementing the PDCA cycle in the Medium-Term Business Plan and the Annual Business Plan.

PDCA Cycle of Medium-Term Business Plan and Annual Business Plan



Strategies, Agendas (Action Plans) and Performance Indicators

The agendas (action plans) and performance indicators for the Operational Strategies for Each Thematic Areas (six strategies) and Basic Strategies (eight strategies) are as below.

■ Operational Strategy for Each Thematic Area

1 Supporting Development and Acquisition of Overseas Resources Based on Japan's Natural Resources Policies

| Agenda and Action Plan | Performance Indicator | Type |
|--|---|--------------|
| Supporting development/acquisition of resources in the upstream sector and a stable supply of resources based on the Japanese government policy of taking advantage of yen appreciation and the changed environment in the wake of the Great East Japan Earthquake | Number of loan, guarantee and investment commitments for the projects/transactions contributing to acquisition of interests in resources, taking their delivery and obtaining their sales concessions | Quantitative |
| | Among the above commitments, the number of those contributing to securing a stable supply of energy resources | Quantitative |
| | Among the immediately above commitments, their amounts of oil, natural gas, copper and iron ores, and coal obtained by new acquisition and delivery | Monitoring |
| | Efforts (including support for related infrastructure) to reduce the procurement cost of natural gas for Japan | Qualitative |

2 Supporting Steadfastly the Area of Preserving the Global Environment

| Agenda and Action Plan | Performance Indicator | Type |
|--|---|--------------|
| Realizing steadfastly such environmental projects as renewable energy, energy efficiency improvement and highly efficient power generation | Number of loan, guarantee and investment commitments for such environmental projects as renewable energy, energy efficiency improvement and highly efficient power generation | Quantitative |
| | Projected reductions in greenhouse gas emissions in new projects to which loan, guarantee and investment commitments were made | Monitoring |

3 Supporting Overseas Development of Infrastructure Projects

| Agenda and Action Plan | Performance Indicator | Type |
|---|---|--------------|
| Actively supporting overseas development of infrastructure projects by Japanese firms | Number of loan, guarantee and investment commitments supporting overseas development of infrastructure projects | Quantitative |
| Strengthening efforts to support the formulation of highly strategic projects | Implementing support for the formulation of highly strategic projects | Qualitative |

4 Enhancing Support for Mid-Tier Enterprises and SMEs

| Agenda and Action Plan | Performance Indicator | Type |
|--|--|--------------|
| Pressing forward efforts for active support | Number of loan, guarantee and investment commitments for mid-tier enterprises and SMEs | Quantitative |
| | Number of mid-tier enterprises and SMEs supported by the above commitments | Monitoring |
| Increase opportunities to disseminate information such as seminars and consulting sessions | Number of seminars and consulting sessions organized for mid-tier enterprises and SMEs | Quantitative |

5 Supporting Strategic Overseas Business Activities of Japanese Firms

| Agenda and Action Plan | Performance Indicator | Type |
|--|---|--------------|
| Supporting Japanese firms' strategy to capture overseas market shares and the maintenance and strengthening of their supply chains | Number of loan, guarantee and investment commitments for overseas investment projects by Japanese firms or projects for supporting associated operations with such projects (Show breakdown by developed country for monitoring purposes) | Quantitative |
| | Number of loan, guarantee and investment commitments for export transactions by Japanese firms (Show breakdown by developed country for monitoring purposes) | Quantitative |
| Supporting M&A activities based on the government policy of taking advantage of yen appreciation | Number of loan, guarantee and investment commitments for M&A deals | Quantitative |
| | The total amount of M&A deals above | Monitoring |

6 Preventing Disruptions to Financial Order in the International Economy or Counteracting Their Adverse Impact

| Agenda and Action Plan | Performance Indicator | Type |
|--|---|--------------|
| Preventing disruptions to financial order in the international economy or counteracting their adverse impact with speed, flexibility and effectiveness | Number of countries for which monitoring was done with respect to macroeconomic conditions | Quantitative |
| | Number of loan, guarantee and investment commitments for preventing disruptions to financial order in the international economy or counteracting their adverse impact | Monitoring |

Basic Strategies**Operations****7 Partnership with Private Financial Institutions (Devotion to Complementing Private Business Operations)**

| Agenda and Action Plan | Performance Indicator | Type |
|--|---|--------------|
| Pressing forward strategic partnerships with private financial institutions, including appropriate cofinancing | The share of cofinancing commitments in the number of loan commitments (excluding matching* loans and loans to banks) | Quantitative |
| | Private sector funds mobilized in the projects/transactions to which JBIC made loan, guarantee and investment commitments | Monitoring |
| | Number of private banks with which JBIC entered into a partnership | Quantitative |

* Application of the same credit terms offered by the participating or non-participating countries under the OECD Arrangement on Guidelines for Officially Supported Export Credits

8 Effective Use of a Variety of Tools Such as Equity Investment

| Agenda and Action Plan | Performance Indicator | Type |
|---|--|--------------|
| Active use of equity investment | Number of investment commitments for equity investment (participation) projects | Quantitative |
| Effective use of guarantees and other financial instruments | Record of effective use of guarantees and other financial instruments | Qualitative |
| Pressing forward efforts to finance with local currencies | Number of local currencies with which loan, guarantee and investment commitments were made (outstanding) | Monitoring |
| Pressing forward PF and SF* projects | Number of commitments to PF and SF projects | Quantitative |

* Project finance and structured finance

9 Wielding Negotiating Power with External Counterparties by Leveraging JBIC's Status as a Government-owned Institution

| Agenda and Action Plan | Performance Indicator | Type |
|---|---|--------------|
| Strengthening relations with foreign governments and government agencies, increasing collaboration with multilateral institutions and foreign official institutions, and wielding JBIC's negotiating power with external counterparties | Efforts to strengthen relations with major countries (their governments and government agencies) | Qualitative |
| | Cases where JBIC wielded its negotiating power among the number of loan, guarantee and investment commitments with which cross-border loans were extended | Quantitative |

Basic Strategies Organization

10 Conducting Speedy, Flexible and Efficient Operations

| Agenda and Action Plan | Performance Indicator | Type |
|---|--|--------------|
| Enhancing strategic and flexible allocation of given management resources | Customer satisfaction survey (level of satisfaction with the time taken for approving loans and other financial instruments) | Quantitative |
| | Employee consciousness survey (awareness of equalizing work load among employers) | Monitoring |
| Efficient corporate management with work flow improvement and other means | Progress in key BPR* measures | Milestone |
| | Average overtime work hours per employee | Monitoring |
| Upgrading IT infrastructure | Progress in IT investment, including improvement in the common infrastructure and the establishment of a backup center | Milestone |

* Business Process Re-engineering

11 Efforts to strengthen expertise in the organization

| Agenda and Action Plan | Performance Indicator | Type |
|---|---|--------------|
| Recruiting and fostering human resources capable of providing high value-added services | Number of training sessions for providing advanced financing and appraisal methods (including the number of participants for monitoring purposes) | Quantitative |
| | The percentage of the staff who have experience in an overseas posting or who were loaned to overseas institutions (during the past 5 years) | Quantitative |
| Strengthening the strategic collection and dissemination of requisite information | Domestic and foreign entities with which an exchange of views continues to take place through operational cooperation or assignment, excluding clients (cumulative total) | Quantitative |

12 Self-disciplined corporate management

| Agenda and Action Plan | Performance Indicator | Type |
|--|--|--------------|
| Corporate management that meets the needs of clients | Customer satisfaction survey (overall level of satisfaction) | Quantitative |
| | Customer satisfaction survey (level of satisfaction on the time taken for loan approval) | Quantitative |
| | The average appraisal period for PF projects | Monitoring |
| Promoting disclosure and public relations activity | Number of times the JBIC website and other mediums are accessed | Monitoring |
| Mainstreaming compliance efforts | Number of internal training sessions on compliance | Quantitative |

Basic Strategies Finances

13 Managing Risks Commensurate with Risk Exposure of Strategic Operations

| Agenda and Action Plan | Performance Indicator | Type |
|---|--|------------|
| A more improved and advanced framework for appropriately assessing and managing major risks associated with conducting strategic operations | Loan assets to be disclosed under the Financial Revitalization Act | Monitoring |
| | The ratio of provisions made for the above assets | Monitoring |
| | Number of meetings held by the Risk Advisory Committee | Monitoring |

14 Maintaining appropriate profit levels and a stable fiscal position

| Agenda and Action Plan | Performance Indicator | Type |
|---|---|------------|
| Securing appropriate levels of profits and losses | Overall profit margin* | Monitoring |
| | The ratio of administrative cost | Monitoring |
| Maintaining financial stability | Capital Adequacy Ratio (BIS basis) | Monitoring |
| Preparation for International Accounting Standard | State of examination with respect to introducing IFRS | Milestone |

* Yields on Interest-earning Assets-Costs on Interest-bearing Liabilities

The performance will be evaluated at the end of each term by the Management Advisory and Evaluation Committee, which consists of external experts and outside directors, and the result will be published.

4. Outline of Operations in FY2012

Operational Highlights

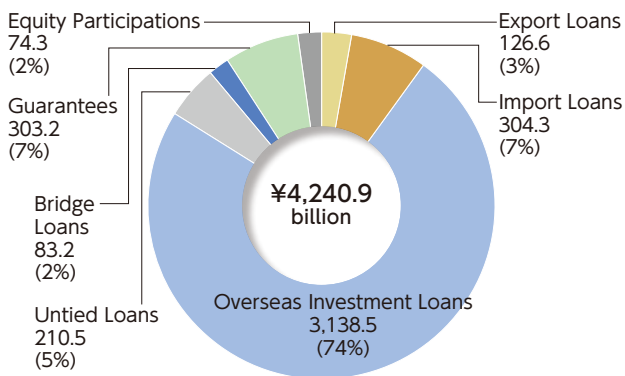
The total amount of commitments JBIC made during FY2012 in loans, guarantees, and equity participations was ¥4,240.9 billion, an all-time high.

JBIC's major operations in each sector for FY2012 are shown below:

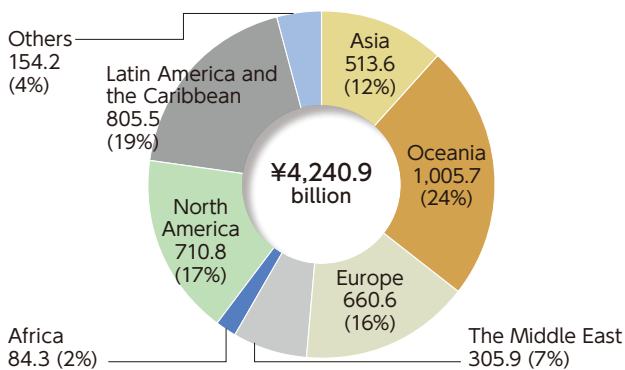
■ Energy and Natural Resources Sector

JBIC provided loans for the development and acquisition of interests for a number of projects in the energy sector in which Japanese companies were involved. These include

Commitments by Purpose of Financing (FY2012. Unit: billions of yen)



Commitments by Region (FY2012. Unit: billions of yen)



projects for developing unconventional energy resources in North America,—coal-bed methane (CBM)¹ and shale gas in Canada, shale oil and tight oil² in the U.S.—liquefied natural gas (LNG) projects in Australia and Papua New Guinea, and coal mine projects in Australia and Canada. JBIC also provided loans to support the import of LNG and oil.

In the mineral resources sector, JBIC provided loans for the development of, and acquisition of interests in, an iron ore mine in Australia and a copper mine in Chile. Regarding rare metals, JBIC supported a nickel/cobalt mixed sulfide production project in the Philippines, a molybdenum smelting project in Chile, and a niobium development and production project in Brazil.

■ International Infrastructure Sector

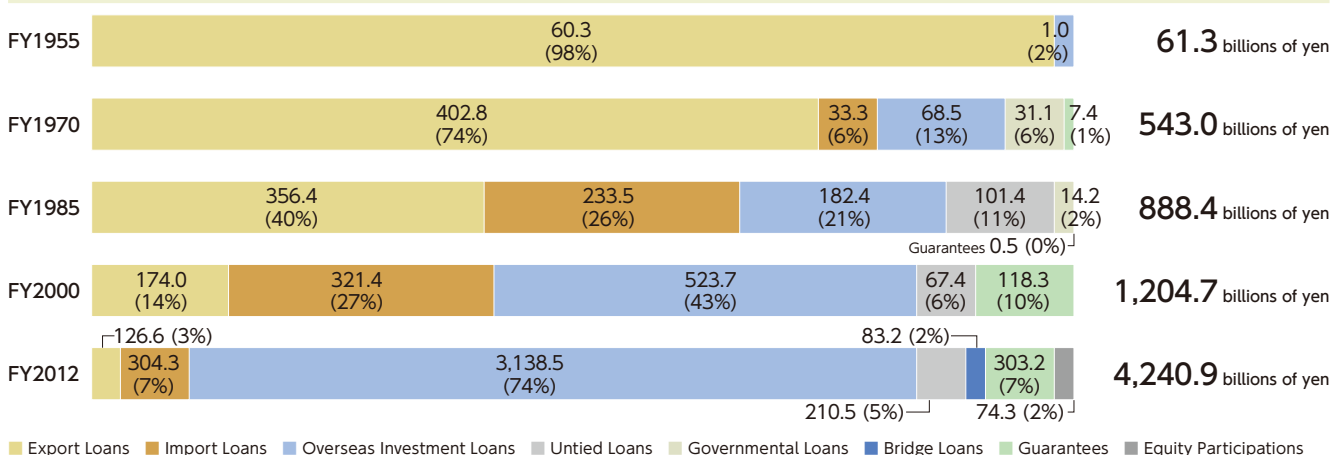
In the power sector, JBIC supported a gas-fired combined cycle power plant project in Thailand—in which Japanese companies participated as an exporter or project owner—as well as coal-fired power plant projects in Morocco and Chile. JBIC also supported the export of transmission and substation equipment to Indonesia. JBIC's support in the transportation sector covered an intercity express railway project in the U.K.—in which Japanese companies participated—and the export of railway cars to Venezuela. In the telecommunications sector, support was provided for the export of a portion of the submarine optical fiber cable system that will connect Singapore with Japan. In the water sector, JBIC supported both the export of equipment for a seawater desalination plant in Singapore and a project for producing and selling water treatment facilities in China.

In other activities, JBIC subscribed to the new shares issued by the Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDC) in India, the core project executing

1. Coal-bed methane (CBM) is methane extracted from and near coal-beds. It is drawing attention along with shale gas as "unconventional" natural gas.
2. Unlike conventional oil that is extracted from wells naturally stored in the stratum, tight oil exists widely through tight strata such as sandstone, limestone and shale formations, and the methods used for its extraction are similar to those used in shale oil and gas extraction (horizontal drilling, hydraulic fracturing, etc.).

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

(Unit: billions of yen)



agency responsible for advancement of the Delhi Mumbai Industrial Corridor (DMIC) Project³. JBIC also decided to invest in three infrastructure funds, which target North America and Europe, Southeast Asia, and India, respectively.

■ Supporting Japanese Companies in Exportation of Their Products, and Manufacturing and Sales Business Abroad

JBIC supported the export of machinery and equipment including: oil refinery-related equipment to Kazakhstan; textile manufacturing machinery to Angola; a picking line-tandem cold mill and petrochemical plant-related equipment to India; and equipment for an ethylene production plant in Turkey, as well as equipment needed for the infrastructure mentioned above. JBIC also supported the export of ships including: bulk carriers to Turkey, the Bahamas, and Hong Kong; as well as Ramform vessels to the Bahamas. In addition, JBIC extended credit lines, designed to support Japanese exports, to local financial institutions in Malaysia, India, Turkey, Russia, and South Africa.

In addition to such export assistance, JBIC also supported Japanese companies in manufacturing and sales of their products overseas in a wide range of industries, including automobiles, electrical equipment, electronics, machinery, and metals. JBIC also assisted Japanese companies in merging and acquiring foreign firms in various areas, including commercial motors, air-conditioners, food, medical equipment, insurance, and aircraft leasing.

■ Supporting Overseas Business Operations of Japanese SMEs

JBIC provided loans for Japanese SMEs to assist them with their business operations overseas, particularly in Asia. JBIC also extended investment credit lines, which are designed to support Japanese SMEs in expanding their business operations overseas, to three Japanese banks: The Senshu Ikeda Bank, Ltd; Resona Bank, Limited; and Sumitomo Mitsui Banking Corporation. Furthermore, JBIC acquired an equity stake in a private

equity fund that is aimed at supporting Japanese companies in expanding their business operations into the ASEAN region, managed by a Singapore subsidiary of Mizuho Bank, Ltd.

■ Promoting Renewable Energy and Conserving the Global Environment

JBIC supported a renewable energy power generation project in Canada in which a Japanese company participated by way of project financing⁴ denominated in Canadian dollars. In Brazil, JBIC supported a co-generation project at a refinery and a flaring gas reduction project at multiple offshore oil concessions to reduce greenhouse gas (GHG) emissions. Moreover, JBIC extended export credit lines⁵ to several local financial institutions in India and Turkey to finance the export from Japan of renewable energy-related equipment and energy-saving equipment.

■ Preventing Disruptions to International Financial Order or Taking Appropriate Measures with Respect to Damages Caused by Such Disruptions

In order to address the potential adverse impacts of continued international financial market volatility on the Indonesian economy, JBIC offered a Contingent Facility to the Government of Indonesia as a precautionary measure to enhance its crisis preparedness, in parallel financing with the World Bank, the Asian Development Bank (ADB), and the Government of Australia. JBIC also extended bridge loans to the Government of Myanmar to clear the arrears of past loans from the ADB and the International Development Association (IDA). The objective was to help the country return to the international financial market.

3. The Delhi Mumbai Industrial Corridor (DMIC) Project is a Japan-India joint development project which aims to build a freight rail line to connect Delhi and Mumbai and develop infrastructure along the line such as industrial estates, logistics parks, power plants, roads, ports, residential areas and commercial facilities mainly by mobilizing private investments.

4. Project finance is a financing structure that relies primarily on the cash flow generated by the project for repayment. It is used for financing large projects in such sectors as power generation and oil, gas or other natural resource development.

5. An export credit line is a form of export credit in which JBIC commits to the maximum amount of credit to be extended to foreign banks or other entities to finance exports of machinery, equipment and services from Japan.

Operational Results

Total disbursements made by JBIC in FY2012 stood at ¥2,599.8 billion.

■ Planned and Actual Lending and Investments

(Unit: billions of yen)

| | FY2009 | | FY2010 | | FY2011 | | FY2012 | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|
| | Plan | Actual | Plan | Actual | Plan | Actual | Plan | Actual |
| Export Loans | 108.0 | 43.8 | 113.0 | 73.6 | 120.0 | 73.9 | 200.0 | 143.1 |
| Import Loans and Overseas Investment Loans | 1,010.0 | 2,382.8 | 1,080.0 | 1,113.9 | 1,113.5 | 913.0 | 1,879.0 | 2,307.4 |
| Untied Loans | 82.0 | 186.7 | 207.0 | 85.4 | 100.0 | 103.2 | 100.0 | 132.0 |
| Equity Participations | 20.0 | 13.6 | 45.5 | 26.8 | 200.0 | 7.3 | 100.0 | 17.2 |
| Securitization | 30.0 | — | 30.0 | 19.0 | 19.0 | — | 19.0 | — |
| Total | 1,250.0 | 2,627.0 | 1,475.5 | 1,318.8 | 1,552.5 | 1,097.6 | 2,298.0 | 2,599.8 |

Financial Results

■ Principles of Accounting

(1) Separation of Account

JBIC conducted JBIC operations and Financial Operations for Facilitating Realignment of United States Forces in Japan (USFJ) on separate accounts pursuant to Article 18.2 of the USFJ Realignment Special Measures Act. This practice was discontinued during FY2012. (See "Discontinuation of the Financial Operations for Facilitating Realignment of USFJ" on page 16.)

(2) Preparation of Financial Statements

Pursuant to the Companies Act and Article 26 of the Japan Bank for International Cooperation Act (JBIC 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 Auditors, to the Diet.

■ Statement of Operations and Balance Sheet

(1) Statement of Operations

In FY2012, interest income amounted to ¥167.9 billion, with ordinary income reaching ¥217.2 billion. These figures are largely

attributable to JBIC's financial support in relation to overseas M&A activities by Japanese companies and to overseas development and acquisition of strategically important resources. Interest expenses amounted to ¥119.5 billion, with ordinary expenses registering ¥153.7 billion. As a result, ordinary profit stood at ¥63.5 billion. After taking account of extraordinary income, net earnings for FY2012 amounted to ¥63.5 billion.

(2) Balance Sheet

Total assets increased to ¥14,430.2 billion from FY2011. This was largely attributable to an increase in loans in foreign currencies. Total liabilities decreased to ¥12,083.5 billion from FY2011. This was attributable to two factors. One is an increase of ¥1,979.1 billion in borrowed money from the beginning of the year to ¥7,234.5 billion due in large part to new borrowings from the Foreign Exchange Fund Special Account. The other factor is a decrease of ¥162.7 billion in bonds payable during the same period to ¥2,215.9 billion, mainly because redemptions exceeded issuance. Total net assets reached ¥2,346.7 billion, which included ¥63.3 billion in net earnings and ¥69.0 billion in capital contributions, both in the Account for JBIC Operations.

The First Term for the New JBIC (FY2012)

■ Statement of Operations

(April 1, 2012–March 31, 2013; millions of yen)

| | Amount |
|-------------------------------------|----------------|
| Ordinary Income | 217,291 |
| Interest Income | 167,947 |
| Fees and Commissions | 23,288 |
| Other Ordinary Income | 9,171 |
| Receipts from the National Budget | 256 |
| Other Income | 16,627 |
| Ordinary Expenses | 153,708 |
| Interest Expenses | 119,510 |
| Fees and Commissions Payments | 1,427 |
| Other Ordinary Expenses | 597 |
| General and Administrative Expenses | 17,551 |
| Other Expenses | 14,620 |
| Ordinary Profit | 63,583 |
| Extraordinary Income | 1 |
| Net Income | 63,585 |

■ Balance Sheet

(As of March 31, 2013; millions of yen)

| | Amount | | Amount |
|---|-------------------|---|-------------------|
| Assets | | Liabilities and Net Assets | |
| Cash and Due from Banks | 837,986 | Borrowed Money | 7,234,598 |
| Receivables under Resale Agreements <small>Note 5</small> | 284,902 | Bonds Payable <small>Note 7</small> | 2,215,962 |
| Securities <small>Note 4</small> | 122,181 | Other Liabilities | 216,171 |
| Loans and Bills Discounted <small>Note 6</small> | 10,555,128 | Provision for Bonuses | 445 |
| Other Assets | 338,679 | Provision for Directors' Bonuses | 5 |
| Property, Plant and Equipment <small>Note 8</small> | 28,206 | Provision for Retirement Benefits | 15,595 |
| Intangible Assets | 1,352 | Provision for Directors' Retirement Benefits | 29 |
| Customers' Liabilities for Acceptances and Guarantees | 2,400,699 | Acceptances and Guarantees | 2,400,699 |
| Allowance for Loan Losses | (138,891) | Total Liabilities | 12,083,506 |
| | | Capital Stock | 1,360,000 |
| | | Retained Earnings | 851,685 |
| | | Total Shareholders' Equity | 2,211,685 |
| | | Valuation Difference on Available-for-sale Securities | 2,221 |
| | | Deferred Gains or Losses on Hedges | 132,831 |
| | | Valuation and Translation Adjustments | 135,053 |
| | | Total Net Assets | 2,346,738 |
| Total Assets | 14,430,245 | Total Liabilities and Net Assets | 14,430,245 |

* See pages 102–104 for details of Notes 4 to 8

Funding Sources

JBIC finances its operations through various sources, including borrowings from the FILP Fiscal Loan, Government-guaranteed Foreign Bond issuance, 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 the FILP Fiscal Loan, Government-guar-

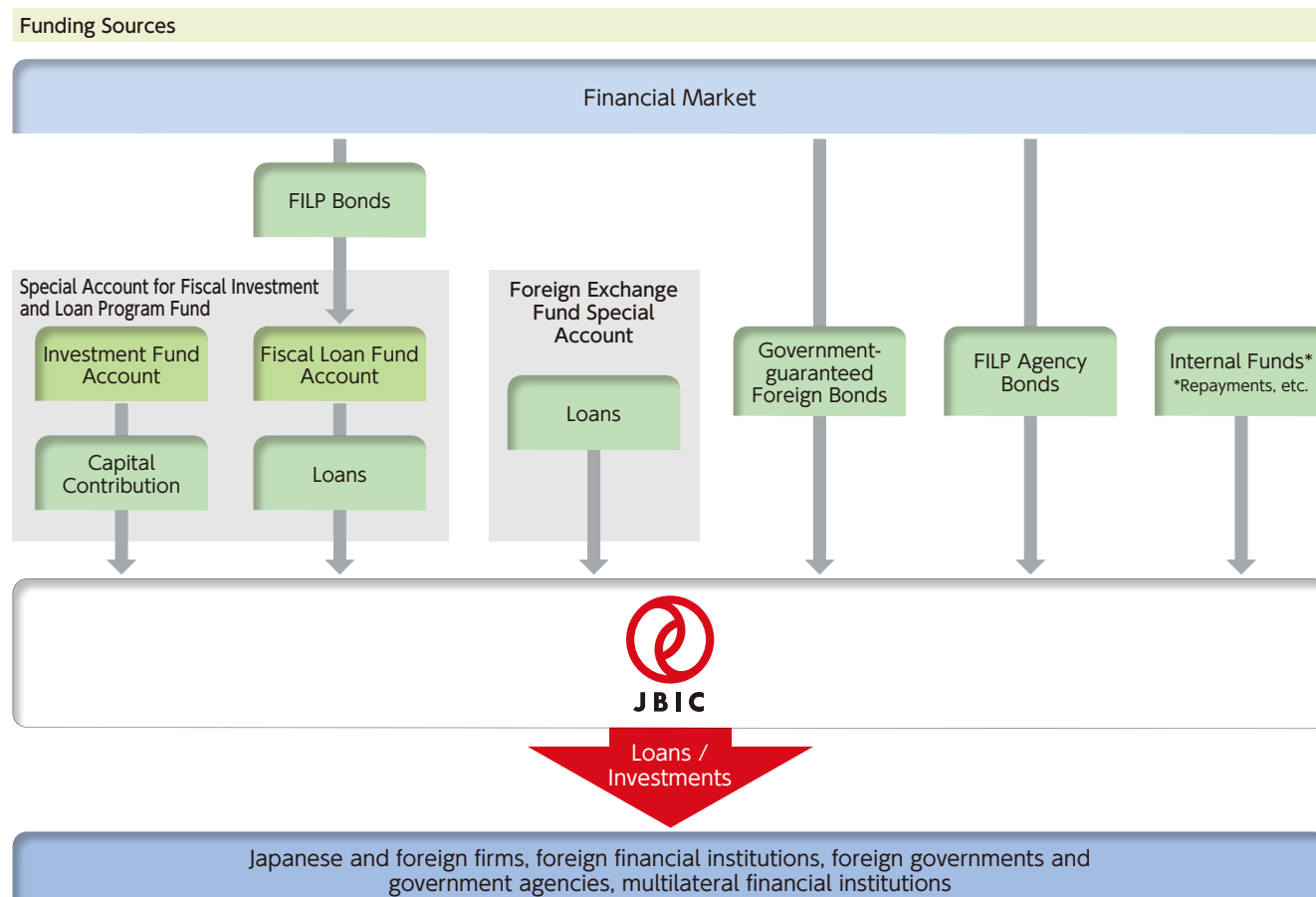
anteed Foreign Bond issuance, capital contributions from the government, and borrowings from the Foreign Exchange Fund Special Account constitute part of the national budget (either as an item in the General Account budget or the Special Account budget). Therefore, they are submitted, together with the operating budget of JBIC, to the Diet for approval. Recent funding results and plans for FY2013 are shown in the table below.

■ Funding Sources: Actual and Planned

(Unit: billions of yen)

| | FY2009 Actual | FY2010 Actual | FY2011 Actual | FY2012 Actual | FY2013 Planned |
|--|---------------|---------------|---------------|---------------|----------------|
| Capital Contribution from the General Account | — | — | — | — | — |
| Capital Contribution from FILP Industrial Investment | 20.0 | 35.5 | 200.0 | 69.0 | — |
| Borrowing from FILP Fiscal Loan | 906.6 | 690.9 | 201.0 | 400.0 | 600.0 |
| Borrowing from Foreign Exchange Fund Special Account | 987.4 | 323.5 | 230.4 | 1,744.9 | 1,223.1 |
| Government-guaranteed Foreign Bonds* | 626.3 | 463.3 | 423.2 | 205.3 | 660.0 |
| FILP Agency Bonds* | 70.0 | 50.0 | 50.0 | — | 20.0 |
| Other Sources of Funds, Including Repayments | 16.7 | (244.4) | (6.9) | 180.6 | (192.1) |
| Total | 2,627.0 | 1,318.8 | 1,097.6 | 2,599.8 | 2,311.0 |

* Figures for bonds are indicated in face value.



■ Government-guaranteed Bonds

JBIC raises part of its funds through government-guaranteed bond issuance in international capital markets. Outstanding government-guaranteed bonds at the end of FY2012 amount to ¥1,528.0 billion at face value, which accounts for 16.2% of the total outstanding borrowings and bonds. JBIC provides foreign currency loans when necessary for effective financing operations. Financial resources funded by government-guaranteed bond issuance in international capital markets are applied to such financial operations.

As Japanese companies have been recently stepping up overseas business operations, there are rising expectations for JBIC to provide local currency-denominated financial support. To meet such financial needs appropriately, JBIC issued government-guaranteed foreign bonds in Canadian dollars in March 2013.

In the FY2013 budget, JBIC plans to issue government-guaranteed bonds in the total amount of up to ¥660.0 billion.

JBIC's government-guaranteed bonds receive the same ratings as the Government of Japan from the rating agencies (Aa3 from Moody's and AA- from Standard & Poor's as of the end of July 2013). Since they are treated as assets for which the Bank for International Settlements (BIS) assigns zero risk weight in calculating the capital adequacy ratio for depository institutions, these bonds provide a quality investment opportunity for investors in international capital markets.

■ FILP Agency Bonds

In compliance with the government policy to reform the FILP, JBIC has issued bonds without government guarantee (FILP agency bonds) in the domestic capital market since FY2001, thereby raising funds based on its own creditworthiness. In the FY2013 budget, JBIC plans to issue FILP agency bonds totaling up to ¥20.0 billion.

JBIC's FILP agency bonds receive the same ratings as the Government of Japan (as of the end of July 2013) 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:**Aa3**
 Standard & Poor's:**AA-**

Discontinuation of the Financial Operations for Facilitating Realignment of USFJ

JBIC continued to conduct financial operations for facilitating realignment of United States Forces in Japan (USFJ) in the special account for this purpose under the USFJ Realignment Special Measures Act. These operations were designed to finance projects necessary to facilitate the relocation of USFJ to the U.S. with equity investments, loans, and other facilities.

However, JBIC decided to discontinue these operations following the announcement of the Joint Statement of the Japan-U.S. Security Consultative Committee on April 27, 2012. In this statement, the two governments affirmed that Japan's financial commitment is to be the direct cash contribution as stipulated in Article 1 of the Agreement between the Government of Japan and the Government of the United States of America Concerning the Implementation of the Relocation of III Marine Expeditionary Force Personnel and Their Dependents from Okinawa to Guam. They also affirmed that other forms of Japanese financial support to Guam relocation would not be utilized. While taking into account the wishes of the Government of Japan, JBIC discontinued its financial operations for facilitating realignment of USFJ by the end of September 2012. By the end of November 2012, JBIC eliminated the special account for these operations after turning the residual assets over to the national treasury.

During FY2012, no lending was made in this account.

The Environment Surrounding JBIC and Its Challenges

2

| | | |
|---|---|----|
| 1 | Energy, Natural Resources and Environment Finance Group | 18 |
| 2 | Infrastructure Finance Group | 22 |
| 3 | Industry Finance Group | 26 |

1. Energy, Natural Resources and Environment Finance Group

■ Increasingly Intense Scramble for Acquiring Resources

For Japan, a country scarcely endowed with natural resources, it is imperative to secure stable supplies of overseas energy and mineral resources in order to maintain and make progress in economic activity. JBIC has been providing financial support to Japanese companies in developing, acquiring interests in and importing overseas natural resources, thereby contributing to securing its stable supply to Japan.

Global competition for acquiring energy and mineral resources remains tough, posing a challenge to Japan in obtaining stable and affordable energy and mineral resources.

■ Rising Risk on the Demand and Supply Sides

Growing demand for energy in emerging market countries has exerted significant impacts on the global demand-supply balance of energy. In particular, energy consumption in the Asia and Oceania regions, which includes China, India and Southeast Asia, shows much higher growth rates than other regions.

Crude oil poses a significant geopolitical risk factor in view of the fact that roughly 50% of its reserves are concentrated in the Middle East. Japan's dependence on this region for crude oil declined at one time, but has now increased to more than 80% of its imports. This is attributable to rising demand for oil in Asian countries. As these countries have channeled the previously exported oil to meet oil demand in their domestic

markets, their oil exports to Japan have decreased.

The situation in which Japan procures liquefied natural gas (LNG) has been changing at a fast pace in recent years. Until about the year 2000, Japan had a predominant share of global LNG transactions, but its share has diminished to roughly 30% today. As China and India have been rapidly increasing imports of LNG, it is expected that the demand would sharply climb in the future. In Japan, which has found it very difficult to supply electricity from nuclear power stations after the Great East Japan Earthquake, LNG is increasing its presence as a major source of energy, as natural gas produces less greenhouse gas (GHG) emissions relative to oil. In accordance with the situation above, supplier countries are changing as well. Indonesia and Malaysia, both of which are traditional suppliers of LNG to Japan, have continued to post remarkable growth. These two countries have had to cut back LNG exports to Japan as they have seen a decline in production and a sustained increase in domestic demand for the resource.

In the mineral resource sector, demand has been growing in emerging market countries. In addition, oligopoly has significantly disturbed the demand-supply balance. For example, in the iron ore industry the top three companies account for more than half of world seaborne trade in iron ore, and the top four coal companies have created an oligopoly in the world market. There is a growing need to cope with the uneven distribution of individual types of ore minerals and quality

Major Projects Over the Last 10 Years (Amount of loan for natural resource projects (signed): Approx US\$74 Billion)



deteriorations of the minerals of resource-rich countries.

In this way, various risks are increasing both on the demand and supply sides. This means that Japanese companies have a need to diversify their overseas investments. JBIC will conduct operations by focusing more than ever on strengthening relations with resource-endowed countries and suppliers.

■ Efforts for Stable Procurement of Natural Gas

JBIC, especially, is striving to obtain natural gas by designating it as one of JBIC's top priorities. After what happened at the Fukushima Dai-ichi Nuclear Plant, the stable supply of electric power has become an urgent issue for Japanese people's lives and economic activities. There are rising expectations for the support of a stable and affordable supply of natural gas as a major source of energy in the present.

Responding to these expectations, JBIC is actively supporting the acquisition of interests and development of LNG-related projects as well as the import of LNG. In FY2012, JBIC supported the Wheatstone LNG Project in Australia through equity participation and a loan. JBIC also offered project financing¹ to the Ichthys LNG Project in Australia, the first major LNG operatorship project for a Japanese company.

Amid these developments, JBIC is also supporting an acquisition of interests in "unconventional" natural gas, such as shale gas and coal-bed methane (CBM)². In FY2012, JBIC supported the funding of Japanese companies for acquiring interests in shale gas and CBM fields in Canada for the development and production of natural gas. JBIC also financed a project aimed to procure LNG tankers as part of JBIC's comprehensive support for the value chain of natural gas.

Furthermore, JBIC is making efforts to strengthen cooperative ties with natural gas-producing countries and major natural gas developers in order to encourage Japanese businesses to develop natural gas overseas. In June 2011, JBIC signed a memorandum of understanding (MOU) with BPMIGAS, a government agency in Indonesia, overseeing and controlling upstream oil and gas business activities, for the purpose of building a business model to encourage further expansion of Indonesia's total natural gas supply capacity and to promote gas-related business opportunities for Japanese companies. During FY2012, JBIC signed a cooperation agreement separately with the BG Group, a British gas major, and Woodside, Australia's largest independent oil and gas company.

■ Spreading Risk with Diversification

To secure a stable supply of resources, it is important to disperse risks with diversification.

Firstly, geographical diversification needs to be considered. As described above, Japan is heavily dependent on the Middle East for oil. Thus, it should consider urgently exploring oil supply sources from outside the Middle East and diversify them within the Middle East region. Regarding LNG, JBIC has made loans to the Sakhalin II Project and LNG projects in



A project in Canada in which a Japanese company participates in acquiring interests and development of shale gas

Papua New Guinea and elsewhere, thereby contributing to the diversification of Japan's LNG supply sources. JBIC will also proactively engage in the formulation of LNG projects in North America, Africa and other untapped regions.

JBIC has taken steps in the coal sector as well. In March 2012, JBIC provided a loan for the thermal coal development project in Colombia from which Japan has imported hardly any coal. Furthermore, JBIC has also diversified the targeting countries by approaching Mozambique and Mongolia, which are expected to potentially become new major suppliers. In these countries, an important goal is to meet their needs with proposals that draw on Japanese technology and track records.

Secondly, we should make use of "unconventional" resources that have remained untapped to date. In this area, development is underway for CBM in such countries as Australia, as well as shale gas and shale oil in the United States and other countries. For shale gas, JBIC has already provided loans to projects in the U.S. and Canada. In FY2012, JBIC offered a loan to a shale oil project in the U.S.

Thirdly, the diversification of production technology needs to be considered. In recent years, projects are being planned that take advantage of floating LNG (FLNG) technology³ whereby produced natural gas is processed into liquid

1. Project finance is a financing structure that relies primarily on the cash flow, which is generated by the project, for repayment. It is used for financing large projects in such sectors as power generation and oil, gas or other natural resource development.

2. Coal-bed methane (CBM) is methane extracted from and near coal-beds. It is drawing attention, along with shale gas, as "unconventional" natural gas.

3. FLNG is a new gas development technology whereby natural gas from an offshore gas field is processed into liquid and stored on a large vessel, which is equipped with an LNG plant, then directly offloaded to an LNG carrier for shipment. Among its advantages over building onshore liquefaction plants is a lower environmental impact as there is no need to lay gas pipelines from the gas field to an onshore facility, nor to develop the coastal area. Moreover, as the floating LNG facility with the liquefaction plant can be moved, it is also seen as having tremendous potential for the development of small and medium scale offshore gas fields whose development to date has not been economically feasible.



A copper mine project in Chile involving participation of a Japanese company

offshore. During FY2012, JBIC offered a loan to support a Japanese business participating in an FLNG project in Australia.

■ Strengthening Multilayered Relations with Resource-Endowed Countries

It is also important to strengthen the multilayered and strategic relations of the resource-endowed countries and resource suppliers with which Japan has built good, stable relations.

In recent years, oil-producing countries in the Middle East have pushed forward a diversification of industries and infrastructure development in their countries based on abundant revenues generated by high oil prices. They have looked to overseas governments and companies for support in transplanting technologies for these purposes. In this context, economic relations between the Middle East and Japan have shifted from a traditional, simple relationship between oil consumers and suppliers to “multilayered” ties through the support of industrial diversification from energy-related and infrastructure-development project cooperation, as well as joint investments in third countries.

For example, in Saudi Arabia in March 2006, JBIC provided a project financing loan to one of the world's largest petrochemical plants being planned by a state-owned enterprise, Saudi Arabian Oil Company (Saudi Aramco), to support job creation and industrial promotion from the production of high value-added products. For the LNG project in Qatar, JBIC has supported a number of key links in forming the LNG supply chain since the early stages of its development in the 1980s, such as natural gas field development, LNG plant construction and loading port development. In FY2012, JBIC offered a guarantee for the first yen-denominated foreign bonds (Samurai bonds⁴) issued by Qatar Petroleum (QP), thereby strengthening relations with QP even further. Qatar is a major supplier of LNG to Japan, accounting for 18% of Japan's imports as

of FY2012. At the same time, Japan is the largest importer of LNG from Qatar. This is a good example of securing a stable, long-term supply of LNG to Japan, while contributing to strengthening the relationship between the two countries through continuous cooperation in the world LNG supply chain.

Australia also accounts for about a 20% share of LNG, 60% of coal and 70% of iron ore procured by Japan. Given its geographical proximity, political stability and abundance of various resources, Australia is one of the countries increasingly important to Japan as a resource supply source. JBIC has built favorable relationships with its resource developers through continued financing over the years. As described above, JBIC has supported unconventional LNG projects where CBM is used as a raw material, and in the acquisition of interests in coal mines by Japanese companies. Furthermore, JBIC cultivated relations with state governments in FY2011 by signing MOUs on comprehensive strategic partnerships with the Western Australian Government and Queensland Government. These MOUs provide for, among other things, an exchange of information on investments Japanese businesses could make, with periodic consultations being held. Thus, they are expected to lead the laying of the groundwork for Japanese business development.

In other activities, JBIC signed an MOU with the Ministry of Finance of Mongolia in March 2012 to enhance financial cooperation, including provision of export credit lines⁵, with Mongolia where mineral resources, such as coal and copper, are abundant. In accordance with the MOU, the two parties are now expediting the consultation process toward

4. Samurai bonds are yen-denominated bonds issued by foreign issuers such as foreign governments and foreign companies in the Japanese bond market.

5. An export credit line is a form of export credit in which JBIC commits to the maximum amount of credit to be extended to foreign banks or other entities to finance exports of machinery, equipment and services from Japan.

the offering of such export credit lines. During FY2012, JBIC signed an MOU for a comprehensive strategic partnership with Kazatomprom, a joint stock company wholly owned by the Kazakhstan government. This MOU is aimed at identifying future candidate projects eligible for JBIC finance, and jointly developing rare earth and metals.

For Turkey, which has become increasingly important in recent years with its geopolitical location that borders with Middle Eastern, NIS (New Independent States) and Eastern European countries, JBIC in March 2012 guaranteed its privately placed Samurai bond issue to support the country's effort to diversify funding sources.

In addition, although Japan and China tend to be in a competitive relationship in the area of natural resources, JBIC has been building up relations with the Export-Import Bank of China and other Chinese policy-based financial institutions, as it considers securing a channel for an exchange of information with respect to individual projects and policy trends while also exploring the possibility of cofinancing projects.

■ Toward Comprehensive Development of Natural Resources

Japan has long been one of the leading buyers of various natural resources in the world. Japan's relative position as a demand side has recently declined, however, as China and other emerging market countries are proceeding to engage in global competition to acquire resources against the backdrop of vigorously increasing demand.

Under these circumstances, in order to have secure and stable access to various resources, JBIC should not only support acquisition of interests and long-term delivery contracts by Japanese companies but also like an approach to Middle Eastern oil countries, propose comprehensive resource development, which encompasses the development of infrastructure including railways, roads, ports, electric power systems and rapidly advancing industries, in accordance with the needs of individual countries. Although this is only indirectly linked to resource development, if Japanese companies provide technologies for highly efficient coal-fired power generation and reduction in environmental impact, this could contribute to power development and environmental measures in resource-endowed countries, and could furthermore help to create a favorable position for acquiring interests in resources and price negotiation for Japan.

JBIC will continue to provide financial support in various sectors and thematic areas, including support for infrastructure development in resource-endowed countries, helping to secure a stable supply of resources that are indispensable for the sound development of the Japanese economy.

■ Efforts toward GREEN Operations

During FY2012, JBIC provided loans to ICICI Bank Limited,



A renewable energy project in India

Denizbank A.S., Türkiye Kalkınma Bankası A.S., RHB Bank Berhad, Petróleo Brasileiro S.A. (PETROBRAS), and Banco de Bogotá S.A. to support renewable energy and energy-efficiency improvement projects in India, Turkey, Malaysia, and the Latin American and Caribbean regions in an effort for GREEN (Global action for Reconciling Economic growth and ENvironmental preservation) operations (🔗 see p. 59 for details of this initiative). These loans are expected to contribute to the reduction in greenhouse gas (GHG) emissions, and help the diffusion of Japan's advanced environmental technologies in these countries and regions.

(🔗 For selected cases of environment-related operations by JBIC, see pp. 49–50.)

■ JBIC's Efforts for Renewable Energy

As efforts are being made in other countries as well to promote the use of renewable energy, business opportunities are expanding for Japanese companies. JBIC is taking steps to support these opportunities, including project financing for renewable-energy power generation projects in Canada in which Japanese companies participate (🔗 see p. 49).

JBIC has offered export credit lines for ICICI Bank Limited of India and four local banks in Turkey (Türkiye İs Bankası A.S., Yapi ve Kredi Bankası A.S., T. Garanti Bankası A.S. and Denizbank A.S.) for the purchase of Japanese renewable energy machinery and equipment, notably those for geothermal, wind and solar power generation, thereby supporting exports from Japan.

2. Infrastructure Finance Group

The global infrastructure market continues to expand notably in emerging market countries, driven by rapid urbanization, among other factors. Tapping into this huge infrastructure demand to drive growth in Japan is called for in two recently-released policy documents, both endorsed by the Cabinet in June 2013: (i) the Japan Revitalization Strategy (“JAPAN is BACK”), and (ii) Basic Policies for Economic and Fiscal Management and Reform, formerly known as “Honebuto no Hoshin.” The first document, representing the growth strategy based on the “three-arrows” strategy or “Abenomics,” sets out a clear goal of increasing real gross national income (GNI). Working for infrastructure projects overseas is one of the key policies in the growth strategy as it would help Japan to increase GNI through three major factors: (i) increased exports, (ii) more profits from business investment overseas, and (iii) improved procurement terms for energy and natural resources through the development of infrastructure related to natural resources.

JBIC will continue to proactively support Japanese companies participating in infrastructure projects overseas by taking advantage of the experience in the engagement of such projects in a range of sectors, including electric power systems, railways, seaports, roads, and water supply systems, as well as the trusting relationships JBIC has built with host countries over the years. In this way, JBIC will conduct operations in accordance with Japanese government’s policies and contribute to the stabilization of the global economy and the development of the Japanese economy.

■ Growing Infrastructure Demand Overseas and Japan’s “Infrastructure Systems Export”

It is expected that demand for infrastructure overseas will continue to grow. Overseas infrastructure demand is projected to increase at an annual rate of around 2.2%, more than 5%, and about 4% for the power, seaports, and ICT sectors, respectively.¹ Such demand can be met by providing integrated “infrastructure systems” that involve not only exporting equipment from Japanese companies with advanced technological capabilities but also providing expertise that various companies and local governments have in the designing, construction, operation, and maintenance of infrastructure. Receiving orders for such systems will help meet the



A British high-speed railway project in which a Japanese company participated

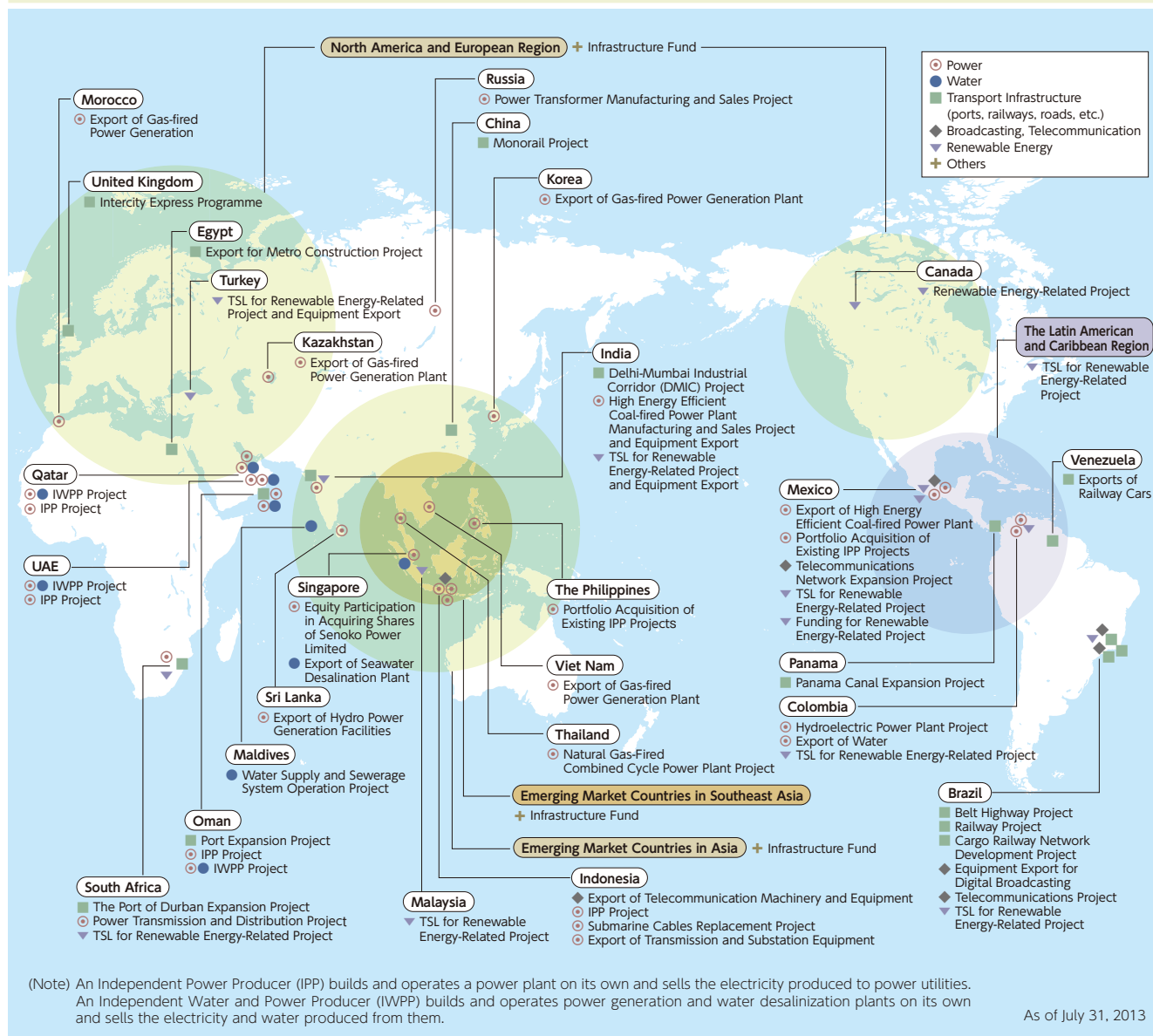
goal of increasing GNI from both physical and non-physical aspects (exports on one hand and project management and investment on the other).

Exporting an infrastructure system produces not only direct benefits resulting from receipt of the order but also indirect benefits in the form of a new foothold for Japanese companies and a strengthened supply chain. On the downside, however, it entails many challenges. For one thing, it is one of the sectors exposed to the fiercest global competition. For another, it involves many difficulties that may not be addressed by the private sector alone. These include huge business risks such as long payback time, as well as the need to negotiate with host country governments. In view of these challenges, the Japanese government is pushing ahead with public-private partnerships. For example, the Infrastructure Systems Export Strategy, adopted at the Ministerial Meeting on Strategy relating Infrastructure Export and Economic Cooperation in May 2013, as well as the Japan Revitalization Strategy mentioned earlier, set out a clear goal of tripling the total value of orders for infrastructure systems received by Japanese companies to some ¥30 trillion by 2020. These two strategies call for sales pitches by the Prime Minister and other ministers.

The Infrastructure Systems Export Strategy divides emerging market countries targeted for overseas infrastructure development into three groups: (i) China and ASEAN; (ii) Southwest Asia, Middle East, Russia and CIS, and Latin America

1. The Infrastructure Systems Export Strategy, adopted at the Ministerial Meeting on Strategy relating Infrastructure Export and Economic Cooperation on May 17, 2013.

JBIC's Financing for Infrastructure Projects



and the Caribbean; and (iii) Africa. Giving top priority to China and ASEAN, the strategy states that Japan will focus on broad-based development assistance (development assistance that transcends national borders) for strengthening connectivity within the ASEAN region and between the region on the one hand and India and Bangladesh on the other. This highlights the need for infrastructure development in Myanmar, a country that faces the Indian Ocean and serves as a strategic node that connects ASEAN with India. In this context, JBIC is committed to supporting the Myanmar government in clearing the arrears of past loans, a problem, which stands in the way of extending new loans to the country. JBIC took the first step in January 2013 when it offered bridge loans (short-term bridging loans) to the Myanmar government in order to assist it in clearing the arrears of loans from the Asian Development

Bank and the World Bank.

Three Challenges Japanese Companies Face in Infrastructure Projects Overseas

In implementing infrastructure projects overseas, Japanese companies face three major challenges: (i) weak price competitiveness, (ii) a shortage of versatile operators, and (iii) the lack of schemes designed to ensure project feasibility on the part of emerging and developing countries.

The first challenge is reflected in international comparisons in the total value of plant orders received from overseas. The figure for Japan fell about 9% in FY2012 from a year earlier. Those for China and Korea, on the other hand, rose slightly or remained flat over the same period. Roughly speaking, China's value is six times as much as Japan's, while Korea's figure is



The export of equipment by a Japanese company for a power generation project in Morocco

three times as much.² To boost the price competitiveness of Japanese companies, it may be one of solutions not to stick to the “All Japan” principle of mobilizing only Japanese entities but to adopt the “Japan Initiative” strategy. Under this strategy, the core part of a plant will be managed by Japanese companies with a technological competitive edge while the other parts will be managed in cooperation with partners from other countries, in order to achieve the best mix of Japanese and foreign products.

The second challenge is most evident in water and railroad sectors, in which the knowledge and expertise accumulated from experience in operations within Japan are distributed among different enterprises, including public corporations, due in large part to the existing institutional arrangements. Few Japanese companies have a track record of integrated business operations ranging from “upstream” operations, such as the development of master plans, to “downstream” operations, such as the operation and maintenance of facilities and the collection of charges and fares. For these reasons, Japanese companies are not always able to adequately meet the needs of host countries that call for integrated infrastructure systems. In sectors where Japanese companies lack expertise in integrated business operations, it may be viable to promote

international alliances or buyouts of foreign businesses that will help them accumulate expertise.

The third challenge is best represented by infrastructure projects in emerging and developing countries that are designed so that project owners have to bear excessive risks. These risks include weak provisions in power purchase agreements regarding the duties on the part of the host country governments and/or their agencies, as well as inadequate minimum income guarantees in transport projects. It happens sometime that, in projects that involve supervision and/or involvement by more than one competent authority and those that cover more than one local government, it would be difficult for the central government to ensure coordination among different parties and supervise projects. In the eyes of prospective private contractors, this state of affairs bears witness to less feasible project schemes, hindering private investment. An effective approach to ensuring adequately feasible project schemes in emerging market countries is for the public and private sectors in Japan to work together to fully communicate and cooperate with actual and potential

2. Japan Machinery Center for Trade and Investment, *2012 Nendo Kaigai Puranto Enjiniringu (PE) Seiyaku Jisseki Chosa Hokoku (report on concluded contracts for plant engineering overseas for FY2012)*, July 2012.

partners in these countries. Such public-private partnerships can make it possible for involvement in activities of the host country government and/or local business corporations as early as the project formulation phase through the establishment of a business aimed at promoting project formulation or within the framework of regular dialogue with the host country government. This will allow the Japanese side to offer appropriate support to the host country government in such aspects as the content of major project contracts and the framework for implementing and supervising projects. It will also allow for the adoption of life cycle costs and other bidding criteria that are favorable to Japanese companies. These actions will in turn improve the prospects for projects that build on the strengths of Japanese companies in meeting local needs.

■ Supporting “Infrastructure Systems Export” to Overcome Challenges Facing Japanese Companies

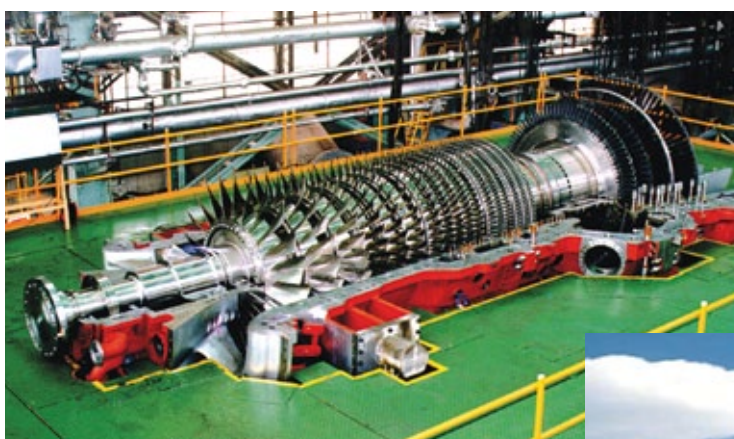
Expectations are rising for JBIC to play an important role as part of government efforts to boost the exports of infrastructure systems. JBIC is striving to help Japanese companies overcome challenges they face.

JBIC's efforts to ensure project feasibility through public-private partnerships—notably through the establishment of a business aimed at promoting project formulation or within

the framework of regular dialogue with the host country government—are best represented by two schemes. One is equity participation in the Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDC), whose duties include, among other tasks, preparing development master plans for the areas situated between Delhi and Mumbai and conducting feasibility studies for individual projects there. The other is the Financial Policy Dialogue between JBIC and the government of Indonesia and other countries.

JBIC is considering applying these two schemes to other countries. (For the second scheme, JBIC has already put in place a similar framework for dialogue with the governments of Mexico and Viet Nam.) As part of efforts to ensure the feasibility of infrastructure projects with a long payout time and whose revenues are received in local currency, JBIC offers loans in local currencies in order to reduce exchange risks for Japanese project owners associated with foreign currency borrowing and thus support long-term operations (▶ see p. 65).

As an entity that coordinates the needs of public and private sectors, 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.



A Thai project for a natural gas-fired combined cycle power plant in which a Japanese company participated (above and right)



2 3• Industry Finance Group

■ Overview of the Japanese Economy

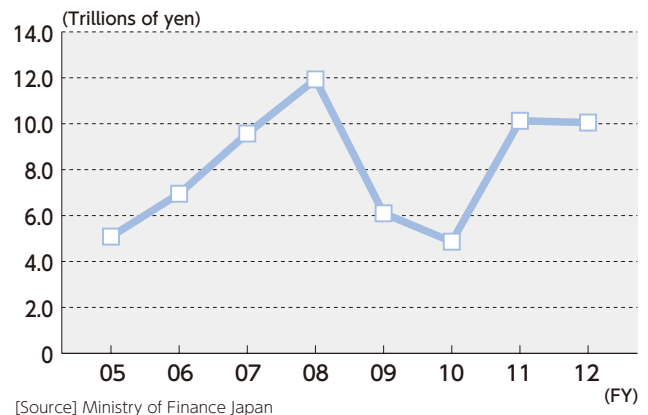
While the impact of the Great East Japan Earthquake in March 2011 lingered, the Japanese economy showed a mild recovery in the first half of FY2012. In the middle of FY2012, it began to weaken due to the slowing global economy and the appreciation of the yen. However, along with the influence of the global economy recovery, the leveling-off of exports and industrial production, and improved consumer and corporate sentiments suggest that the Japanese economy was gradually heading toward a pick-up in the second half of FY2012. The Japanese government has recently announced the Japan Revitalization Strategy. This strategy, decided by the Cabinet in June 2013, calls for, among other things, measures designed to support Japanese companies to export their products and even expand their operations overseas. By revitalizing Japanese companies, through the strategy, the Japanese government aims to put the Japanese economy on a growth track.

■ Overview of Overseas Business Operations by Japanese Companies

■ Overview of FDI by Japanese Companies

Foreign Direct Investment (FDI) by Japanese companies fell in both FY2009 and FY2010 after peaking in FY2008 before the Lehman Shock. In FY2011, it rose to around ¥10.1 trillion, a 108.2% increase from FY2010. The figure largely remained flat in FY2012, or more precisely, it dipped 0.8% year-on-year, standing at about ¥10.0 trillion (see Figure 1).

Figure 1 Foreign Direct Investment by Japanese Companies



A closer look at the trends in FY2012 shows that FDI jumped 54.9% in the first quarter from the same period a year earlier. It dropped 33.9% and 8.5% year-on-year in the second and third quarters, respectively, amid growing uncertainty surrounding the U.S. economy and the slowdown of emerging economies, including China. In the fourth quarter, however, FDI rose 15.0% on a year-on-year basis as the Japanese and global economy showed a gradual recovery trend. This is a sign that FDI is picking up¹.

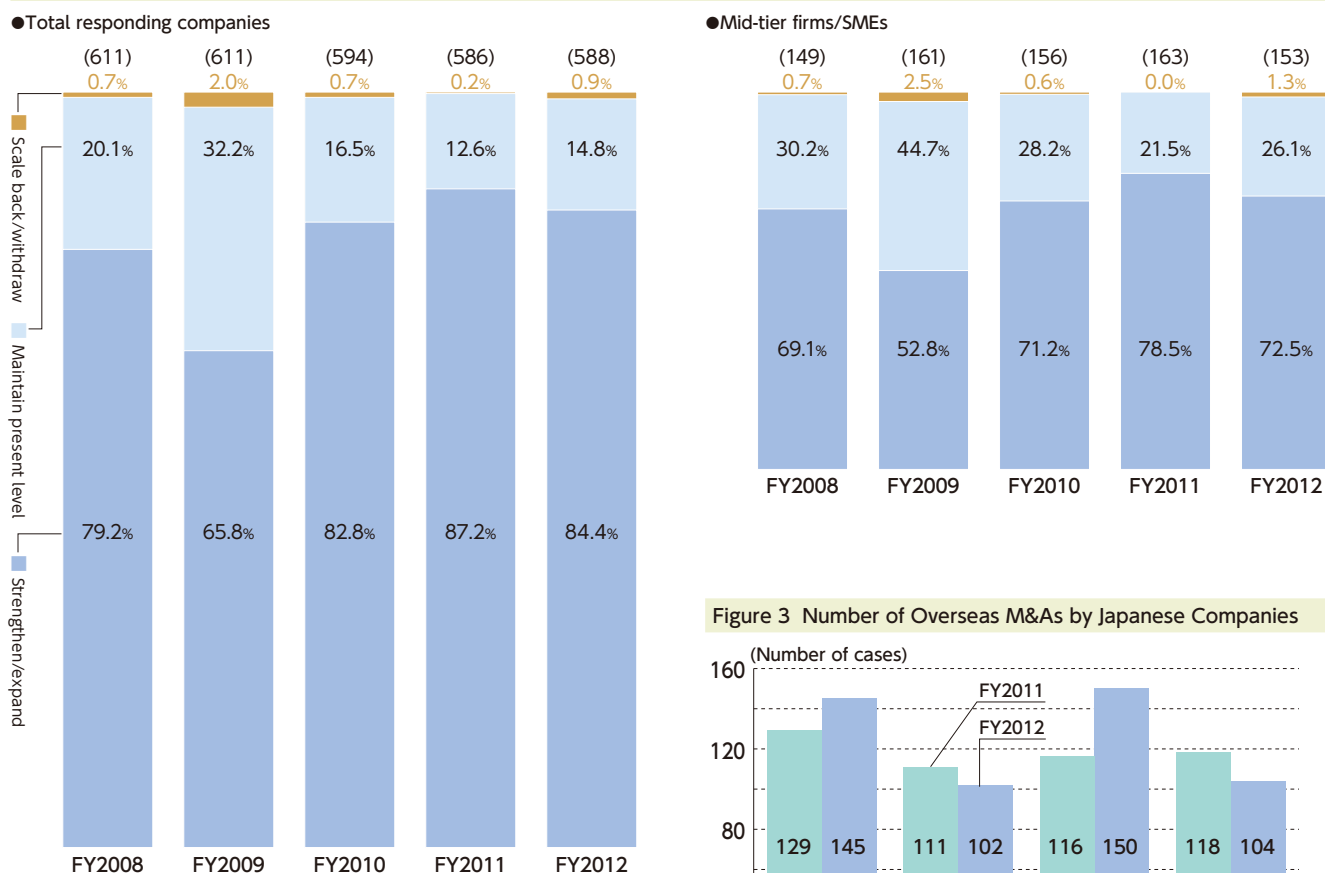
Japanese companies have remained committed to expand-

1. Ministry of Finance, "Outward/Inward Direct Investment."



A Japanese manufacturer and marketer of motorcycle parts and construction machinery in Indonesia (Banshu Electric Co., Ltd.)

Figure 2 Medium-term Prospects (next 3 yrs. or so) for Overseas Operations



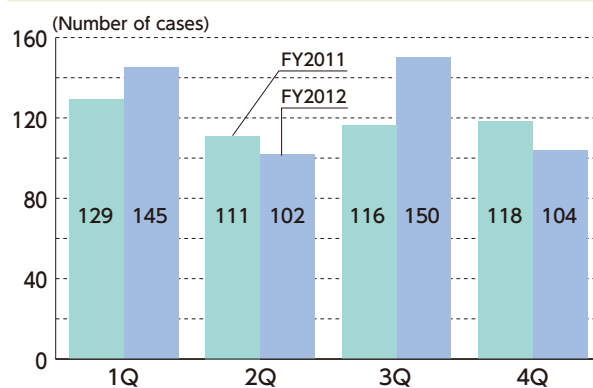
(Note) 1. "Overseas operations" is defined as production, sales, and R&D activities at overseas bases, as well as the outsourcing of manufacturing and procurement overseas.

2. The numbers in the parentheses above the bar graphs indicate the numbers of responding companies to the question.

3. Mid-tier firms/SMEs are companies whose paid-up capital is less than ¥1 billion.

[Source] Results of the JBIC FY2012 Survey Report on Overseas Business Operations by Japanese Manufacturing Companies

Figure 3 Number of Overseas M&As by Japanese Companies



[Source] RECOF DATA Corporation

ing their overseas operations over the mid-term. This view is substantiated by the FY2012 Survey (the 24th) Report on Overseas Business Operations by Japanese Manufacturing Companies, which JBIC conducted between July and October 2012. In this survey, to which 613 companies responded, 84.4% of the respondents said they would strengthen and/or expand their overseas businesses in response to the question regarding their medium-term business prospects. The figure was 72.5% as far as mid-tier enterprises, as well as small and medium enterprises (collectively "SMEs"), are concerned (Figure 2).

■ Overseas M&A by Japanese Companies

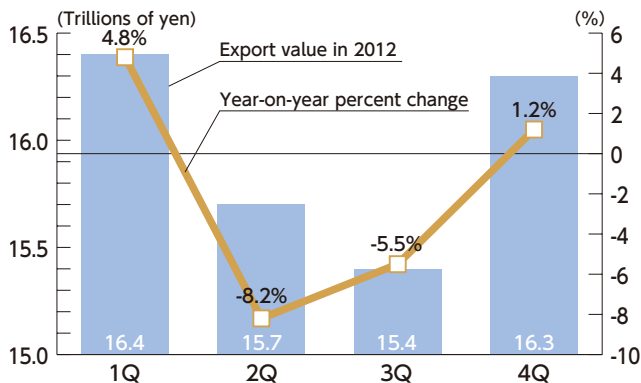
During FY2012, Japanese companies remained active in merging and acquiring foreign firms from FY2011. The number of M&A cases of foreign firms by Japanese companies in FY2012 amounted to 501, an increase of 27 from a year earlier, although the figure for the fourth quarter stood at 104, a decrease of 14 year-on-year, due in part to the depreciation of

the yen from Fall 2012 and a rise in the total buyout volume, resulting from the recovery of stock prices in the U.S. market (Figure 3). It is expected that the need for overseas M&A by Japanese companies will remain strong as they aim to tap into overseas market.

■ Exports

Total exports by Japanese companies, which slowed in the first half of FY2012, are now beginning to show signs of recovery. A closer look at the trends in FY2012 shows that, the figure amounted to ¥16,443.6 billion in the first quarter, up 4.8% from the same period a year earlier, partly because the impact of the flood disaster in Thailand subsided to some extent. Despite this sign of recovery, the figure fell in the two consecutive quarters that followed due to the faltering Japanese and global economy and the appreciation of the yen. It stood at ¥15,714.5 billion or down 8.2% year-on-year in the second quarter, and ¥15,429.7 billion or down 5.5% year-on-year in the third quarter. The decrease was attrib-

Figure 4 Value of Exports by Japanese Companies (FY2012)



[Source] Ministry of Finance Japan

uted particularly to a fall in exports both to Asian countries, experiencing an economic slowdown, and to the European region, where countries struggled with fiscal problems. In the fourth quarter, however, the figure reached ¥16,352.6 billion, up 1.2% on a year-on-year basis, due to recovery in the Japanese and global economy and the depreciation of the yen. It suggests that total exports by Japanese companies bottomed out (Figure 4).

■ Overall Commitments in Loan, Equity Participation, and Guarantee by the Industry Finance Group in FY2012

In view of the situation and industry trends already described, JBIC has supported Japanese companies in their business operations overseas through various aspects to maintain and improve the international competitiveness of Japanese industries. JBIC's Industry Finance Group had a total of 151 commitments concerning loan, equity participation, or guarantee in FY2012.

■ Supporting Foreign Investment by Japanese Companies

JBIC focuses on support for overseas investment by Japanese companies. JBIC provides these companies with equipment funding for their overseas businesses and funds for sales financing by taking advantage of schemes as necessary, including project financing and local currency-denominated financing. During FY2012, such loans went to projects conducted by manufacturers in chemical, automobile, electrical machinery, and other industries as well as engineering firms. A loan was also provided to support an FPSO (floating production, storage and offloading system) chartering project.

The "Rebirth of Japan: A Comprehensive Strategy" and the Japan Revitalization Strategy, both decided by the Cabinet in 2012 and 2013, respectively, call for the strengthening of local currency-denominated financial support to facilitate local currency funding for Japanese companies expanding their business operations overseas. In light of these policy developments and the needs of Japanese companies, in FY2012, JBIC



A Japanese manufacturer and marketer of films for disposable diapers in Indonesia (YAMATO GAWA SHIKO Co., Ltd.)

extended a Thai baht-denominated loan for the manufacturing and sales of auto parts, as well as a loan in Indonesia rupiah—the first of its kind by JBIC—for the manufacturing and sales of automobile and motorcycle parts.

■ Supporting Ship and Plant Exports

JBIC is also committed to supporting exports by Japanese companies. During FY2012, such support was provided for the export of ships such as bulk carriers, tankers, and seabed exploring ships, as well as for plant exports involving machine tools, compressors, and other equipment.

■ Supporting Overseas Business Operations by SMEs

The superior technological capabilities of Japanese SMEs are given high marks both at home and abroad. At the same time, developing countries themselves are focusing efforts on attracting investment from companies that have sophisticated technologies. However, Japanese SMEs often have only limited access to financing and information necessary for their business operations overseas. To boost traditional support for such operations, JBIC in FY2012 set up at its Head Office and West Japan Office a unit specializing in the support of overseas business development of SMEs. During FY2012, JBIC committed a total of 34 cases. In addition to financial support, such as loans, JBIC also offers information on a range of topics, including the foreign investment climate. During FY2012, JBIC signed a memorandum of understanding (MOU), separately with three local banks in the developing world, to support overseas business operations of SMEs through Japanese regional financial institutions under the "three government offices' joint policy²." A total of 46 Japanese regional financial institutions signed partnership agreements during FY2012 with local banks in developing countries based on such MOUs.

2. The "three government offices' joint policy" refers to the policy that was set forth in 2010 jointly by the Financial Services Agency, the Ministry of Finance, and the Ministry of Economy, Trade and Industry. This policy is aimed at supporting SMEs in the expansion of their business operations to Asia and elsewhere by developing and strengthening a framework for such support through coordination among Japanese financial institutions, the Japan External Trade Organization (JETRO), and JBIC.

These local banks include those with which JBIC had signed MOUs earlier.

▶ See pp. 66-67

■ Taking Appropriate Actions in Response to the Government's Growth Strategy and the Needs of Japanese Companies

JBIC will continue to work to maintain and improve the international competitiveness of Japanese industries by taking actions that address challenges Japanese companies face in expanding their operations overseas and to conduct operations in accordance with the government's growth strategy known as the Japan Revitalization Strategy. This strategy calls for, among other things, encouraging Japanese companies to initiate and expand their business operations overseas with the aim to become global leading companies, as well as to promote the export of infrastructure systems for the purpose of tapping into foreign demand. Specific measures identified in the strategy include assisting Japanese companies, including SMEs, in merging and acquiring foreign companies, developing emerging markets selectively, and supporting overseas business development in new frontier sectors (health care,

agriculture, aerospace, disaster control, marine infrastructure, Ecocity, etc.). In line with the Japan Revitalization Strategy and other government strategies, JBIC will address the needs of Japanese companies by drawing on a range of financial instruments.



The export of a tank built by a Japanese shipbuilder

Examples of Business Outcomes in FY2012

3

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1• Examples of Business Outcomes by Region

Asia

Indonesia

Guarantee for Privately Placed Samurai Bonds Issued by the Government of Indonesia:

Supporting Diversification of the Indonesian Government's Funding Sources and Invigoration of the Samurai Bond Market

JBIC signed a set of agreements to provide a guarantee for yen-denominated foreign bonds (Samurai bonds¹) issued in Japan by the Government of Indonesia (GOI). This is the third Samurai bond issuance by GOI, and the continued support for this by JBIC will help GOI diversify its funding sources and contribute to the stable economic management of Indonesia. It will also further enhance the close bilateral ties between Japan and Indonesia.



Indonesia

Buyer's Credit for Exporting Transmission and Substation Equipment:

Supporting the Export of Power Infrastructure Equipment by Japanese Companies

JBIC signed a buyer's credit² agreement with GOI. GOI will allocate the loan funds to the state-owned power company PT. PLN (Persero) for purchasing power equipment from Marubeni Corporation for use in establishing power substations and laying underground cables in the Indonesian capital of Jakarta. By facilitating the introduction of highly reliable Japanese power supply infrastructure technologies, this buyer's credit will contribute to a more stable power supply in Jakarta.



Indonesia

Loan for Woodchip Manufacturing and Sales Project:

Supporting Japanese Companies to Secure Long-term Stable Woodchip Supply

JBIC signed a loan agreement with PT. Korintiga Hutani (KTH), an Indonesian subsidiary of Oji Holdings Corporation. This loan will finance a woodchip manufacturing and sales project by KTH using timber from plantation forests in Central Kalimantan, Indonesia. World woodchip supply and demand is expected to tighten over the medium to long term as demand for paper expands with economic growth in emerging market countries. This loan will help Japanese companies to secure a long-term and stable supply of woodchips from plantation forests.



1. Samurai bonds are yen-denominated bonds issued by foreign issuers such as foreign governments and foreign companies in the Japanese bond market.

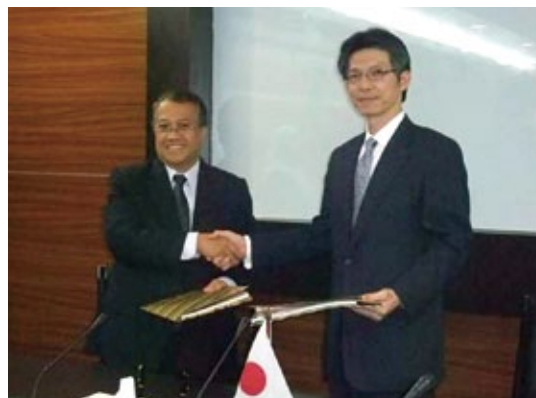
2. A buyer's credit is a loan JBIC directly extends to a foreign importer (buyer) to finance its import of machinery, equipment or services from a Japanese company.

Asia

Indonesia

Establishment of a Contingent Facility for the Government of Indonesia:**Preparation against Volatility in Global Financial Markets**

JBIC signed a loan agreement with GOI establishing a contingent facility. This contingent facility is designed to strengthen GOI's capacity to deal with volatility in global financial markets and support GOI measures for enhancing the stability and durability of the Indonesian economy in cooperation with the World Bank, the Asian Development Bank, and the Australian government. Enhancing Indonesia's credit standing in global financial markets and improving the stability of the Indonesian economy will contribute to the financial stability in Japan and the entire Asian region.



Myanmar

Bridge Loans to the Government of Myanmar:**Contributing to the Medium to Long Term Development of Myanmar through Support for Its Return to the Global Financial Market**

JBIC provided bridge loans to the Government of Myanmar so that it could clear its debt arrears owed to the Asian Development Bank (ADB), and International Development Association (IDA), one of the World Bank Group. After clearing the debt arrears, the Government of Myanmar received new loans from ADB and IDA for social and economic development. The normalization of Myanmar's relations with international organizations through these bridge loans is essential for Myanmar's return to the global financial market, and will contribute to the stability and growth of Myanmar and the neighboring area.



Thailand

Project Finance for a Natural Gas-Fired Combined Cycle Power Plant Project:**Supporting Japanese Participation in a Power Infrastructure Project**

JBIC signed a project finance³ loan agreement with Gulf JP UT Co., Ltd. (GUT), a Thai subsidiary of Electric Power Development Co., Ltd. for the Utai Natural Gas-Fired Combined Cycle Power Plant Project. Under this project, GUT will build and operate a natural gas-fired combined cycle power plant, and sell the generated electricity to the Electricity Generating Authority of Thailand. This is a significant project for local Japanese subsidiaries as it will provide them with a stable power supply, and in addition to advancing infrastructure development in Thailand, it will also make a broad-ranging contribution to the overseas business operations of Japanese companies.



3. Project finance is a financing structure that relies primarily on the cash flow generated by the project for repayment. It is used for financing large projects in such sectors as power generation and oil, gas or other natural resource development.

Asia

Thailand

Loan for Automobile Parts Manufacturing and Sales Project:**Providing Local Currency Loans to Support Japanese Company's Operations in Thailand**

JBIC signed a loan agreement with Juthawan Molitec (Thailand) Co., Ltd. (JWM), a Thai subsidiary of MOLITEC STEEL CO., LTD. MOLITEC STEEL manufactures parts for continuously variable transmissions at the JWM plant in Chonburi Province for sale in the domestic Thai market and in third countries, and this loan, in Thai baht, will enable the company to expand and upgrade its manufacturing facilities and equipment to meet the growing demand for automobiles in emerging market countries. The loan will also help the Japanese automobile parts industry to maintain and improve its international competitiveness.



ASEAN

Equity Participation in a Fund to Support Expansion of Japanese Companies into the ASEAN Region:**Supporting the Overseas Business Deployments of Japanese Companies Including Mid-tier Enterprises and Small and Medium Enterprises**

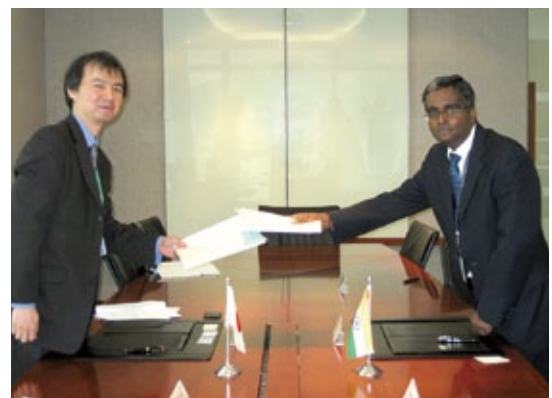
JBIC agreed to equity participation in the private equity fund Mizuho ASEAN PE Fund, managed by Mizuho Asia Partners Pte. Ltd. (Fund Manager), a wholly owned Singaporean subsidiary of Mizuho Bank, Ltd. The Fund is structured to provide finance to local companies in the ASEAN region as a means of supporting the expansion of mid-tier enterprises and small and medium Japanese enterprises (collectively, "SMEs") into the ASEAN region. To this end, the Fund Manager will use its networks in ASEAN to identify potential investments, while Mizuho Bank, Ltd. and JBIC will provide cooperation and support to Japanese companies including SMEs.



India

Credit Line for India's Largest Private Bank under the GREEN Operations:**Supporting Renewable Energy and Energy Efficiency Projects**

JBIC established a credit line for ICICI Bank Limited, India's largest private bank in total assets. The credit line is extended under the GREEN (Global action for Reconciling Economic growth and ENvironmental preservation) operations to provide necessary funding for environment-related projects that can contribute to a reduction in greenhouse gas emissions in India, and is expected to give further momentum to the environmental policies adopted by the Indian government.



Asia

India

Buyer's Credit for Indian Company:**Supporting the Export of Petrochemical Plant-related Equipment by Japanese Companies**

JBIC signed a buyer's credit agreement with GAIL (India) Limited (GAIL). This loan will enable GAIL to procure plant-related equipment from Japanese companies so that it can increase production capacity at its petrochemical plants in India. It will also contribute to creating business opportunities for Japanese companies in the petrochemical sector in India, and help these companies to maintain and improve their international competitiveness.

Kazakhstan

Buyer's Credit for Oil Refinery Modernization Project:**Supporting the Export of Environment-friendly Plant Equipment by Japanese Companies**

JBIC signed a buyer's credit agreement with LLP Atyrau refinery (AR), a subsidiary of the Kazakhstan state-owned oil and gas company JSC NC KazMunayGas. AR is modernizing the Atyrau Oil Refinery to minimize its environmental load, and this loan will be used by the company to purchase plant equipment through Marubeni Corporation as a part of this modernization project. The loan will lead to the creation of business opportunities for Japanese companies in the oil refinery and petrochemical sectors in Kazakhstan, and through this, help Japanese industries maintain and improve their international competitiveness.



Oceania

Australia

Loan for Acquisition of Interests in and Development of an Iron Ore Mine Project:**Supporting Japanese Companies to Secure Mineral Resources and Participate in Large Scale Overseas Iron Ore Mine Development**

JBIC signed a loan agreement with Marubeni Iron Ore Australia Pty. Ltd. (MIOA), an Australian subsidiary of Marubeni Corporation. The loan will provide the necessary funds for MIOA to acquire interests in the Roy Hill Iron Ore Mine Project, operated by the Australian company Roy Hill Holdings Pty Ltd (RHH) with capital from Marubeni Corporation and other foreign companies, and undertake mine and mine-related infrastructure development. Roy Hill Mine produces high-grade iron ore, so there are high expectations among Japanese steel mills in particular that this project will eventually provide them with a stable supply of this high-grade iron ore.



Australia

Loan for Acquisition of Interests in and Development of a Floating LNG Project:**Supporting Japanese Company's Participation in a Floating LNG Project**

JBIC signed a loan agreement with INPEX CORPORATION (INPEX). This loan will provide the necessary funds for the Australian subsidiary of INPEX to acquire a part interest in the block containing Australia's Prelude gas field from the Australian subsidiary of Royal Dutch Shell, and to extract natural gas and process it into LNG using floating LNG technology⁴. By financing participation by INPEX in the world's leading floating LNG project, the loan will contribute to INPEX's acquisition of floating LNG-related know-how and expertise.



Australia

JBIC Signs an MOU on a Comprehensive Strategic Partnership with Woodside Petroleum Ltd. in Australia:**Supporting the Creation of Business Opportunities for Japanese Companies to Participate in Energy Projects by Establishing a Partnership with Australia's Largest Independent Oil and Gas Company**

JBIC has signed a memorandum of understanding (MOU) on a comprehensive strategic partnership with Woodside Petroleum Ltd. (Woodside), Australia's largest independent oil and gas company. Having long contributed to LNG supply to Japan, Woodside is a strategically important partner for Japan's energy resource strategy. Close exchanges of information and views between the two parties under this MOU are expected to create opportunities for Japanese companies to participate in energy projects, thus contributing to a stable LNG supply to Japan.



4. Floating LNG (FLNG) is a new gas development technology whereby natural gas from an offshore gas field is processed into liquid and stored on a large vessel, which is equipped with an LNG plant, then directly offloaded to an LNG carrier for shipment. Among its advantages over building onshore liquefaction plants is a lower environmental impact as there is no need to lay gas pipelines from the gas field to an onshore facility, nor to develop the coastal area. Moreover, as the floating LNG facility with the liquefaction plant can be moved, it is also seen as a potential tool for the development of small and medium scale offshore gas fields whose development to date has not been economically feasible.

Oceania

Australia

Loan for Acquisition of Coal Mine Interests:**Contributing to Japan's Securing Energy Resources and a Stable Energy Supply**

JBIC signed a loan agreement with Sumisho Coal Australia Pty Limited (SCAP), an Australian subsidiary of Sumitomo Corporation. This loan will provide the necessary funds for Sumitomo Corporation to acquire an interest in Australia's Isaac Plains Coal Mine through its Australian subsidiary. The coal extracted from the mine has mainly been supplied to Japanese steel mills on an ongoing basis, and the acquisition of the interest in the mine is expected to result in an increase in the volume of coking coal and thermal coal supplied to Japanese companies from the mine.



Europe

United Kingdom

Project Finance for an Intercity Express Programme:
First Project Finance Loan by JBIC in the Railway Sector

JBIC signed a project finance loan agreement with the U.K. company Agility Trains West Limited, a consortium led by Hitachi, Ltd., to fund the Intercity Express Programme (Great Western Main Line). This is one of the major projects of the British government, and is expected to make a significant contribution to the long-term and stable provision of railway services in the U.K.



Ireland

Loan for Acquisition of an Overseas Aircraft Leasing Business:
Supporting Overseas M&A by Japanese Companies

JBIC signed a loan agreement with the Irish company SMBC Aviation Capital Limited, Sumitomo Mitsui Finance and Leasing Company, Limited (SMFL), and Sumitomo Corporation to provide funds for the joint acquisition by the three Japanese companies of SMFL, Sumitomo Mitsui Banking Corporation and Sumitomo Corporation of an aircraft leasing business operated under the Royal Bank of Scotland (RBS), a British bank. Through this acquisition, the three Japanese companies plan to tackle the expanding demand for commercial aircraft with the increasing volume of air travelers following the growth in emerging markets and the rise of low-cost carriers.



Norway

Buyer's Credit for Ship Export to Norwegian Company:
Supporting the Export of 3D Marine Seismic Data Acquisition Vessels Built at a Japanese Shipyard

JBIC signed two buyer's credit agreements for ship export with PGS Titans AS (PGS TITANS), a wholly owned ship-holding subsidiary of the leading Norwegian seismic service provider, Petroleum Geo-Services ASA. The loans are provided for the purchase of two 3D marine seismic data acquisition vessels⁵ to be built at the Nagasaki Shipyard of Mitsubishi Heavy Industries, Ltd. With the continuing constraints on ship financing throughout the world, these loans will help the Japanese shipbuilding industry to maintain and improve its international competitiveness.



5. 3D marine seismic data acquisition vessels are equipped for 3D geological stratum analysis. The vessels receive pressure wave reflections from the ocean floor or sub-surface region through sensors in towed cables for 3D analysis of the geological structure of the ocean floor.

The Middle East

Qatar

JBIC Guarantees Privately Placed Samurai Bonds Issued by Qatar Petroleum:

Stimulating the Samurai Bond Market and Strengthening Multilayered Ties with a Resource-Supplying Country

JBIC has signed a set of agreements to provide a guarantee for the yen-denominated foreign bonds issued by Qatar Petroleum (QP) in the Japanese bond market (Samurai bonds). This arrangement is part of JBIC's efforts to support the issuance of Samurai bonds by foreign issuers in the Tokyo bond market and thereby revitalize the Samurai bond market. This is the first issue of Samurai bonds by the state-owned oil company of Qatar. The guarantee provided by JBIC will support QP's ability to diversify its funding sources. It will also further strengthen bilateral relations with Qatar, an important energy resource supplier for Japan.



Turkey

Credit Line for Türkiye Kalkınma Bankası A.S. under GREEN Operations:

Supporting Renewable Energy and Energy Efficiency Projects

JBIC established a credit line for Türkiye Kalkınma Bankası A.S. (TKB), a policy-based financial institution in Turkey. The credit line is extended under the GREEN (Global action for Reconciling Economic growth and ENvironmental preservation) operations to provide necessary funding through TKB for environment-related projects in Turkey. The expanded cooperative relationship between the two banks reinforced by this credit line is expected to provide broader ranging support for infrastructure projects in Turkey in which Japanese companies participate.



United Arab Emirates

JBIC Signs a Loan Agreement with Abu Dhabi National Oil Company (ADNOC):

Securing Long-Term Supply of Crude Oil and Strengthening a Strategic Partnership with the UAE

JBIC has signed a loan agreement with Abu Dhabi National Oil Company (ADNOC), a state-run oil company wholly owned by the Emirate of Abu Dhabi, United Arab Emirates (UAE). ADNOC conducts oil and gas business in Abu Dhabi, which produces most of the oil and gas in the UAE. This agreement is designed to finance ADNOC to expand their oil and gas development. The loan will help to secure a stable supply of energy resources to Japan as well as to strengthen bilateral ties with the UAE, a strategically important country for Japan's resource strategy.



The Middle East

United Arab Emirates

Loan for Renewal of an Oil Field Interest in Abu Dhabi:**Supporting a Japanese Company in the Stable Holding of an Oilfield Interest**

JBIC signed a loan agreement with Abu Dhabi Oil Co., Ltd. to provide the necessary funds for Abu Dhabi Oil Co., Ltd. to renew its interest in the Mubarraaz and other oilfields in the Emirate of Abu Dhabi. All of the crude oil Abu Dhabi Oil Co., Ltd. produces in Abu Dhabi is shipped to Japan. Providing this loan to support the renewal of the oilfield interest held by Abu Dhabi Oil Co., Ltd. is expected to contribute to securing a long-term stable supply of independently developed crude oil, which, in turn, will contribute to Japan's energy security.



Africa

Morocco

Buyer's Credit for a Coal-Fired Power Generation Project:**JBIC's First Project Finance Support in Morocco**

JBIC signed a project finance based buyer's credit agreement with the Moroccan company Jorf Lasfar Energy Company 5 & 6 S.A. Under the project, a consortium in which MITSUI & CO., LTD. is participating provides the principal equipment for the coal-fired power plant expansion in the Jorf Lasfar district, and this loan will be used as a part of the construction cost for this power plant (the steam turbines are manufactured by Mitsubishi Heavy Industries, Ltd., and the boilers are manufactured by IHI Corporation). This loan will help to create business opportunities for Japanese companies in Morocco, where electricity demand is expected to increase in the years ahead.



Tunisia

Guarantee for Privately Placed Samurai Bonds Issued by the Central Bank of Tunisia:**JBIC's First Guarantee for Samurai Bonds Issued by an African Country**

JBIC provided a guarantee for yen-denominated foreign bonds (Samurai bonds) issued in Japan by the Central Bank of Tunisia. This guarantee is a part of the support provided to countries in the Middle East and North Africa under the Deauville Partnership⁶, and is also JBIC's first guarantee for Samurai bonds issued by a government of an African country. This guarantee will help the Tunisian government diversify its funding sources, and by stimulating the Samurai bond market and deepening bilateral relations with Tunisia. It is also expected to give added momentum to the business operations of Japanese companies.



6. The Deauville Partnership is a framework for supporting historical change in Middle East and North African nations agreed upon at the G8 Deauville Summit in May 2011.

Africa

Angola

Buyer's Credit for Exporting Textile Manufacturing Machinery:**Supporting Japanese Exports of Textile Manufacturing Machinery**

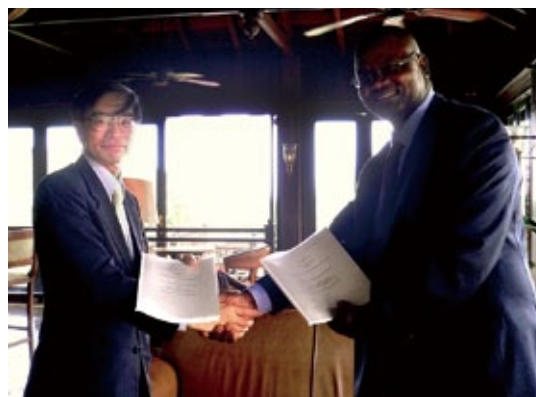
JBIC signed a buyer's credit agreement with the Government of the Republic of Angola. The loan will provide the necessary funds for the purchase of necessary textile manufacturing machinery (made by Toyota Industries Corporation, Murata Machinery, Ltd., etc.) from Marubeni Corporation under the project implemented by the Angolan Ministry of Industry for rebuilding state-run textile manufacturing plants in Angola. The Angolan government is currently pushing ahead with post-war reconstruction following the end of the prolonged civil war, and rebuilding the textile industry, which relies on imports for the majority of its textile products, as a key government platform. The loan will also help the Japanese textile industry to maintain and improve its international competitiveness.



African Region

Export Credit Line for The Development Bank of Southern Africa:**Supporting Japanese Exports to the African Region**

JBIC established an export credit line⁷ for The Development Bank of Southern Africa to provide funds for local companies in Southern Africa and other regions of Africa to purchase machinery and equipment from Japanese companies. Many Southern African countries have an abundance of resources, and their economic growth fueled by resources development continues to reinforce the need to develop the local infrastructure. Against this backdrop, Japanese companies are looking toward these countries for opportunities to export machinery and equipment, and therefore have rising expectations on the role that JBIC can play in this region.



7. An export credit line is a form of export credit in which JBIC commits to the maximum amount of credit to be extended to foreign banks or other entities to finance exports of machinery, equipment and services from Japan.

North America

Canada

Loan for Acquisition of Interests in and Development of Coal-Bed Methane:**Supporting Japanese Participation in a Coal-bed Methane Project**

JBIC signed a loan agreement with Toyota Tsusho Corporation. This loan will provide the necessary funds to Toyota Tsusho Corporation to enable its wholly owned Canadian subsidiary—Toyota Tsusho Wheatland Inc.—to acquire a part interest in the coal-bed methane (CBM)⁸ fields in Canada from Encana Corporation, Canada's largest natural gas producer, for CBM development. This loan will help to improve Japanese know-how on CBM development and raise the ratio of Japan's independently developed energy resources, which, in turn, is expected contribute to Japan's energy security.



Canada

Loan for Acquisition of Interests in and Development of Shale Gas:**Supporting Japanese Acquisition of Interests in and Development of Shale Gas**

JBIC signed a loan agreement with INPEX CORPORATION (INPEX). This loan will provide the necessary funds to INPEX to enable the Canadian company jointly established by INPEX and JGC CORPORATION to acquire a part interest in Canadian shale gas fields held by the Canadian oil and natural gas development company NEXEN Inc., and develop and produce shale gas. This loan will help to improve Japanese know-how on shale gas development and raise the ratio of Japan's independently developed energy resources.



United States

Loan for Acquiring Equity in an Oil and Gas Development Company:**Supporting Overseas Resources Development by Japanese Companies**

JBIC signed a loan agreement with JD Rockies Resources Limited (JDR), a wholly owned U.S. subsidiary of ITOCHU Corporation. The loan provides the necessary funds for ITOCHU Corporation to acquire equity in the U.S. oil and gas development company Samson Investment Company (Samson) through JDR. Samson produces the largest volume of oil and gas among unlisted oil and gas development companies in the U.S., and over the past several years, it has also been developing unconventional natural resources. This loan will also help to expand opportunities for Japanese companies to participate in unconventional natural resources development projects.



8. Coal-bed methane (CBM) is methane extracted from and near coal-beds. It is drawing attention along with shale gas as "unconventional" natural gas.

North America

United States

Loan for Acquisition of Interests in and Development of Tight Oil Reserves:**Supporting Japanese Participation in a Tight Oil Development Project**

JBIC signed a loan agreement with Sumitomo Corporation and its U.S. subsidiary Summit Discovery Resources III LLC (SDR III). This loan will provide the necessary funds for Sumitomo Corporation to acquire through SDR III a part interest in U.S. tight oil⁹ reserves held by the U.S. oil and gas development company Devon Energy Corporation, and to develop and produce tight oil. The know-how on tight oil development gained by Japanese companies through this project will lead to greater opportunities for Japanese participation in shale oil and gas development projects, and help to raise the ratio of Japan's independently developed oil resources through the holding of tight oil interests.



United States

Loan for Shale Oil Development:**Supporting Japanese Participation in a Shale Oil Development Project**

JBIC signed a loan agreement with JGC Exploration Eagle Ford LLC (JEEF), a wholly owned U.S. subsidiary of JGC Corporation. This loan will provide the necessary funds for JGC Corporation to develop and produce shale oil in the U.S. Eagle Ford shale oil fields, of which JGC Corporation holds a part interest through JEEF. In view of the projected rise in shale oil production in the years ahead, the know-how on shale oil development gained by Japanese companies through this loan will lead to greater opportunities for Japanese participation in overseas shale oil development projects.



9. Unlike conventional oil that is extracted from wells naturally stored in the stratum, tight oil exists widely through tight strata such as sandstone, limestone and shale formations, and the methods used for its extraction are similar to those used in shale oil and gas extraction (horizontal drilling, hydraulic fracturing, etc.).

Latin America and the Caribbean

Brazil

Loan for Forestation, Woodchip Manufacturing and Sales Project:**Supporting Japanese Companies to Secure Long-term Stable Woodchip Supply**

JBIC signed a loan agreement with Amapá Florestal e Celulose S.A. (AMCEL), a Brazilian company capitalized by Japanese companies. This loan provides the necessary funds for AMCEL to plant eucalyptus trees and manufacture and sell woodchips sourced from plantation forests in Brazil. World woodchip supply and demand is expected to tighten over the medium to long term as demand for paper expands with economic growth in emerging market countries, and this loan will help Japanese companies to secure a long-term and stable supply of woodchips from plantation forests.



Chile

Project Finance for a Coal-Fired Power Generation Project:**Supporting the First Power Infrastructure Project by a Japanese Company in Chile**

JBIC signed a project finance loan agreement with Empresa Electrica Cochrane SpA, a Chilean subsidiary of Mitsubishi Corporation, for the Cochrane Coal-Fired Power Project. Under this power infrastructure project, Mitsubishi Corporation, as an equity investor, will undertake all development processes, from construction to operation, jointly with the Chilean company AES Gerner S.A. This is the first power infrastructure project in Chile with capital participation by a Japanese company, and is expected to become a model for future infrastructure projects in Chile by Japanese companies.



Chile

Loan for a Project to Expand the World's Largest Copper Mine:**Supporting the Long-term, Stable Procurement of Copper Concentrate by Japanese Companies**

JBIC signed a loan agreement with Minera Escondida Limitada (MEL), a Chilean company capitalized by Mitsubishi Corporation, JX Nippon Mining & Metals Corporation, Mitsubishi Materials Corporation, BHP Billiton Group and Rio Tinto Group. The loan will provide the necessary funds for MEL to expand its Escondida Copper Mine, the world's largest copper mine, in Chile, and increase production of copper concentrate. The copper concentrate produced by MEL is crucial to Japanese companies due to its high quality, and this loan will contribute to the long-term, stable supply of copper concentrate to Japan.



Latin America and the Caribbean

Chile

Loan for Acquiring Equity in a Major Resources Subsidiary:**Contributing to Securing the Medium to Long Term Stable Supply of Copper Resources to Japan**

JBIC signed separate loan agreements with Mitsubishi Corporation, MITSUI & CO., LTD., and a wholly owned subsidiary of MITSUI & CO., LTD. The loans will provide the necessary funds for Mitsubishi Corporation and MITSUI & CO., LTD. to acquire equity in Anglo American Sur S.A., a wholly owned Chilean subsidiary of the major British mining company Anglo American plc. with a substantial portfolio of copper assets in Chile, and also to acquire offtake rights for copper concentrates etc. The stronger cooperative relationship and strategic ties with major mining companies resulting from this are also highly significant for Japan's securing a medium to long term supply of copper concentrates.



Mexico

Loan for Automobile Manufacturing and Sales Project in Mexico:**Supporting the Overseas Business Operations of the Japanese Automobile Industry**

JBIC signed a loan agreement with Mazda Motor Manufacturing de Mexico S.A. de C.V. (MMMdM), a Mexican subsidiary of Mazda Motor Corporation. This loan will provide the necessary funds to MMMdM for the manufacture and sale of automobiles in Mexico. Mazda Motor Corporation established MMMdM in Mexico as a production site to manufacture and assemble cars for the important North American and Central and South American markets with a view to strengthening its global production network and expanding its overseas operations to increase the local production ratio, and in providing support to Mazda Motor Corporation in its overseas business operations. This loan will help Japanese industries maintain and improve their international competitiveness.



Mexico

Loan for Automobile Steel Pipe Manufacturing and Sales Project:**Supporting the Overseas Business Deployment of the Japanese Steel Industry**

JBIC signed a loan agreement with Nippon Steel Pipe Mexico, S.A de C.V. (NPM), a Mexican company jointly established by Nippon Steel & Sumitomo Metal Corporation, SPT and SC Investment Co., Ltd. (a joint venture of Sumitomo Pipe and Tube Co., Ltd. and Sumitomo Corporation), and Metal One Corporation. The loan provides the necessary funds to NPM for the manufacture and sale of high grade steel pipes for automobiles in Mexico. In providing support for the overseas business deployment of these companies investing in NPM, this loan will help the Japanese steel industry maintain and improve its international competitiveness.

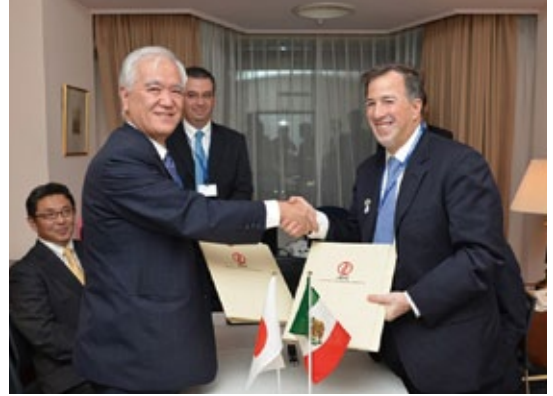


Latin America and the Caribbean

Mexico

Partial Acquisition of Publicly Placed Samurai Bonds Issued by the Mexican Government: Supporting Diversification of the Mexican Government's Funding Sources and Invigoration of the Samurai Bond Market

JBIC partially acquired the publicly placed yen-denominated foreign bonds (Samurai bonds) issued in Japan by the Mexican government. This acquisition will help to maintain and increase the presence of Mexican government bonds in the Tokyo market, and provide a broad range of investment opportunities to Japanese investors. JBIC holds an annual meeting for policy dialogue with the Mexican government aimed at promoting mutual cooperation and deepening bilateral economic relations, and at the second annual meeting held in fiscal 2012, the Mexican government expressed its appreciation to JBIC for this partial acquisition.



Venezuela

Buyer's Credit for Exporting Railway Cars: Supporting Japanese Exports of Railway Cars

JBIC signed a buyer's credit agreement with the Venezuelan government. The loan will provide the necessary funds for the Venezuelan state-run Instituto de Ferrocarriles del Estado (State Railways Institution) to purchase Japanese railway cars (built by NIPPON SHARYO, LTD. and TOSHIBA CORPORATION) from Marubeni Corporation to run from the capital Caracas to the neighboring city of Tuy Medio. This mass-transit public transport infrastructure project is expected to help alleviate urban traffic congestion and ease population pressures through the development of neighboring cities.



Other

North America and Europe

Equity Participation in a Fund Investing in Large Scale Infrastructure Projects Mainly in North America and Europe:

Supporting the Expansion of Infrastructure-related Investment Opportunities for Japanese Investors

JBIC agreed to equity participation in Japan Infrastructure Investment Partners L.P., a fund established to invest in large scale infrastructure projects in North America and Europe, and managed by a subsidiary of Mitsubishi Corporation. Through participation in the Global Strategic Investment Alliance¹⁰, the fund will invest in airports, railways, ports and harbors, power transmission and distribution, gas pipelines and other large scale infrastructure projects primarily in North America and Europe, and is expected to expand the infrastructure-related investment opportunities for Japanese corporate and institutional investors.



10. Global Strategic Investment Alliance is an alliance of multiple investors led by OMERS, a public-sector pension fund established in Ontario, Canada.

2. Examples of Business Outcomes Relating to Support for SMEs

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

China

NAGAOKA INTERNATIONAL CORPORATION Manufacturing and Sales Business of Plant Facility Production

NAGAOKA INTERNATIONAL CORPORATION (NIC) has long possessed top-most technological capacity for screen internals, which are used as major equipment for the improvement, desulfurization and other processes in petrochemical plants and refineries. Nagaoka Hitachi Zosen Equipment (Dalian) Co., Ltd., its subsidiary in China, plans to produce

and sell plant facilities, including those for petrochemicals, refineries and the water related sector. JBIC provided a loan to NIC for investing in this subsidiary.



Indonesia

Momoi Fishing Net Mfg. Co., Ltd. Manufacturing and Sales Business of Fishing Nets

Momoi Fishing Net Mfg. Co., Ltd. undertakes all processes of fishing net manufacture, from sourcing raw materials to the final finished product, and is Japan's leading manufacturer of gill nets, the company's main product, using primarily monofilament². The company's Indonesian subsidiary P.T. Indoneptune Net Mfg., Co. manufactures and sells fishing nets,

and JBIC provided a loan to P.T. Indoneptune Net Mfg., Co. to acquire additional machinery and equipment.



China

TOYO METAL TREATING CORPORATION Heat Treated Metal Processing Business

TOYO METAL TREATING CORPORATION (TOYO METAL) is engaged in metal heat treat processing primarily for steel rods and other metal materials and metal parts used extensively in automobiles, construction machines, equipment for ships and machine tools. TOYO METAL TREATING (CHANGZHOU) CO., LTD., its subsidiary in China, conducts metal treatment for steel

rods (to be used for steering wheel systems and other products). JBIC provided loans to TOYO METAL for investing in this subsidiary and for parent-subsidiary lending.



Thailand

Japan Chemical Engineering & Machinery Co., Ltd. Plant Engineering Business

Japan Chemical Engineering & Machinery Co., Ltd. (JCEM) is the first developer of an alcohol distillation plant in Japan and has been expanding its scope of business from the manufacture and construction of various types of equipment for the chemical industry to engineering for environmentally-friendly cleaner plants. NIKKAKI (THAILAND) CO., LTD., its subsidiary

in Thailand, is engaged in engineering business of chemical, food and drink, and energy plant machineries and equipment. JBIC provided loans to JCEM for investing in this subsidiary and for parent-subsidiary lending.



Indonesia

DAIHO INDUSTRIAL Co., Ltd. Manufacturing and Sales Business of Plastic Products

DAIHO INDUSTRIAL Co., Ltd. manufactures and sells a broad range of plastic products, including parts for air-conditioner cabinets and other household electrical appliances, and engine covers and other molded plastic parts for motor vehicles, and is a leader in large injection molding and gas molding technologies¹. The Indonesian subsidiary PT. DAIHO INDONESIA

manufactures and sells plastic products for OA equipment. JBIC provided a loan to PT. DAIHO INDONESIA to build a new factory.



Thailand

TOKOKOSEN CORP. Manufacturing, Sales and Wholesale Business of Automobile Parts and Other Products

TOKOKOSEN CORP. (TOKOKOSEN) is a trading company specialized in trade with China. In recent years, it has been making active efforts to conduct the business that integrates manufacturing and trading. Its major business is manufacturing and selling garments, and fabric used for automobiles at its domestic and overseas production bases. Kosen Fibertec

(Thailand) Co., Ltd., its subsidiary in Thailand, manufactures, sells and wholesales automobile parts and other products. JBIC provided a loan to TOKOKOSEN to increase in the capital of this subsidiary.



1. In gas molding technology, gas is injected into the plastic to form a precise shape matching the mold.

2. Monofilament is a single filament fiber; the single fiber extruded from each nozzle in the spinning process forms a strand of line that is used for fishing lines or brushes.

Thailand

Daika Kogyo Co., Ltd.
Manufacturing and Sales Business of Plastic Film

Daika Kogyo Co., Ltd. has achieved stable product quality in its manufacture of a broad range of plastic film from food packaging to industrial material through its integrated production structure. The company's Thai subsidiary Daika Kogyo (Thailand) Co., Ltd. manufactures breathable film used as a back sheet for disposable diapers. JBIC provided a loan to Daika Kogyo Co., Ltd. to expand the manufacturing facilities and equipment at the local subsidiary.



India

Ryonan Electric Corporation
Manufacturing and Sales Business of Automobile Parts

Ryonan Electric Corporation manufactures and sells electrical component parts for motor vehicles, primarily wire harnesses, based on its own design for each vehicle model. The company's strength is in the outstanding quality of its products. The Indian subsidiary RYONAN ELECTRIC INDIA PVT. LTD. manufactures and sells electrical component parts for motor vehicles, including EPS brush holder assemblies³. JBIC co-financed with The Hyakujushi Bank, Ltd. the funds necessary for the Indian subsidiary's capital investment.



Viet Nam

TAISHODO CORPORATION
Manufacturing and Sales Business of Electronic Circuit Boards

TAISHODO CORPORATION undertakes all processes of electronic circuit board manufacture, from printed circuit board pattern design, through parts procurement to board mounting and testing, and is an industry leader in its technological expertise and quality control capabilities underpinned by its unique high-mix, low-volume, short-run production system. The Vietnamese subsidiary Taishodo Vietnam Co., Ltd. manufactures and sells electronic circuit boards. JBIC provided a loan to TAISHODO CORPORATION's Hong Kong subsidiary to finance the Vietnamese subsidiary for its factory expansion.



India

HIROSE Corporation
Manufacturing and Sales Business of Power Distribution Boards

HIROSE Corporation designs, manufactures and sells high-voltage power distribution boards and a wide range of control panels, and its strength is in its integrated business structure that also includes the installation and maintenance of those products. The company's Indian subsidiary ASAHI Switchgear Products Limited manufactures and sells power distribution boards. JBIC co-financed with The Hyakujushi Bank, Ltd. the funds necessary for the Indian subsidiary to establish a new plating and painting plant.



India

BELLSONICA CORPORATION
Manufacturing and Sales Business of Automobile Parts and Other Products

BELLSONICA CORPORATION (BELLSONICA) has strength in the integrated production process—ranging from product design to welding, painting and assembling, in addition to its high technological capabilities in manufacturing metal-stamped parts, which will constitute a major framework of automobiles. Bellsonica Auto Component India Private Limited, its subsidiary in India, manufactures and sells automobile parts. JBIC provided a loan to BELLSONICA for financing the expansion of the subsidiary's plant.



Mexico

SHOSHIBA MANUFACTURING COMPANY LTD.
Manufacturing and Sales Business of Automobile Parts and Other Products

SHOSHIBA MANUFACTURING COMPANY LTD. (SHOSHIBA) manufactures and sells press-molded safety parts such as airbag cases and seat frames. SHOSHIBA MEXICANA S.A. de C.V., its subsidiary in Mexico, manufactures and sells automobile parts and other products. JBIC provided loans to SHOSHIBA for investing in this subsidiary and for parent-subsidiary lending.



3. EPS (Electric Power Steering) brush holder assemblies are electric power steering component parts.

3 Examples of Business Outcomes Relating to the Environment

Supporting Environmental Conservation and Improvement Projects

Nowadays, achieving economic development compatible with environmental sustainability is recognized as a common challenge facing developed and developing countries alike. Given this self-realization, there are growing expectations across the world on implementing projects conducive to environmental conservation and improvement.

A wide range of efforts are underway all over the world in this sector, including energy efficiency improvement projects; renewable energy harnessing projects such as solar and wind power generation; highly efficient, high performance coal-fired thermal power generation and natural gas-fired combined cycle power projects that reduce carbon dioxide emissions; urban transport projects such as transit rails that mitigate traffic congestion and reduce air pollution; smart grid projects

that supply efficient power by using IT and eco-city projects that aim to realize environmentally sustainable cities.

Amid these developments, JBIC is devoting itself to supporting environment conservation and improvement projects, not to mention environmental and social considerations being made in individual projects. JBIC also launched GREEN (Global action for Reconciling Economic growth and ENvironmental preservation) operations in April 2010 and has since been actively focusing its support on efforts to conserve the global environment, such as projects that are expected to significantly reduce greenhouse gas (GHG) emissions, while taking account of the global dissemination of Japan's internationally-acclaimed advanced environmental technologies (▶ see p. 59).

Supporting Renewable Energy and Waste-to-Energy Projects in Malaysia

JBIC established a credit line for RHB Bank Berhad (RHB), one of the leading commercial banks in Malaysia. The credit line is extended under the GREEN operations to provide necessary funding for biomass power generation and other renewable energy projects and waste-to-energy projects in Malaysia. Environment-related business opportunities are increasing in Malaysia with the introduction of subsidies for renewable energy programs, such as the feed-in tariff system. This credit line is expected not just to contribute to a reduction in GHG emissions, but also to provide Japanese companies with greater environment-related business opportunities in Malaysia.



Providing Local Currency Loans to Support Japanese Companies' Participation in Renewable Energy Power Generation

JBIC is providing a project finance loan for renewable energy projects in Canada in which a Japanese company invests. As developed countries in particular adopt policies that advance the use of renewable energy, business opportunities for Japanese companies as well will continue to expand. Under this project, a consortium will build and operate wind power stations and solar power stations in Ontario and British Columbia, Canada, and sell the generated power over the following 20 years. This project is a long-term investment with revenue received in the local currency, so JBIC is minimizing the risk inherent in foreign currency borrowings by extending finance in Canadian dollars. In this way, JBIC is providing support for long-term overseas projects by Japanese companies.



Supporting Renewable Energy Projects in Colombia

JBIC has established a credit line for Banco de Bogotá S.A. (Banco de Bogotá) in Colombia under the GREEN operations to provide necessary funding for environmental projects utilizing renewable energy in Colombia, including small-scale run-of-the-river hydroelectric generation and biomass power generation. The Colombian government is pursuing environmental policies that include numerical targets to cut its GHG emissions, and this credit line is expected to give further momentum to the introduction of renewable energy and contribute to the reduction of GHG emissions in Colombia. It is also expected to facilitate the spread of Japan's internationally recognized advanced environmental technologies in Colombia.



Partnerships and Knowledge Sharing in the Environmental Sector

As environment-related projects are expected to be implemented in many places across the world with the aim of realizing global environmental conservation and a low carbon economy, JBIC is supporting Japanese overseas business deployment as well as efforts being made by foreign governments, not only in financing but through information

sharing and knowledge dissemination by holding seminars and participating in relevant events, while forming close partnerships with foreign governments and government agencies, domestic prefectural and municipal governments, and other stakeholders.

Participation in the East Asia Low Carbon Growth Partnership Dialogue

JBIC, together with the World Bank and the Asian Development Bank, participated in the East Asia Low Carbon Growth Partnership Dialogue held in Tokyo in April 2012.

The Dialogue discussed a cooperative structure for promoting low carbon growth in East Asia with the aim of reconciling global environmental preservation with economic growth through the spread of energy-saving technologies in East Asian countries. Participants included government ministers responsible for environmental and energy-related policy from 18 member countries of the East Asia Summit (EAS). The Dialogue reached an agreement that government officials, research institutions, and the private sector will work together to build a network that can realize low carbon growth and societies that are much more resilient to climate change.

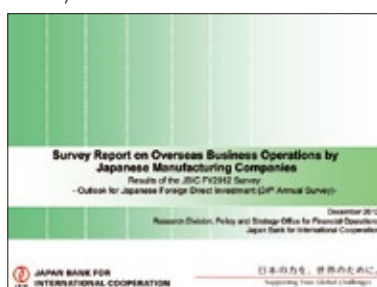


4. Examples of Business Outcomes Relating to Studies, and Collaboration with Overseas Government Organizations and International Organizations

JBIC is undertaking studies and research relating to overseas investments and international finance. In regular contact with overseas government organizations, foreign and domestic research institutions, and experts in various sectors, JBIC is engaged in gathering and analyzing a range of information and sharing knowledge.

■ Survey Report on Overseas Business Operations by Japanese Manufacturing Companies

JBIC has been conducting the Survey on Overseas Business Operations by Japanese Manufacturing Companies, a questionnaire survey, every year since 1989, and the fiscal 2012 survey was the 24th. This annual survey attracts widespread



interest because of its distinctive character and continuity in identifying the current trends and future outlook of the overseas business operations of Japanese manufacturing companies.

JBIC compiles the results of the survey into a report, and makes this report and the information it contains widely available in booklet form, on the JBIC website, and also through seminars held in collaboration with chambers of commerce and regional banks throughout Japan. JBIC explained the results of the survey at the "Overseas Investment Seminar: Overseas Business Operations by Japanese Manufacturing Companies" held in Tokyo in December 2012, and also JBIC held explanatory meetings with overseas Japanese chambers of commerce and industry and foreign governments for communicating these results to their members. The findings of the survey were also used effectively in making policy proposals to foreign governments.

Survey results and seminars are widely reported on by newspapers and other media, and articles and commentaries covering the survey are provided to the various branches of the mass media.

■ Collaboration with Overseas Government Organizations and International Organizations

In May 2012, the Economic Forum of The Export-Import Bank of China, The Export-Import Bank of Korea and JBIC was held in Korea. The forum brought together economists from the economic research and sovereign risk assessment departments to discuss various issues facing the global economy and political and economic conditions in emerging and developing countries. The forum was the sixth held since the first in 2009, and was hosted by The Export-Import Bank of Korea. Participants discussed political and economic issues facing six countries in East Asia, the Middle East, Southeast Asia, and Latin America, and also the European financial crisis.



The Sixth Economic Forum of The Export-Import Bank of China, The Export-Import Bank of Korea and JBIC

The International Monetary Fund (IMF) and the World Bank Annual Meetings were held in Tokyo in October 2012, the first time since 1964. During the period of the Meetings, JBIC held the "JBIC Infrastructure Development Seminar" with the cooperation of the Ministry of Finance Japan, the World Bank, and the Japanese Bankers Association. Featuring keynote speakers and discussions among panelists of infrastructure experts from Japan and overseas, the seminar aimed at building common ground among the players concerned about the optimum form of collaboration between the government and private sectors and the division of responsibilities to meet growing infrastructure demand especially in emerging market countries. The seminar had an attendance of approximately 200 representatives from Japanese and foreign private companies, financial institutions and government agencies, and embassies in Tokyo, and generated considerable interest and awareness about infrastructure development through PPP (Public Private Partnership).



JBIC Infrastructure Development Seminar

Also in October 2012, JBIC together with the Banco Nacional de Desenvolvimento Econômico e Social (BNDES) held the "BNDES- JBIC Seminar Commemorating 50 Years of Cooperation" in Tokyo. Like JBIC, BNDES is a governmental financial institution, and over these 50 years of cooperation, the two banks have developed a strong relationship in which JBIC has provided BNDES with funds amounting to a total of 3.5 billion U.S. dollars for 14 projects. Roughly 300 representatives from Japanese companies and Japanese investors were invited to

the seminar, and as well as reflecting on the half-century of cooperation between the two banks and Brazil's economic development, the seminar discussed the course of future cooperation aimed at promoting economic exchanges between the two countries.



BNDES-JBIC Seminar Commemorating 50 Years of Cooperation

In November 2012, JBIC participated in the Islamic Banking Summit Africa held in Djibouti. The summit featured a special address by the President of Djibouti and a key-note address by the Governor of the Central Bank of Djibouti, as well as presentations by senior officials of international organizations. The summit discussed a broad range of topics, including risk management, legal and accounting issues in Islamic financing, Islamic capital markets, and the Islamic insurance (takaful) market.

■ Collaboration with Universities, Research Institutions and Academic Societies

In response to an invitation from the Faculty of Economics of Universitas Indonesia, in May 2012 JBIC sent a member of staff to give a special lecture on development finance in Asia and infrastructure financing through PPP.

Also in May 2012, JBIC presented a report entitled "Risks in policy prescriptions for the European sovereign-debt crisis: Muddling through or trapped in a vicious circle?" at the "The Causes of the Eurozone Debt Crisis" international financing panel held as a part of the Japan Society of Monetary Economics 2012 Spring Annual Meeting Program.

In June 2012, JBIC cosponsored a seminar entitled "We Japanese should be able to do business better in India. Why not?" with the Graduate School of Management of Kyoto University. Speakers from a broad range of fields, including JBIC, which are conducting business in India, gave presentations and held a panel discussion on points for successful business operations in India. A second seminar was held in March 2013. In September 2012, JBIC also cosponsored the seminar "Project Finance in Overseas Project Management" with the Graduate School of Management of Kyoto University, and the Japan Institute for Overseas Investment (JOI). The seminar was attended by about 200 people, and featured

presentations and panel discussions on the importance of improving overseas project management capabilities, and the effective use of and recent trends in project finance using examples of actual infrastructure projects.



Seminar "Project Finance in Overseas Project Management"

JBIC held the following joint forums and seminars with the National Graduate Institute for Policy Studies (GRIPS).

In July 2012, JBIC and GRIPS held the seminar "Philippines' Policy Challenges Ahead: Public-Private Partnerships and Governance." The seminar invited a University of the Philippines professor who also formerly served as the Director General of National Economic and Development Authority to speak, and dealt with PPPs in the Philippines, where there is great business potential and appeal to Japanese companies, and still considerable scope for infrastructure development.

In November 2012, JBIC and GRIPS held the seminar "Myanmar's Political Landscape and Economic Prospects." Following a presentation by a noted Myanmarese political and economic researcher invited from the Institute of Southeast Asian Studies (ISEAS) in Singapore, Japanese researchers joined discussions focusing on Myanmar's economic outlook.

In January 2013, JBIC and GRIPS held the forum "Prospects for Indonesia's Sustainable Growth—Is This Time Different from the Pre-Asian Crisis Landscape?" Following a presentation on the prospects for Indonesia's sustainable growth by the former Governor of Bank Indonesia, central bank, a range of views were exchanged on the significant political and eco-



JBIC-GRIPS joint forum "Prospects for Indonesia's Sustainable Growth—Is This Time Different from the Pre-Asian Crisis Landscape?"

conomic transformation that has taken place in Indonesia since the Asian financial crisis.

In September 2012, JBIC co-hosted the “Second IMF-SCID Conference on Emerging Asia: Asia’s Rebalancing and Global Implications” with the IMF and the Stanford Center for International Development (SCID) of Stanford University. The two-day conference gave the numerous attending experts and economists from Japanese universities, Stanford University, and Asian countries including China, Malaysia, the Philippines, Singapore and Thailand, the opportunity for discussion on a broad range of critical topics for the future of the Asian and global economy.

In November 2012, JBIC gave a presentation entitled “Prospects of Indonesia and Thailand: Political and Economic Conflict in Middle-Income Countries” at the public lecture on Asia co-hosted by the International Centre for the Study of East Asian Development (ICSEAD) and the City of Kitakyushu. ICSEAD is a research institution established with the aim of conducting research on economics and social issues in East Asia and contributing to international and regional society.

In December 2012, JBIC participated in the “International Conference: The Changing Paradigm of India-Japan Relations” hosted by the Indian policy think-tank Indian Council for Research on International Economic Relations (ICRIER). Held in New Delhi, the two-day conference was broken down into five sessions covering a broad range of themes. Guest speakers included experts from the industrial, academic and government sectors from Japan and India.

■ Collaboration with Private-sector Financial Institutions

JBIC is holding discussions and exchanging information with private-sector financial institutions concerning the political and economic situation in countries important to Japan, their future prospects, and also risk analysis and assessment relating to those countries.

In fiscal 2012 JBIC held workshops on the following themes with officials responsible for sovereign risk screening in private-sector financial institutions.

In July 2012, JBIC held the forum “Philippines’ Policy Challenges Ahead: Public-Private Partnerships and Governance.” A professor from the University of the Philippines was invited to give a presentation, after which discussions were held on the economic prospects of the Philippines and the policy challenges the country faces.

In November 2012, JBIC held the forum “Myanmar’s Political Landscape and Economic Prospects,” and hosted a senior research fellow from ISEAS. The workshop served to deepen participants’ understanding of the political and economic situation in Myanmar as Japan and other countries and international organizations steadily move toward recommencing support and assistance.

At the forum “Prospects for Indonesia’s Sustainable



Sovereign risk workshop

Growth—Is This Time Different from the Pre-Asian Crisis Landscape?” held in January 2013, JBIC hosted the former Governor of Bank Indonesia, central bank, who is currently a professor of the Nanyang Technological University’s S.Rajaratnam School of International Studies. Discussions were held on the current state of the Indonesian economy and prospects for sustainable growth compared to the situation before the Asian financial crisis.

In February 2013, JBIC held the “Resilience Index” workshop, and had the opportunity to discuss the resilience index, developed by an overseas team of experts. This index assesses the degree of resilience that developed, developing or emerging countries have against an external shock, and identifies the background factors to this.

Financial Instruments

4

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1. Financial Instruments

Export Loans

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

Terms and conditions of export loans are determined

based on the OECD Arrangement. In principle, the loan amount should not exceed the value of an export contract or technical service contract, and excludes down payment. While local costs cannot, in principle, be applied to the loan, such costs may be covered provided that the amount is within the scope prescribed by the OECD Arrangement.

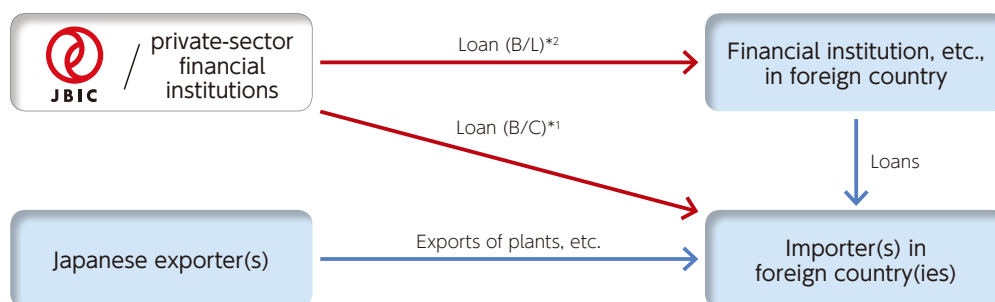
(Note)

Eligible Sectors of Export Loans in Developed Countries (As of July 31, 2013)
[Integrated Infrastructure System Projects]

Railways (high-speed, inter-city projects and projects in major cities), 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 and smart grid

[Other Export Transactions]

Ships, satellites, aircrafts, medical positron beam therapy equipment



*1. Loan to foreign importers (Buyer's Credit or "B/C").

*2. Loan to foreign financial institutions (Bank-to-Bank Loan or "B/L").

Supporting Japanese Companies' Export to Overseas Water Infrastructure Project

JBIC provides a buyer's credit to Hydrochem (S) Pte Ltd. (Hydrochem), a wholly owned subsidiary of Hyflux Ltd. (Hyflux) in Singapore which is one of the world's leading fully-integrated water solutions companies. This loan is intended to finance Hydrochem to purchase key components (reverse-osmosis membrane elements manufactured by Toray Industries, Inc. and high pressure pumps manufactured by Torishima Pump Mfg. Co., Ltd.) for Singapore's largest membrane-based seawater desalination plant from Mitsui & Co. Plant Systems, Ltd. Water-related business has been growing at the global level, as water shortages caused by population growth and expanding economic activities have been drawing increasing interest to water issues. This loan will thus contribute to maintaining and improving the international competitiveness of Japanese companies in water-related business.



Supporting Export of Bulk Carriers by Japanese Companies

JBIC signed buyer's credit agreements with PB Vessels Holding Limited (PBVH) in the British Virgin Islands for funding its purchase of four bulk vessels. PBVH is a wholly owned subsidiary of Hong Kong's leading shipping operator, Pacific Basin Shipping Limited (Pacific Basin). These loans are intended to finance Pacific Basin to purchase four of their bulk carriers built by three Japanese shipbuilders respectively in their domestic shipyards. This loan will support to enhance the international competitiveness of the Japanese shipbuilding industry, which faces stiff competition from shipyards in other countries, and provides support to a sector that plays a significant role in local economies by furthering employment at many SMEs, as well as other related companies.



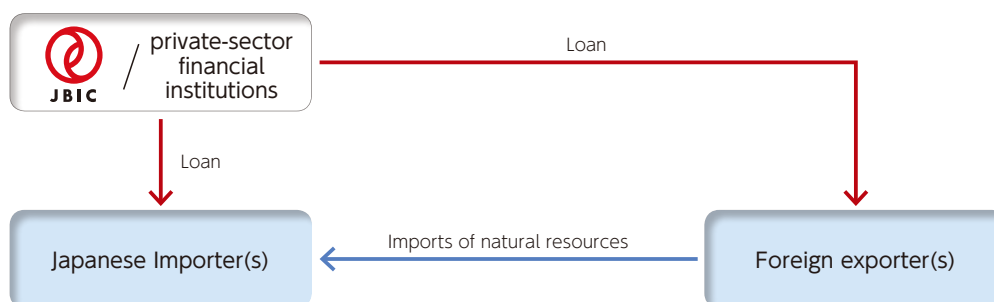
Import Loans

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.

■ Products Eligible for Import Loans (Natural Resources)

Oil, petroleum gas, LNG, coal, uranium, metallic ore, metals, mineral phosphate, fluorite, salt, lumber, wood chip, pulp, and other materials



Supporting Secure Long-Term Access to Mineral Resources by Japanese Companies

JBIC provides an import loan to Corporación Nacional del Cobre de Chile (CODELCO) in Chile to ensure a stable procurement of molybdenum oxide. Molybdenum is a byproduct used as an additive to enhance the heat resistance and strength of steel (special steel) and increase the function of chlorine resistance, etc. Thus, it is an indispensable rare metal for manufacturing high-quality special steel such as stainless steel. Recently, growing demand in emerging market countries has affected the global demand-supply balance of this material. Thus, nine Japanese companies have been making efforts with the support of the Ministry of Economy, Trade and Industry and others to secure stable procurement of molybdenum oxide from CODELCO. This loan will be extended to CODELCO, which produces molybdenum products, on the premise of long-term purchase of molybdenum oxide by Japanese companies. The loan will be used as funds necessary to establish a new refinery plant of CODELCO. The loan has high significance in securing medium and long term access to mineral resources for Japan.



molybdenum oxide

Financing for Japanese Power Companies to Support Stable Supplies of LNG

Stable supply of the energy resources that sustain our daily lives and economic activity is a vital issue, and LNG has recently become increasingly important as a primary source of energy. In response to these circumstances, JBIC provides Japanese power companies with the funding necessary for import of LNG. This financing, by supporting LNG procurement by Japanese power companies, contributes to a stable supply of energy resources for Japan, and the stability of power supplies that are essential to daily life.



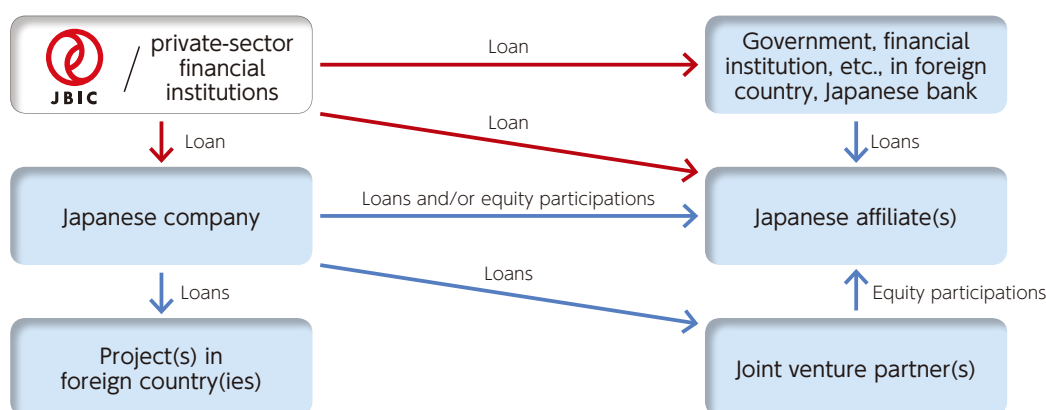
Overseas Investment Loans

Overseas investment loans support Japanese foreign direct investments. They are extended to Japanese companies (investors), overseas affiliates including joint ventures where Japanese companies have equity interests and governments or financial institutions that make equity participations in or extend loans to such overseas affiliates.

Direct loans to Japanese companies are intended for SMEs, as well as for projects aimed at developing or securing inter-ests in overseas resources that are strategically important to Japan, or for projects to assist with merger and acquisition (M&A) activities and other agreements (including to large companies). Moreover, JBIC is able to provide two-step loans (TSLs) to support the overseas business deployment of

Japanese companies including SMEs, as well as TSLs intended to support their 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 gap before it offers long-term loans. JBIC is further empowered to extend investment loans for projects in developed countries for eligible sectors (see note).

(Note)
Eligible Sectors of Overseas Investment Loans in Developed Countries (As of July 31, 2013)
Railways (high-speed, inter-city projects and projects in major cities), water business, 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), smart grid, development of telecommunications network, biomass fuel production, highly efficient gas-fired power generation, aircraft maintenance and sales, M&A activities, etc.



Supporting Financing for Large-Scale LNG Project Led by Japanese Companies

JBIC provides loans to finance Australia's large-scale Ichthys LNG Project where Japanese companies have been taking the lead in developing the gas and condensate fields and producing LNG and other petroleum products. The global demand of LNG is projected to increase due to growing demand in emerging market countries and heightened environmental awareness. In Japan, there have been increasing hopes for a stable supply of LNG in recent years. This prospect has made Australia, with its abundant gas reserves and political and economic stability, increasingly important as a supply source of LNG. In this context, supporting Japanese companies for leading the development of energy resources in this project has a significant implication for securing a stable LNG supply to Japan.



Supporting Japanese Company's Business Activities by Providing Loan in Local Currency

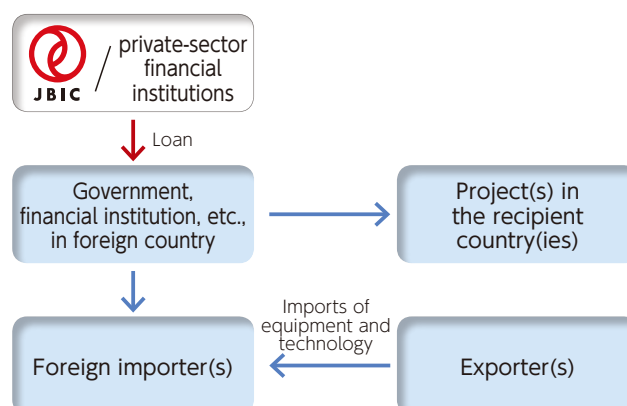
JBIC provides a loan denominated in Indonesia rupiah to PT. JTEKT INDONESIA (JID), an Indonesian subsidiary of Japanese JTEKT CORPORATION. This loan is intended to finance JID to add additional equipment facilities for expanding their manufacturing and sales of automobile and motorcycle parts such as electric power steering, bearings and starter clutches. Indonesia is a promising market with sustained growth, which is indicated by its annual production of over 1.0 million automobiles in 2012. This loan will contribute to maintaining and improving the international competitiveness of the Japanese automobile parts industry.



Untied Loans

Untied loans are financing basically to developing countries necessary to implement projects and import goods, or for such countries to level their international balance of trade, or stabilize their currency. Loans are not conditional on procurement of equipment and materials from Japan.

Capital procured from untied loans is used to: Secure stable supplies of energy and mineral resources to Japan; Promote business activities of Japanese companies; Maintain and expand trade and direct investment from Japan; Finance projects having significant effect on global environmental preservation; and Finance projects maintaining international financial order.



GREEN Operations

JBIC launched GREEN (Global action for Reconciling Economic growth and ENvironmental preservation) 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 JBIC-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.

Supporting GHG Emission Reduction Projects in Brazil

JBIC provides a long-term loan to Petróleo Brasileiro S.A. (PETROBRAS), a state-owned oil company of Brazil under JBIC's GREEN operations. The loan will support reduce GHG emissions by financing the co-generation project at Comperj oil concessions and the flaring gas reduction project at multiple offshore oil fields in the Campos Basin¹. This loan will support reduce GHG emissions as well as further strengthen the relationship between JBIC and PETROBRAS, which has high presence in Brazil, as it holds the majority of the

country's oil and gas reserves, and on which Japanese companies have focused attention as a business partner.



1. This project aims to reduce GHG emissions by diverting flaring gas, which was being wasted previously, to increase the supply for domestic consumption in Brazil, upon the stabilization and capacity expansions of compressors etc.

Supporting Japanese Business Activities Affected by Flood Damage

JBIC provides a loan for KASIKORNBANK Public Company Limited (KBANK), a commercial bank in Thailand, to support the recovery and business efforts of a number of Japanese local affiliates that suffered directly or indirectly from the unprecedented flood that occurred mainly in Ayutthaya and Pathumthani Provinces, and the capital city, Bangkok in 2011. It provides long-term sub-loans to subsidiaries of Japanese SMEs as well as those local companies that constitute supply chains of Japanese affiliates through KBANK.

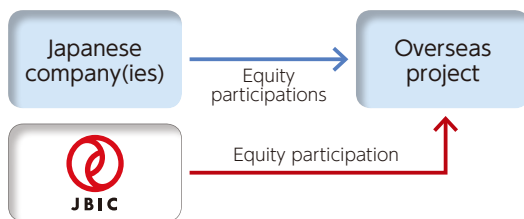
This loan is thereby aiming at a speedy recovery of Japanese business activities. Ten regional financial institutions across Japan having partnership with KBANK participated in this loan as cofinanciers.



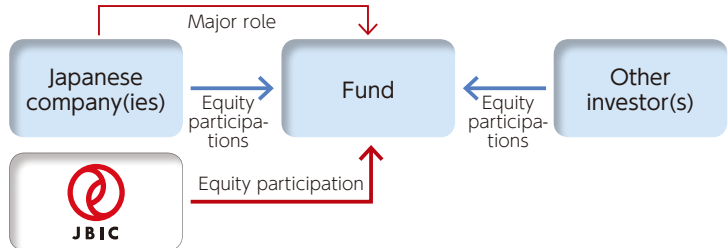
Equity Participations

Equity participations are capital contributions to the companies which Japanese companies have equity stakes set up by Japanese companies to undertake overseas projects and funds where Japanese companies perform a significant role. In principle, equity participations take the following forms.

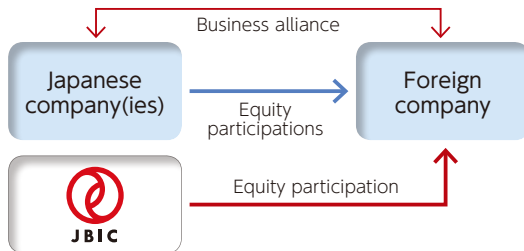
■ Japanese companies make equity participation in an overseas project



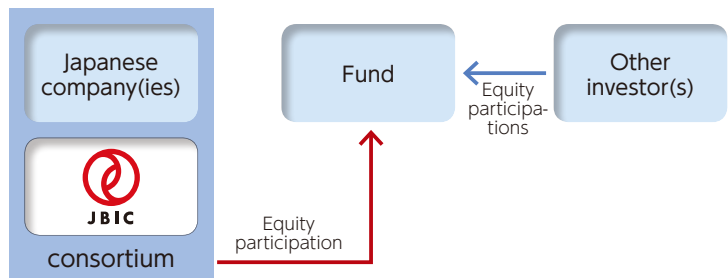
■ Japanese companies participate in fund (and perform such major role as general partner in their management and investment decisions)



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



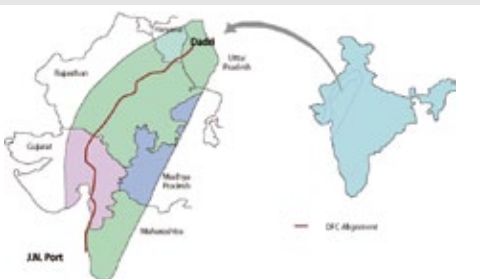
■ Japanese companies form a consortium and participate in an international fund



Supporting Japanese Companies' Participation in Infrastructure Projects

JBIC contributes to Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDC) in India by its equity participation. DMICDC has been incorporated for carrying out project development activities such as preparing feasibility study and development master plans and for coordinating the implementation of the various projects including support to obtain necessary licenses for the Delhi Mumbai Industrial Corridor (DMICDC) project², cooperating with the central government of India and State governments in DMIC region. With this equity participation in DMICDC, JBIC intends to advise structuring infrastructure projects in the DMIC region from their early stages and thereby support the participation of Japanese companies in these projects.

2. The DMIC project is a Japan-India joint development project which aims to build a freight rail line to connect Delhi and Mumbai and develop infrastructure along the line such as industrial estates, logistics parks, power plants, roads, ports, residential areas and commercial facilities mainly by mobilizing private investments.



Supporting Japanese Companies' Participation in Infrastructure Projects in Southeast Asian Countries

JBIC contributes capital to The CapAsia ASEAN Infrastructure Fund III L.P. (the Fund) managed by Capital Advisors Partners Asia Pte. Ltd., (CapAsia), a fund management company in Singapore. The Fund is a private equity fund targeting investment in infrastructure projects in Southeast Asian countries. Also investors in the Fund are: The Bank of Tokyo-Mitsubishi UFJ Ltd. (BTMU), The Rohatyn Group (TRG), the fund management company in the U.S., and CIMB Group (CIMB), a major financial group in Malaysia. TRG and CIMB are the parent companies of CapAsia. Through participating in the Fund, CapAsia, TRG and CIMB will identify new projects by making use of their existing networks. Additionally, BTMU aims to provide its customers with business relationships between the Fund portfolio companies as well as provide financial instruments to the portfolio companies and promote cooperation with Japanese companies. The participation of BTMU and JBIC in the Fund is expected to lead to strengthening support for the overseas business expansion of Japanese companies and deploying Japanese overseas infrastructure business promoted under the cooperation between the public and private sectors.

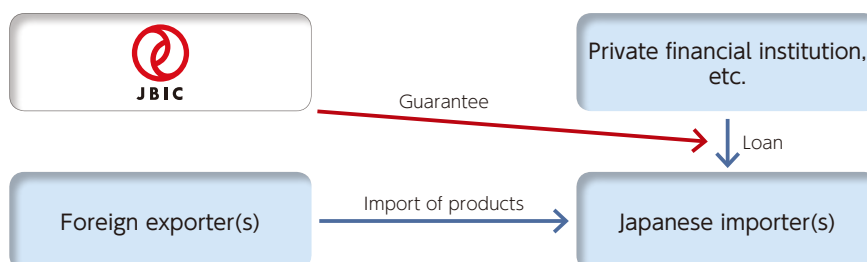


Guarantees

In addition to loans and equity participations, JBIC also 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, and currency swap transactions. JBIC also issues reinsurance for guarantees from export credit agencies in other countries.

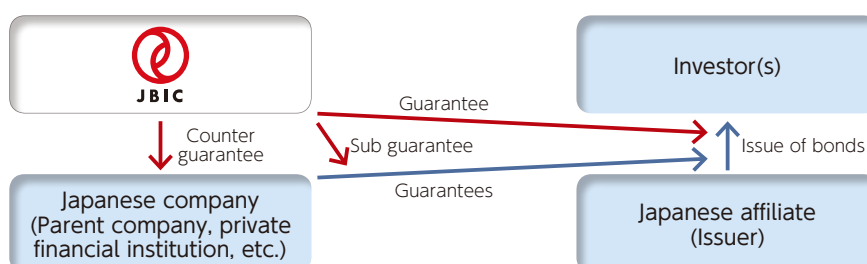
■ Guarantees for Imports of Manufactured Products

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



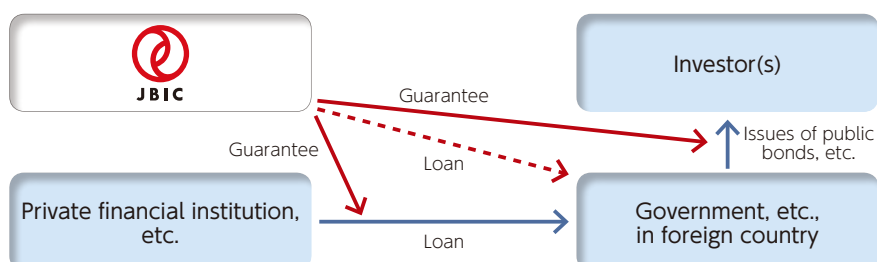
■ Guarantees for Corporate Bonds Issued by Japanese Affiliates

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



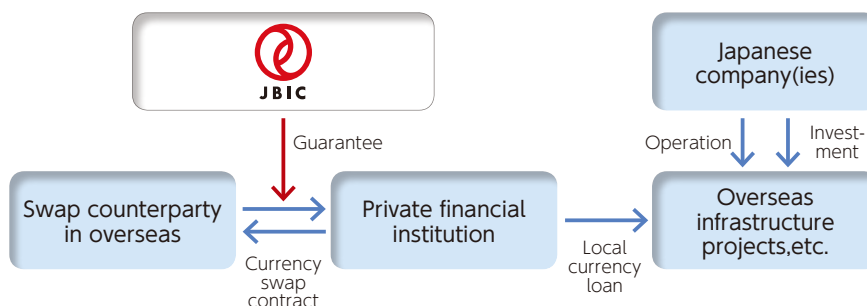
■ Guarantees for Co-financing, Overseas Syndicated Loans and Public Sector Bonds

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



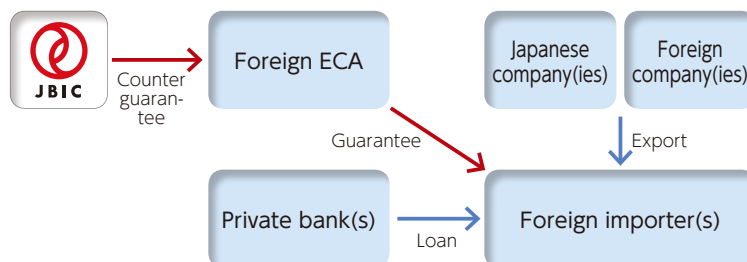
■ Guarantees for Currency Swaps

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



■ Counter Guarantees for Export Credits

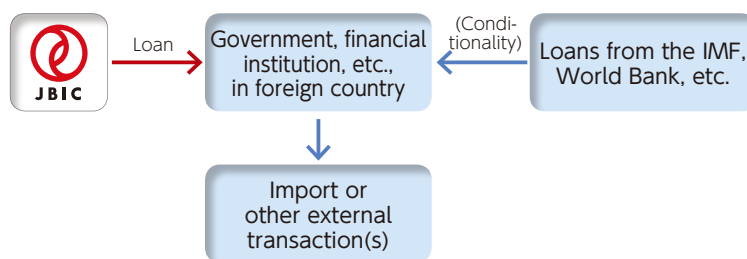
In the case where Japanese companies export machinery and equipment jointly with other country's companies, JBIC provides a counter guarantee for the guarantee provided by that country's Export Credit Agency (ECA). This function enables JBIC to participate in multilateral mutual guarantee schemes with other ECAs, which reduces the administrative burden of exporters and expedites the arrangement of financing. Through such schemes, JBIC supports the exports by Japanese companies in cooperation with foreign exporters.



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), one of the World Bank Group.



Acquisition of Loan Assets and Public and Corporate Bonds

When JBIC provides export loans, import loans, overseas investment loans and untied loans, JBIC can also provide credits, in addition to providing loans and guarantees, by purchasing loan assets and acquiring public and corporate bonds¹ issued by borrowers for funding. The objective of such

operations is to promote private financial institutions' loans in international finance and Japanese companies' funding in international capital markets.

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

Research and Studies

JBIC conducts research and studies on individual projects during their initial stage, as well as research and studies focused on specific regions or industry sectors that may have a bearing on specific projects occasionally. This is an effective means of uncovering potentially favorable projects, and supports to increase exports of materials and services from Japan for that project, as well as to expand opportunities for participation by Japanese companies. Research and studies are conducted at each stage necessary for realization of the project, including creation 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 linked 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 order.

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, etc.

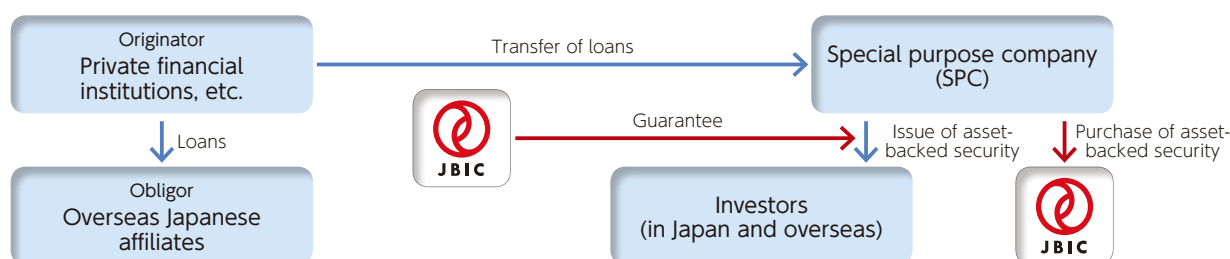
JBIC provides support for securitization, etc. in order to supplement and encourage the activities of private financial institutions.

1. Securitization (Guarantees)

In cases where special purpose companies (SPCs) or trust companies issue asset-backed securities or other financial products with loans or other assets as collateral, JBIC guarantees the payment of such asset-backed securities 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 asset-backed securities issued by SPCs or trust companies with loans or other assets as collateral. JBIC's acquisition will contribute to the smooth issuance of bonds, as well as stimulates the market by circulating the acquired bonds back into the market when market conditions allow it.

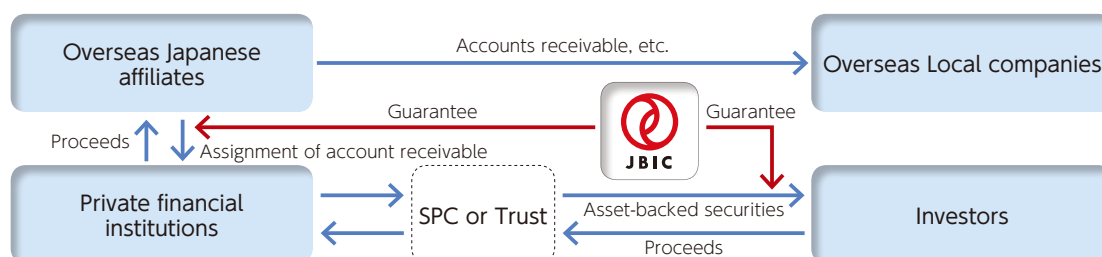


The above diagrams depict the schemes where SPCs are used, but the clients can also use schemes where trusts are used or JBIC acquires or provides guarantees for assets backed by securitization.

3. Securitization of Receivables, etc.

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. JBIC is also able to provide guarantees for securities issued by SPCs or trust companies to secure monetary claims they have acquired from overseas Japanese subsidiaries.



Supporting Securitization of Credit Card Receivables in Thailand



JBIC acquires a part of asset-backed securities (ABS) in a securitization transaction of the credit card receivables originated by AEON Thana Sinsap (Thailand) Public Company Limited (ATS), a subsidiary of AEON Financial Service Co., Ltd. JBIC also provides guarantee for the remaining portion of this ABS and an asset-backed loan funded by private investors. This transaction is the first securitization deal with the investors outside Thailand for ATS and the

first credit card receivables securitization deal for JBIC. With JBIC's partial acquisition and guarantee provision to the securitized product, this transaction is expected to contribute to meeting the needs of ATS for diversification of funding as well as to providing investment opportunities to private investors in the market by mitigating country risk and structuring risk.

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

Growing interest in environmental conservation has led to a worldwide trend for more rigorous environmental regulations. There are not 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 social reputation.

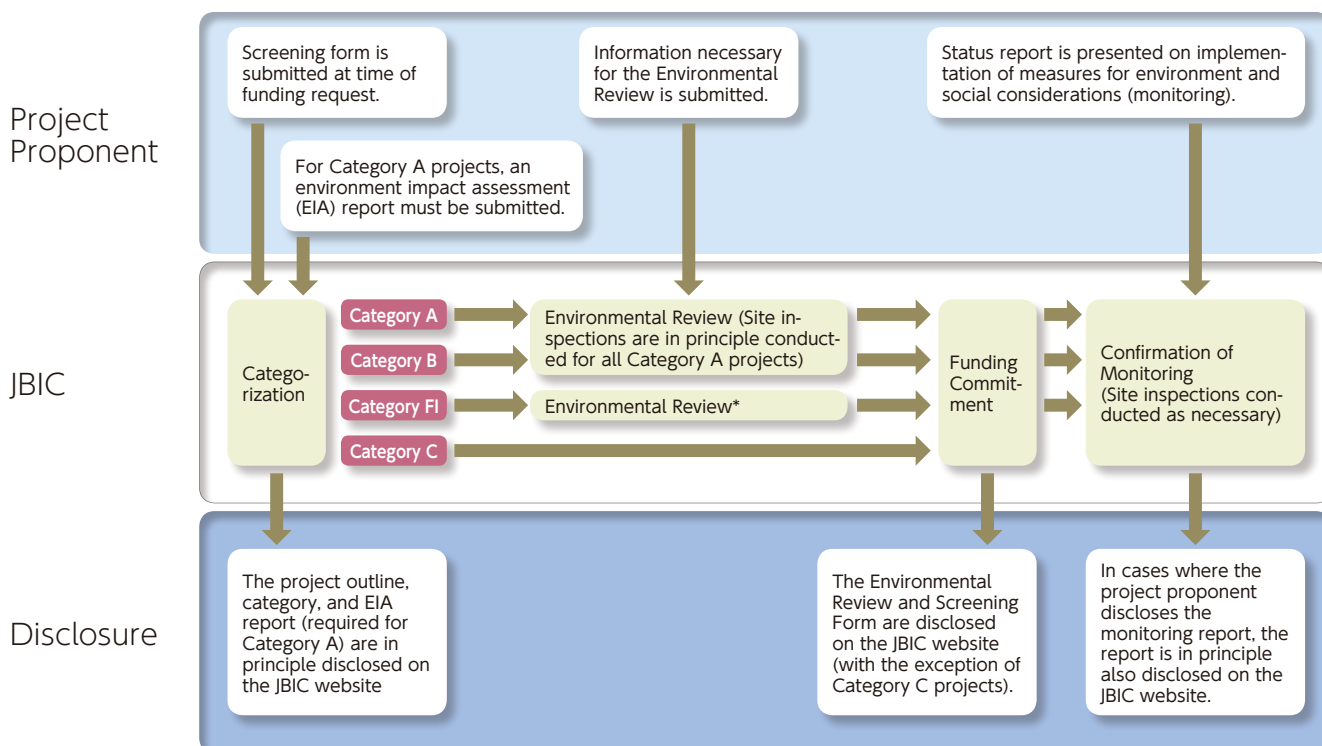
In conducting these operations, JBIC confirms whether the borrower makes appropriate considerations for local communities and the natural environment in all the JBIC-financed projects based on the "Japan Bank for International Coopera-

tion 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 confirmation of environmental and social considerations. When JBIC judges 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.



* 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

Efforts to Meet Local Currency Needs

The Japanese yen, U.S. dollar and Euro are the standard currencies of financing of JBIC, and in order to meet the increasing demands for financing denominated in other currencies (including currencies of developing countries), JBIC has been working on the following financing menu:

1. Direct loans (in local currency):

Direct loans in currencies other than the Japanese yen, U.S. dollar and Euro can be considered on a case-by-case basis by confirming the availability of funding in such currencies.

2. Two-step-loans (TSLs) through local financial institutions:

JBIC provides loans to local financial institutions in developing countries (including local subsidiaries/branches of Japanese financial institutions) in the Japanese yen or U.S. dollar, who, in turn, extend sub-loans in local currencies.

3. Guarantees for corporate bond issues denominated in local currencies:

JBIC provides guarantees for bonds issued in local currencies by Japanese subsidiaries operating overseas, under the Asian Bond Markets Initiatives (ABMI) agreed at the 6th ASEAN+3 (Japan, China and Korea) Finance Ministers' Meeting in August 2003.

4. Guarantees for loans denominated in local currencies:

JBIC provides guarantees for loans in local currencies provided by private financial institutions to support local currency financing.

5. Guarantees for currency swaps:

In April 2012, JBIC started the guarantee operations for cross-currency swap transactions in order to facilitate funding of local currencies.

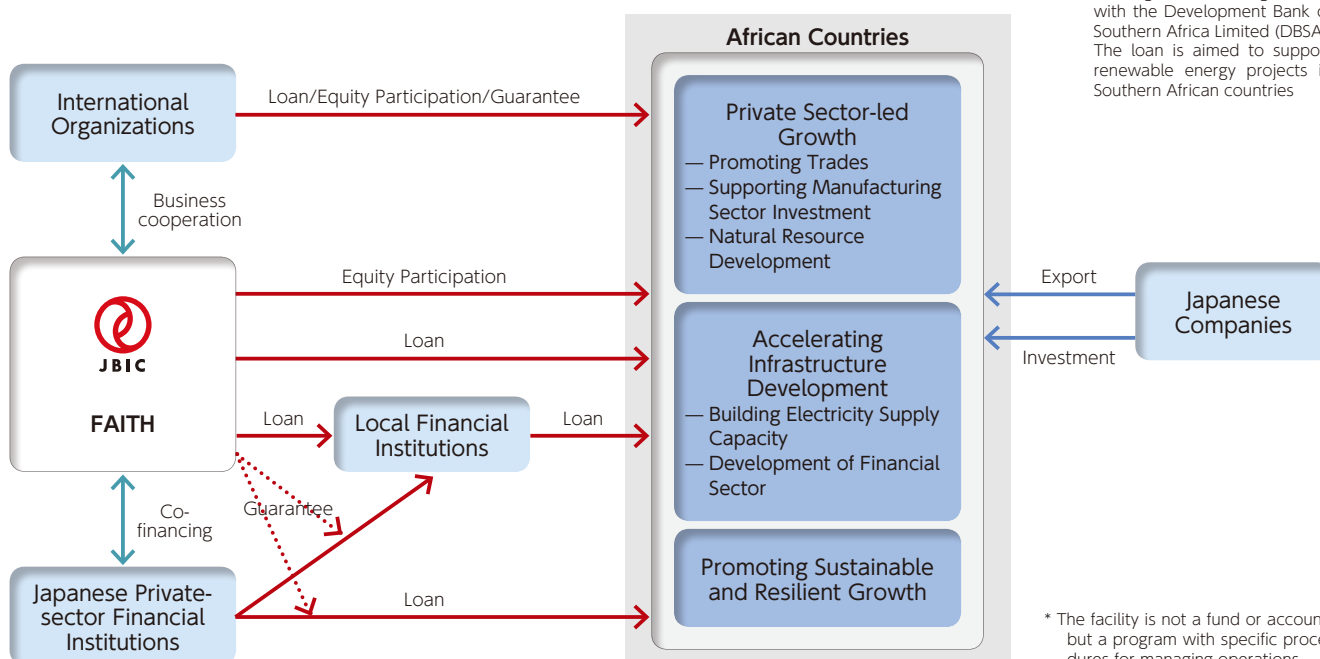
JBIC Facility for African Investment and Trade Enhancement (FAITH)

JBIC launched in June 2013 the JBIC Facility for African Investment and Trade Enhancement ("FAITH") to support the promotion of private sector-led growth and the acceleration of infrastructure development in African countries by drawing on its financial instruments such as loans, equity participations and guarantees. FAITH was expanded and evolved from the JBIC Facility for African Investment ("FAI") launched in April 2009. Under FAITH, JBIC will actively extend loans, including those in local currency, make equity participations and provide guarantees in African countries in cooperation with international organizations. In TICAD V, the Government of

Japan expressed that it would work toward expanding trade and investment in African countries in tandem with the private sector. Under FAITH, it is expected that such financial support would approximately amount to 5 billion U.S. dollars over the next 5 years.



JBIC signed a loan agreement with the Development Bank of Southern Africa Limited (DBSA). The loan is aimed to support renewable energy projects in Southern African countries



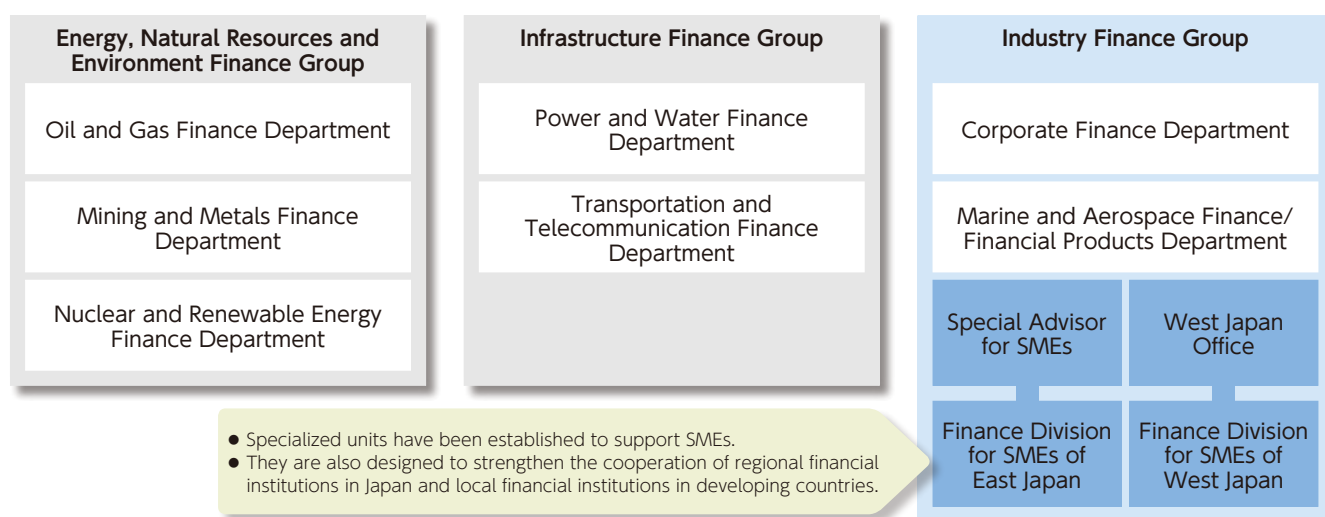
3. Framework for Supporting Globalization Efforts of SMEs

As the globalization of the world economy advances, it has become imperative for Japanese mid-tier enterprises as well as small and medium enterprises (collectively “SMEs”) to actively develop overseas business. JBIC supports such activities by providing information and holding seminars on the overseas investment climate, as well as directly supporting the financing of overseas operations through loans and equity participation. JBIC also supports these efforts through its collaboration with regional financial institutions in Japan and local financial institutions in developing countries.

■ Strengthening the Framework for Supporting SMEs

Following the inauguration of JBIC in April 2012, JBIC assigned operating officers dedicated to providing support for Japanese SMEs with their overseas business development, in order to conduct operations more responsively and flexibly. These officers are responsible for SMEs in East Japan and West Japan, separately. JBIC also set up units that specialize in the support of overseas business development of SMEs at its Head Office in Tokyo and West Japan Office in Osaka, respectively. These arrangements, together with the 16 overseas representative offices in JBIC’s worldwide network, have further strengthened the framework for supporting SMEs. This allows JBIC, for example, a better opportunity for providing information on specific loans and investment climates abroad.

Organization of JBIC’s Finance Groups (from April 2012)



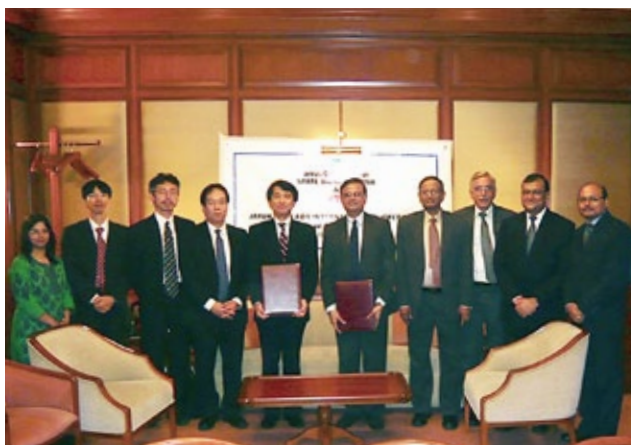
■ Cooperation with Local Financial Institutions in Developing Countries

On December 21, 2010, the Financial Services Agency, the Ministry of Finance, and the Ministry of Economy, Trade and Industry announced a joint policy called 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).” Under this policy, JBIC has been working with the Regional Banks Association of Japan and other entities to strengthen cooperation with local financial institutions in developing countries while identifying what kind of support Japanese SMEs need through Japanese regional financial institutions to expand their business operations overseas.

Local Financial Institutions in Developing Countries and Participating Japanese Regional Financial Institutions

| Country | Local Financial Institutions in Developing Countries | When MOU was signed | Number of participating Japanese Regional Financial Institutions |
|-----------------|--|---------------------|--|
| Thailand | KASIKORNBANK Public Company Limited | May 2011 | 25 (as of May 2, 2013) |
| Indonesia | PT. Bank Negara Indonesia | July 2011 | 31 (as of May 7, 2013) |
| India | State Bank of India | August 2012 | 38 (as of March 13, 2013) |
| The Philippines | BDO Unibank, Inc. (BDO) | March 2013 | 7 (as of July 23, 2013) |
| | Metropolitan Bank and Trust Company (Metrobank) | March 2013 | 33 (as of July 23, 2013) |



MOU signed with the State Bank of India

In FY2011 and FY2012, JBIC signed a memorandum of understanding (MOU) with several local financial institutions in Thailand, Indonesia, India, and the Philippines to provide a framework for supporting Japanese SMEs in expanding their operations overseas through regional financial institutions in Japan. Under these MOUs, JBIC has encouraged these local financial institutions in the four countries to newly set up a single contact point for Japanese companies ("Japan Desk") or expand such Japan Desk if one already exists. It has also built a framework for continuous consultation with each of them on specific means to cooperate in support of Japanese SMEs in doing business there. Many regional financial institutions in Japan have already joined such frameworks.

■ Cooperation with Japanese Regional Financial Institutions

JBIC has signed MOUs on the operational cooperation of regional financial institutions in Japan chiefly to exchange information on overseas business operations of Japanese companies, particularly Japanese local SMEs, as well as on the investment climate of overseas countries.



In November 2012, JBIC signed an MOU on operational cooperation with The Hyakujushi Bank, Ltd. (114Bank) of Japan for three major purposes: (i) supporting overseas business activities of Japanese companies, particularly SMEs in the Setouchi area where the 114Bank has its main business base; (ii) exchanging information on investment climates in foreign countries; and (iii) expanding cofinancing for them. Under this MOU, JBIC, in cooperation with 114Bank, signed a loan agreement in the same month with ASAHI Switchgear Products Limited, an Indian subsidiary of HIROSE Corporation. Based in Mitoyo City, Kagawa Prefecture, HIROSE Corporation is an SME that designs, manufactures, and sells high voltage distribution switchgears and control panels of various kinds.

JBIC's efforts in this regard were not limited to Japan only. In July 2012, JBIC organized a meeting in Bangkok, Thailand, with local representatives of Japanese regional financial institutions to exchange views on how to support Japanese companies operating locally. This is just one example of JBIC's ongoing efforts to further strengthen the framework for assisting Japanese SMEs to expand their overseas business operations in cooperation with Japanese regional financial institutions.

■ Information Services, Seminars, etc.

JBIC organizes seminars and consultation sessions on overseas business expansion in cooperation with other Japanese entities, including regional banks and other local financial institutions, prefectural and municipal governments, and local chambers of commerce and industry. It also conducts field studies to assess investment climates in countries where Japanese companies are actively doing business. The findings of these studies are compiled into guidebooks, which are available in book form and on JBIC's website.

During FY2012, JBIC published four such guidebooks in Japanese: "Investment Climate in Thailand," "Investment Climate in Viet Nam," "Investment Climate Series in China: An Overview," and "Investment Climate in Indonesia."

Moreover, JBIC provides knowledge and advice on investing overseas and how to start businesses overseas. It also



A seminar on overseas investment

offers an itinerant advisory service in many parts of Japan in cooperation with prefectural and municipal governments and local chambers of commerce and industry that support local companies in expanding their operations overseas. This service, which is available on a regular basis in Sendai, Ota, Tokyo, and Nagoya, offers advice on the overseas investment climate and how to obtain long-term financing, among other topics. As part of its advisory services, JBIC also offers advice on taxes, accounting, and legal matters in relation to China, India, and ASEAN countries, through external experts, as early as the preliminary consultation phase.

Operational and Administrative Policies

5

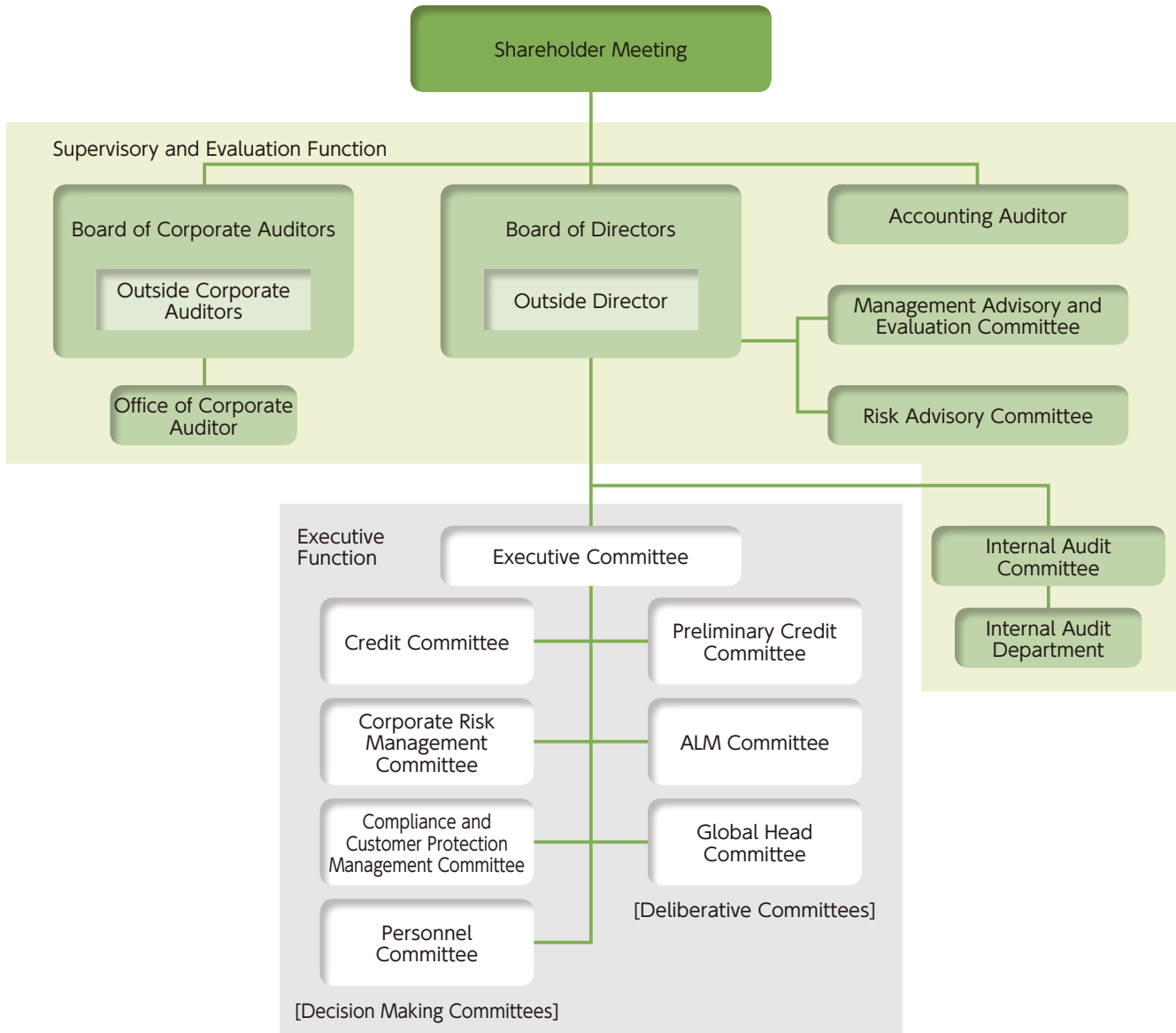
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1• Corporate Governance

■ Fundamental Approach to Corporate Governance

JBIC is making efforts to build corporate governance structure in conducting operations with particular attention to integrity

and efficiency, as it seeks to fulfill the mission set out under the JBIC Act (Law No. 39, 2012) and realize its corporate philosophy.



■ How National Government is Involved in JBIC

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.

List of Members of the Management Advisory and Evaluation Committee

| Name | Occupation |
|--------------------|---|
| ○ Shujiro Urata | Professor, Graduate School of Asia-Pacific Studies, Waseda University |
| Akira Kondoh | JBIC Managing Director (Outside Director) |
| Yoshikatsu Suzuki | Senior Commentator of Jiji Press Ltd. |
| ◎ Yuzo Takagi | Chairman & Representative of Audit Corporation GODAI, Certified Public Accountant |
| Mikiko Fujiwara | CEO of Alpha Associates Co., Ltd. |
| Hirokazu Yoshikawa | Senior Corporate Adviser of DOWA Holdings Co., Ltd. |

◎ Chairman
○ Deputy-chairman
(Listed in the order of 50 character kana syllabary, name listed without honorifics)

(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 debtors and risk exposure to large-scale projects.

List of Members of the Risk Advisory Committee

| Name | Occupation |
|----------------|--|
| Shuhei Abe | President, CEO&CIO of SPARX Group Co., Ltd. |
| Akira Kondoh | JBIC Managing Director (Outside Director) |
| Toshiki Tomita | Professor, Faculty of Law, Chuo University |
| Chieko Matsuda | Professor of Management, Graduate School of Social Sciences, Tokyo Metropolitan University |

| Name | Occupation |
|-------------------|--|
| ○ Keisuke Yokoo | Advisor of Mizuho Securities Co., Ltd. |
| ◎ Naoyuki Yoshino | Professor, Faculty of Economics, Keio University |

◎ Chairman
○ Deputy-chairman
(Listed in the order of 50 character kana syllabary, name listed without honorifics)

(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.

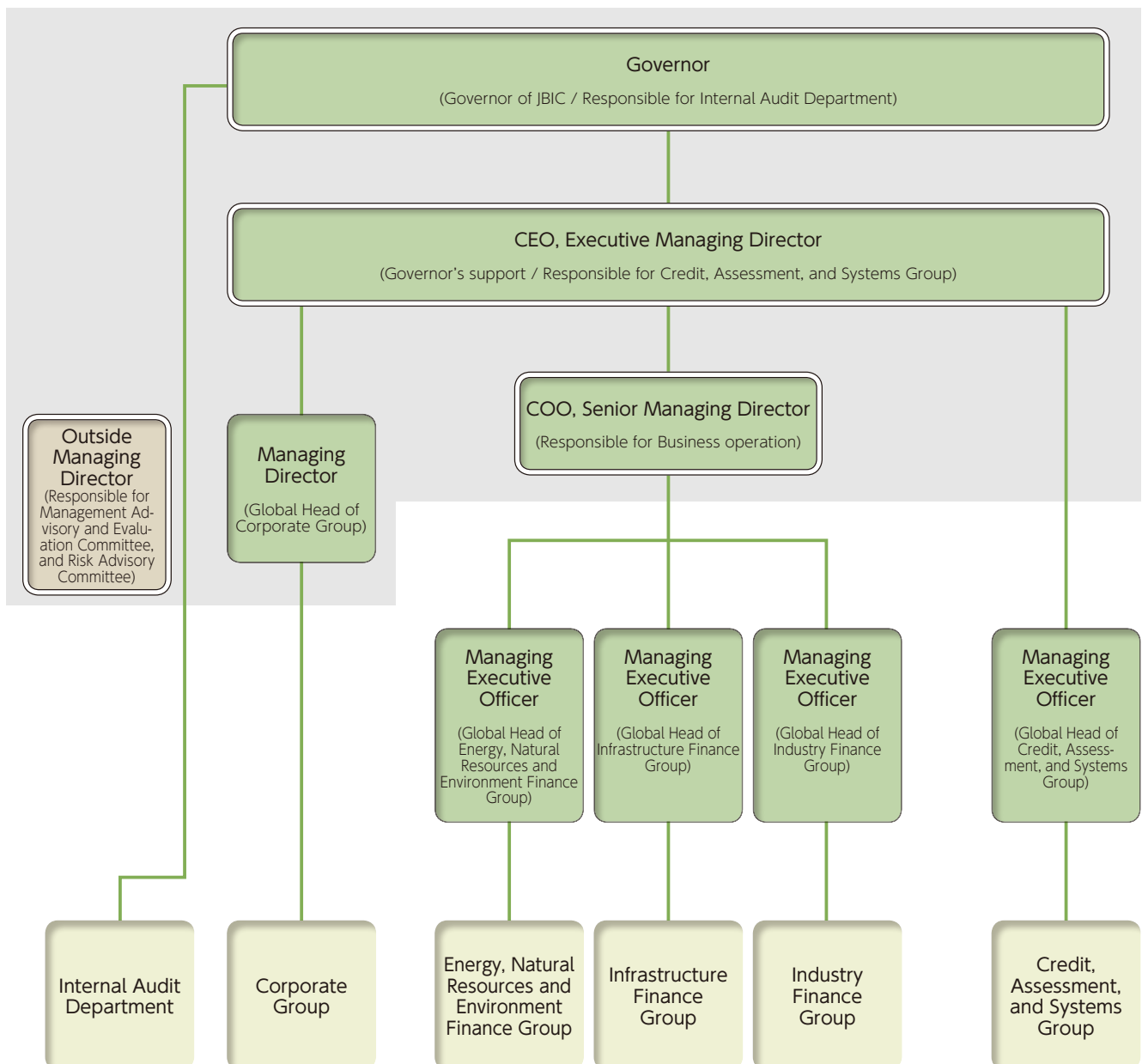
■ Adopting Mission/Sector-Specific Group Structure

JBIC reconstituted its organization and adopted mission/sector-specific group structure in July 2011. 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, Natural Resources and Environment Finance Group; Infrastructure 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.



Member of Board of Directors



Member of Internal Audit Committee



Member of Executive Committee

(As of April 1, 2013)

■ 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 p. 139 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 p. 141) 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 positive 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 positive 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.

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 p. 142) 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.

2. Risk Management

In general, the operations of financial institutions involve various risks, including credit risk, market risk (such as interest rate and exchange rate risk, etc.), liquidity risk and operational risk. As a policy-based financial institution, JBIC conducts financial operations to achieve policy objectives. Thus, JBIC differs from private financial institutions in its nature as well as the extent of risks involved in its operations and ways to deal with them. Nonetheless, recognizing the importance of appropriate risk management as a financial institution, JBIC has put in place an institutional system for risk management commensurate with different types of risks and for addressing integrated risk management.

More specifically, JBIC defines the objective of risk management as identifying, measuring and monitoring various risks JBIC is exposed to in the process of conducting operations to ensure the soundness and integrity of operations and increase

transparency. For this purpose, JBIC has designated the staff responsible for managing various risks and has a department working on the overall risk management. In addition, there are the Corporate Risk Management Committee and the ALM Committee that make discussions and considerations for the effective functioning of risk management. JBIC has also set up the Risk Advisory Committee, which consists of external experts, to provide the JBIC Board of Directors with advice on the risk management and assessment system with respect to large-lot debtors and on issues referred to by the JBIC board of directors with respect to risks associated with large-scale projects.

The following sections describe how JBIC manages representative risks JBIC is facing, among various other operational risks, in conducting operations as a policy-based financial institution.

Credit Risk

Credit risk refers to the potential loss from a decline or loss of the value of credit assets due to deterioration in the financial conditions of a debtor. This risk is inherent in JBIC's operations as it primarily engages in lending activities. Credit risk exposure to JBIC may be classified into: sovereign risk, which involves financing foreign governments; corporate risk, which involves financing business firms; project risk, which occurs when a project financed in project financing—a financing structure in which a loan is primarily secured on the cash flow generated from the project—fails to generate the planned cash flow; and country risk, which involves financing foreign firms as well as projects located in foreign countries (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.

■ 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 Club¹ a unique framework for debt management by official creditor countries. The credit risk quantification model incorporating these factors is measuring credit risks and is utilized for internal control.

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

Interest rate risk for foreign currency-denominated loans is hedged through interest rate swaps with which both foreign currency-denominated loans and their funding are managed in floating rates. Although yen-denominated loans are mostly made in fixed interest rates, their interest rate risk is limited since the maturities of loans and their corresponding funding are more or less matched. In addition, JBIC carefully calculates and analyzes projections of its future asset / liability structure and profits and losses.

■ Derivatives Transactions

(1) Basic Policy for Derivatives Transactions

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

(2) Transactions

Derivatives transactions of JBIC include interest rate and currency swaps and forward exchange contracts. The following

table gives a summary of these transactions.

Credit Risk of Derivatives, etc.

(As of March 31, 2013; 100 millions of yen)

| | Contract Amounts / Notional Amounts | Credit Risk Amounts |
|--|--|---------------------|
| Interest Rate Swaps | 24,560 | 895 |
| Currency Swaps | 41,497 | 6,047 |
| Forward Exchange Contracts | 1 | 0 |
| Other Derivatives | — | — |
| Credit Risk Reductions through Netting | | (2,845) |
| Total | 66,058 | 4,097 |

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

(3) Risks Involved in Derivatives Transactions

Derivatives transactions involve the following risks.

► Counterparty Credit Risk

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

► Market Risk

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

(4) Measures to Address These Risks

► Counterparty Credit Risk

JBIC constantly monitors the market value of a derivative in

1. 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.

making transaction with each counterparty, credit risk exposure to it and its creditworthiness. Such information is then used to assess the appropriateness of making transaction with it.

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

► 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.

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. In addition, the Audit Department, independent from other departments and reporting directly to the Governor & CEO, conducts internal auditing of JBIC.

■ 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.

3. Public Information and Disclosure

JBIC is providing and disseminating information to a broad range of the domestic and overseas public in an effort to promote further understanding of its operations and activities.

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

■ Publications

JBIC publishes its annual operations and activities, and financial conditions in various disclosure materials, including annual reports, business reports, financial statements, and the Form 10-K submitted to the U.S. Securities and Exchange Commission.

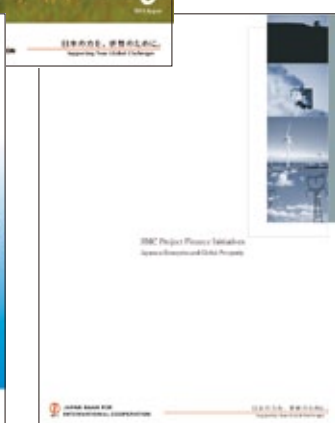
Other publications available to the public include: a public information magazine, "*JBIC TODAY*," which reports JBIC's latest activities and topics on its operations and other relevant issues; "*JBIC Profile: Role and Function*," a brochure describing JBIC operations; and "*JBIC Project Finance Initiatives*."



JBIC Today



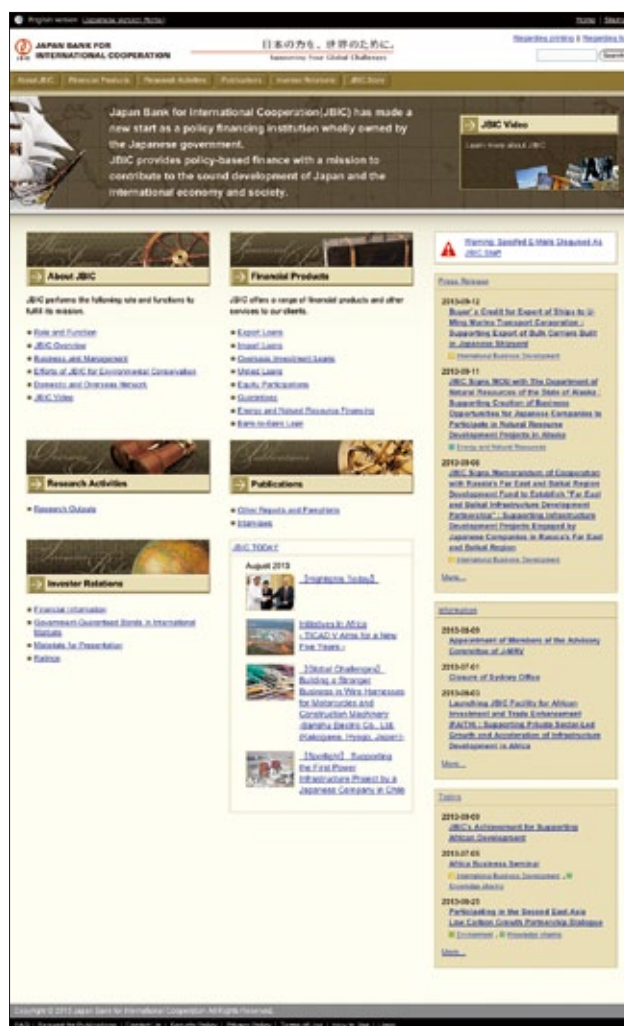
JBIC Profile: Role and Function



JBIC Project Finance Initiatives

■ Website

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



JBIC website

■ Information Dissemination for the Media

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



Governor Okuda at the press conference

■ Information Dissemination from Overseas

JBIC's overseas representative offices are actively contributing reports and articles to the news media to provide information from overseas. They have also appeared in TV news programs to provide timely topics that can only be reported at the local grassroots level, such as individual consumption and information on taxation, etc.

■ Promoting International Exchange

Since 1976, JBIC has annually held '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 and financial institutions, etc. The cumulative number of seminar participants has exceeded 600 so far.



Participants at the JBIC Seminar

■ Participating in Various Events

JBIC participates in various events both in Japan and overseas to introduce its functions, role, and support activities in environmental and other sectors. In December 2012, JBIC participated in Eco-Products 2012, held at Tokyo Big Sight, by setting up its own booth and making presentations. Outside Japan, JBIC took part in the seminar on digital terrestrial television broadcasting (DTTB), which was held in Quito, Ecuador in July 2012, to promote the transfer to DTTB in the country. In February 2013, JBIC attended the "Investing in African Mining Indaba 2013," conference, one of the world's largest mining conferences, held in Cape Town, South Africa. More information on these and other events in which JBIC has participated is available on the JBIC website.



Eco-Products 2012

■ Disclosure

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

(Principal) Materials for Providing Information

| Source of Information | Access |
|---|---|
| Business Report | <ul style="list-style-type: none"> Available at the Head Office and the West Japan Office Distributed to the National Diet Library and economic organizations, etc. |
| Financial Statements | |
| List of Assets | |
| Report on Settlement of Accounts | |
| Auditor's Opinion | |
| Audit Report | <ul style="list-style-type: none"> Available at the Head Office and the West Japan Office Distributed to interested persons/institutions |
| Annual Report (Japanese and English) Public Relations Magazine, etc. | |
| Website: <ul style="list-style-type: none"> Type of Business Operations, Business Results, Overview of Organization, Financial Composition, etc. | <ul style="list-style-type: none"> On the internet Address: http://www.jbic.go.jp/en/ |

Statistics

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1. Overview

(1) Commitments

A. Commitments by Purpose of Financing

(Unit: billions of yen, %)

| | FY2008 | | | FY2009 | | | FY2010 | | | FY2011 | | | FY2012 | | |
|---------------------------|------------|----------------|------------|------------|----------------|------------|------------|----------------|------------|------------|----------------|------------|------------|----------------|------------|
| | Number | Total | Share | Number | Total | Share | Number | Total | Share | Number | Total | Share | Number | Total | Share |
| Loans | | | | | | | | | | | | | | | |
| Export Loans | 24 | 27.6 | 1 | 46 | 97.8 | 3 | 35 | 151.2 | 9 | 40 | 207.9 | 13 | 40 | 126.6 | 3 |
| Shipping | — | — | — | 10 | 11.1 | 0 | 14 | 38.6 | 2 | 20 | 62.6 | 4 | 15 | 23.0 | 1 |
| Plant | 24 | 27.6 | 1 | 36 | 86.7 | 3 | 21 | 112.5 | 6 | 20 | 145.3 | 9 | 25 | 103.6 | 2 |
| Import Loans | 2 | 15.4 | 1 | 1 | 8.2 | 0 | 1 | 169.5 | 10 | 3 | 172.6 | 11 | 4 | 304.3 | 7 |
| Natural Resources | 2 | 15.4 | 1 | 1 | 8.2 | 0 | 1 | 169.5 | 10 | 3 | 172.6 | 11 | 4 | 304.3 | 7 |
| Overseas Investment Loans | 149 | 1,816.5 | 67 | 134 | 2,193.7 | 65 | 60 | 710.3 | 40 | 84 | 962.0 | 60 | 157 | 3,138.5 | 74 |
| Natural Resources | 30 | 889.8 | 33 | 16 | 522.9 | 16 | 11 | 221.9 | 13 | 26 | 607.9 | 38 | 39 | 1,784.2 | 42 |
| Others | 119 | 926.7 | 34 | 118 | 1,670.8 | 50 | 49 | 488.3 | 28 | 58 | 354.0 | 22 | 118 | 1,354.3 | 32 |
| Untied Loans | 8 | 225.5 | 8 | 13 | 344.3 | 10 | 8 | 76.8 | 4 | 3 | 23.2 | 1 | 10 | 210.5 | 5 |
| Bridge Loans | — | — | — | — | — | — | — | — | — | — | — | — | 2 | 83.2 | 2 |
| Sub Total | 183 | 2,085.2 | 77 | 194 | 2,644.1 | 79 | 104 | 1,107.9 | 63 | 130 | 1,365.7 | 86 | 213 | 3,863.3 | 91 |
| Guarantees | 30 | 523.0 | 19 | 22 | 707.9 | 21 | 26 | 638.1 | 36 | 15 | 228.5 | 14 | 21 | 303.2 | 7 |
| Equity Participations | 5 | 85.6 | 3 | 5 | 13.0 | 0 | 3 | 19.8 | 1 | 1 | 1.5 | 0 | 8 | 74.3 | 2 |
| Total | 218 | 2,693.9 | 100 | 221 | 3,365.1 | 100 | 133 | 1,765.9 | 100 | 146 | 1,595.9 | 100 | 242 | 4,240.9 | 100 |

B. Commitments by Region (Loans, Equity Participations and Guarantees)

(Unit: billions of yen, %)

| | FY2008 | | | FY2009 | | | FY2010 | | | FY2011 | | | FY2012 | | |
|-----------------------------------|------------|----------------|------------|------------|----------------|------------|------------|----------------|------------|------------|----------------|------------|------------|----------------|------------|
| | Number | Total | Share | Number | Total | Share | Number | Total | Share | Number | Total | Share | Number | Total | Share |
| Asia | 96 | 426.1 | 16 | 94 | 851.0 | 25 | 57 | 221.5 | 13 | 65 | 269.9 | 17 | 86 | 513.6 | 12 |
| Oceania | 18 | 256.0 | 10 | 5 | 175.4 | 5 | 1 | 8.3 | 0 | 12 | 170.4 | 11 | 17 | 1,005.7 | 24 |
| Europe | 23 | 606.3 | 23 | 35 | 518.3 | 15 | 9 | 62.4 | 4 | 15 | 216.6 | 14 | 33 | 660.6 | 16 |
| The Middle East | 8 | 210.0 | 8 | 3 | 102.6 | 3 | 11 | 409.3 | 23 | 8 | 232.4 | 15 | 12 | 305.9 | 7 |
| Africa | 6 | 113.5 | 4 | 3 | 25.7 | 1 | 3 | 66.3 | 4 | 3 | 3.3 | 0 | 7 | 84.3 | 2 |
| North America | 25 | 431.3 | 16 | 27 | 495.9 | 15 | 10 | 148.5 | 8 | 11 | 113.6 | 7 | 35 | 710.8 | 17 |
| Latin America and the Caribbean | 38 | 470.3 | 17 | 40 | 511.5 | 15 | 34 | 426.2 | 24 | 26 | 415.5 | 26 | 43 | 805.5 | 19 |
| International Organizations, etc. | — | — | — | 1 | 9.1 | 0 | 2 | 24.3 | 1 | 3 | 12.3 | 1 | — | — | — |
| Others | 4 | 180.1 | 7 | 13 | 675.1 | 20 | 6 | 398.7 | 23 | 3 | 161.5 | 10 | 9 | 154.2 | 4 |
| Total | 218 | 2,693.9 | 100 | 221 | 3,365.1 | 100 | 133 | 1,765.9 | 100 | 146 | 1,595.9 | 100 | 242 | 4,240.9 | 100 |

(2) Disbursements

(Unit: billions of yen, %)

| | FY2008 | | FY2009 | | FY2010 | | FY2011 | | FY2012 | |
|---------------------------|---------|-------|---------|-------|---------|-------|---------|-------|---------|-------|
| | Total | Share | Total | Share | Total | Share | Total | Share | Total | Share |
| Loans | | | | | | | | | | |
| Export Loans | 54.4 | 2 | 43.8 | 1 | 73.6 | 4 | 73.9 | 5 | 143.1 | 5 |
| Import Loans | 216.8 | 10 | 159.9 | 5 | 72.3 | 3 | 212.2 | 15 | 162.7 | 6 |
| Overseas Investment Loans | 1,433.0 | 66 | 2,222.8 | 67 | 1,041.5 | 50 | 700.7 | 50 | 2,144.6 | 75 |
| Untied Loans | 80.7 | 4 | 186.7 | 6 | 104.4 | 5 | 103.2 | 7 | 52.2 | 2 |
| Bridge Loans | — | — | — | — | — | — | — | — | 79.7 | 3 |
| Sub Total | 1,785.0 | 82 | 2,613.4 | 78 | 1,292.0 | 62 | 1,090.2 | 77 | 2,582.5 | 90 |
| Guarantees | 366.3 | 17 | 703.4 | 21 | 777.0 | 37 | 310.8 | 22 | 270.6 | 9 |
| Equity Participations | 30.2 | 1 | 13.6 | 0 | 26.8 | 1 | 7.3 | 1 | 17.2 | 1 |
| Total | 2,181.7 | 100 | 3,330.4 | 100 | 2,095.8 | 100 | 1,408.4 | 100 | 2,870.4 | 100 |

(3) Repayments

(Unit: billions of yen, %)

| | FY2008 | | FY2009 | | FY2010 | | FY2011 | | FY2012 | |
|---------------------------|---------|-------|---------|-------|---------|-------|---------|-------|---------|-------|
| | Total | Share | Total | Share | Total | Share | Total | Share | Total | Share |
| Loans | | | | | | | | | | |
| Export Loans | 125.1 | 9 | 119.9 | 10 | 152.5 | 12 | 125.3 | 8 | 112.4 | 7 |
| Import Loans | 69.1 | 5 | 60.0 | 5 | 197.3 | 16 | 252.4 | 15 | 147.4 | 10 |
| Overseas Investment Loans | 612.3 | 46 | 414.9 | 35 | 463.8 | 37 | 711.7 | 43 | 707.1 | 46 |
| Untied Loans | 285.9 | 21 | 242.4 | 20 | 204.9 | 16 | 192.4 | 12 | 161.6 | 11 |
| Bridge Loans | — | — | — | — | — | — | — | — | 79.7 | 5 |
| Governmental Loans | 2.6 | 0 | 2.6 | 0 | 2.4 | 0 | 3.1 | 0 | 2.9 | 0 |
| Sub Total | 1,095.2 | 82 | 839.9 | 71 | 1,021.0 | 81 | 1,285.2 | 78 | 1,211.3 | 79 |
| Guarantees | 239.8 | 18 | 343.9 | 29 | 236.7 | 19 | 362.6 | 22 | 318.1 | 21 |
| Equity Participations | 0.0 | 0 | 0.0 | 0 | 0.8 | 0 | 6.1 | 0 | 3.0 | 0 |
| Total | 1,335.0 | 100 | 1,183.9 | 100 | 1,258.6 | 100 | 1,653.9 | 100 | 1,532.4 | 100 |

(Note) Prepayments in FY2011 and 2012 amounted to ¥263.3 billion and ¥94.9 billion, respectively.

(4) Outstandings

(Unit: billions of yen, %)

| | FY2008 | | FY2009 | | FY2010 | | FY2011 | | FY2012 | |
|---------------------------|---------|-------|----------|-------|----------|-------|----------|-------|----------|-------|
| | Total | Share | Total | Share | Total | Share | Total | Share | Total | Share |
| Loans | | | | | | | | | | |
| Export Loans | 901.1 | 10 | 808.2 | 7 | 698.5 | 6 | 642.9 | 6 | 710.3 | 5 |
| Import Loans | 715.5 | 8 | 793.2 | 7 | 630.5 | 6 | 584.4 | 6 | 630.2 | 5 |
| Overseas Investment Loans | 4,172.5 | 47 | 5,786.3 | 54 | 5,827.2 | 53 | 5,762.9 | 55 | 8,165.9 | 62 |
| Untied Loans | 1,406.5 | 16 | 1,333.9 | 12 | 1,183.7 | 11 | 1,086.3 | 10 | 1,035.8 | 8 |
| Governmental Loans | 54.3 | 1 | 51.9 | 0 | 54.3 | 0 | 45.6 | 0 | 42.6 | 0 |
| Sub Total | 7,250.1 | 81 | 8,773.8 | 81 | 8,394.4 | 77 | 8,122.3 | 77 | 10,585.1 | 81 |
| Guarantees | 1,650.3 | 18 | 1,977.0 | 18 | 2,443.2 | 22 | 2,378.3 | 22 | 2,400.6 | 18 |
| Equity Participations | 30.5 | 0 | 44.2 | 0 | 72.6 | 1 | 70.3 | 1 | 100.1 | 1 |
| Total | 8,931.0 | 100 | 10,795.1 | 100 | 10,910.3 | 100 | 10,571.0 | 100 | 13,086.0 | 100 |

2. Commitments

(1) Export Loans by Industry

(Unit: billions of yen, %)

| | FY2011 | | | FY2012 | | |
|--|--------|-------|-------|--------|-------|-------|
| | Number | Total | Share | Number | Total | Share |
| Shipping | 20 | 62.6 | 30 | 15 | 23.0 | 18 |
| Road Vehicles and Other Transport Equipment | — | — | — | 1 | 10.2 | 8 |
| Electrical Machinery | 10 | 19.3 | 9 | 6 | 18.5 | 15 |
| Telecommunication Equipment | — | — | — | 1 | 1.7 | 1 |
| Textile Machines | — | — | — | 4 | 36.5 | 29 |
| Other Industrial Machinery and Equipment, etc. | 6 | 104.1 | 50 | 12 | 30.8 | 24 |
| Machine Tools and Processing Machinery | 2 | 1.9 | 1 | — | — | — |
| Chemical Facilities | 1 | 49.6 | 24 | 1 | 4.7 | 4 |
| Oil and Natural Gas Facilities | 1 | 46.4 | 22 | 2 | 17.1 | 14 |
| Iron and Non-ferrous Metals Manufacturing Facilities | 2 | 6.1 | 3 | 4 | 5.5 | 4 |
| Others | — | — | — | 5 | 3.3 | 3 |
| Others | 4 | 21.7 | 10 | 1 | 5.6 | 4 |
| Total | 40 | 207.9 | 100 | 40 | 126.6 | 100 |

(2) Natural Resource Loans by Item

(Unit: billions of yen, %)

| | FY2011 | | | FY2012 | | |
|----------------------------|--------|-------|-------|--------|---------|-------|
| | Number | Total | Share | Number | Total | Share |
| Energy Resources | 17 | 458.4 | 59 | 26 | 1,473.1 | 71 |
| Petroleum | 2 | 55.3 | 7 | 6 | 337.2 | 16 |
| Natural Gas | 11 | 312.0 | 40 | 15 | 927.3 | 44 |
| Coal | 4 | 91.0 | 12 | 5 | 208.5 | 10 |
| Other Resources | 10 | 228.1 | 29 | 14 | 576.2 | 28 |
| Iron Ore | — | — | — | 1 | 102.9 | 5 |
| Copper Ore and Concentrate | 2 | 118.2 | 15 | 9 | 456.3 | 22 |
| Lead and Zinc | 1 | 7.4 | 1 | — | — | — |
| Nickel | 1 | 60.6 | 8 | 2 | 9.8 | 0 |
| Aluminium and Bauxite | 2 | 23.0 | 3 | — | — | — |
| Mineral Phosphate | 1 | 13.7 | 2 | — | — | — |
| Salt | 1 | 4.4 | 1 | — | — | — |
| Wood, Wood Chips and Pulp | 2 | 0.5 | 0 | 2 | 7.0 | 0 |
| Others | 2 | 93.9 | 12 | 3 | 39.1 | 2 |
| Total | 29 | 780.5 | 100 | 43 | 2,088.5 | 100 |

(3) Overseas Investment Loans by Industry (Excluding Natural Resource Loans)

(Unit: billions of yen, %)

| | FY2011 | | | FY2012 | | |
|--|-----------|--------------|------------|------------|----------------|------------|
| | Number | Total | Share | Number | Total | Share |
| Manufacturing Industry | 42 | 101.3 | 29 | 45 | 166.0 | 12 |
| Food | — | — | — | 4 | 56.9 | 4 |
| Textiles | 3 | 2.2 | 1 | — | — | — |
| Lumber and Pulp | 1 | 0.1 | 0 | — | — | — |
| Chemicals | 8 | 16.0 | 5 | 6 | 19.3 | 1 |
| Ceramics, Stone and Clay | 2 | 6.4 | 2 | 1 | 1.3 | 0 |
| Iron and Non-ferrous Metal Products | 7 | 27.6 | 8 | 6 | 16.8 | 1 |
| Machinery | 1 | 1.7 | 0 | 5 | 1.6 | 0 |
| Electrical Machinery | 2 | 3.6 | 1 | — | — | — |
| Transport Equipment | 11 | 40.7 | 12 | 13 | 55.0 | 4 |
| Other Manufacturing Industries | 7 | 2.7 | 1 | 10 | 14.8 | 1 |
| Construction | — | — | — | 1 | 2.5 | 0 |
| Electric, Gas and Heat Supply and Water Service | 3 | 106.4 | 30 | 10 | 114.4 | 8 |
| Telecommunications | 1 | 4.8 | 1 | — | — | — |
| Transport and Postal Services | — | — | — | 1 | 119.5 | 9 |
| Commerce | 1 | 0.4 | 0 | 2 | 6.3 | 0 |
| Service Industry | 2 | 12.0 | 3 | 5 | 412.4 | 30 |
| Others (Note) | 9 | 128.9 | 36 | 54 | 533.0 | 39 |
| Total | 58 | 354.0 | 100 | 118 | 1,354.3 | 100 |

(Note) "Others" includes two-step loans for Japanese private financial institutions. JBIC supports the overseas operations of Japanese enterprises (especially SMEs) engaged in a diverse range of manufacturing and services, such as motor vehicles and parts, electrical and electronic equipment, machinery and metals, chemicals, and wholesale and retail businesses.

(4) Commitments to Mid-tier Enterprises and SMEs to Support their Overseas Business Activities

(Unit: billions of yen)

| | FY2011 | | FY2012 | |
|---|--------------------|------------|--------------------|-------------|
| | Number of Projects | Amount | Number of Projects | Amount |
| Loans to SMEs and Mid-tier Enterprises | 16 | 3.6 | 34 | 34.1 |

(Notes) 1. In making loans to mid-tier enterprises and SMEs, JBIC applies favorable loan terms, such as interest rates.

2. In this table, an SME is defined to be, in principle, an incorporated firm or individual with capital of ¥300 million or less, or having permanent employees of 300 or less. A mid-tier enterprise is defined to be an incorporated firm with capital of less than ¥1 billion (and excludes an SME).

(5) Loan and Guarantee Commitments by Region

A. Export Loan Commitments by Region

(Unit: billions of yen, %)

| | FY2011 | | | FY2012 | | |
|--|-----------|--------------|------------|-----------|--------------|------------|
| | Number | Total | Share | Number | Total | Share |
| Asia | 14 | 31.3 | 15 | 15 | 32.9 | 26 |
| East Asia | 2 | 1.2 | 1 | 5 | 6.0 | 5 |
| Southeast Asia | 8 | 17.3 | 8 | 4 | 5.4 | 4 |
| South Asia | 4 | 12.7 | 6 | 5 | 7.5 | 6 |
| Central Asia and the Caucasus | — | — | — | 1 | 13.9 | 11 |
| Europe | 9 | 104.0 | 50 | 3 | 4.1 | 3 |
| Central and Eastern Europe and Russia | 3 | 56.1 | 27 | — | — | — |
| Western Europe | 6 | 47.8 | 23 | 3 | 4.1 | 3 |
| The Middle East | 4 | 56.3 | 27 | 5 | 6.6 | 5 |
| Africa | 1 | 2.7 | 1 | 6 | 59.3 | 47 |
| Northern Africa | — | — | — | 1 | 17.1 | 14 |
| Sub-Saharan Africa | 1 | 2.7 | 1 | 5 | 42.2 | 33 |
| Latin America and the Caribbean | 11 | 8.6 | 4 | 11 | 23.5 | 19 |
| International Organizations, etc. | 1 | 4.8 | 2 | — | — | — |
| Total | 40 | 207.9 | 100 | 40 | 126.6 | 100 |

B. Import Loan Commitments by Region

(Unit: billions of yen, %)

| | FY2011 | | | FY2012 | | |
|--|----------|--------------|------------|----------|--------------|------------|
| | Number | Total | Share | Number | Total | Share |
| Oceania | 1 | 12.6 | 7 | — | — | — |
| The Middle East | — | — | — | 1 | 191.1 | 63 |
| Latin America and the Caribbean | — | — | — | 1 | 18.1 | 6 |
| Others | 2 | 160.0 | 93 | 2 | 95.0 | 31 |
| Total | 3 | 172.6 | 100 | 4 | 304.3 | 100 |

C. Overseas Investment Loan Commitments by Region

(Unit: billions of yen, %)

| | FY2011 | | | FY2012 | | |
|--|-----------|--------------|------------|------------|----------------|------------|
| | Number | Total | Share | Number | Total | Share |
| Asia | 48 | 210.7 | 22 | 52 | 169.6 | 5 |
| East Asia | 10 | 3.0 | 0 | 16 | 14.2 | 0 |
| Southeast Asia | 33 | 200.0 | 21 | 23 | 108.2 | 3 |
| South Asia | 5 | 7.6 | 1 | 12 | 27.6 | 1 |
| Central Asia and the Caucasus | — | — | — | 1 | 19.5 | 1 |
| Oceania | 11 | 157.8 | 16 | 16 | 983.9 | 31 |
| Europe | 6 | 112.6 | 12 | 30 | 656.4 | 21 |
| Central and Eastern Europe and Russia | 1 | 2.2 | 0 | 1 | 2.7 | 0 |
| Western Europe | 5 | 110.3 | 11 | 29 | 653.7 | 21 |
| The Middle East | 3 | 86.1 | 9 | 1 | 11.6 | 0 |
| Africa | 2 | 0.5 | 0 | — | — | — |
| Sub-Saharan Africa | 2 | 0.5 | 0 | — | — | — |
| North America | 4 | 49.5 | 5 | 30 | 659.6 | 21 |
| Latin America and the Caribbean | 10 | 344.5 | 36 | 24 | 645.7 | 21 |
| Others | — | — | 0 | 4 | 11.4 | 0 |
| Total | 84 | 962.0 | 100 | 157 | 3,138.5 | 100 |

D. Untied Loan Commitments by Region

(Unit: billions of yen, %)

| | FY2011 | | | FY2012 | | |
|-----------------------------------|--------|-------|-------|--------|-------|-------|
| | Number | Total | Share | Number | Total | Share |
| Asia | 1 | 14.0 | 60 | 4 | 133.2 | 63 |
| Southeast Asia | — | — | — | 3 | 129.0 | 61 |
| South Asia | 1 | 14.0 | 60 | 1 | 4.2 | 2 |
| The Middle East | — | — | — | 2 | 7.0 | 3 |
| Latin America and the Caribbean | 1 | 4.5 | 20 | 4 | 70.2 | 33 |
| International Organizations, etc. | 1 | 4.6 | 20 | — | — | — |
| Total | 3 | 23.2 | 100 | 10 | 210.5 | 100 |

E. Bridge Loan Commitments by Region

(Unit: billions of yen, %)

| | FY2011 | | | FY2012 | | |
|----------------|--------|-------|-------|--------|-------|-------|
| | Number | Total | Share | Number | Total | Share |
| Asia | — | — | — | 2 | 83.2 | 100 |
| Southeast Asia | — | — | — | 2 | 83.2 | 100 |
| Total | — | — | — | 2 | 83.2 | 100 |

F. Guarantee Commitments by Region

(Unit: billions of yen, %)

| | FY2011 | | | FY2012 | | |
|-----------------------------------|--------|-------|-------|--------|-------|-------|
| | Number | Total | Share | Number | Total | Share |
| Asia | 2 | 13.7 | 6 | 9 | 89.6 | 30 |
| East Asia | — | — | — | 1 | 0.9 | 0 |
| Southeast Asia | 1 | 4.9 | 2 | 6 | 81.8 | 27 |
| South Asia | 1 | 8.8 | 4 | 2 | 6.9 | 2 |
| The Middle East | 1 | 90.0 | 39 | 3 | 89.4 | 30 |
| Africa | — | — | — | 1 | 25.0 | 8 |
| Northern Africa | — | — | — | 1 | 25.0 | 8 |
| North America | 7 | 64.1 | 28 | 5 | 51.1 | 17 |
| Latin America and the Caribbean | 4 | 57.7 | 25 | 3 | 47.9 | 16 |
| International Organizations, etc. | 1 | 2.9 | 1 | — | — | — |
| Total | 15 | 228.5 | 100 | 21 | 303.2 | 100 |

G. Guarantee Commitments by Purpose

(Unit: billions of yen, %)

| | FY2011 | | | FY2012 | | |
|-----------------------------------|--------|-------|-------|--------|-------|-------|
| | Number | Total | Share | Number | Total | Share |
| Guarantee for Samurai Bonds | 2 | 130.0 | 57 | 3 | 170.0 | 56 |
| Guarantee for Import of Aircrafts | 7 | 64.1 | 28 | 5 | 51.1 | 17 |
| Guarantee for Others | 6 | 34.4 | 15 | 13 | 82.0 | 27 |
| Total | 15 | 228.5 | 100 | 21 | 303.2 | 100 |

(6) Geographical Distribution of Loan and Equity Participation Commitments

(Unit: billions of yen)

| Region / Country | | | FY2011 | | FY2012 | | Accumulated | |
|------------------|-------------------------------|-------------------|-----------|--------------|-----------|----------------|---------------|-----------------|
| | | | Number | Total | Number | Total | Number | Total |
| Asia | East Asia | China | 10 | 3.0 | 16 | 12.1 | 1,504 | 3,849.7 |
| | | Hong Kong | 2 | 1.2 | 4 | 4.0 | 268 | 295.9 |
| | | Republic of Korea | | | | | 695 | 1,279.4 |
| | | Others | | | 3 | 6.4 | 1,027 | 508.5 |
| | | Sub Total | 12 | 4.2 | 23 | 22.6 | 3,494 | 5,933.6 |
| | Southeast Asia | Brunei Darussalam | | | | | 4 | 45.1 |
| | | Indonesia | 15 | 59.6 | 9 | 133.7 | 1,469 | 5,451.7 |
| | | Malaysia | 2 | 2.3 | 3 | 13.9 | 591 | 1,314.5 |
| | | Myanmar | | | 2 | 83.2 | 56 | 144.5 |
| | | The Philippines | 1 | 60.6 | 3 | 16.3 | 812 | 1,747.4 |
| | | Singapore | 5 | 6.1 | 2 | 35.3 | 460 | 762.0 |
| | | Thailand | 12 | 65.9 | 10 | 42.7 | 2,448 | 2,690.6 |
| | | Viet Nam | 6 | 22.7 | 3 | 0.3 | 121 | 214.5 |
| | | Others | | | | | 36 | 213.9 |
| | | Sub Total | 41 | 217.4 | 32 | 325.8 | 5,997 | 12,584.6 |
| | South Asia | Bangladesh | | | | | 7 | 22.9 |
| | | India | 9 | 34.3 | 20 | 41.9 | 823 | 1,178.6 |
| | | Pakistan | | | | | 290 | 298.3 |
| | | Sri Lanka | 1 | | | | 59 | 64.9 |
| | | Others | | | | | 17 | 3.6 |
| | | Sub Total | 10 | 34.3 | 20 | 41.9 | 1,196 | 1,568.5 |
| | Central Asia and the Caucasus | Kazakhstan | | | 2 | 33.4 | 25 | 301.8 |
| | | Turkmenistan | | | | | 7 | 75.2 |
| | | Uzbekistan | | | | | 12 | 60.6 |
| | | Others | | | | | 8 | 195.0 |
| | | Sub Total | | | 2 | 33.4 | 52 | 632.7 |
| | Total | | 63 | 256.1 | 77 | 423.9 | 10,739 | 20,719.6 |
| Oceania | | Australia | 8 | 113.8 | 16 | 998.4 | 853 | 2,766.0 |
| | | New Zealand | | | | | 145 | 141.2 |
| | | Papua New Guinea | 4 | 56.6 | 1 | 7.3 | 56 | 267.2 |
| | | Others | | | | | 52 | 27.0 |
| | | Total | 12 | 170.4 | 17 | 1,005.7 | 1,106 | 3,201.5 |

(Unit: billions of yen)

| Region / Country | | | FY2011 | | FY2012 | | Accumulated | |
|------------------|---------------------------------------|----------------------|-----------|--------------|-----------|--------------|--------------|----------------|
| | | | Number | Total | Number | Total | Number | Total |
| Europe | Central and Eastern Europe and Russia | Belarus | | | | | 3 | 5.6 |
| | | Bulgaria | | | | | 117 | 134.4 |
| | | Czech Republic | | | | | 31 | 85.0 |
| | | Hungary | | | | | 36 | 154.1 |
| | | Moldova | | | | | 1 | 5.3 |
| | | Poland | | | | | 112 | 172.4 |
| | | Romania | | | | | 142 | 95.2 |
| | | Russia | 4 | 58.4 | 1 | 2.7 | 113 | 1,518.9 |
| | | Ukraine | | | | | 11 | 41.3 |
| | | Others | | | | | 700 | 1,723.2 |
| | | Sub Total | 4 | 58.4 | 1 | 2.7 | 1,266 | 3,935.9 |
| | Western Europe | Cyprus | 3 | 5.0 | 4 | 6.2 | 18 | 17.4 |
| | | France | | | 4 | 118.9 | 309 | 641.6 |
| | | Germany | | | 5 | 6.8 | 259 | 242.5 |
| | | United Kingdom | | | 10 | 150.8 | 521 | 1,436.1 |
| | | Ireland | | | 3 | 277.4 | 40 | 302.7 |
| | | Italy | 2 | 40.6 | 3 | 9.5 | 44 | 85.2 |
| | | Malta | 1 | 2.1 | | | 3 | 11.9 |
| | | Netherlands | | | 1 | 74.4 | 95 | 396.5 |
| | | Norway | | | | | 248 | 456.2 |
| | | Portugal | | | | | 46 | 37.5 |
| | | Sweden | 2 | 63.7 | | | 56 | 132.7 |
| | | Switzerland | 3 | 46.6 | 2 | 13.4 | 85 | 101.1 |
| | | Others | | | | | 743 | 817.7 |
| | | Sub Total | 11 | 158.1 | 32 | 657.8 | 2,467 | 4,679.7 |
| | | Total | 15 | 216.6 | 33 | 660.6 | 3,733 | 8,615.6 |
| The Middle East | | Bahrain | | | | | 6 | 110.4 |
| | | Iran | | | | | 199 | 1,026.8 |
| | | Iraq | | | | | 21 | 219.9 |
| | | Jordan | | | | | 28 | 79.8 |
| | | Kuwait | | | | | 22 | 138.4 |
| | | Oman | 1 | 53.0 | | | 27 | 286.1 |
| | | Qatar | 1 | 46.4 | | | 36 | 738.6 |
| | | Saudi Arabia | | | | | 76 | 684.7 |
| | | Turkey | 2 | 7.6 | 7 | 13.7 | 176 | 610.6 |
| | | United Arab Emirates | 1 | 32.8 | 2 | 202.8 | 66 | 1,461.2 |
| | | Yemen | | | | | 11 | 35.8 |
| | | Others | | | | | 106 | 212.0 |
| | | Total | 5 | 140.0 | 9 | 216.5 | 774 | 5,604.9 |

(Unit: billions of yen)

| Region / Country | | | FY2011 | | FY2012 | | Accumulated | | |
|-----------------------------------|---------------------------------|-------------------|---------------|-------|---------|--------|-------------|---------|---------|
| | | | Number | Total | Number | Total | Number | Total | |
| Africa | Northern Africa | Algeria | | | | | 345 | 971.8 | |
| | | Egypt | | | | | 183 | 240.5 | |
| | | Morocco | | | 1 | 17.1 | 7 | 48.4 | |
| | | Others | | | | | 22 | 108.1 | |
| | | Sub Total | | | 1 | 17.1 | 557 | 1,368.9 | |
| | Sub-Saharan Africa | Angola | | | 4 | 36.5 | 29 | 93.4 | |
| | | Equatorial Guinea | | | | | 2 | 17.1 | |
| | | Gabon | | | | | 20 | 33.5 | |
| | | Kenya | | | | | 30 | 19.3 | |
| | | Liberia | | | | | 1,202 | 1,475.0 | |
| | | Madagascar | | | | | 9 | 102.5 | |
| | | Mozambique | 2 | 0.5 | | | 17 | 25.3 | |
| | | Niger | | | | | 117 | 105.1 | |
| | | Nigeria | | | | | 51 | 266.5 | |
| | | Seychelles | | | | | 2 | 1.2 | |
| | | South Africa | 1 | 2.7 | 1 | 5.6 | 112 | 306.7 | |
| | | Tanzania | | | | | 20 | 11.4 | |
| | | Uganda | | | | | 6 | 1.1 | |
| | | Others | | | | | 182 | 112.5 | |
| | | Sub Total | 3 | 3.3 | 5 | 42.2 | 1,799 | 2,571.4 | |
| | | Total | 3 | 3.3 | 6 | 59.3 | 2,356 | 3,940.3 | |
| | | North America | Canada | 3 | 42.2 | 5 | 136.1 | 324 | 681.8 |
| | | | United States | 1 | 7.2 | 25 | 523.4 | 2,557 | 6,009.6 |
| | | | Total | 4 | 49.5 | 30 | 659.6 | 2,881 | 6,691.4 |
| | Latin America and the Caribbean | Argentina | | | | | 272 | 564.0 | |
| | | The Bahamas | | | 3 | 11.9 | 18 | 35.7 | |
| Bolivia | | | | | | 31 | 45.4 | | |
| Brazil | | 3 | 94.1 | 7 | 138.6 | 1,936 | 3,103.1 | | |
| British Virgin Islands | | | | | | 3 | 11.4 | | |
| Cayman Islands | | | | | | 5 | 97.3 | | |
| Chile | | 2 | 118.2 | 11 | 521.6 | 154 | 1,264.7 | | |
| Colombia | | 2 | 52.7 | 1 | 5.6 | 122 | 276.2 | | |
| Ecuador | | | | | | 31 | 78.1 | | |
| El Salvador | | | | | | 35 | 15.0 | | |
| Jamaica | | | | | | 2 | 3.5 | | |
| Panama | | 4 | 4.7 | 1 | 1.0 | 284 | 415.2 | | |
| Peru | | 1 | 13.7 | | | 112 | 447.7 | | |
| Mexico | | 8 | 18.8 | 16 | 68.5 | 796 | 2,157.3 | | |
| Venezuela | | 2 | 55.3 | 1 | 10.2 | 81 | 661.8 | | |
| Others | | | | | | 201 | 242.5 | | |
| Total | | 22 | 357.7 | 40 | 757.5 | 4,083 | 9,419.6 | | |
| International Organizations, etc. | | Total | 2 | 9.4 | | | 56 | 1,208.0 | |
| Others | Total | 5 | 163.9 | 9 | 154.2 | 101 | 1,874.2 | | |
| Grand Total | | 131 | 1,367.3 | 221 | 3,937.7 | 25,829 | 61,275.6 | | |

(Note) Others: Two-step loans to domestic financial institutions, and loans for crossborder projects, etc.

3. Outstandings

(1) Outstandings by Purpose of Financing

(Unit: billions of yen, %)

| | FY2011 | | FY2012 | |
|-----------------------------------|-----------------|------------|-----------------|------------|
| | Total | Share | Total | Share |
| Loans | | | | |
| Export Loans | 642.9 | 6 | 710.3 | 5 |
| Shipping | 91.7 | 1 | 118.9 | 1 |
| Plant | 550.0 | 5 | 590.4 | 5 |
| Technical Service | 1.2 | 0 | 0.9 | 0 |
| Import Loans | 584.4 | 6 | 630.2 | 5 |
| Natural Resources | 563.2 | 5 | 616.2 | 5 |
| Manufactured Goods & Technologies | 21.2 | 0 | 14.0 | 0 |
| Overseas Investment Loans | 5,762.9 | 55 | 8,165.9 | 62 |
| Natural Resources | 2,367.8 | 22 | 3,709.4 | 28 |
| Others | 3,395.0 | 32 | 4,456.5 | 34 |
| Untied Loans | 1,086.3 | 10 | 1,035.8 | 8 |
| Governmental Loans | 45.6 | 0 | 42.6 | 0 |
| Sub Total | 8,122.3 | 77 | 10,585.1 | 81 |
| Guarantees | 2,378.3 | 22 | 2,400.6 | 18 |
| Equity Participations | 70.3 | 1 | 100.1 | 1 |
| Total | 10,571.0 | 100 | 13,086.0 | 100 |

(2) Guarantee Outstandings by Purpose

(Unit: billions of yen, %)

| | FY2011 | | FY2012 | |
|-----------------------------------|----------------|------------|----------------|------------|
| | Total | Share | Total | Share |
| Guarantee for Samurai Bonds | 999.0 | 42 | 1,146.5 | 48 |
| Guarantee for Import of Aircrafts | 499.5 | 21 | 465.3 | 19 |
| Guarantee for Others | 879.7 | 37 | 788.8 | 33 |
| Total | 2,378.3 | 100 | 2,400.6 | 100 |

(3) Geographical Distribution of Loan and Equity Participation Outstandings

(As of March 31, 2013; billions of yen)

| Region / Country | | | Number | Total |
|------------------|---------------------------------------|-------------------|------------|----------------|
| Asia | East Asia | China | 138 | 161.2 |
| | | Hong Kong | 2 | 1.4 |
| | | Republic of Korea | 8 | 23.8 |
| | | Others | 9 | 42.0 |
| | | Sub Total | 157 | 228.5 |
| | Southeast Asia | Brunei Darussalam | 1 | 17.0 |
| | | Indonesia | 112 | 727.6 |
| | | Malaysia | 32 | 162.9 |
| | | The Philippines | 20 | 248.3 |
| | | Singapore | 18 | 52.9 |
| | | Thailand | 61 | 176.3 |
| | | Viet Nam | 45 | 74.0 |
| | | Sub Total | 289 | 1,459.4 |
| | South Asia | Bangladesh | 1 | 2.1 |
| | | India | 70 | 166.6 |
| | | Pakistan | 3 | 61.2 |
| | | Sri Lanka | 2 | 0.7 |
| | | Sub Total | 76 | 230.8 |
| | Central Asia and the Caucasus | Kazakhstan | 13 | 171.6 |
| | | Turkmenistan | 1 | 26.1 |
| | | Uzbekistan | 1 | 0.3 |
| | | Sub Total | 15 | 198.1 |
| | Total | | 537 | 2,117.1 |
| Oceania | | Australia | 79 | 622.3 |
| | | New Zealand | 8 | 0.9 |
| | | Papua New Guinea | 6 | 204.4 |
| | | Total | 93 | 827.6 |
| Europe | Central and Eastern Europe and Russia | Belarus | 1 | 2.2 |
| | | Bulgaria | 5 | 18.5 |
| | | Czech Republic | 3 | 1.8 |
| | | Hungary | 1 | 0.2 |
| | | Serbia | 4 | 3.1 |
| | | Moldova | 2 | 1.3 |
| | | Poland | 1 | 2.5 |
| | | Romania | 3 | 4.6 |
| | | Russia | 32 | 525.5 |
| | | Ukraine | 5 | 9.2 |
| | | Sub Total | 57 | 569.2 |
| | Western Europe | Cyprus | 7 | 12.0 |
| | | France | 6 | 141.2 |
| | | Germany | 3 | 3.7 |
| | | United Kingdom | 14 | 102.8 |
| | | Ireland | 3 | 318.9 |
| | | Italy | 3 | 8.6 |
| | | Malta | 3 | 13.5 |
| | | Netherlands | 2 | 11.5 |
| | | Norway | 5 | 14.3 |
| | | Portugal | 2 | 3.0 |
| | | Sweden | 3 | 77.8 |
| | | Switzerland | 5 | 62.1 |
| | | Sub Total | 56 | 769.9 |
| | Total | | 113 | 1,339.2 |

(As of March 31, 2013; billions of yen)

| Region / Country | | | Number | Total | |
|-----------------------------------|--------------------|---------------------------------|-----------------|----------------|--------------|
| The Middle East | | Bahrain | 2 | 50.9 | |
| | | Iran | 11 | 130.7 | |
| | | Iraq | 1 | 16.7 | |
| | | Jordan | 1 | 8.6 | |
| | | Kuwait | 1 | 4.1 | |
| | | Oman | 9 | 126.4 | |
| | | Qatar | 5 | 305.5 | |
| | | Saudi Arabia | 6 | 326.5 | |
| | | Turkey | 17 | 51.0 | |
| | | United Arab Emirates | 8 | 561.4 | |
| | | Yemen | 2 | 15.9 | |
| | | Total | 63 | 1,598.0 | |
| Africa | Northern Africa | Algeria | 6 | 17.8 | |
| | | Egypt | 3 | 21.7 | |
| | | Morocco | 1 | 20.3 | |
| | | Sub Total | 10 | 59.8 | |
| | Sub-Saharan Africa | Angola | 1 | 11.2 | |
| | | Equatorial Guinea | 2 | 8.8 | |
| | | Gabon | 2 | 0.6 | |
| | | Kenya | 2 | 0.3 | |
| | | Liberia | 2 | 17.3 | |
| | | Madagascar | 2 | 83.7 | |
| | | Mozambique | 3 | 1.3 | |
| | | Niger | 10 | 2.0 | |
| | | Nigeria | 2 | 14.9 | |
| | | Seychelles | 1 | 0.5 | |
| | | South Africa | 8 | 42.9 | |
| | | Tanzania | 1 | 0.3 | |
| | | Uganda | 1 | 0.1 | |
| | | Sub Total | 37 | 184.4 | |
| | | Total | 47 | 244.2 | |
| | | North America | Canada | 12 | 206.9 |
| | | | United States | 59 | 572.8 |
| | | | Total | 71 | 779.8 |
| | | Latin America and the Caribbean | Argentina | 25 | 83.4 |
| Bolivia | 2 | | 10.9 | | |
| Brazil | 78 | | 668.5 | | |
| British Virgin Islands | 1 | | 8.4 | | |
| Cayman Islands | 1 | | 25.4 | | |
| Chile | 21 | | 768.0 | | |
| Colombia | 3 | | 62.0 | | |
| Ecuador | 9 | | 1.2 | | |
| El Salvador | 1 | | 0.2 | | |
| Jamaica | 1 | | 0.3 | | |
| Panama | 14 | | 62.1 | | |
| Peru | 11 | | 43.7 | | |
| Mexico | 55 | | 173.6 | | |
| Venezuela | 6 | | 262.2 | | |
| Total | 228 | | 2,170.5 | | |
| International Organizations, etc. | Total | 5 | 107.4 | | |
| Others | Total | 39 | 1,501.1 | | |
| | Grand Total | 1,196 | 10,685.3 | | |

4. Others

(1) Major Buyer's Credit and Bank-to-bank Loan Commitments (FY2012)

| Country | Project/Transaction | Borrower | Amount |
|--------------|---|---|-----------------|
| Kazakhstan | Export of machinery and services for the refinery modernization project | LLP ATYRAU REFINERY | US\$178 million |
| Morocco | Export of machinery for the coal-fired thermal power project | JORF LASFAR ENERGY COMPANY 5&6 S.A. | US\$216 million |
| Angola | Export of textile manufacturing machinery and services | Government of Angola | ¥7.6 billion |
| Angola | Export of textile manufacturing machinery and services | Government of Angola | US\$138 million |
| Angola | Export of textile manufacturing machinery and services | Government of Angola | US\$173 million |
| South Africa | Export of machinery and services | The Development Bank of Southern Africa | US\$60 million |
| Venezuela | Export of railway cars | Government of Venezuela | ¥10.2 billion |

(Note) A buyer's credit is a loan JBIC directly extends to a foreign importer (buyer) to finance its import of machinery, equipment or services from a Japanese company.

(2) Untied Loan Commitments (FY2012)

| Country | Project/Transaction | Borrower | Amount |
|-----------|---|-------------------------------------|------------------------------|
| Indonesia | Contingent facility against possible future shocks and volatility in global financial markets | Government of Indonesia | ¥120.0 billion |
| Indonesia | Guarantee for privately placed Samurai bonds (GATE) ¹ | Government of Indonesia | ¥60.0 billion ² |
| Malaysia | Credit line for renewable energy and waste to energy projects (GREEN) | RHR Bank Berhad | US\$48 million ³ |
| Thailand | Credit line for local companies trade with local affiliates and subsidiaries of Japanese SMEs | KASIKORNBANK Public Company Limited | ¥4.5 billion ³ |
| India | Credit line for renewable energy and energy efficiency projects (GREEN) | ICICI Bank Limited | US\$45 million ³ |
| Turkey | Credit line for renewable energy and energy efficiency projects (GREEN) | Denizbank A.S. | US\$15 million ³ |
| Turkey | Credit line for renewable energy and energy efficiency projects (GREEN) | Turkiye Kalkinma Bankasi A.S. | US\$60 million ³ |
| Qatar | Guarantee for privately placed Samurai bonds (GATE) ¹ | Qatar Petroleum | ¥85.0 billion ² |
| Tunisia | Guarantee for privately placed Samurai bonds (GATE) ¹ | Central Bank of Tunisia | ¥25.0 billion ² |
| Brazil | Loan for GHG Emission Reduction Projects (GREEN) | Petróleo Brasileiro S.A. | US\$600 million ³ |
| Colombia | Credit line for renewable energy businesses (GREEN) | Banco de Bogotá S.A. | US\$60 million ³ |
| Mexico | Partial acquisition of public offering Samurai bonds (GATE) ¹ | Government of Mexico | — |

(Notes) 1. GATE refers to the "Guarantee and Acquisition toward Tokyo market Enhancement (GATE)" facility launched in April 2010. It will enable JBIC to acquire Samurai bonds where appropriate, in addition to providing partial guarantees for Samurai bond issues. The GATE facility will thereby support foreign governments and government agencies to raise funds in the Tokyo market.

2. Guarantee commitments made by JBIC (principal amount).

3. The figures denote loan commitments made by JBIC. Apart from them, JBIC has provided guarantees to the portion co-financed by private financial institutions.

5. Standard Loan Conditions

Standard loan conditions are shown below. Loan Interest rates are linked to the funding cost of JBIC, including the rate on borrowings from the Fiscal Loan Fund Special Account, and thus they are subject to changes in conditions of the financial market. A loan applicant should make an inquiry at the relevant loan department for specific loan conditions.¹

1— Standard Interest Rates

(As of July 15, 2013)

| Type of Loans | Standard Interest Rate ² | Percentage of Loan Provided by JBIC |
|---|--|-------------------------------------|
| Export Loans | <ul style="list-style-type: none"> ■ Fixed at commitment (Yen CIRR) ³ <ul style="list-style-type: none"> • 1.16% (Repayment period 5yrs or less) • 1.32% (Repayment period over 5yrs to 8.5yrs) • 1.58% (Repayment period over 8.5yrs) ■ Fixed at tenders ³ <ul style="list-style-type: none"> • above rate + 0.2% | 60% limit |
| Import Loans / Overseas Investment Loans / Untied Loans / (Natural Resources / International Competitiveness) | <ul style="list-style-type: none"> ■ Japanese yen ⁴ <ul style="list-style-type: none"> • 1.075% ⁵ ■ Foreign Currency ⁶ <ul style="list-style-type: none"> • LIBOR+0.5% ⁵ | 60% limit ⁷ |

(Notes) 1. SMEs are eligible for preferential interest rates and other favorable loan conditions.
 2. Premium is added based on the type of financing such as collateral /guarantee and loan schemes.
 3. Synthetic rate based on interest rates charged by JBIC and cofinancing institutions.
 4. Interest rates on loans in Japanese yen are determined based on specific loan periods and the amortization schedule.
 The interest rate shown in the table is a reference rate for a 10-year loan with lump-sum repayment upon maturity. Please make an inquiry at the relevant department for interest rate on specific conditions.
 5. Special interest rates will be applied based on policy implication such as contribution to "Promoting overseas development and acquisition of strategically important natural resources to Japan" or "Maintaining and improving the International competitiveness of Japanese industries."
 6. Interest rates on loans in foreign currencies are linked to 6-month LIBOR for US dollars.
 7. 70% limit for resource-related (import and overseas investment) loans.

2— Loan Maturity

The loan maturity for each loan will be determined by taking account of cash flows generated by each project.

3— Collateral, Guarantee

Collaterals and guarantees are determined in consultation with the clients.

6• Breakdown of Countries and Regions

(As of April 1, 2013)

| Regions | | Countries |
|-----------------------------------|---------------------------------------|---|
| Asia | East Asia | China, Hong Kong, Democratic People's Republic of Korea, Republic of Korea, Macao, Mongolia, Taiwan |
| | Southeast Asia | Brunei Darussalam, Cambodia, East Timor, Indonesia, Laos, Malaysia, Myanmar, The Philippines, Singapore, Thailand, Viet Nam |
| | South Asia | Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka |
| | Central Asia and the Caucasus | Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz, Tajikistan, Turkmenistan, Uzbekistan |
| Oceania | | Australia, Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, New Caledonia, New Zealand, North Mariana Islands, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu |
| Europe | Central and Eastern Europe and Russia | Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Serbia, Montenegro, Moldova, Poland, Romania, Russia, Slovakia, Slovenia, Ukraine, Kosovo |
| | Western Europe | Andorra, Austria, Belgium, Guernsey, Jersey, Cyprus, Denmark, Finland, France, Germany, United Kingdom (U.K.), Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta, Monaco, Netherlands, Norway, Portugal, San Marino, Spain, Sweden, Switzerland, Vatican, Channel Islands |
| The Middle East | | Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, West Bank and Gaza Strip, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates (UAE), Yemen |
| Africa | Northern Africa | Algeria, Egypt, Libya, Morocco, Tunisia |
| | Sub-Saharan Africa | Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Congo, Cote d'Ivoire, Djibouti, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, Zimbabwe, Eritrea, South Sudan |
| North America | | Canada, United States (U.S.) |
| Latin America and the Caribbean | | Antigua and Barbuda, Netherlands Antilles, Argentina, The Bahamas, Barbados, Belize, Bermuda Islands, Bolivia, Brazil, British Virgin Islands, Cayman Islands, Chile, Colombia, Costa Rica, Cuba, Commonwealth of Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, French Guiana, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Saint Christopher and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Mexico, United States Virgin Islands, Uruguay, Venezuela, Curacao |
| International Organizations, etc. | | International Monetary Fund (IMF), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Asian Development Bank (ADB), Inter-American Development Bank (IDB), African Development Bank (AfDB), European Bank for Reconstruction and Development (EBRD), Banco Centroamericano de Integración Económica (BCIE), Corporación Andina de Fomento (CAF), Banque Ouest Africaine de Développement (BOAD), Entidad Binacional Yacyretá (YACYRETA), East African Development Bank (EADB), etc. |
| Others | | Two-step loans to domestic financial institutions, and loans for crossborder projects, etc. |

Financial Statements

Data 2

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1• Statutory Financial Statements

The balance sheets, statements of operations, statements of changes in net assets, and notes to the non-consolidated financial statements of Account for JBIC operations were prepared in accordance with the regulations concerning terminology, forms, and preparation methods of financial statements set in the ordinance of the Ministry of Finance No.59 of 1963. Assets and liabilities, revenue and expenses were classified in accordance with the ordinance of the Ministry of Finance regarding Japan Bank for International Cooperation Act No.15 of 2012, as well as the ministry ordinance to establish the exception of the ministry ordinance about accounts of Japan Bank for International Cooperation at working to prescribe in special measures law Article 16 of 2012 about financial operations for facilitating realignment of U.S. Forces in Japan. There was no comparative information with the prior year presented as FY2012 was the first fiscal year for JBIC.

FY 2012 financial statements for the period of April 1, 2012, to March 31, 2013, were audited by Ernst & Young ShinNihon LLC in accordance with Article 193 Paragraph 2 Item 1 of Financial Instruments and Exchange Act.

No consolidated financial statements were prepared as JBIC has no consolidating subsidiaries.

Balance Sheet

(Millions of yen)

| | March 31, 2013 | | March 31, 2013 |
|---|----------------|---|----------------|
| Assets | | Liabilities | |
| Cash and due from banks | 837,986 | Borrowed money | 7,234,598 |
| Cash | 0 | Borrowings | 7,234,598 |
| Due from banks | 837,986 | Bonds payable ^{Note 7} | 2,215,962 |
| Receivables under resale agreements ^{Note 5} | 284,902 | Other liabilities | 216,171 |
| Securities ^{Note 4} | 122,181 | Accrued expenses | 27,127 |
| Other securities | 122,181 | Unearned revenue | 50,284 |
| Loans and bills discounted ^{Note 6} | 10,555,128 | Derivatives other than for trading-liabilities | 32,654 |
| Loans on deeds | 10,555,128 | Lease obligations | 58 |
| Other assets | 338,679 | Other | 106,045 |
| Prepaid expenses | 307 | Provision for bonuses | 445 |
| Accrued income | 34,558 | Provision for directors' bonuses | 5 |
| Derivatives other than for trading-assets | 264,231 | Provision for retirement benefits | 15,595 |
| Other ^{Note 7} | 39,581 | Provision for directors' retirement benefits | 29 |
| Property, plant and equipment ^{Note 8} | 28,206 | Acceptances and guarantees | 2,400,699 |
| Buildings | 3,166 | Total liabilities | 12,083,506 |
| Land | 24,694 | Net assets | |
| Lease assets | 37 | Capital stock | 1,360,000 |
| Construction in progress | 5 | Retained earnings | 851,685 |
| Other | 301 | Legal retained earnings | 788,314 |
| Intangible assets | 1,352 | Other retained earnings | 63,370 |
| Software | 1,340 | Retained earnings brought forward | 63,370 |
| Lease assets | 11 | Total shareholders' equity | 2,211,685 |
| Customers' liabilities for acceptances and guarantees | 2,400,699 | Valuation difference on available-for-sale securities | 2,221 |
| Allowance for loan losses | (138,891) | Deferred gains or losses on hedges | 132,831 |
| | | Valuation and translation adjustments | 135,053 |
| | | Total net assets | 2,346,738 |
| Total assets | 14,430,245 | Total liabilities and net assets | 14,430,245 |

Statement of Operations

(Millions of yen)

| | March 31, 2013 |
|---|----------------|
| Ordinary income | 217,291 |
| Interest income | 167,947 |
| Interest on loans and discounts | 132,408 |
| Interest and dividends on securities | 441 |
| Interest on receivables under resale agreements | 671 |
| Interest on deposits with banks | 1,232 |
| Interest on interest swaps | 33,191 |
| Other interest income | 2 |
| Fees and commissions | 23,288 |
| Other fees and commissions | 23,288 |
| Other ordinary income | 9,171 |
| Gain on foreign exchange transactions | 5,197 |
| Income from derivatives other than for trading or hedging | 3,950 |
| Other | 24 |
| Receipts from the national budget | 256 |
| Receipts from general account of the national budget | 256 |
| Other income | 16,627 |
| Recoveries of written-off claims | 4,572 |
| Gain on investments in partnerships ^{Note 11} | 11,843 |
| Other | 211 |
| Ordinary expenses | 153,708 |
| Interest expenses | 119,510 |
| Interest on borrowings and rediscounts | 63,797 |
| Interest on bonds | 55,476 |
| Other interest expenses | 236 |
| Fees and commissions payments | 1,427 |
| Other fees and commissions | 1,427 |
| Other ordinary expenses | 597 |
| Amortization of bond issuance cost | 387 |
| Other | 210 |
| General and administrative expenses | 17,551 |
| Other expenses | 14,620 |
| Provision of allowance for loan losses | 14,620 |
| Other | 0 |
| Ordinary profit | 63,583 |
| Extraordinary income | 1 |
| Gain on disposal of noncurrent assets | 1 |
| Net income | 63,585 |

Statement of Changes in Net Assets

(Millions of yen)

| | March 31, 2013 | | March 31, 2013 |
|--|-------------------|--|-------------------|
| Shareholders' equity | | Deferred gains or losses on hedges | |
| Capital stock | | Balance at the beginning of current period ^{Note 12(b)} | — |
| Balance at the beginning of current period ^{Note 12(b)} | 1,291,000 | Changes of items during the period | |
| Changes of items during the period | | Net changes of items other than shareholders' equity | 132,831 |
| Issuance of new shares | 69,000 | Total changes of items during the period ^{Note 12(c)} | 132,831 |
| Total changes of items during the period | 69,000 | Balance at the end of current period | 132,831 |
| Balance at the end of current period | 1,360,000 | Total valuation and translation adjustments | |
| Retained earnings | | Balance at the beginning of current period ^{Note 12(b)} | — |
| Legal retained earnings | | Changes of items during the period | |
| Balance at the beginning of current period ^{Note 12(b)} | 788,314 | Net changes of items other than shareholders' equity | 135,053 |
| Changes of items during the period | | Total changes of items during the period | 135,053 |
| Total changes of items during the period | — | Balance at the end of current period | 135,053 |
| Balance at the end of current period | 788,314 | Total net assets | |
| Other retained earnings | | Balance at the beginning of current period ^{Note 12(b)} | 2,079,309 |
| Retained earnings brought forward | | Changes of items during the period | |
| Balance at the beginning of current period ^{Note 12(b)} | (5) | Issuance of new shares | 69,000 |
| Changes of items during the period | | Payment to national treasury | (209) |
| Payment to national treasury | (209) | Net income | 63,585 |
| Net income | 63,585 | Net changes of items other than shareholders' equity | 135,053 |
| Total changes of items during the period | 63,376 | Total changes of items during the period | 267,429 |
| Balance at the end of current period | 63,370 | Balance at the end of current period | 2,346,738 |
| Total retained earnings | | | |
| Balance at the beginning of current period ^{Note 12(b)} | 788,309 | | |
| Changes of items during the period | | | |
| Payment to national treasury | (209) | | |
| Net income | 63,585 | | |
| Total changes of items during the period | 63,376 | | |
| Balance at the end of current period | 851,685 | | |
| Total shareholders' equity | | | |
| Balance at the beginning of current period ^{Note 12(b)} | 2,079,309 | | |
| Changes of items during the period | | | |
| Issuance of new shares | 69,000 | | |
| Payment to national treasury | (209) | | |
| Net income | 63,585 | | |
| Total changes of items during the period | 132,376 | | |
| Balance at the end of current period | 2,211,685 | | |
| Valuation and translation adjustments | | | |
| Valuation difference on available-for-sale securities | | | |
| Balance at the beginning of current period ^{Note 12(b)} | — | | |
| Changes of items during the period | | | |
| Net changes of items other than shareholders' equity | 2,221 | | |
| Total changes of items during the period ^{Note 12(c)} | 2,221 | | |
| Balance at the end of current period | 2,221 | | |

Statement of Cash Flow

(Millions of yen)

| | March 31, 2013 |
|--|----------------|
| Cash flow from operating activities | |
| Net income | 63,585 |
| Depreciation and amortization | 1,018 |
| Increase (decrease) in allowance for loan losses | 14,620 |
| Increase (decrease) in provision for bonuses | (55) |
| Increase (decrease) in provision for directors' bonuses | 4 |
| Increase (decrease) in provision for retirement benefits | 2,332 |
| Increase (decrease) in provision for directors' retirement benefits | 11 |
| Gain on fund management | (167,947) |
| Financing expenses | 119,510 |
| Loss (gain) related to securities | (11,843) |
| Loss (gain) on disposal of noncurrent assets | (1) |
| Net decrease (increase) in loans and bills discounted | (2,444,771) |
| Net increase (decrease) in borrowed money | 1,979,109 |
| Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan) | (128,972) |
| Net decrease (increase) in receivables under resale agreements | 317,822 |
| Increase (decrease) in straight bonds-issuance and redemption | (163,469) |
| Proceeds from fund management | 165,751 |
| Payments for finance | (120,524) |
| Other | 387,646 |
| Subtotal | 13,826 |
| Net cash provided by (used in) operating activities | 13,826 |
| Cash flow from investing activities | |
| Purchase of securities | (35,224) |
| Proceeds from sales of securities | 2,946 |
| Purchase of property, plant and equipment | (322) |
| Proceeds from sales of property, plant and equipment | 1 |
| Purchase of intangible assets | (432) |
| Net cash provided by (used in) investing activities | (33,030) |
| Cash flow from financing activities | |
| Proceeds from issuance of common stock | 69,000 |
| Repayments of lease obligations | (117) |
| Payment to national treasury | (26,524) |
| Net cash provided by (used in) financing activities | 42,358 |
| Effect of exchange rate change on cash and cash equivalents | — |
| Net increase (decrease) in cash and cash equivalents | 23,154 |
| Cash and cash equivalents at beginning of period | 0 |
| Cash and cash equivalents at end of period <small>Note 13</small> | 23,154 |

Notes to Financial Statements

1. Significant accounting policies

(a) Securities

Held-to-maturity securities are carried at amortized cost based on the moving average method. Investments in affiliates are carried at cost based on the moving average method. Available-for-sale securities are in principle stated at fair value with changes in net unrealized gains or losses included directly in Net assets. However, available-for-sale securities whose fair value cannot be readily determined are carried at cost based on the moving average method.

Investments in partnerships for investment, which are regarded as securities under Article 2, Clause 2 of the Japanese Financial Instruments and Exchange Law, are recognized at an amount equivalent to JBIC's percentage share of the net assets of such partnerships, based upon the most recent financial statements available depending on the report date stipulated in the partnership agreement.

(b) Valuation method for derivative financial instruments

Derivative financial instruments are carried at fair value.

(c) Depreciation basis for fixed assets

(i) Property, plant and equipment (except for lease assets)

Tangible fixed assets are depreciated by the declining balance method over their useful economic lives except for buildings (excluding installed facilities) which are depreciated by the straight-line method.

Depreciation is based on the following range of estimated useful lives:

| | |
|-----------|---------------------|
| Buildings | 3 years to 50 years |
| Other | 2 years to 35 years |

(ii) Intangible assets (except for lease assets)

Depreciation of intangible fixed assets is computed by the straight-line method. Software used by JBIC is depreciated over its useful life (5 years).

(iii) Lease assets

Lease assets in "property, plant and equipment" or "intangible assets," under finance leases that do not involve transfer of ownership to the lessee are depreciated by the straight-line method over the lease term. Depreciation for lease assets is calculated with zero residual value being assigned to the asset.

(d) Method of amortization for deferred charges

Organization expenses and bond issuance cost are expensed as incurred.

(e) Foreign currency translation and revaluation method

JBIC maintains its accounting records in Japanese Yen. Assets and liabilities denominated in foreign currencies are mostly translated into Japanese yen at the market exchange rate prevailing at the fiscal year end.

(f) Allowance for Loan losses

The allowance for loan losses is maintained in accordance with internally established standards.

The allowance for claims on debtors who are legally bankrupt ("Bankrupt borrowers") or substantially bankrupt ("Substantially bankrupt borrowers") is provided based on the outstanding balance after the write-offs described as *below* and the deductions of the amount expected to be collected through the disposal of collateral and the execution of guarantees. The allowance for claims on debtors who are not legally bankrupt but are likely to become bankrupt ("Potentially bankrupt borrowers") is provided based on an assessment of the overall solvency of the debtors after deducting the amount expected to be collected through the disposal of collateral and the execution of guarantees.

The allowance for claims on debtors other than Bankrupt borrowers, Substantially bankrupt borrowers and Potentially bankrupt borrowers is provided primarily based on the default rate, which is calculated based on the actual defaults during a certain period in the past. The allowance for possible losses on specific overseas loans is provided based on the expected loss amount taking into consideration the political and economic situations of these countries.

All claims are assessed initially by the operational departments and subsequently by risk evaluation departments based on internal rules for self-assessment of asset quality. The risk evaluation department, which is independent from the operational departments, review these self-assessments, and the allowance is provided based on the results of the

assessments.

With respect to claims with collateral or guarantees on debtors who are legally or substantially bankrupt ("Bankrupt borrowers and substantially bankrupt borrowers"), the residual booked amount of the claims after deduction of the amount which is deemed collectable through the disposal of collateral or the execution of guarantees is written off. The amount of accumulated write-offs as of March 31, 2013 is ¥8,232 million.

(g) Provision for bonuses

The "provision for bonuses" is calculated and provided for based on the estimated amounts of future payments attributable to the services that have been rendered by employees to the date of the balance sheet.

(h) Provision for directors' bonuses

The "provision for directors' bonuses" is calculated and provided for based on the estimated amounts of future payments attributable to the services that have been rendered by directors to the date of the balance sheet.

(i) Provision for retirement benefits

The "provision for retirement benefits" represents the future payment for pension and retirement benefits to employees, and is accrued based on the projected benefit obligations and the estimated pension plan assets at the end of the fiscal year. Prior service costs and actuarial differences are expensed as incurred.

(j) Provision for directors' retirement benefits

The "provision for directors' retirement benefits," which provides for future retirement pension payment to directors, corporate auditors and executive officers, is recognized at the amount accrued at the end of the respective fiscal year.

(k) Accounting for hedges of interest rate risk

(i) Hedge accounting

JBIC uses derivatives for interest rate risk hedging purposes under the deferral method

(ii) Hedging instruments and hedged items

Hedging instruments: interest rate swaps

Hedged items: loans, borrowings, bonds and notes

(iii) Hedging policy

JBIC enters into hedging transactions up to the amount of the underlying hedged assets and liabilities

(iv) Assessment of hedge effectiveness

JBIC assesses the effectiveness of designated hedges by measuring and comparing the change of fair value or cumulative change of cash flows of both hedging instruments and corresponding hedged items from the date of inception of the hedges to the assessment date.

(l) Accounting for hedges of foreign exchange risks

Hedging instruments used to hedge foreign exchange risks associated with various foreign currency denominated monetary assets and liabilities are accounted for using the deferral method, in accordance with the standard treatment of The Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 25.

The effectiveness of the hedges described above is assessed by comparing the foreign currency position of the hedged loans and bills discounted, borrowings, and bonds payable denominated in foreign currencies with that of the hedging instruments, such as currency swaps and forward foreign exchange contracts which are used for hedging the foreign exchange risks of loans and bills discounted, borrowings, and bonds payable denominated in foreign currencies.

(m) Consumption and Other Taxes

Consumption taxes and local consumption taxes ("consumption taxes") are excluded from transaction amounts. Amounts of non-deductible consumption taxes related to property, plant and equipment are expensed as incurred.

(n) Scope of cash and cash equivalents in the statement of cash flows

Cash and cash equivalents as stated in the Statement of Cash Flow consists of cash on hand and Deposit with the Bank of Japan in "Cash and due from banks" in the Balance Sheet.

2. Standards issued but not yet effective

- “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012)
- “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012)

(a) Overview

From the viewpoint of improvements to financial reporting and international convergence, the accounting standard and the related guidance have been revised mainly focusing on (a) how retirement benefit obligations and current service costs should be determined and (b) enhancement of disclosures

(b) Effective date

The amended accounting standard and the guidance are effective as of the end of the fiscal year commencing on April 1, 2013, excluding the amendments relating to the determination of retirement benefit obligation and service cost which are effective as of the beginning of the fiscal year commencing on April 1, 2014.

(c) Effect of the application of the accounting standard

JBIC is currently evaluating the impact these amendments will have on the results of its operations and financial position.

3. Additional Information

(Abolition of Financial Account Related to the Financial Operations for Facilitating Realignment of United States Forces in Japan)

JBIC had been engaged in financial operations for facilitating realignment of United States Forces in Japan set forth in Article 16 of the “Act on Special Measures Concerning Smooth Implementation of Realignment of United States Forces in Japan” (Act No. 67, 2007: “Special Measures Act”). However, a joint statement by the Japan-US Security Consultative Committee dated April 27, 2012, confirmed that “financial commitments by the Japanese government concerning the relocation of the US Marines stationed in Okinawa to Guam” would only be made in the form of cash contributions stipulated in Article 1 of the “Agreement Between the Government of Japan and the Government of the United States of America Concerning the Implementation of the Relocation of III Marine Expeditionary Force Personnel and Their Dependents from Okinawa to Guam,” and that no other forms of financial support would be provided. As the Financial Operations for Facilitating Realignment of United States Forces in Japan no longer needed to be continued, such operations were discontinued at the end of September 2012 upon a resolution at the board of directors meeting on July 24, 2012. In accordance with Article 23 of the Special Measures Act, following the resolution at the board of directors meeting dated November 20, 2012, on November 30, 2012, the residual assets were paid to the national treasury, and the Financial Account Related to the Financial Operations for Facilitating Realignment of United States Forces in Japan was abolished.

4. Equities securities of or investment in affiliates:

(Millions of yen)

| | March 31, 2013 |
|--|----------------|
| Equities securities of or investment in affiliates | 70,822 |

5. Receivables under resale agreement

Among the securities acquired under resale agreements, these securities which can be sold or pledged without restrictions amounts to:

(Millions of yen)

| | March 31, 2013 |
|------------------------------------|----------------|
| Receivables under resale agreement | 284,902 |

6. Loans

(a) Bankrupt loans and non-accrual loans included in loans and bills discounted:

(Millions of yen)

| | March 31, 2013 |
|-------------------|----------------|
| Bankrupt loans | — |
| Non-accrual loans | 96,140 |

“Bankrupt loans” are loans, defined in Article 96, Paragraph 1, Item (iii), a. through e. and Item (iv) of the corporate Tax Law Enforcement Ordinance (Government Ordinance No. 97, 1965), on which accrued interest income is not recognized as there is substantial uncertainty over the ultimate collectability of either principal or interest because they have been

in arrears for a considerable period of time or for other reasons.

"Non-accrual loans" are loans on which accrued interest income is not recognized, although this excludes Bankrupt loans and the loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.

(b) Loans with interest or principal repayments three months or more in arrears included in loans and bills discounted:

| (Millions of yen) | |
|---|----------------|
| | March 31, 2013 |
| Loans with interest or principal repayments three months or more in arrears | 69,065 |

"Loans with interest or principal repayments three months or more in arrears" are loans whose principal or interest payment is three months or more in arrears, and which do not fall under the category of "Bankrupt loans" and "Non-accrual loans."

(c) Restructured loans included in loans and bills discounted:

| (Millions of yen) | |
|--------------------|----------------|
| | March 31, 2013 |
| Restructured loans | 79,976 |

"Restructured loans" are loans whose repayment terms and conditions have been amended in favor of the borrowers (e.g. reduction of or exemption from the stated interest rate, the deferral of interest payments, the extension of principal repayments or renunciation of claims) in order to support the borrowers' recovery from financial difficulties, and which do not fall under the category of "Bankrupt loans," "Non-accrual loans," or "Loans with interest or principal repayments three months or more in arrears."

(d) The total amount of bankrupt loans, non-accrual loans, loans with interest or principal repayments three months or more in arrears, and restructured loans:

| (Millions of yen) | |
|-------------------|----------------|
| | March 31, 2013 |
| Total amount | 245,183 |

The amounts of loans indicated in the table (a) through (d) above are the gross amounts prior to the deduction of allowance for possible loan losses.

(e) JBIC, as a policy, does not pay down loans in part or in full immediately after the execution of the loan agreements, but instead makes disbursement, in accordance with the progress of the underlying projects. These undisbursed amounts are not included in the loans on deed in the Balance Sheet. The balance of unpaid amounts at end of the fiscal year is as follows:

| (Millions of yen) | |
|-------------------------|----------------|
| | March 31, 2013 |
| Balance of unpaid loans | 2,615,921 |

7. Assets pledged as collateral

Pursuant to Article 34 of the Japan Bank for International Cooperation Act (the "JBIC Act"), all JBIC assets are pledged as general collateral for bonds:

| (Millions of yen) | |
|-------------------|----------------|
| | March 31, 2013 |
| Bonds payable | 2,215,962 |

Cash collateral paid for financial instruments included in other assets is as follows:

| (Millions of yen) | |
|--|----------------|
| | March 31, 2013 |
| Cash collateral paid for financial instruments | 39,070 |

8. Accumulated depreciation of fixed assets

(Millions of yen)

| | March 31, 2013 |
|--------------------------|----------------|
| Accumulated depreciation | 308 |

9. Contingent liabilities

Contingent liabilities related to debt assumption agreements for bonds payable are as follows:

(Millions of yen)

| | March 31, 2013 |
|--|----------------|
| 15 th FILP Agency Bonds (former JBIC) | 50,000 |
| 31 st FILP Agency Bonds (former JBIC) | 20,000 |

In addition, Japan Finance Corporation ("JFC") assumed the obligations of the JFC bonds of ¥1,085,000 million on April 1, 2012, and JBIC is jointly responsible for the obligations of these bonds. In accordance with Article 17 (2) of the Supplementary Provisions of the JBIC Act, all of JBIC's assets are pledged as general collateral for these joint obligations.

10. Restriction in dividend distribution

JBIC is restricted in its dividends distribution pursuant to Article 31 of the JBIC Act (including instances deemed applicable by the replacement of terms pursuant to Article 22 (1) of the Special Measures Act).

In the event that the amount of the retained earnings brought forward for each fiscal year exceeds zero in each account related to the operations listed in each item of Article 11 of the JBIC Act, and the operations listed in Article 16 of the Special Measures Act ("operations, etc. listed in each item of Article 11 of the JBIC Act"), JBIC shall accumulate, as a reserve, an amount calculated in accordance with the standards prescribed by the Cabinet Order until it reaches a certain amount stipulated by the Cabinet Order; and if there still is a surplus, JBIC shall pay such surplus into the national treasury within 3 months after the annual closing date.

In the event that the amount of retained earnings brought forward falls below zero in each account of the operations, etc. listed in each item of Article 11 of the JBIC Act, a reserve shall be transferred to the retained earnings brought forward to the extent that its amount of retained earnings brought forward becomes zero.

11. Income on transactions with affiliates

Income on transactions with affiliates is as follows:

(Millions of yen)

| | March 31, 2013 |
|-------------------------------------|----------------|
| Gain on investments in partnerships | 11,780 |

12. Changes in Net Assets**(a) Issued shares and treasury stocks**

For the fiscal year ended March 31, 2013, type and number of issued shares and treasury stocks are as follows:

(unit: thousands of shares)

| Types | The number of stocks at the beginning of the fiscal year | Increase during the fiscal year | Decrease during the fiscal year | The number of stocks at the end of the fiscal year | Remarks |
|------------------|--|---------------------------------|---------------------------------|--|---------|
| Issued shares | | | | | |
| Common Stocks | 1,291,000,000 | 69,000,000 | — | 1,360,000,000 | (Note) |
| Classified Stock | — | — | — | — | |
| Total | 1,291,000,000 | 69,000,000 | — | 1,360,000,000 | (Note) |
| Treasury stock | | | | | |
| Common Stocks | — | — | — | — | |
| Classified Stock | — | — | — | — | |
| Total | — | — | — | — | |

(Note) The increase is due to the issuance of 69,000,000 thousand shares.

(b) The figures determined by the asset evaluation committee on July 6, 2012, as the opening balance sheet as of the inception of JBIC are used as the balance at the beginning balances (April 1, 2012).

- (c) "Valuation difference on available-for-sale securities" and "Deferred gains or losses on hedges" were presented under "Assets" and "Liabilities," respectively, in the opening balance sheet as of the inception of JBIC. For this reason, they are transferred to "Net assets" during this fiscal year and included in Changes of items during the period.

13. Cash Flow

"Cash and cash equivalents" in the statement of cash flows as of March 31, 2013 reconciles to cash and due from banks in the balance sheet as follows;

| | (Millions of yen) |
|---------------------------|-------------------|
| | March 31, 2013 |
| Cash and due from banks | 837,986 |
| Time deposit and others | (814,832) |
| Cash and cash equivalents | 23,154 |

14. Lease Transactions

(a) Finance lease transactions

Finance lease transactions, that do not involve the transfer of ownership to the lessee

(i) Description of Lease assets

- ① Property, plant and equipment: Equipment and property
- ② Intangible assets: Software

(ii) Depreciation of lease assets

Depreciation of lease assets is calculated under the method as set forth in Note 1 (c).

(b) Operating lease transactions

Future minimum lease payments for noncancelable operating lease transactions are as follows

| | (Millions of yen) |
|---------------------|-------------------|
| | March 31, 2013 |
| Due within one year | 2 |
| Due after one year | 0 |
| Total | 2 |

15. Financial instruments and related disclosure

(Fiscal year ended March 31, 2013)

1. Status of financial instruments

(1) Initiatives for financial instruments

Based on the JBIC Act, JBIC is a policy-based financial institution wholly owned by the Japanese government, which has the purpose of contributing to the sound development of Japan and the international economy and society, by performing the financial function to promote 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, as well as preventing disruptions to international financial order or taking appropriate measures with respect to damages caused by such disruption.

JBIC's principal operations consist of providing export loans, import loans, investment financing, financing for business development (including guarantees) and capital investment. To conduct these operations, funds are raised through borrowing from the fiscal investment and loans and the foreign exchange fund special account, and the issuing of bonds. An ALM (asset and liability management) function has been established in respect of our financial assets and liabilities that are subject to interest rate and currency fluctuations to assist in ensuring that such fluctuations do not have an adverse effect on our operations. In addition, derivative transactions are entered into for the purpose of mitigating risk inherent in foreign currency denominated transactions. Financial instruments that can be used for the management of surplus funds are limited to safe instruments such as Japanese government bonds, etc., as stipulated in the JBIC Act.

The budget required for governmental financial operations is decided upon by the Diet of Japan, and business plans and financial plans (borrowing from fiscal investment and loans, bonds, general accounting investment, and loans, etc.) are appended to the budget and submitted to the Diet of Japan.

(2) Types of financial instruments and risks

The assets that JBIC holds mainly include loans to borrowers in Japan and overseas, and securities and liabilities mainly include borrowings and bonds. The associated risks are described below.

(a) Credit risk

Credit risk is the risk that JBIC will suffer losses if the financial condition of the borrower deteriorates and the value of assets (including off-balance sheet assets) decrease or disappear.

The credit risks associated with JBIC include sovereign risk, country risk, corporate risk, and project risk. Because of the characteristic of support for overseas economic transactions conducted by JBIC, much financing is provided to overseas governments, governmental institutions, and overseas corporations; the credit risk associated with the credit provided typically consists of sovereign or country risk.

As a result, if the financial condition of the individual borrower significantly deteriorates due to political and economic trends in the borrower's country or region, JBIC's performance and financial condition can be adversely affected.

(Note) Sovereign risk refers to risk associated with credit supplied to foreign governments, country risk refers to risk associated with the country in which the corporation or project is located (risk, in addition to corporate risk or project risk, associated with the country in which the corporation or the project is located), and corporate risk refers to the risk associated with credit to corporations and project risk refers to the risk that the cash flow of an underlying project will not perform as planned, in the case of project finance, where the repayment of the borrowing is primarily secured by the cash flow of the project to which credit is supplied.

(b) Market risk

Market risk is the risk that the value of assets and liabilities (including off-balance sheet assets) will fluctuate and losses will be incurred, or profits derived from assets and liabilities (including off-balance sheet assets) will fluctuate and losses will be incurred due to the fluctuation of various market risk factors such as interest rates, exchange rates, etc.

The market risk associated with JBIC mainly consists of foreign exchange risk and interest rate risk, and losses could be suffered from these risks from market fluctuations. However, in principle, these risks are hedged through interest rate swaps, currency swaps, and forward foreign exchange contracts.

JBIC uses hedge accounting for interest rate hedges, where the hedging instrument is interest rate swaps to hedge the market fluctuation risk associated with loans, borrowed money and bonds. The effectiveness of the hedges is assessed by measuring and comparing the change in fair value or cumulative change in cash flows of both hedging instruments and corresponding hedged items from the date of inception of the hedges to the assessment date.

JBIC uses hedge accounting for foreign exchange hedges, where currency swaps and forward foreign exchange contracts are used to hedge items such as loans, borrowings, and bonds for foreign exchange risk. The effectiveness of the hedging currency-swaps and forward foreign exchange contracts, hedging the foreign exchange risks of monetary assets and liabilities denominated in foreign currencies, is assessed by comparing the foreign currency position of the hedged monetary assets and liabilities with that of the hedging instruments.

(c) Liquidity risk

Liquidity risk is the risk that losses will be incurred as a result of funding challenges due to a maturity mismatch between financing and funding or unexpected outflow of funds, or being forced to fund at an interest rate significantly higher than in normal circumstances (funding risk), as well as the risk that losses will be incurred from a failure to ingenerate transactions in the market due to market disruption or from being forced to make transactions at a significantly disadvantageous price than in normal circumstances (market liquidity risk).

Long-term and stable funds, such as fiscal loan funds, government-guaranteed bonds, and FILP agency bonds, are secured to finance JBIC and deposits are not accepted, with the result that it considers liquidity risk to be limited. However, financing costs could increase due to market disruption and unexpected events.

(3) Risk management structure for financial instruments

The risk management structure of JBIC is described below.

(a) Credit risk management

The basis of credit risk management is centered on individual credit management based on the creditworthiness of the borrower during the credit approval process.

When a new credit application is processed, the relevant finance departments (sales promotion department)

and credit departments collect and analyze information on the borrower. The overseas representative offices also play a part in collecting information on foreign governments and corporations. Credit appraisal takes place based on the information that has been gathered and analyzed, with the different departments ensuring appropriate check throughout the process, leading to the final decision by the management.

For lending to foreign governments and corporations, JBIC makes most use of its position as a public institution and exchanges views and information with governments and other authorities in recipient countries, international institutions such as the IMF and the World Bank, other regional development banks and official export credit agencies as well as private financial institutions in the industrial countries. Using all these channels, JBIC evaluates sovereign or country risk (risk in addition to corporate risk associated with the country in which the corporation is located) based on a broad range of information on government and government agency borrowers as well as political and economic conditions in their countries.

The relevant finance departments and credit departments conduct proper credit risk management based on the credit risk rating system for segmented risk categories and the asset self assessment system based on the Financial Inspection Manual of the Japanese Financial Services Agency. In addition, an Integrated Risk Management Committee is held regularly to report the status of credit management to the management. The credit management situation is also checked by an independent auditing department.

In addition, a claims protection mechanism exists based on an international framework unique to official creditors, that is not contained in private sector financial institutions, for official claims on foreign governments. This mechanism consists of international financial assistance upon international approval by the Paris Club, an international group focusing on debt, to allow the debtor country to continue debt repayment when the debtor country becomes temporarily unable to service its debt due to economic conditions. As part of this international financial assistance, the debtor country conducts an economic reform program upon agreement with the IMF in order to secure the ability to sustainably service its debt. In view of JBIC's position as a public financial institution, it will use the framework of the Paris Club to preserve its official claims on foreign governments.

Besides the individual credit management outlined above, JBIC quantifies credit risks to assess the overall risk of the portfolio in these operations. To quantify credit risks, it is important to take into account the characteristic of the loan portfolio, namely, that there are a significant proportion of long-term loans and loans involving sovereign risk or country risk. Also to be taken into account is the mechanism of securing assets, such as the framework of international financial assistance to debtor countries through the Paris Club, which is unique to official creditors. JBIC uses a unique model to quantify the credit risk taking account of the above explained elements and measures amount of credit risk, which are utilized for credit risk management.

(b) Market risk management

ALM is used to manage foreign exchange risk and interest rate risk for these operations. Market risk management protocols contain detailed stipulations of risk management methods and procedures, which are used by the ALM Committee to assess and confirm the execution of ALM, and for discussions concerning future responses. In addition, monitoring is conducted through gap analysis and interest rate sensitivity analysis as well as Value at Risk ("VaR") to comprehensively assess the interest and terms of financial assets and liabilities. The results are regularly reported to the ALM Committee.

The basic policy for managing foreign exchange risk and interest rate risk at JBIC is described below.

(i) Foreign exchange risk

Foreign currency-denominated loans conducted in JBIC involve risks related to exchange rate fluctuations. We have a consistent policy of managing this risk by fully hedging this risk exposure through the use of currency swaps and forward foreign exchange contracts.

(ii) Interest rate risk

Interest rate risk arises from exposure to market interest rate fluctuations for yen-denominated loan and foreign currency-denominated loan operations and the policy for managing interest rate risk is described below.

a. Yen-denominated loan operations

For the most part, funding for yen-denominated loans is managed at fixed-rate interest. Currently, interest rate risk for yen-denominated loans is limited since the maturity of loans and the related funding arrangements are generally matched. In addition, swaps are used to hedge interest rate risk for portions of loans that are thought to have high exposures to interest rate fluctuation risk.

b. Foreign currency-denominated loan operations

For foreign currency-denominated loan operations, interest rate risk is hedged through the application of a consistent policy of using interest rate swaps and managing funds with floating interest rates for both loans and related funding arrangements.

(iii) Status of market risk

JBIC only maintains a banking account and do not have financial instruments in a trading account. While JBIC is managed by hedging operation in principle, as already stated previously, market risk is measured in order to assess fair value and potential risks. The following represents an overview of VaR in the current fiscal year.

a. VaR

| | (Millions of yen) |
|-----------------------|-------------------|
| | March 31, 2013 |
| 1) Interest rate VaR: | 100.2 |
| 2) Exchange rate VaR: | 58.7 |

b. VaR measurement model

- 1) Interest rate VaR: Historical model
- 2) Exchange rate VaR: Variance-covariance model

Quantitative standards:

- 1) Confidence Interval: 99%
- 2) Holding period: 1 year
- 3) Observation period: 5 years

c. Risk management using VaR

VaR is a market risk measure that assesses the maximum possible profits or losses that could be incurred based on historical market movements of interest rates or exchange rates, etc., over a specific period in the past (or observation period) within a certain period of time (or holding period) under a certain probability (or confidence interval), that is derived statistically by employing the theory of possibility distribution.

This measurement assumes actual market trends and the theory of probability distribution. Based on the possibility that future market trends could deviate from these assumptions, a back-test is performed to cross-check the model-measured interest rate VaR with actual profits or losses, in order to confirm the effectiveness of market risk measurements using VaR. In addition, a stress test, which goes beyond the probability distribution of historical market movements is conducted in order to capture risks from multifaceted perspectives.

The following points should generally be noted for VaR model measurement.

- VaR will differ depending on the confidence interval, holding period or observation period.
- VaR indicates the maximum amount of unrealized profits or losses at the time of measurement. However, calculated VaR may not always be realized in the future with the certain probability because the assumptions, such as market movements, could vary during holding period.
- VaR indicates the maximum value based on specific assumption. As such, it is imperative to keep in mind that VaR may underestimate the potential losses when utilizing VaR as a risk management measure.

(c) Liquidity risk management related to fund procurement

Long-term and stable funds such as fiscal loan funds, government-guaranteed bonds, and FILP agency bonds are used to finance these operations and deposits are not accepted.

Cash flows are assessed and proper measures including establishing overdraft facility accounts with multiple private sector financial institutions are taken to maintain daily cash flows for proper risk management.

(d) Derivative transactions

A protocol of internal checks with separate divisions executing transactions, assessing the effectiveness of the hedges, and conducting office management has been established for derivative transactions, and these transactions are conducted according to derivatives-related regulations.

(4) Supplementary explanation concerning fair value of financial instruments

The fair value of financial instruments includes amounts based on market value and amounts that have been reasonably

estimated when no market value is available. Set valuation inputs are used for the calculation of this amount, and if different valuation inputs are used the resulting amount could vary.

2. Fair value of financial instruments

The carrying amount in the balance sheet as of March 31, 2013 and the related fair value, and difference is as follows. Note that unlisted securities whose fair value is extremely difficult to be determined are not included in the following chart (refer to Note 2).

(Millions of yen)

| | Amount on Balance Sheet | Fair value | Difference |
|---|----------------------------|------------|------------|
| (1) Cash and due from banks | 837,986 | 837,986 | — |
| (2) Receivables under resale agreements | 284,902 | 284,902 | — |
| (3) Securities | | | |
| Available-for-sale securities | 22,002 | 22,002 | — |
| (4) Loans and bills discounted | 10,555,128 | | |
| Allowance for loan losses ^{(*)1} | (133,585) | | |
| | 10,421,542 | 10,475,935 | 54,392 |
| Total assets | 11,566,433 | 11,620,826 | 54,392 |
| (1) Borrowings | 7,234,598 | 7,336,897 | 102,299 |
| (2) Bonds payable | 2,215,962 | 2,312,996 | 97,034 |
| Total liabilities | 9,450,560 | 9,649,894 | 199,334 |
| Derivative transactions ^{(*)2} | | | |
| Derivative transactions not qualifying for hedge accounting | — | — | — |
| Derivative transactions qualifying for hedge accounting | 231,577 | 231,577 | — |
| Total derivative transactions | 231,577 | 231,577 | — |

(*)1 General allowance for loan losses, specific allowance for loan losses, and the allowance for possible loan losses on specific overseas loans have been deducted from loans.

(*)2 Derivatives recorded in "other assets and other liabilities" are collectively displayed. The net values of assets and liabilities arising from derivative transactions are displayed. The figures in parenthesis indicate net liabilities.

(Note 1) Valuation methodologies used for estimating fair values for financial instruments

Assets

(1) Cash and due from banks

For Due from banks that do not mature or have a maturity under 3 months, the carrying amounts are used as fair value because the carrying amount approximates the fair value.

(2) Receivables under resale agreements

For securities acquired under resale agreements, the carrying amounts are used as fair value because the contractual terms are short (within 3 months) and the carrying amount approximates the fair value.

(3) Securities

The fair value of "Available-for-sale securities" is based upon the prices that are indicated from the financial institutions that JBIC transacts with.

(4) Loans and bills discounted

For loans with variable interest rates an amount calculated by the floating rate note method to reflect market interest rates over the short term is used for fair value.

For loans with fixed interest, the total principal and interest is discounted by a risk free rate that incorporates the default ratio and coverage ratio to calculate fair value. However for obligations on bankrupt borrowers, substantially bankrupt borrowers, and potentially bankrupt borrowers a provision for bad debt is calculated based on the expected collectable amount from the collateral or guarantee. Fair value approximates the amount on the balance sheet on the closing date after a deduction has been made for the provision for bad debt, so this amount is used for fair value.

Liabilities

(1) Borrowings

Borrowings with variable interest rates indicates that short-term market interest rates and the credit conditions of JBIC are not significantly altered by borrowings. Therefore, the carrying amount is used as fair value because it is considered that the carrying amount approximates the fair value. For borrowings with a fixed interest rate, in principle, fair value is calculated by discounting the principal and interest of the borrowings

by the risk free rate (the standard Japanese government bond rate) based on the set period of loan.

(2) Bonds payable

Market value is used for fair value of bonds.

Derivative transactions

Derivative transactions are discussed under "Derivative transactions."

(Note 2) Financial instruments for which fair values are considered to be extremely difficult to be determined are as follows. They are not included in "Assets, (3) Securities."

(Millions of yen)

| Classification | Carrying amount of balance sheet |
|---|----------------------------------|
| 1) Unlisted stocks (subsidiaries and affiliates) ^{(*)1} | — |
| 2) Unlisted stocks (other than subsidiaries and affiliates) ^{(*)1} | 22,596 |
| 3) Partnership investments (subsidiaries and affiliates) ^{(*)2} | 70,822 |
| 4) Partnership investments (other than subsidiaries and affiliates) ^{(*)2} | 6,760 |
| Total | 100,178 |

(*)1 Since unlisted stocks do not have quoted market prices available and their fair value is extremely difficult to be determined, fair values are not stated.

(*)2 For partnership investments composed of unlisted stocks that do not have quoted market prices available and for which fair value is extremely difficult to be determined fair values are not stated.

(Note 3) Redemption schedule for receivables and redeemable securities with future redemption dates

(Millions of yen)

| | Maturities within one year | Maturities after one year but within three years | Maturities after three years but within five years | Maturities after five years but within seven years | Maturities after seven years but within ten years | Maturities after ten years |
|--|----------------------------|--|--|--|---|----------------------------|
| Due from banks ^{(*)1} | 837,986 | — | — | — | — | — |
| Receivables under resale agreements | 284,902 | — | — | — | — | — |
| Securities ^{(*)2} | | | | | | |
| Available-for-sale securities | 1,620 | 7,279 | 12,900 | — | — | — |
| Loans and bills discounted ^{(*)2} | 939,299 | 2,931,552 | 1,724,192 | 1,517,443 | 1,704,365 | 1,569,549 |
| Total | 2,063,809 | 2,938,832 | 1,737,092 | 1,517,443 | 1,704,365 | 1,569,549 |

(*)1 Demand deposits contained within due from banks are stated as "Maturities within one year."

(*)2 Within loans and securities, claims against bankrupt borrowers, substantially bankrupt borrowers, and potentially bankrupt borrowers contains an amount of ¥168,725 million that is not expected to be redeemed and not included in the table above.

(Note 4) Redemption schedule for borrowings and bonds with future redemption dates

(Millions of yen)

| | Maturities within one year | Maturities after one year but within three years | Maturities after three years but within five years | Maturities after five years but within seven years | Maturities after seven years but within ten years | Maturities after ten years |
|---------------|----------------------------|--|--|--|---|----------------------------|
| Borrowings | 829,816 | 2,289,560 | 3,561,380 | 349,142 | 204,700 | — |
| Bonds payable | 321,440 | 898,417 | 760,590 | 197,562 | 20,000 | 20,000 |
| Total | 1,151,256 | 3,187,977 | 4,321,970 | 546,704 | 224,700 | 20,000 |

16. Market Value of Securities

The following tables contain information relating to negotiable certificates of deposit as well as "Other securities" that are presented in the balance sheet.

(a) Trading securities

Not applicable

(b) Held-to-maturity debt securities with market value

Not applicable

(c) Available-for-sale securities

(Millions of yen)

| | Type | Carrying amount on balance sheet | Acquisition cost | Difference |
|---|---------------------------|----------------------------------|------------------|------------|
| Securities whose carrying amount exceeds their acquisition cost | Stocks | — | — | — |
| | Debt securities | — | — | — |
| | Japanese government bonds | — | — | — |
| | Corporate bonds | — | — | — |
| | Others | 18,205 | 18,000 | 205 |
| | Subtotal | 18,205 | 18,000 | 205 |
| Securities whose carrying amount does not exceed their acquisition cost | Stocks | — | — | — |
| | Debt securities | — | — | — |
| | Japanese government bonds | — | — | — |
| | Corporate bonds | — | — | — |
| | Others | 273,797 | 273,800 | (2) |
| | Subtotal | 273,797 | 273,800 | (2) |
| Total | | 292,002 | 291,800 | 202 |

(d) Held-to-maturity debt securities sold during the fiscal year ended March 31, 2013

Not applicable

(e) Available-for-sale securities sold during the fiscal year ended March 31, 2013

Not applicable

(f) Change in classification of securities

Not applicable

(g) Impairment of securities

Not applicable

(h) Money held in trust

Not applicable

(i) Net unrealized gains (losses) on available-for-sale securities are as follows:

(Fiscal year ended March 31, 2013)

(Millions of yen)

| | March 31, 2013 |
|---|----------------|
| Valuation difference | 2,221 |
| Available-for-sale securities * | 2,221 |
| Other money held in trust | — |
| Valuation Difference on available-for-sale securities | 2,221 |

(*) "Available-for-sale securities" includes foreign exchange translation differences in respect of available-for-sale securities whose fair value cannot be readily determined.

17. Derivatives transactions

Notes to derivative transactions in the fiscal year ended March 31, 2013 are as follows;

(a) Derivative transactions not qualifying for hedge accounting

Contact value does not equate to the market risk of the derivative transactions.

(i) Interest rate-related transactions

Not applicable

(ii) Currency-related transactions

Not applicable

(iii) Equity-related transactions

Not applicable

(iv) Bond-related transactions

Not applicable

(v) Commodity-related transactions

Not applicable

(vi) Credit derivative transactions

Not applicable

(b) Derivative transactions qualifying for hedge accounting

For derivative transactions qualifying for hedge accounting, contract value as of the settlement date or notional amount defined in agreements, and fair value and its calculation method, by hedged item and by hedge accounting method, are as follows. Contract value does not indicate the market risk of the derivative transactions.

(i) Interest rate-related transactions

(Fiscal year ended March 31, 2013)

(Millions of yen)

| Hedge accounting method | Type | Major hedged items | Contract value | Contract value (Maturing after one year) | Fair value |
|-------------------------|---------------------------------------|----------------------------|----------------|--|------------|
| Basic accounting method | Interest rate swap | Loans and bills discounted | | | |
| | | Borrowings | | | |
| | | Corporate bonds | | | |
| | Receive / fixed and pay / floating | | 1,705,469 | 1,556,724 | 69,240 |
| | Receive / floating and pay / fixed | | 592,416 | 590,036 | (47,370) |
| | Receive / floating and pay / floating | | 58,504 | 58,504 | 69 |
| Total | | | — | — | 21,940 |

(Note) Calculation of fair value is based on the discounted cash flows.

(ii) Currency-related transactions

(Fiscal year ended March 31, 2013)

(Millions of yen)

| Hedge accounting method | Type | Major hedged items | Contract value | Contract value (Maturing after one year) | Fair value |
|-------------------------|------------------------------------|----------------------------|----------------|--|------------|
| Basic accounting method | Currency swap | Loans and bills discounted | 4,149,728 | 3,754,303 | 209,632 |
| | | Borrowings | | | |
| | | Corporate bonds | | | |
| | Forward foreign exchange contracts | Loans and bills discounted | | | |
| | Sell | | 29 | — | 0 |
| | Buy | | 84 | — | 4 |
| Total | | | — | — | 209,636 |

Note 1. These are mainly accounted for using the deferred method of hedge accounting under "Accounting and Auditing Treatment Relating to Adoption of Accounting Standard for Foreign Currency Transactions for Banks" (JICPA Industry Audit Committee Report No. 25).

Note 2. Calculation of fair value is based on the discounted cash flows.

(iii) Equity-related transactions

Not applicable

(iv) Bond-related transactions

Not applicable

18. Retirement benefits

JBIC has a defined benefit pension plan comprising of a welfare pension fund plan and a lump-sum severance indemnity plan.

(a) The funded status of the pension plans

(Millions of yen)

| Disposition | | March 31, 2012 |
|--|-----------------|----------------|
| Projected benefit obligations | (A) | (20,375) |
| Fair value of plans' assets | (B) | 4,780 |
| Unfunded pension obligations | (C)=(A)+(B) | (15,595) |
| Unrecognized prior service costs | (D) | — |
| Actuarial unrecognized difference | (E) | — |
| Net amount recognized on the balance sheet | (F)=(C)+(D)+(E) | (15,595) |
| Prepaid pension cost | (G) | — |
| Provision for retirement benefits | (H)=(F)-(G) | (15,595) |

(b) Component of pension cost

(Millions of yen)

| Disposition | | March 31, 2012 |
|---|--|----------------|
| Service cost | | 554 |
| Interest cost | | 192 |
| Expected return on plans' assets | | (83) |
| Amortization of prior service cost accounted for as expense | | — |
| Actuarial differences accounted for as expense | | 2,388 |
| Other costs | | — |
| Net pension cost | | 3,051 |

(Note) Employee contributions to pension funds have been deducted from the Service cost.

(c) Principal assumptions made**(i) Discount rate**

| | March 31, 2013 |
|---------------|----------------|
| Discount rate | 1.1% |

(ii) Expected rate of return on plan assets

| | March 31, 2013 |
|--|----------------|
| Expected rate of return on plan assets | 2.0% |

(iii) Method of attributing the projected benefits to periods of services

Straight-line basis

(iv) Terms to amortize unrecognized prior service costs

Charged to expenses in the fiscal year of occurrence.

(v) Terms to amortize actuarial unrecognized differences

Charged to expenses in the fiscal year of occurrence.

19. Deferred tax accounting

JBIC does not apply deferred tax accounting since JBIC is a nontaxable entity classified in the Article 2, Paragraph 5 of the Corporation Tax Act (Act No. 34, 1965).

20. Segment Information**(a) Segment Summary**

The Reportable Segments of JBIC are components for which discrete financial information is available and whose operating

results are regularly reviewed by CEO and Board of Directors to assess performance.

JBIC conducts JBIC Operations and Financial Operations for Facilitating Realignment of United States Forces in Japan. In order to attain each goal, JBIC divides its operations, based on the JBIC Act and other relevant acts, into two reportable segments. JBIC's Reportable Segments are "JBIC Operations" and "Financial Operations for Facilitating Realignment of United States Forces in Japan". For the Financial Account Related Operations for Facilitating Realignment of United States Forces in Japan, the financial information as of November 30, 2012 is presented as the account was abolished on the same date.

(b) Basis of calculation for segment information by reportable segments

The accounting policies of segment are substantially the same as those described in "Significant accounting policies." Segment profit is based on net profit.

(c) Segment information by reportable segments

Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(Millions of yen)

| | JBIC Operations | Financial Operations for Facilitating Realignment of United States Forces in Japan | Reportable Segment (Subtotal) | Adjustments and Eliminations | Total |
|--|-----------------|--|-------------------------------|------------------------------|------------|
| Ordinary income: | | | | | |
| Ordinary income from outside customers | 217,035 | 256 | 217,291 | — | 217,291 |
| Inter-segment ordinary income | 4 | 1 | 5 | (5) | — |
| Total | 217,040 | 257 | 217,297 | (5) | 217,291 |
| Segment profit | 63,370 | 214 | 63,585 | — | 63,585 |
| Segment assets | 14,430,245 | — | 14,430,245 | — | 14,430,245 |
| Segment liabilities | 12,083,506 | — | 12,083,506 | — | 12,083,506 |
| Other items | | | | | |
| Depreciation | 1,018 | 0 | 1,018 | — | 1,018 |
| Interest income | 167,947 | — | 167,947 | — | 167,947 |
| Interest expense | 119,510 | — | 119,510 | — | 119,510 |
| Extraordinary income | 1 | — | 1 | — | 1 |
| Extraordinary loss | — | — | — | — | — |
| Increase in property, plant and equipment, and intangible assets | 803 | — | 803 | — | 803 |

Note 1. Ordinary income is shown in place of Sales for non-financial companies.

Note 2. Adjustments for segment profits include ¥5 million of elimination of inter-segment transactions.

(d) Related Information

Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(i) Information about Services

JBIC classifies its operation into two operation accounts for financial reporting purposes. Refer to "20 (c). Segment information by reportable segments" for information about Services.

(ii) Information about Geographical Areas

① Ordinary income:

(Millions of yen)

| Japan | Asia / Oceania | Europe / Middle East / Africa | North America / Latin America | Total |
|--------|----------------|-------------------------------|-------------------------------|---------|
| 40,852 | 70,528 | 54,300 | 51,610 | 217,291 |

Note 1. Ordinary income is shown in place of Sales for non-financial companies.

Note 2. Ordinary income is classified into "Japan", "Asia/ Oceania", "Europe/ Middle East/ Africa" and "North America/ Latin America" depending on the customers' location .

② Property, plant and equipment

The information about property, plant and equipment is omitted since more than 90% of property, plant equip-

ment on the Balance Sheet are located in Japan.

(iii) **Information about Major Customers**

The information about major customers is omitted since there are no transactions with a certain customer which result in more than 10% of ordinary income on the Statement of Operation.

(e) **Information about impairment loss of property, plant and equipment in Reportable Segments**

Not applicable

(f) **Information about the amortization and balance of goodwill in Reportable Segments**

Not applicable

(g) **Information about the gains from recognition of negative goodwill in Reportable Segments**

Not applicable

21. Profit and Loss on equity method

(a) **Affiliates**

(Millions of yen)

| | March 31, 2013 |
|--|----------------|
| Investment in affiliates | 70,822 |
| Investment in affiliates (equity method) | 70,822 |
| Profit of Investment in affiliates (equity method) | — |

(b) **Special purpose entities**

Not applicable.

22. Related party transactions

Related party transactions in the fiscal year ended March 31, 2013 are as follows:

(a) **Transactions with parent company and major shareholder companies**

(Millions of yen)

| | Corporate name | Location | Capital | Business | Ratio to Total Voting Rights (%) | Relation with related parties | Transactions | Amounts of transactions | Items | Balance as of March 31, 2013 |
|-----------------------|---|-------------------|---------|---|----------------------------------|-------------------------------|--|-------------------------|------------------|------------------------------|
| Principal shareholder | Ministry of Finance (Minister of Finance) (Note 1) | Tokyo, Chiyoda-ku | — | Administration for policy based financing | 100 (Direct) | Receipt of fund, etc. | Underwriting of capital increase (Note 2) | 69,000 | — | — |
| | | | | | | | Receipt of funds (Note 3) | 2,144,992 | Borrowings | 7,234,598 |
| | | | | | | | Repayment of borrowing | 645,564 | | |
| | | | | | | | Payment of interest on borrowings | 63,723 | Accrued expenses | 14,675 |
| | | | | | | | Guarantee for corporate bonds (Note 4) | 1,526,051 | — | — |

Note 1. Transactions with the ministries and agencies other than Ministry of Finance are as follows:

Ministry of Defense: Receipts from the national budget (subsidy from the government) ¥256 million

2. The underwriting of capital increase represents the increase in capital through shareholder allocation by JBIC at an allocation amount of ¥1 per share.

3. The receipt of funds represents borrowings from the FILP special account and foreign exchange funds special account. FILP interest rates are applied under the FILP agreement, while the interest rate under the respective agreements with foreign exchange funds special account is applied to the borrowing from foreign exchange funds.

4. No guarantee fee has been paid for the guarantee of bonds.

5. Figures in the table above do not include consumption taxes.

(b) Transactions with fellow subsidiaries and affiliates' subsidiaries

(Millions of yen)

| Type | Corporate name | Location | Capital | Business | Ratio to Total Voting Rights (%) | Relation with related parties | Transactions | Amounts of transactions | Items | Balance as of March 31, 2013 |
|---|--|-------------------|-----------|---------------------------------|----------------------------------|-------------------------------|-------------------|--------------------------|-------|------------------------------|
| Companies that had the majority of their voting rights held by principal shareholders | Japan International Cooperation Agency | Tokyo, Chiyoda-ku | 7,782,076 | Official development assistance | None | Joint obligor | Joint obligations | 990,145 (Note 1, 4) | — | — |
| | Japan Finance Corporation (Note 3) | Tokyo, Chiyoda-ku | 3,455,015 | Finance | None | Joint obligor | Joint obligations | 1,063,475 (Note 2, 4) | — | — |

Note 1. JBIC assumed the obligations of the JBIC bonds in accordance with Article 12 (1) of the Supplementary Provisions of the JBIC Act, and the Japan International Cooperation Agency ("JICA") is jointly responsible for the obligations of these bonds in accordance with Article 4 (1) of Supplementary Provisions of the Japan International Cooperation Agency Act. Pursuant to Article 4 (2) hereof, all of JICA assets are pledged as general collateral for these joint obligations.

2. JBIC assumed the obligations of the JFC bonds in accordance with Article 12 (1) of Supplementary Provisions of the JBIC Act, and JFC is jointly responsible for the obligations of these bonds in accordance with Article 46-2 (1) of Supplementary Provisions of the JFC Act. Pursuant to Article 46-2 (2) hereof, all of JFC's assets are pledged as general collateral for these joint obligations.

3. JBIC is jointly responsible for the obligations of the JFC bonds of ¥1,085,000 million in accordance with Article 17 (1) (ii) of Supplementary Provisions of the JBIC Act. In accordance with Article 17 (2) hereof, all of JBIC's assets are all pledged as general collateral for these joint obligations.

4. In relation to these joint obligations, no transactions are recognized in the statement of operations.

23. Amounts per share

Amounts per share as of fiscal year ended March 31, 2013 are calculated as follows:

(Yen)

| | March 31, 2013 |
|--------------------------------------|----------------|
| Net Assets per share of common stock | 1.72 |
| Net profit per share of common stock | 0.04 |

Note 1. Net income per share of common stock is based on the following information.

Diluted net profit per share of common stock is not presented since there are no diluted stocks.

(Millions of yen)

| | March 31, 2013 |
|--|--------------------------------------|
| Net income | 63,585 |
| Amount not attribute to common stock | — |
| Net income related to common stock | 63,585 |
| Average outstanding shares of common stock (during the period) | 1,291,756,164 thousands of shares |

2. Net assets per share of common stock is based on the following information.

(Millions of yen)

| | March 31, 2013 |
|--|--------------------------------------|
| Net Assets | 2,346,738 |
| Deductions from net assets | — |
| Net Assets related to common stock | 2,346,738 |
| Year-end outstanding shares of common stock on which net assets per share was calculated | 1,360,000,000 thousands of shares |

24. Subsequent Events

On April 1, 2013, JBIC obtained an approval from the Minister of Health, Labour and Welfare for an exemption from the obligation to pay benefits for future employee services related to the substitutional portion of the Japan Finance Corporation Employee's pension fund which resulted in the transfer of the obligations and related assets to the government.

JBIC will recognize a gain or loss on the transfer and will recognize the extinguishment of the obligation for benefits related to past employee services under the substitutional portion of the pension fund as of the date of approval of the transfer and the date of the transfer of related assets, respectively.

JBIC is currently evaluating the impact on the results of its operation

25. Fixed assets

Fixed assets as of March 31, 2013 are as follows;

(Millions of yen)

| Class of asset | Balance at the beginning of current period | Increase during the period | Decrease during the period | Balance at the end of current period | Accumulated depreciation | Depreciation | Net fixed assets |
|-------------------------------------|--|----------------------------|----------------------------|--------------------------------------|--------------------------|--------------|------------------|
| Property, plant and equipment | | | | | | | |
| Buildings | 3,174 | 183 | 0 | 3,356 | 190 | 190 | 3,166 |
| Land | 24,694 | — | — | 24,694 | — | — | 24,694 |
| Lease assets | 12 | 41 | — | 54 | 16 | 16 | 37 |
| Construction in progress | 13 | 297 | 304 | 5 | — | — | 5 |
| Other | 250 | 153 | 0 | 403 | 101 | 101 | 301 |
| Total property, plant and equipment | 28,145 | 675 | 305 | 28,515 | 308 | 308 | 28,206 |
| Intangible assets | | | | | | | |
| Software | 1,522 | 432 | — | 1,954 | 614 | 614 | 1,340 |
| Lease assets | 107 | — | — | 107 | 95 | 95 | 11 |
| Other | — | 126 | 126 | — | — | — | — |
| Total intangible assets | 1,629 | 559 | 126 | 2,061 | 709 | 709 | 1,352 |

26. Bond payable

Major components of bonds payable as of March 31, 2013 are as follows;

(Millions of yen)

| Description of bonds payable | Date of issuance | Balance at the beginning of current period | Balance at the end of current period | Interest rate (%) | Collateral | Maturity date | Remarks |
|---|---------------------------|---|--|-------------------|--------------------|---------------------------|---------|
| Government guaranteed JBIC bonds 6 th –8 th , 13 th , 15–17 th | Dec 2, 2003–Jun 18, 2008 | 477,799 (USD 4,146,065 thousand) (EUR 1,248,040 thousand) | 399,928 [201,385] (USD 2,648,972 thousand) (USD 1,499,682 thousand) (EUR 1,249,006 thousand) (EUR 499,792 thousand) | 3.375~5.250 | General collateral | Nov 26, 2012–Mar 23, 2016 | *1 |
| Government guaranteed JFC (JBIC) foreign bonds 2 nd –9 th | Nov 5, 2009–Feb 7, 2012 | 1,210,952 (USD 14,733,573 thousand) | 892,323 (USD 9,487,752 thousand) | 1.500~2.875 | General collateral | Jul 6, 2012–Feb 7, 2019 | *2 |
| Government guaranteed JBIC foreign bonds 1 st –2 nd | Jul 19, 2012–Mar 19, 2013 | — | 233,799 (USD 1,993,929 thousand) (CAD 499,791 thousand) | 1.125~2.300 | General collateral | Jul 19, 2017–Mar 19, 2018 | |
| JBIC FILP Agency Bonds 10 th , 12 th , 13 th , 16 th , 18 th , 19 th , 21 st –23 rd , 25 th , 27 th , 29 th , 30 th | Feb 6, 2004–May 29, 2008 | 519,895 | 519,920 [119,994] | 1.340~2.090 | General collateral | Dec 20, 2013–Dec 19, 2025 | *1 |
| JFC FILP Agency Bonds 3 rd , 7 th , 12 th , 17 th | Oct 29, 2009–May 9, 2011 | 169,989 | 169,990 | 0.421~1.430 | General collateral | Dec 19, 2014–Sep 20, 2019 | *2 |
| Total | — | 2,378,637 | 2,215,962 | — | — | — | — |

Note 1. The amounts of foreign currency-denominated bonds are shown in original currencies in parentheses ().

2. Figures indicated in brackets [] represent the amounts to be redeemed within one year.

3. JBIC assumed the obligations in respect of the government guaranteed JBIC bonds and the JBIC bonds (Note 1) which had been issued by JBIC before JFC was established, and JBIC and JICA are now jointly responsible for these obligations in accordance with the JBIC Act.

JBIC also assumed from JFC the obligations concerning the government guaranteed JFC (JBIC) foreign bonds and the JFC corporate bonds (Note 2), and JBIC and JFC are now jointly responsible for these obligations pursuant to the JBIC Act.

4. The redemption schedule of bond payable for each of the next five years as of March 31, 2013 is as follows:

(Millions of yen)

| | Within 1 year | After 1 year but within 2 years | After 2 years but within 3 years | After 3 years but within 4 years | After 4 years but within 5 years |
|--------|---------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Amount | 321,440 | 355,135 | 543,282 | 426,200 | 334,390 |

27. Borrowings

Borrowings as of March 31, 2013 are as follows;

(Millions of yen)

| Disposition | Balance at the beginning of current period | Balance at the end of current period | Average interest rate (%) | Due date of payment |
|--|--|--|---------------------------------|--------------------------|
| Borrowed money | 5,255,489 | 7,234,598 | 0.78 | — |
| Borrowings | 5,255,489 | 7,234,598 | 0.78 | April 2013–February 2023 |
| Lease obligation (Due within one year) | 112 | 23 | — | — |
| Lease obligation (Due after one year) | 13 | 35 | — | September 2017 |
| Other interest-bearing liabilities | 293,090 | 105,240 | 0.058 | — |
| Cash collateral received for financial instruments | 293,090 | 105,240 | 0.058 | — |

Note 1. Average interest rates represent the weighted-average interest rates of debts calculated from the interest rates and balances of debt outstanding as at the end of the current period.

2. As for the lease obligation, there is no average lease rate since the short-cut method is applied for these transactions.

3. There is no fixed maturity date for the repayment of cash collateral received for financial instruments.

4. Borrowed money and lease obligation maturities for the next five years as of March 31, 2013 are as follows:

(Millions of yen)

| | Within 1 year | After 1 year but within 2 years | After 2 years but within 3 years | After 3 years but within 4 years | After 4 years but within 5 years |
|-------------------|---------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Borrowings | 829,816 | 1,287,151 | 1,002,409 | 943,563 | 2,617,817 |
| Lease obligations | 23 | 10 | 10 | 10 | 5 |

28. Reserves

Reserves as of March 31, 2013 are as follows;

(Millions of yen)

| Disposition | Balance at the beginning of current period | Increase during the period | Decrease during the period (use for purpose) | Decrease during the period (others) | Balance at the end of current period |
|--|---|----------------------------------|--|--|--|
| Allowance for loan losses | 124,271 | 54,513 | — | 39,893 | 138,891 |
| General allowance for loan losses | 19,946 | 32,612 | — | 19,946 | 32,612 |
| Specific allowance for loan losses | 86,387 | 2,009 | — | 2,009 | 86,387 |
| Allowance for possible losses on specific overseas loans | 17,937 | 19,891 | — | 17,937 | 19,891 |
| Provision for bonuses | 501 | 445 | 501 | — | 445 |
| Provision for directors' bonuses | 0 | 5 | 0 | — | 5 |
| Provision for directors' retirement benefits | 17 | 11 | — | — | 29 |
| Total | 124,790 | 54,976 | 501 | 39,893 | 139,372 |

Note The main factors in the decrease during the period in each of the following reserves is as follows:

General allowance for possible loan losses: Decrease is due to reversal

Specific allowance for possible loan losses: Decrease is due to collection, etc.

Allowance for possible losses on specific overseas loans: Decrease is due to reversal

29. Asset Retirement Obligation

Not applicable

30. Components of major assets and liabilities

Components of major assets and liabilities as of March 31, 2013 are as follows:

(a) **Assets**

(i) **Due from banks:**

Deposits with Bank of Japan (¥23,154 million) and other banks (¥814,832 million)

(ii) **Other securities:**

Foreign securities (¥122,181 million)

(iii) **Prepaid expenses:**

General and administrative expenses (¥307 million)

(iv) **Accrued income:**

Accrued interest income on loans (¥32,300 million), and others

(v) **Other assets:**

Cash collateral paid for financial instruments (¥39,070 million), and others

(b) **Liabilities**

(i) **Accrued expenses:**

Accrued interest on borrowings and rediscounts (¥14,675 million), accrued interest on bonds (¥12,106 million), and others

(ii) **Unearned revenue:**

Guarantee commission (¥50,100 million), and others

(iii) **Other liabilities:**

Cash collateral received for financial instruments (¥105,240 million), and others

2. Composition of Liabilities and Net Assets

(Unit: millions of yen, %)

| | March 31, 2013 | |
|---|-------------------|------------|
| | Amount | % (Note) |
| Liabilities | 12,083,506 | 83.7 |
| Borrowed Money | 7,234,598 | 50.1 |
| Bonds Payable | 2,215,962 | 15.4 |
| Acceptances and Guarantees | 2,400,699 | 16.6 |
| Other | 232,247 | 1.6 |
| Net Assets | 2,346,738 | 16.3 |
| Capital Stock | 1,360,000 | 9.4 |
| Retained Earnings | 851,685 | 5.9 |
| Valuation Difference on Available-for-sale Securities | 2,221 | 0.0 |
| Deferred Gains or Losses on Hedges | 132,831 | 0.9 |
| Total Liabilities and Net Assets | 14,430,245 | 100 |

(Note) Ratio to Liabilities and Net Assets added.

(Information on the Capital Adequacy Ratios)

Although the Banking Act does not apply to JBIC, the capital adequacy ratios for JBIC operations, which are calculated in accordance with Basel II framework and relevant international standards, are set in the table below.

(Unit: millions of yen)

| | | |
|---------------------------------|-----|------------|
| Core Capital (Tier I) | (A) | 2,182,221 |
| Supplementary Capital (Tier II) | (B) | 32,612 |
| Exclusion | (C) | — |
| Total Capital (A)+(B)–(C) | (D) | 2,214,834 |
| Risk Assets, etc. | (E) | 11,064,248 |
| Total Capital Ratio (D)/(E) | | 20.02% |

3. The Average Balance of Interest-earning Assets and Interest-bearing Liabilities, Interest and Earning Yields

(Unit: millions of yen, %)

| | Fiscal Year Ended March 31, 2013 | | |
|------------------------------|----------------------------------|----------|----------------|
| | Average Balance | Interest | Earning Yields |
| Interest-earning Assets | 9,908,559 | 167,947 | 1.69 |
| Loans and Bills Discounted | 8,630,420 | 132,408 | 1.53 |
| Due from Banks | 461,807 | 1,232 | 0.27 |
| Interest-bearing Liabilities | 8,384,335 | 119,510 | 1.43 |
| Borrowed Money | 5,874,376 | 63,797 | 1.09 |
| Bonds Payable | 2,222,932 | 55,476 | 2.50 |

4. Breakdown of Operating Expenses

(Unit: millions of yen)

| | Fiscal Year Ended March 31, 2013 |
|--|----------------------------------|
| Salaries and Other Compensations | 4,685 |
| Expenses for Retirement Benefits | 3,051 |
| Welfare Benefits | 545 |
| Amortization of Property and Equipment | 1,018 |
| Leasing on Land, Buildings and Machinery | 184 |
| Building Maintenance | 229 |
| Supplies | 202 |
| Utilities | 94 |
| Traveling Expenses | 1,270 |
| Communications | 92 |
| Advertising Expenses | 3 |
| Fees, Donations and Social Expenses | 14 |
| Taxes | 298 |
| Other | 5,859 |
| Total | 17,551 |

5. Balance of Due from Banks, Receivables under Resale Agreements and Securities —Application of Surplus Funds

(Unit: millions of yen)

| | March 31, 2013 |
|--------------------------------------|----------------|
| Due from Banks in Japanese Yen | 310,000 |
| Due from Banks in Foreign Currencies | 425,707 |
| Receivables under Resale Agreements | 284,902 |
| Securities | — |

6. Information on Derivative Transactions

(1) Basic Policy for Derivative 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.

(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 transaction with each counterparty, credit risk exposure to it and its creditworthiness. Such information is then used to assess the appropriateness of making 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.

(As of March 31, 2013; 100 millions of yen)

| | Contract Amounts / Notional Amounts | Credit Risk Amounts | Market Value |
|--|--|---------------------|--------------|
| Interest Rate Swaps | 24,560 | 895 | 219 |
| Currency Swaps | 41,497 | 6,047 | 2,096 |
| Forward Exchange Contracts | 1 | 0 | 0 |
| Other Derivatives | — | — | — |
| Credit Risk Reductions through Netting | | (2,845) | |
| Total | 66,058 | 4,097 | 2,315 |

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

7. Yield / Interest Rate

(Unit: %)

| | Fiscal Year Ended March 31, 2013 |
|---|----------------------------------|
| (A)–(B) | 0.27 |
| Yields on Interest-earning Assets (A) | 1.70 |
| Costs of Interest-bearing Liabilities (B) | 1.43 |

(Note) Yields on Interest-earning Assets = Interest / Average Balance of Interest-earning Assets

Costs of Interest-bearing Liabilities = Interest Expenses / Average Balance of Interest-bearing Liabilities

Cf. Interest = Interest on Loans and Discounts + Interest on Securities + Interest on Receivables under Resale Agreements + Interest on Deposits with Banks + Interest on interest swaps + Other interest income

Average Balance of Interest-earning Assets = Loans and Bills Discounted + Securities + Receivables under Resale Agreements + Cash Equivalents (excluding due from banks) + Capital pledged for derivative transactions

Interest Expenses = Interest on Borrowings and Rediscounts + Interest on Bonds + Interest on interest swaps + Other interest expenses

Average Balance of Interest-bearing Liabilities = Borrowed Money + Bonds Payable + Collateral accepted for derivative transactions

8. Loans Outstanding per Employee

(Unit: millions of yen)

| March 31, 2013 |
|----------------|
| 19,692 |

9. Loans Outstanding by Industry

(Unit: millions of yen)

| Industry | March 31, 2013 | |
|---|-----------------|-------------------|
| | Number of Loans | Balance |
| Manufacturing | 91 | 297,487 |
| Mining and Quarrying of Stone and Gravel | 10 | 280,876 |
| Construction | 2 | 2,628 |
| Electricity, Gas, Heat Supply, and Water | 5 | 327,458 |
| Information and Communications | 1 | 1,400 |
| Transport and Postal Services | 5 | 41,636 |
| Wholesale Trade | 19 | 857,525 |
| Finance and Insurance | 16 | 1,901,498 |
| Goods Rental and Leasing | 7 | 45,300 |
| Overseas Yen Loan and Domestic Loans Transferred Overseas | 447 | 6,807,548 |
| Total, Including Others | 603 | 10,563,360 |
| Loans Outstanding to Small and Medium-sized Enterprises | 72 | 10,447 |
| Loans Outstanding to Mid-tier Enterprises | 60 | 20,524 |

(Note) In this table, small and medium-sized enterprises are defined as domestic corporations with the capital of ¥300 million or less or corporations and individuals having 300 or less employees on the regular pay roll.

Mid-tier enterprises are defined as domestic corporations with the capital of ¥1 billion or less (excluding small and medium-sized enterprises).

10. Write-off of Loans

(Unit: millions of yen)

| Fiscal Year Ended March 31, 2013 |
|----------------------------------|
| — |

11. Assets in Major Foreign Currencies

(Unit: thousands of regarding currency unit)

| | March 31, 2013 |
|---|----------------|
| Cash Equivalents in Foreign Currency (US\$) | 5,110,297 |
| Cash Equivalents in Foreign Currency (STG£) | 17,793 |
| Cash Equivalents in Foreign Currency (EUR) | 10,411 |
| Cash Equivalents in Foreign Currency (AUD) | 0 |
| Cash Equivalents in Foreign Currency (CAD) | 192,465 |
| Investments in Foreign Currency (US\$) | 900,047 |
| Equity Investments in Foreign Currency (US\$) | 103,588 |
| Equity Investments in Foreign Currency (EUR) | 0 |
| Equity Investments in Foreign Currency (CNY) | 18,000 |
| Equity Investments in Foreign Currency (SGD) | 165,999 |
| Loans in Foreign Currency (US\$) | 88,219,328 |
| Loans in Foreign Currency (EUR) | 558,771 |
| Loans in Foreign Currency (ZAR) | 359,900 |
| Loans in Foreign Currency (AUD) | 330,397 |
| Loans in Foreign Currency (THB) | 3,132,900 |
| Loans in Foreign Currency (SDR) | 669,180 |
| Loans in Foreign Currency (CAD) | 1,209,770 |
| Loans in Foreign Currency (IDR) | 230,000,000 |

12. Administrative Expense Ratio

(Units: %)

| | Fiscal Year Ended March 31, 2013 |
|------------------------------|----------------------------------|
| Administrative Expense Ratio | 0.16 |

(Note) Administrative Expense Ratio = General and Administrative Expenses / (Average Balance of Loans and Bills Discounted + Average Balance of Securities + Average Balance of Customers' Liabilities for Acceptances and Guarantees)

13. Balance of Loans / Borrowings, Bonds and Notes by Maturity

Maturity Structure of Loans as of March 31, 2013

(Unit: 100 millions of yen)

| Maturity | Collection from Loans |
|----------------|-----------------------|
| 1 Year or Less | 9,392 |
| 1-2 Years | 16,147 |
| 2-3 Years | 13,167 |
| 3-4 Years | 8,308 |
| 4-5 Years | 8,933 |
| 5-6 Years | 7,586 |
| 6-7 Years | 7,587 |
| 7-8 Years | 6,401 |
| 8-9 Years | 6,071 |
| 9-10 Years | 4,570 |
| 11-15 Years | 11,865 |
| 16-20 Years | 3,673 |
| 21-25 Years | 137 |
| 26-30 Years | 19 |
| 31-35 Years | — |
| 36-40 Years | — |
| Over 40 Years | — |
| Total | 103,864 |

(Note) The figures exclude: ¥168,725 million, the amount of loans and other credits to debtors who are legally or substantially bankrupt, as well as those who are likely to become bankrupt, since they have no prospect for redemption.

Maturity Structure of Long-term Borrowing and Borrowings from the Special Account of the Former Postal Life Insurance as of March 31, 2013

(Unit: 100 millions of yen)

| Maturity | Repayment of Borrowings |
|----------------|-------------------------|
| 1 Year or Less | 8,298 |
| 1-2 Years | 12,871 |
| 2-3 Years | 10,024 |
| 3-4 Years | 9,435 |
| 4-5 Years | 26,178 |
| 5-6 Years | 3,301 |
| 6-7 Years | 190 |
| 7-8 Years | — |
| 8-9 Years | — |
| 9-10 Years | 2,047 |
| Over 10 Years | — |
| Total | 72,345 |

Maturity Structure of Bonds and Notes as of March 31, 2013

(Unit: 100 millions of yen)

| Maturity | Redemption of Bonds and Notes |
|----------------|-------------------------------|
| 1 Year or Less | 3,214 |
| 1-2 Years | 3,551 |
| 2-3 Years | 5,432 |
| 3-4 Years | 4,262 |
| 4-5 Years | 3,343 |
| 5-6 Years | 1,375 |
| 6-7 Years | 600 |
| 7-8 Years | 200 |
| 8-9 Years | — |
| 9-10 Years | — |
| Over 10 Years | 200 |
| Total | 22,180 |

14. Information on the Quality of Assets

Although the Banking Act and Act on Emergency Measures for the Revitalization of the Financial Functions of 1998 (the "Financial Revitalization Act") do not apply to JBIC, JBIC has made a self-assessment of the quality of its assets since the fiscal year ended March 31, 2001, in accordance with the standards set forth in the *Inspection Manual for Deposit-Taking Institutions* (last revised in April, 2013) of the Financial Services Agency of Japan. This was aimed at increasing disclosure on its asset quality and improving the internal management of credit risks.

One characteristic of JBIC's operations is that a considerable portion of its loans is official credit for the governments of developing countries. Thus, when an indebted country is temporarily unable to service debt due to economic difficulties, debt rescheduling will sometimes take place—based on an international agreement among the creditor countries in the Paris Club—in order to ensure sustainable debt service. A debtor country receiving such temporary support for overcoming the liquidity problem will implement economic restructuring programs agreed upon with the International Monetary Fund (IMF) to acquire sustainable debt service capacity.

The loans rescheduled under the agreement in the Paris Club have a high probability of repayment, because, unlike loans provided by private financial institutions, their nature as official credit provides an asset-securing mechanism under the above international framework. Nonetheless, to facilitate comparison with private financial institutions, JBIC, in principle, discloses the loans rescheduled in the Paris Club and whose debtor countries are categorized as "Needs Attention" in its self-assessment of asset quality, as loan assets required to be disclosed classifying them either as restructured loans (under the Banking Act) or substandard loans (under the Financial Revitalization Act).

ERNST & YOUNG SHINNIHON LLC audited JBIC's self-assessment regarding the quality of its assets, including the following risk-monitored loans, loans to be disclosed under the Financial Revitalization Act and reserves for possible loan losses, in accordance with the *Practical Guidelines for Evaluation of Internal Control over Valuation of Assets and Audits for Write-Offs and Reserve for Possible Loan Losses of Banks and Similar Institutions* (Report No. 4 of the Ad Hoc Committee for Audits of Banks, the Japanese Institute of Certified Public Accountants (JICPA)).

1. Risk-Monitored Loans

The following table shows the classification of risk-monitored loans based on the self-assessment of asset quality in accordance with the disclosure standard of risk-monitored loans applied to commercial financial institutions (under the Banking Act).

Each category of risk-monitored loans is defined as follows:

1. Bankrupt Loans

Among loans that are placed in non-accrual status (except the portion deducted as allowance for loan losses), when collection of either principal or interest becomes doubtful for the reason that principal or interest is past due for a considerable period of time or for other reasons, those loans for which there is filing of reorganization procedures under the Corporate Reorganization Act rehabilitation procedures under the Civil Rehabilitation Act, bankruptcy procedures under the Bankruptcy Act, special liquidation procedures under the Companies Act or other relevant laws, or there is suspension of transactions in promissory notes issued by the debtors in the clearing house.^(Note 1)

2. Non-accrual Loans

Loans that are placed in non-accrual status except those classified as "Bankrupt Loans" or those whose interest payments are deferred in order to expedite the debtors' business restructuring or support their business operations.

3. Past Due Loans (3 months or more)

Loans whose principal or interest is past due 3 months or more from the date following the contractually scheduled payment date and not classified as "Bankrupt Loans" or "Non-accrual Loans".

4. Restructured Loans

Loans whose terms and conditions are modified in favor of the debtors in order to expedite the debtors' business restructuring or support their business operations by, among others, reducing the stated interest rate, deferring interest payments or write-downs, and that are not classified as "Bankrupt Loans", "Non-accrual Loans" and "Past Due Loans (3 months or more)".^(Note 2)

(Unit: millions of yen)

| | Fiscal Year Ended March 31, 2012 | Fiscal Year Ended March 31, 2013 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Bankrupt Loans | — | — |
| Non-accrual Loans | 101,565 | 96,140 |
| Past Due Loans (3 months or more) | 176 | 69,065 |
| Restructured Loans | 83,014 | 79,976 |
| Total (1) | 184,755 | 245,183 |
| Total Amounts of Loans (2) | 8,110,356 | 10,555,128 |
| (1) / (2) (%) | 2.28 | 2.32 |

2. Loan Assets to Be Disclosed under the Financial Revitalization Act

The following table shows the classification of loans based on the self-assessment of asset quality in accordance with the disclosure standard of the Financial Revitalization Act.

1. Bankrupt and Quasi-bankrupt Assets

"Bankrupt and Quasi-bankrupt Assets" are loans and other credits to debtors who have begun proceedings under the Bankruptcy Act, the Corporate Reorganization Act, the Civil Rehabilitation Act and other similar laws of Japan and have financially failed. In the asset quality self-assessment, these loans are loans to debtors who are legally or substantially bankrupt.

2. Doubtful Assets

"Doubtful Assets" are loans and other credits to debtors whose financial and operational conditions have deteriorated and who have a possibility that payment of principal and / or interest will not be made on a contractual basis. In the asset quality self-assessment, these loans are loans to the debtors who are likely to become bankrupt.

3. Substandard Loans

"Substandard Loans" are loans to debtors who are categorized as "Needs Attention Debtor" in the asset quality self-assessment, and

- (i) loans whose principal and / or interest is overdue 3 months or more from the date following the scheduled payment date but which are not categorized as "Bankrupt and Quasi-bankrupt Assets" and "Doubtful Assets" ("Past Due Loans (3 months or more)").
- (ii) restructured loans on which the Bank granted concessions to debtors in financial difficulties through amending terms and conditions of the loans to assist them to recover and eventually be able to pay to creditors, but which are not categorized as "Bankrupt and Quasi-bankrupt Assets", "Doubtful Assets" or "Overdue Loans (3 months or more)". (Note 2)

4. Normal Assets

"Normal Assets" are loans to debtors with no particular problem in their financial conditions, categorized in the asset quality self-assessment either as "Loans to Normal Debtors" or "Loans to Needs Attention Debtors (excluding substandard loans)", but which are not categorized as "Bankrupt and Quasi-bankrupt Assets", "Doubtful Assets" and "Substandard Loans".

(Unit: millions of yen)

| | | Fiscal Year Ended March 31, 2012 | Fiscal Year Ended March 31, 2013 |
|-------|------------------------------------|-------------------------------------|-------------------------------------|
| Loans | Bankrupt and Quasi-bankrupt Assets | 658 | — |
| | Doubtful Assets | 100,906 | 96,140 |
| | Substandard Loans | 83,190 | 149,042 |
| | Subtotal (1) | 184,755 | 245,183 |
| | Normal Assets | 10,335,469 | 12,744,811 |
| | Total (2) | 10,520,225 | 12,989,995 |
| | (1) / (2) (%) | 1.76 | 1.89 |

Note 1

According to the Banking Act, which provides the disclosure requirements of "Risk-monitored Loans" adopted by commercial financial institutions in Japan, the loans to overseas public debtors which meet all of the following conditions must be disclosed as "Bankrupt Loans": (1) no payment of principal and its interest 3 years before term-end, (2) no agreement for the extension of the repayment deadlines 3 years before term-end and (3) no concrete plan to conclude an agreement for the extension of the repayment deadline at term-end. In the table shown on the previous page, however, taking into consideration the international cooperation framework on public debt mentioned above, the overseas public debtors who meet the conditions above are classified as "Potentially Bankrupt Debtors" under the asset quality self-assessment criteria and loans to such debtors are classified as "Non-accrual Loans" under the disclosure of "Risk-monitored Loans".

Note 2

In the event that a debtor country encounters temporary repayment difficulties in respect of external public debt (sovereign debt, trade insurance institutions and export credit institutions, etc.) due to the deteriorating balance of payments, meetings of creditor countries (the "Paris Club") will be held to mutually agree on debt relief measures (rescheduling), and implementing of temporary support for overcoming the liquidity problem (balance of payment support under an international cooperative framework). With this temporary liquidity support, debtors carry out IMF-agreed economic restructuring programs and continue to make debt repayments. The principal amount of loans for which JBIC has agreed to provide debt relief pursuant to the Paris Club agreements is ¥243,143 million as of the end of the fiscal year ended March 31, 2013.

Loans to debtors classified under the self-assessment as "Needs Attention" (but not "Past Due Loans (3 months or more)") that were rescheduled under the Paris Club as "Restructured loans". The amount of such loans, included in "Restructured loans" in the above table is ¥79,976 million, of which ¥79,720 million represents the original principal.



Corporate Data

Data

3

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1• Board of Directors and Auditors (As of June 25, 2013)

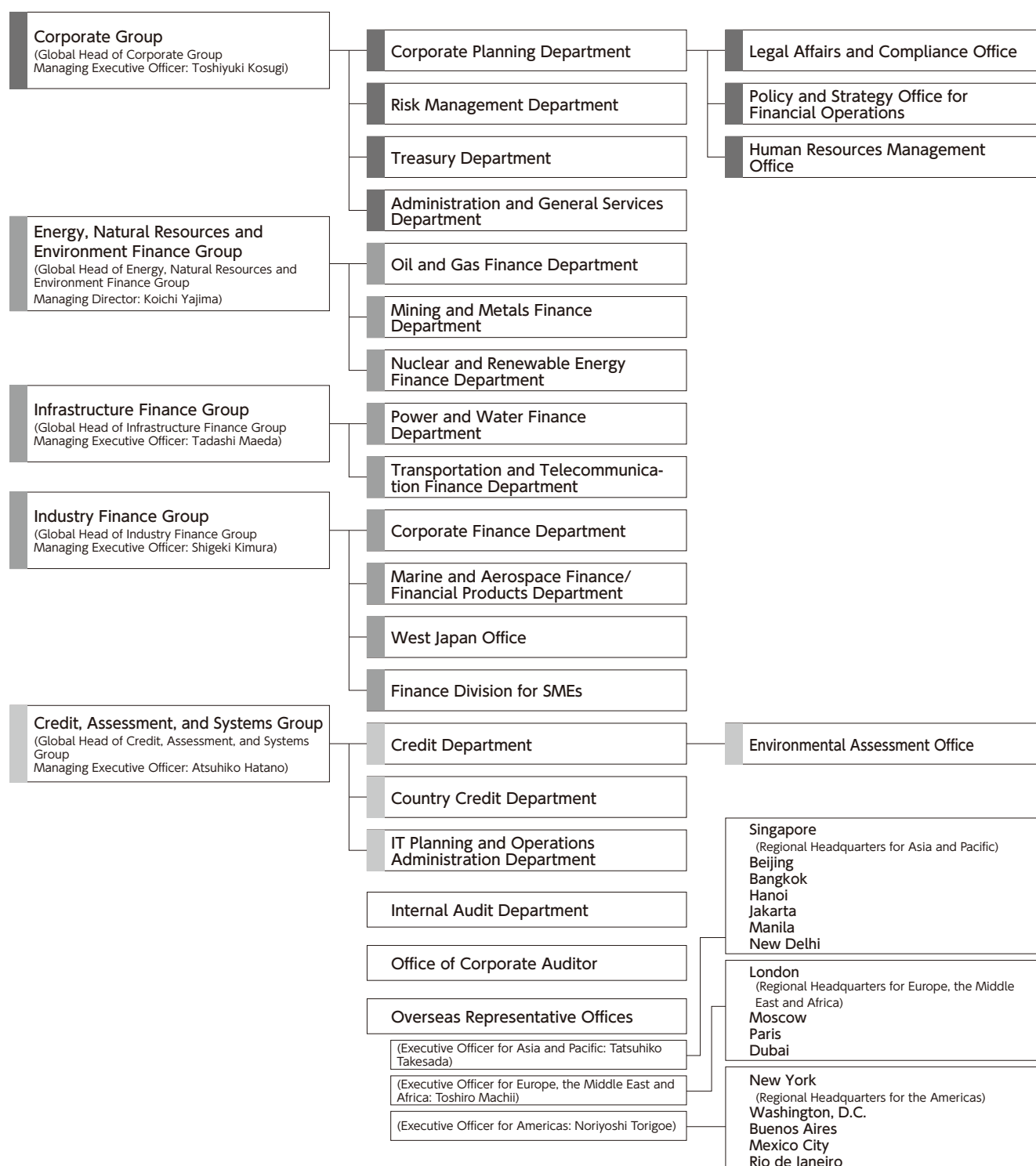
| | |
|---|------------------|
| Governor | Hiroshi OKUDA |
| CEO, Executive Managing Director | Hiroshi WATANABE |
| COO, Senior Managing Director | Fumio HOSHI |
| Managing Director, Global Head of Energy, Natural Resources and Environment Finance Group | Koichi YAJIMA |
| Managing Director (Outside Director) | Akira KONDOH |
| Corporate Auditor (Full-Time Corporate Auditor) | Hiroshi IMOTO |
| Corporate Auditor (Outside Corporate Auditor) | Shinji NISHIO |
| Corporate Auditor (Outside Corporate Auditor) | Tatsuo IGARASHI |

2. Organizational Chart (As of July 1, 2013)

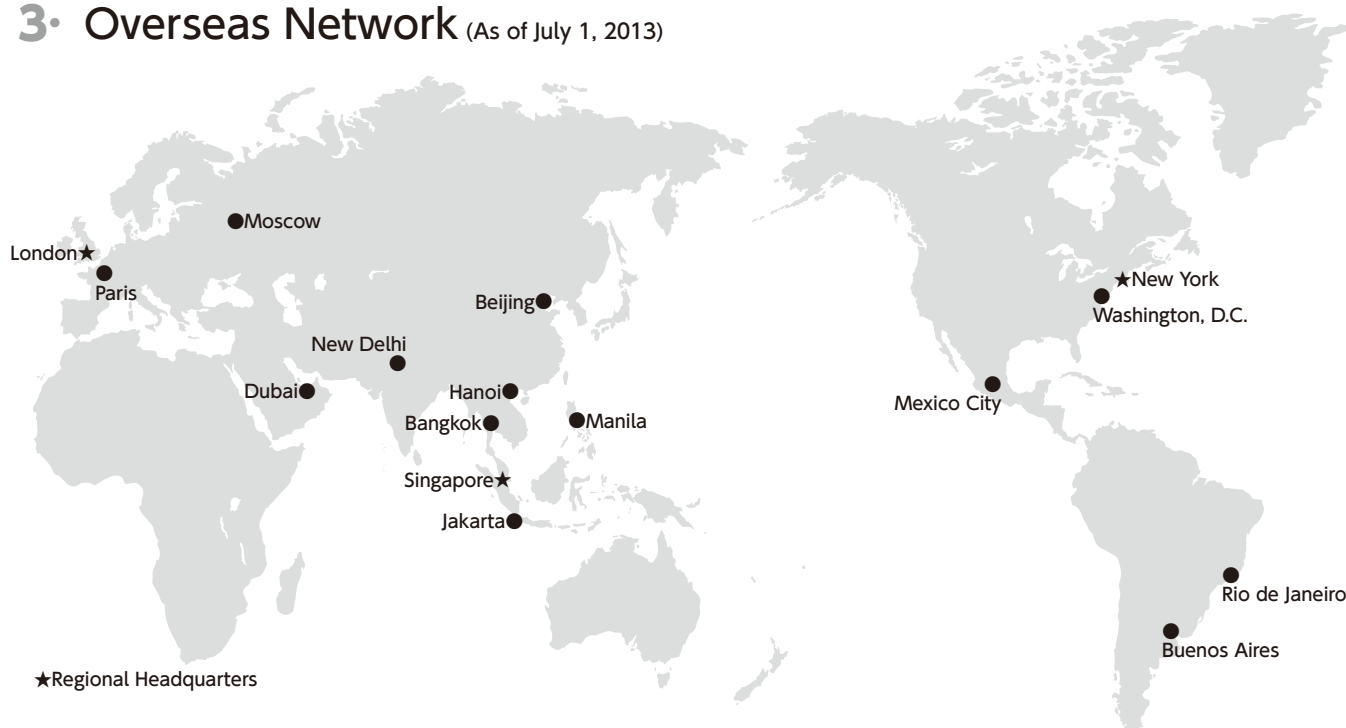
JBIC is constituted by five business groups: three mission/sector-specific finance groups (Energy, Natural Resources and Environment Finance Group; Infrastructure Finance Group; and Industry Finance Group) and the Corporate Group and the Credit, Assessment, and Systems Group which support these finance groups.

This organizational structure was intended to strengthen the capacity to formulate projects by bringing together know-how and expertise in each sector and area, thereby

creating an institution that can execute the functions in its mission more flexibly and strategically: the mission directly linked to Japan's economic policy. In the network of overseas representative offices, Singapore, London and New York are assigned as core regional offices to supervise business and administrative activities as well as to support project formulation in Asia and Pacific; Europe, the Middle East and Africa, and the Americas respectively.



3 Overseas Network (As of July 1, 2013)



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4. History

Events related to The Export-Import Bank of Japan (JEXIM)

| | |
|---------------|---|
| December 1950 | The Japan Export Bank Act promulgated and enforced; The Japan Export Bank established |
| April 1952 | The Japan Export Bank changed its name to The Export-Import Bank of Japan |

Events related to the Japan Bank for International Cooperation (former JBIC)

| | |
|----------------|---|
| April 1999 | The Japan Bank for International Cooperation Act promulgated and enforced |
| September 1999 | Order for the Japan Bank for International Cooperation Act promulgated and enforced |
| October 1999 | The Japan Bank for International Cooperation (former JBIC) established (taking over operations of the Export-Import Bank of Japan and those of the Overseas Economic Cooperation Fund) |
| October 2003 | "JBIC Guidelines for Confirmation of Environmental and Social Considerations" and "Procedures to Submit Objections Concerning JBIC Guidelines for Confirmation of Environmental and Social Considerations" enforced |

Events related to the Japan Finance Corporation

| | |
|--------------|---|
| June 2006 | The Act on Promotion of Administrative Reform for Realization of Small and Efficient Government promulgated and enforced |
| May 2007 | The Japan Finance Corporation Act promulgated and enforced |
| April 2008 | Order for the Japan Finance Cooperation Act promulgated and enforced |
| October 2008 | The Japan Finance Corporation established |
| March 2010 | The Revision of Japan Finance Corporation Act enforced (Promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming was added to JBIC mission) |
| April 2010 | The Account for Facilitating Realignment of United States Forces in Japan created |

Events related to the Japan Bank for International Cooperation (new JBIC)

| | |
|---------------|---|
| May 2011 | The Japan Bank for International Cooperation Act promulgated and enforced |
| July 2011 | Order for Enforcement of the Japan Bank for International Cooperation Act and Cabinet Order for Revising Part of the Japan Finance Corporation Act promulgated and enforced (The scope of operations was expanded, including the rule on export financing to developed countries) |
| April 2012 | The Japan Bank for International Cooperation (JBIC) established |
| November 2012 | The Account for Facilitating Realignment of United States Forces in Japan closed |

5. Japan Bank for International Cooperation Act

Excerpt of the Japan Bank for International Cooperation Act (Act No. 39 of 2011)

Article 1: Purpose

Japan Bank for International Cooperation shall be a *Kabushiki-Kaisha*, which has the purpose of contributing to the sound development of Japan and the international economy and society, by taking responsibility for the financial function to promote the overseas development and securement of resources which are important for Japan, to maintain and improve the international competitiveness of Japanese industries and to promote the overseas business having the purpose of preserving the global environment, such as preventing global warming, also providing the financial services that are necessary to prevent disruptions to international financial order or to take appropriate measures with respect to damages caused by such disruption, while having the objective of supplementing the financial transactions implemented by ordinary financial institutions.

Article 3: Holding of Shares by Government

The Government shall, at all times, hold the total number of outstanding shares of JBIC.

Article 4: Government's Contribution

1. The Government may, when it finds it to be necessary, make contributions to JBIC within the amount appropriated in the budget.
2. When a contribution is made by the Government pursuant to the provisions of the preceding Paragraph, JBIC shall, notwithstanding the provisions of Paragraph 2 of Article 445 of the Companies Act (Act No. 86 of 2005), be allowed not to record the amount exceeding half of such contribution amount as the capital. In this case, "this Act" referenced in Paragraph 1 of the same Article shall be deemed to be replaced with "this Act or Japan Bank for International Cooperation Act (Act No. 39 of 2011)."

Article 5: Limitation, etc. on Use of Name

1. No person other than JBIC shall use the words "Japan Bank for International Cooperation" in its name.
2. The provisions of Paragraph 2 of Article 6 of the Banking Act shall not be applied to JBIC.

Article 6: Resolution for Appointment and Removal, etc. of Officers, etc.

1. The resolution for the appointment and removal of the Officers, etc. (meaning Directors, Executive Officers and Auditor(s); the same shall apply hereinafter) of JBIC shall not take effect unless the authorization of the Minister of Finance is granted.
2. The resolution for selection and displacement of a Representative Director or Representative Executive Officer of JBIC shall not take effect unless the authorization of the Minister of Finance is granted.

Article 11: Scope of Operations

JBIC shall, for attaining its purpose, engage in the operations listed below:

- (1) The loan of funds necessary for the Export of Equipment, etc., the acquisition by assignment of loan receivables related to such funds, the Guarantee, etc. of Liabilities related to such funds, in the case where the Foreign Financial Institutions, etc. or the Foreign Governments, etc. provide the Guarantee, etc. of Liabilities with respect to such funds, the Guarantee, etc. of Liabilities related to such Guarantee, etc. of Liabilities, or the acquisition of the Public/Corporate Bonds, etc. issued in order to procure such funds by certain measures, such as acquisition through subscription;
- (2) The loan of funds necessary to ensure the reliable and timely Import of Important Goods, etc., the acquisition by assignment of loan receivables related to such funds, the Guarantee, etc. of Liabilities related to such funds or the acquisition of the Public/Corporate Bonds, etc. to be issued in order to procure such funds by certain measures, such as acquisition through subscription;

- (3) The loan of funds to be used directly or indirectly for the business which the Juridical Persons, etc. of Japan, Foreign Governments, etc. or Foreign Juridical Persons, etc. Invested in conduct outside Japan, the acquisition by assignment of loan receivables related to such funds, the Guarantee, etc. of Liabilities related to such funds, in the case where the Juridical Persons, etc. of Japan, Foreign Juridical Persons, etc. Invested in, Foreign Financial Institutions, etc. or Foreign Governments, etc. provide the Guarantee, etc. of Liabilities to the Juridical Persons, etc. of foreign countries with respect to such funds, the Guarantee, etc. of Liabilities related to such Guarantee, etc. of Liabilities, or the acquisition of the Public/Corporate Bonds, etc. to be issued in order to procure such funds by certain measures, such as acquisition through subscription;
- (4) (i) The loan to the Foreign Governments, etc., Foreign Financial Institutions, etc. or international organizations, such as the International Monetary Fund, of long-term funds (meaning the funds required to be provided for more than one (1) year; the same shall apply hereinafter) required for their overseas business or the import of goods or introduction of technologies by the foreign country concerned, or funds required to attain the international balance of payments or achieve the stability of the currency of the foreign country concerned, (ii) the acquisition by assignment of loan receivables related to such funds or the Guarantee, etc. of Liabilities related to such funds or (iii) the acquisition of the Public/Corporate Bonds, etc. issued in order to procure such funds by certain measures, such as acquisition through subscription;
- (5) When it is found remarkably difficult for a foreign government or foreign resident to conduct overseas transactions, such as import by reason of the international balance of payments of the foreign country concerned, and it is found urgently necessary, the loan to the governments, governmental agencies or banks of the foreign country concerned, of the short-term funds (meaning the funds required necessary to be provided for one (1) year or less than one (1) year; the same shall apply hereinafter) necessary to facilitate overseas transactions, such as import, until the International Monetary Fund, etc. (meaning international organizations, such as the International Monetary Fund, or governments, governmental agencies or banks of more than two (2) countries other than that foreign country concerned; the same shall apply hereinafter) provides funds to assist the development of the economy of the foreign country concerned (hereinafter referred to as the "Funds for Economic Assistance");
- (6) The provision of contributions to persons who are carrying on business outside Japan (including those Juridical Persons, etc. of Japan whose sole purpose is to make overseas investments and who make contributions to those carrying on the aforesaid business) to contribute funds required for their business;
- (7) The carrying out of the necessary studies related to the operations listed in each of the preceding Items;
- (8) The provision of information to the users of operations provided by JBIC that pertains to such operations; and
- (9) Any other operations incidental to those listed in each of the preceding Items (excluding those listed in Item (7)).

Article 12:

1. Among the operations listed in Item (1) of the preceding Article, those which are related to the Export of Equipment, etc. destined for any area other than developing overseas areas (hereinafter referred to as the "Developing Areas") may be conducted only in the cases listed below:
 - (1) when necessary countermeasures are taken in accordance with multilateral arrangements in the case where the Foreign Governments, etc., in which exporters conduct the export destined for the said area, grant credit, underwrite insurance or

provide an interest rate support with more favorable conditions than usual in order to promote the export from such foreign countries; or

- (2) when it is prescribed by a Cabinet Order as being a case recognized especially necessary in order to promote the policies of the Government concerning the maintenance or improvement of the international competitiveness of Japanese industries.
2. Among the operations listed in Item (1) of the preceding Article, those relating to the funds provided to the Juridical Persons, etc. of Japan may be conducted only in the case where the execution of the export by the Juridical Persons, etc. of Japan has become remarkably difficult due to disruptions to international financial order and the Minister of Finance determines that the exceptions of operations of JBIC are necessary in order to deal therewith.
3. Among the operations listed in Item (2) of the preceding Article, other than those conducted in order to promote overseas development and securement of resources important for Japan, only those relating to the funds listed below that are the Guarantee, etc. of Liabilities may be conducted:
 - (1) funds necessary to import the products, such as aircraft, specified by the Minister of Finance, with respect to which the products produced in Japan are not sufficient to replace and the import to Japan is essential; or
 - (2) funds necessary to introduce such technologies specified by the Minister of Finance, with respect to which the technologies of Japan are not sufficient to replace and the introduction to Japan is essential.
4. Among the operations listed in Item (3) of the preceding Article, those relating to the short-term loans may be conducted only in the case where JBIC has agreed to make loan of funds (excluding short-term funds) set forth in the same Item for the execution of business conducted by the Juridical Persons, etc. of Japan and the Foreign Juridical Persons, etc. Invested in and such loan of funds is recognized especially necessary in order to execute such business.
5. Among the operations listed in Item (3) of the preceding Article, the operations of provision of the loan of funds necessary for the overseas business to be conducted by the Juridical Persons, etc. of Japan, other than those listed in Item (2) of the following Paragraph, may be conducted only if such loan is provided directly to such Juridical Persons, etc.
6. Among the operations listed in Item (3) of the preceding Article (excluding those conducted in order to promote overseas development and securement of resources important for Japan), loans to the Juridical Persons, etc. of Japan, other than the loans to the Small and Medium Enterprises, etc. (meaning the Small and Medium Enterprises or medium enterprises specified by the Minister of Finance; hereinafter the same shall apply) may be conducted only in the cases listed below.
 - (1) When the Juridical Persons, etc. of Japan begin or expand overseas business, or improve the efficiency thereof by contributing to the foreign juridical persons or accepting the assignment of all or part of the business of the foreign juridical persons (hereinafter referred to as "Contributions, etc." in this Item), in the case where the loan of funds necessary for such Contributions, etc. is provided (only when it is prescribed by a Cabinet Order as being a case recognized especially necessary in order to promote the policies of the Government concerning the maintenance or improvement of the international competitiveness of Japanese industries).
 - (2) When the Banks, etc. provide the loan of funds listed below, in the case where the loan of funds necessary for such loan by such Banks, etc. is provided to such Banks, etc.:
 - a. loan of funds set forth in Item (3) of the preceding Article to the Small and Medium Enterprises, etc. or the Foreign Juridical Persons, etc. Invested in related to the contribution of the Small and Medium Enterprises, etc.; or
 - b. loan of funds set forth in the preceding Item to the Juridical Persons, etc. of Japan (limited to those prescribed by the Cabinet Order set forth in the same Item).
 - (3) When the execution of overseas business of the Juridical Persons, etc. of Japan has become remarkably difficult due to

disruptions to international financial order, in the case where the Minister of Finance determines that the exceptions of operations of JBIC are necessary in order to deal therewith.

7. Among the operations listed in Item (3) of the preceding Article (excluding those conducted in order to promote overseas development and securement of resources important for Japan), with respect to the business in any area other than the Developing Areas may be conducted only when it is prescribed by a Cabinet Order as being a case recognized especially necessary in order to promote the policies of the Government concerning the maintenance or improvement of the international competitiveness of Japanese industries.
8. The loan to the governments, governmental agencies or banks of foreign countries listed in Item (5) of the preceding Article may be conducted by obtaining the authorization of the Minister of Finance only when the provision of the Funds for Economic Assistance from the International Monetary Fund, etc. is expected to be certain and only in the cases listed below:
 - (1) where, by appropriating all or part of the Funds for Economic Assistance from the International Monetary Fund, etc. (excluding JBIC) for the redemption of the funds related to the loan, the redemption is expected to be secured; or
 - (2) where adequate underlying assets are secured for the loan.
9. Among the operations listed in Items (1) through (4) of the preceding Article, the Guarantee, etc. of Liabilities related to the liabilities of any person other than the Juridical Persons, etc. of Japan (excluding those related to the Public/Corporate Bonds, etc.) may be provided only in the cases listed below:
 - (1) When the Banks, etc., Foreign Financial Institutions, etc. or Foreign Governments, etc. provide the loan of such funds set forth in Items (1) through (4) of the preceding Article, in the case where the Guarantee, etc. of Liabilities related to such loan is provided (including the case in which the loan receivables related to such loan are assigned to the persons specified by the Minister of Finance);
 - (2) In the case where the Guarantee, etc. of Liabilities related to the Guarantee, etc. of Liabilities set forth in Items (1) and (3) of the preceding Article is provided;
 - (3) When, among the Guarantee, etc. of Liabilities related to the funds set forth in Item (3) of the preceding Article, the Juridical Persons, etc. of Japan or the Foreign Juridical Persons, etc. Invested in assign the monetary claims related to the overseas business to be conducted by the Juridical Persons, etc. of Japan or the Foreign Juridical Persons, etc. Invested in to the Banks, etc. or Foreign Financial Institutions, etc. and use the proceeds from the assignment for such business, in the case where the Guarantee, etc. of Liabilities related to such monetary claims is provided; or
 - (4) When the Banks, etc. or Foreign Financial Institutions, etc. provide the loan of funds set forth in Item (3) of the preceding Article in foreign currency, in the case where the Guarantee, etc. of Liabilities related to swap transactions (transactions listed in Item 5 of Paragraph 22 of Article 2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948)) related to such funds conducted by such Banks, etc. or Foreign Financial Institutions, etc., is provided.
10. Among the operations listed in Items (1) through (4) of the preceding Article, the Guarantee, etc. of Liabilities (limited to those related to the Public/Corporate Bonds, etc.) and the acquisition of the Public/Corporate Bonds, etc. may be conducted only in the cases listed below (with respect to the operations listed in Items (1) through (3) of the same Article, the cases listed in Items (2) through (6) below shall apply):
 - (1) where part of the Public/Corporate Bonds, etc. (limited to those with a redemption period of more than one (1) year; the same shall apply in the following Item and Item (3) below) that were issued by the Foreign Financial Institutions, etc., the Foreign Governments, etc. or international organizations, such as the International Monetary Fund, are acquired;
 - (2) where the Public/Corporate Bonds, etc. are acquired and then such Public/Corporate Bonds, etc. are assigned to the Specific Purpose Company, etc. within the period specified by the

Minister of Finance or where the Specific Trust is established, the Public/Corporate Bonds, etc. are entrusted to the Trust Company, etc. as assets of such Specific Trust, and then all or part of beneficial interests in such Specific Trust is assigned;

- (3) where the Public/Corporate Bonds, etc. to be issued by the Specific Purpose Company, etc. or the Trust Company, etc. which are secured by loan receivables or the Public/Corporate Bonds, etc. are acquired;
 - (4) where the Guarantee, etc. of Liabilities relating to the Public/Corporate Bonds, etc. to be issued by the Foreign Juridical Persons, etc. Invested in, the Foreign Financial Institutions, etc., the Foreign Governments, etc. or international organizations, such as the International Monetary Fund, is provided;
 - (5) where the Guarantee, etc. of Liabilities related to such loan receivables, Public/Corporate Bonds, etc. or the monetary claims, which constitute such underlying assets, or the Public/Corporate Bonds, etc. to be issued by the Specific Purpose Company, etc. or the Trust Company, etc. is provided (excluding the Guarantee, etc. of Liabilities related to the Public/Corporate Bonds, etc. to be issued by the Banks, etc.) when the Specific Purpose Company, etc. or the Trust Company, etc. issues the Public/Corporate Bonds, etc. which are secured by loan receivables, the Public/Corporate Bonds, etc. or the monetary claims set forth in Item (3) of the preceding Paragraph; or
 - (6) where the Guarantee, etc. of Liabilities related to the borrowing of funds by the Specific Purpose Company, etc. for the purpose of acquiring by assignment, or acquiring, such loan receivables or Public/Corporate Bonds, etc., which constitute such underlying assets, is provided when the Specific Purpose Company, etc. issues the Public/Corporate Bonds, etc., which are secured by loan receivables or the Public/Corporate Bonds, etc.
11. Among the operations listed in Items (1) through (4) of the preceding Article, those listed below shall be conducted only when the loan thereof or the loan related to the loan receivables to be assigned is the Co-financing; provided, however, that this shall not apply, with respect to the operations listed in Item (1) below, in the case where it is recognized that it is remarkably difficult for the Banks, etc. to provide a loan of funds together with JBIC and the loan from JBIC is urgently necessary to attain the purpose of such loan, or if the case falls under any of the cases listed in Item (2) of Paragraph 6 hereof, with respect to the operations listed in Item (2) below, in the case where the loan receivables to the Foreign Juridical Persons, etc. Invested in with a redemption period of more than one (1) year are acquired by assignment within the period specified by the Minister of Finance for the purpose of assigning the same to the Specific Purpose Company, etc. or for the purpose of establishing the Specific Trust, with respect to the same, in the Trust Company, etc. and assigning all or part of the beneficial interest in such Specific Trust:
- (1) loan of funds pursuant to the provisions of Items (1) through (3) of the preceding Article made to the Juridical Persons, etc. of Japan; or
 - (2) acquisition by assignment of the loan receivables pursuant to the provisions of Items (1) through (4) of the preceding Article.
12. The operations listed in Item (7) of the preceding Article may be conducted only if they are the minimum necessary to promote the performance of the operations listed in Items (1) through (6) of the same Article smoothly and effectively.

Article 13: Practice of the Operation

1. The loan of funds, the acquisition by assignment of loan receivables, the acquisition of the Corporate/Public Bonds, etc., the Guarantee, etc. of Liabilities or the provision of contributions pursuant to the provisions of Items (1) through (6) of Article 11 hereof may be conducted only when the repayment of the funds so loaned, the collection of loan receivables so acquired, the redemption of Corporate/Public Bonds, etc. so acquired, the performance of the liabilities so guaranteed, etc. or the realization of profits that enable the payment of dividends resulting from business so contributed is

recognized as being certain.

2. The conditions, such as the interest rates of loans and yield on assigned loan receivables related to the operations listed in Items (1) through (6) of Article 11, shall be determined in light of usual conditions for transactions by the Banks, etc. or the trends of financial markets, so that revenue of JBIC will be sufficient to cover the expenses therefor.

Article 15: Business Year

The business year of JBIC shall begin on April 1 of each year and end on March 31 of the following year.

Article 16: Budget

1. JBIC shall prepare the budget for revenues and expenditures and submit it to the Minister of Finance for each business year.
2. The revenues set forth in the preceding Paragraph mean interest on loans, interest on the Corporate/Public Bonds, etc., dividends on contributions, debt guarantee fees and other incomes related to asset management and miscellaneous incidental income, and the expenditures set forth in the same Paragraph mean expense of operations, business entrustment fees, interest on borrowings, interest on bonds and notes and incidental expenses.
3. Upon receipt of the budget submitted pursuant to the provisions of Paragraph 1 above, the Minister of Finance shall examine such budget and make any necessary adjustments thereto, and obtain the Cabinet's decision thereon.
4. After the Cabinet's decision is made pursuant to the provisions of the preceding Paragraph, the Cabinet shall submit such budget to the Diet together with the national budget.
5. The form and content of the budget and procedures for the preparation and submission thereof shall be specified by the Minister of Finance.

Article 26: Submission of Financial Statements

1. JBIC shall prepare the list of assets every business year.
2. JBIC shall, within three (3) months after the end of every business year, submit to the Minister of Finance the balance sheets, statements of operations and list of assets (hereinafter referred to as the "Balance Sheets, etc.") and business report (including the Electro-Magnetic Record (which means the record specified by the Minister of Finance as a record which is produced by electronic, magnetic, or any other means unrecognizable by human perception and which is used for data-processing by a computer; the same shall apply hereinafter) which has recorded the matters to be described in such Balance Sheets, etc. and its business report) for each business year.

Article 27: Preparation and Submission of Report on Settlement of Accounts

1. After submitting the Balance Sheets, etc. pursuant to the provisions of Paragraph 2 of the preceding Article, JBIC shall, every business year, prepare a report on the settlement of accounts for the relevant business year (including the Electro-Magnetic Record which has recorded the matters to be described in such report on the settlement of accounts; the same shall apply hereinafter) and submit it to the Minister of Finance, without delay, by attaching the opinion of the Auditor(s) or Audit Committee concerning such report on the settlement of accounts, together with such submitted Balance Sheets, etc.
2. Upon receiving the report on the settlement of accounts pursuant to the provisions of the preceding Paragraph, the Minister of Finance shall send it to the Cabinet, together with the Balance Sheets, etc. referenced in the same Paragraph.
3. Upon making the submission pursuant to the provisions of Paragraph 1 of this Article, JBIC shall, without delay, keep the report on the settlement of accounts and the document stating the opinion of the Auditor(s) or Audit Committee at its head office and branch offices and make them available for public inspection during the period prescribed by the Ordinance of the Ministry of Finance.
4. The form and content of the report on the settlement of accounts shall be specified by the Minister of Finance.

Article 28: Sending of Report on Settlement of Accounts to Board of Audit of Japan

Upon receiving JBIC's report on the settlement of accounts pursuant to the provisions of Paragraph 2 of the preceding Article, the Cabinet shall send it, together with the Balance Sheets, etc. set forth in Paragraph 1 of the same Article, to the Board of Audit of Japan no later than November 30 of the following business year.

Article 29: Submission of Report on Settlement of Accounts to Diet

The Cabinet shall submit JBIC's report on the settlement of accounts for which the Board of Audit of Japan has finished its inspection, to the Diet, by attaching the Balance Sheets, etc. set forth in Paragraph 1 of Article 27 hereof, together with the settlement of accounts for national revenues and expenditures.

Article 31: Payment to National Treasury

1. In the event that the amount of the surplus recorded in the settlement of accounts for each business year exceeds zero, JBIC shall accumulate, as a reserve, the amount calculated in accordance with the standards prescribed by a Cabinet Order, among such surplus, until it reaches the amount prescribed by the Cabinet Order, and if there is still a surplus, JBIC shall pay the amount of such surplus into the National Treasury within three (3) months after the end of such business year.
2. In the event that the amount of the surplus recorded in the settlement of accounts for each business year falls below zero, JBIC shall allocate such surplus by drawing down the reserve set forth in the preceding Paragraph until the amount of such surplus becomes zero.
3. The procedures for the payment into the National Treasury pursuant to the provisions of Paragraph 1 of this Article, the account into which such payment is to be made and other necessary matters concerning the payment to the National Treasury shall be prescribed by a Cabinet Order.
4. JBIC shall not be allowed to make any appropriation of its surplus, such as dividend of its surplus, unless such disposition is made pursuant to the provisions of Paragraphs 1 and 2 of this Article.

Article 32: Provision of Loans by Government

The Government may provide monetary loans to JBIC.

Article 33: Borrowings and Corporate Bonds

1. Borrowings of funds made in order to meet JBIC's fund requirements for the performance of its operations shall be limited to the borrowings of short-term loans from financial institutions, such as banks, or the borrowings related to the monetary loans obtained from the Government pursuant to the provisions of the preceding Article.
2. The short-term loans set forth in the preceding Paragraph shall be repaid during the business year in which these borrowings are made; provided, however, that in cases where repayment cannot be made due to shortage of funds, JBIC may reborrow only the amount which cannot be so repaid, with the authorization of the Minister of Finance.
3. Loans reborrowed pursuant to the proviso of the preceding Paragraph shall be repaid within one (1) year.
4. Pursuant to the provisions of a Cabinet Order, JBIC shall, every business year, prepare a basic policy concerning the issuance of corporate bonds made in order to meet fund requirements for the performance of its operations and obtain the authorization of the Minister of Finance. When JBIC intends to make any change to the policy, the same shall apply.
5. When JBIC has issued corporate bonds pursuant to the provisions of preceding Paragraph, it shall, without delay, make a notification of such fact to the Minister of Finance pursuant to the provisions prescribed by a Cabinet Order; provided, however, that this shall not apply if JBIC issues the certificates of corporate bonds, as prescribed by a Cabinet Order, in order to deliver to anyone who has lost such certificates of corporate bonds and, as a result of the issuance of such certificates of corporate bonds, JBIC assumes new liabilities.
6. The total amount of (i) the outstanding amounts of the short-term

loans and the borrowings related to the monetary loans obtained from the Government as set forth in Paragraph 1 of this Article and (ii) the outstanding amount of liabilities relating to the principal amount of corporate bonds set forth in Paragraph 4 of this Article shall not exceed the amount (hereinafter referred to as the "Limitation Amount" in this Article) equivalent to ten (10) times the total amount of the capital and reserves of JBIC (hereinafter referred to as the "Base Amount" in this Article).

7. Notwithstanding the provisions of the preceding Paragraph, when the issuance of new bonds is necessary to reborrow the issued corporate bonds with respect to corporate bonds set forth in Paragraph 4 of this Article, the corporate bonds may be issued in excess of the Limitation Amount only within the period necessary to make such reborrowing.
8. The total amount of the outstanding amounts of (i) monetary loans, (ii) acquisition of the receivables related to assignment and the Corporate/Public Bonds, etc., (iii) liabilities relating to the Guarantee, etc. of Liabilities and (iv) contributions, all of which are made pursuant to the provisions of Items (1) through (6) of Article 11 hereof, shall not exceed the aggregate amount of the Base Amount and the Limitation Amount.

Article 34: Statutory Lien

1. A holder of JBIC's corporate bonds shall, with respect to the property of JBIC, have the right to have his/her receivables satisfied in preference to other creditors.
2. The order of the statutory lien set forth in the preceding Paragraph shall be next to the general liens prescribed by the provisions of the Civil Code (Act No. 89 of 1896).

Article 35: Government Guarantee

1. Notwithstanding the provisions of Article 3 of the Act Concerning Restrictions on Financial Assistance by the Government to Corporations (Act No. 24 of 1946), the Government may execute a guarantee agreement with respect to the liabilities related to JBIC's corporate bonds (excluding the liabilities with respect to which the Government may execute a guarantee agreement under Paragraph 2 of Article 2 of the Act on Special Measures Pertaining to the Acceptance of Foreign Capital from the International Bank for Reconstruction and Development, etc. (Act No. 51 of 1953) (referred to as the "Foreign Capital Acceptance Act" in the following Paragraph and Paragraph 1 of Article 16 of the Supplementary Provisions)) within the scope of the amount fixed by the budget.
2. Among the amount fixed by the budget set forth in the preceding Paragraph, the amount of liabilities related to the corporate bonds issued in a foreign country and denominated in Japanese currency may be fixed by adding up to the amount fixed by the budget as set forth in Paragraph 2 of Article 2 of the Foreign Capital Acceptance Act, when it is difficult to fix the said amount of liabilities separately from the said amount fixed by the budget set forth in the same paragraph of the Foreign Capital Acceptance Act.
3. The Government may, in addition to the provisions of Paragraph 1 of this Article, execute a guarantee agreement with respect to the liabilities related to the certificates of corporate bonds or coupons thereof, which are issued by JBIC, pursuant to the provisions prescribed by a Cabinet Order, in order to deliver to a person who has lost the certificates of corporate bonds or coupons thereof.

Article 36: Investment of Surplus Funds

JBIC shall not invest any surplus funds of its business except by means of:

- (1) Acquisition of national government bonds, local government bonds or government-guaranteed bonds (which mean the bonds for which the redemption of its principal and payment of interest thereon are guaranteed by the Government) and other securities designated by the Minister of Finance;
- (2) Deposit with the Fiscal Loan Fund;
- (3) Deposit with banks or other financial institutions designated by the Minister of Finance;
- (4) Holding of negotiable deposit certificates;
- (5) Money trust to the financial institutions engaging in trust business (which mean the financial institutions that have obtained

the authorization set forth in Paragraph 1 of Article 1 of the Act on Provision, etc. of Trust Business by Financial Institutions);

- (6) Lending of call funds; or
- (7) Means prescribed in the Ordinance of the Ministry of Finance as the means equivalent to the means listed in each of the preceding Items.

Article 38: Supervision

1. The Minister of Finance shall supervise JBIC in accordance with the provisions of this Act.
2. With respect to the management or administration of JBIC, in the case where the Minister of Finance finds that there is a violation of laws and regulations or the Articles of Incorporation or any grossly unjust matter exists and in other cases where they find it necessary for the enforcement of this Act, the Minister of Finance may issue JBIC orders concerning its operations as are necessary for the supervision.

Article 39: Report and Inspection

1. If the Minister of Finance finds it necessary for the enforcement of this Act, the Minister of Finance may cause JBIC or the Juridical Person Delegated to submit reports or may cause its officials to enter the facilities of JBIC or of the Juridical Person Delegated, such as the offices to inspect the accounting books, documents and other necessary objects; provided, however, that, with respect to the Juridical Person Delegated, such action shall be limited to the scope of operations delegated to it by JBIC.
2. When an official of the Minister of Finance carries out an on-site inspection pursuant to the provisions of the preceding Paragraph, he/she shall carry with him/her identification certifying his/her status and present it to parties concerned.
3. The authority to carry out the on-site inspection pursuant to the provisions of Paragraph 1 above shall not be construed to be that given for the investigation of a criminal offense.

Article 40: Delegation of Authority

1. The Minister of Finance may, as prescribed by a Cabinet Order, delegate part of the authority to carry out an on-site inspection pursuant to the provisions of Paragraph 1 of the preceding Article to the Prime Minister.
2. If the Prime Minister has carried out an on-site inspection pursuant to the provisions of Paragraph 1 of the preceding Article on the basis of the delegation pursuant to the provisions of the preceding Paragraph, he/she shall promptly submit a report of the results of the inspection to the Minister of Finance.
3. The Prime Minister shall delegate both the authority delegated pursuant to the provisions of Paragraph 1 above and the authority set forth in the provisions of the preceding Paragraph to the Commissioner of Financial Services Agency.
4. The Commissioner of Financial Services Agency may, as prescribed by a Cabinet Order, delegate all or part of the authority delegated pursuant to the provisions of the preceding Paragraph, to Director-General of the Local Finance Bureau or the Director-General of the Local Finance Branch Bureau.
5. Part of the authority of the Minister of Finance set forth in this Act (excluding that delegated to the Prime Minister pursuant to the provisions of Paragraph 1 above) may, as prescribed by a Cabinet Order, be delegated to the Director-General of the Local Finance Bureau or the Director-General of the Local Finance Branch Bureau.

Article 41: Articles of Incorporation

1. In the Articles of Incorporation of JBIC, in addition to the matters listed in each of the Items of Article 27 of the Companies Act, matters relating to the procedures and requirements for the appointment of a person to assume management responsibility from among the Representative Directors or Representative Executive Officers shall be described or recorded.
2. With respect to the matters related to the requirements for the appointment of a person to assume management responsibility set forth in the preceding Paragraph, the provisions that the requirements listed below be satisfied shall be incorporated:

- (1) A person who has discernment and the capability recognized as necessary in light of the purposes set forth in Article 1 hereof and the operations set forth in Article 11 hereof shall be appointed; and
 - (2) Due consideration shall be required in order to avoid automatically appointing such persons who have held certain specific governmental positions.
3. The resolution for the amendment of the Articles of Incorporation of JBIC shall not take effect unless the authorization of the Minister of Finance is granted.

Article 42: Merger, Company Split, Share Exchange, Assignment and Acceptance of Assignment of Business and Dissolution

Notwithstanding the provisions of Part II, Chapters VII and VIII and Part V, Chapters II, III and IV, Section I of the Companies Act, the merger, company split, share exchange, assignment and acceptance of assignment of all or part of business, to which JBIC becomes a party, and dissolution of JBIC shall be provided for separately by an Act.

Article 43: Exclusion from Application, etc. of Financial Instruments and Exchange Act

1. When JBIC performs the actions listed in each of the Items of Paragraph 8 of Article 2 of the Financial Instruments and Exchange Act pursuant to the provisions of Article 11, the provisions of Article 29 of the same Act shall not apply.
2. In the case set forth in the preceding Paragraph, JBIC shall be deemed as the Financial Instruments Business Operator defined in Paragraph 9 of Article 2 of the Financial Instruments and Exchange Act, and the provisions of Chapter III, Section I, Subsection V and Section II (excluding Article 35, Article 35-2, Articles 36-2 through 36-4, Item (2) of Paragraph 1 of Article 37, Item (2) of Paragraph 1 of Article 37-3 and Article 37-7) of the same Act (including the penal provisions relating to such provisions) shall apply.
3. When JBIC performs the actions listed in each of the Items of Paragraph 1 of Article 63 of the Financial Instruments and Exchange Act pursuant to the provisions of Article 11 hereof, the provisions of Paragraph 2 of the said Article 63 shall not apply.
4. In the case set forth in the preceding Paragraph, JBIC shall be deemed as the Financial Instruments Business Operator defined in Paragraph 9 of Article 2 of the Financial Instruments and Exchange Act, and the provisions of Article 38 (limited to the portions relating to Item (1)) and Article 39 of the same Act (including the penal provisions related to such provisions) shall apply.

6. Fundamental Policy on Internal Control

Article 1. Systems for Ensuring Compliance with Laws, Regulations, and the Articles of Incorporation in the Performance of Duties by Directors and Employees

1. JBIC shall adopt Corporate Philosophy, Code of Conduct, and internal rules concerning compliance, including Regulations Concerning Compliance with Laws and Regulations, to ensure that the performance of duties by directors and employees, including temporary workers (this definition applies to the remainder of this document), comply with laws, regulations, and the Articles of Incorporation of JBIC (hereinafter referred to as "Laws and Regulations"). Furthermore, JBIC shall make such internal rules known to all directors and employees.
2. Directors and employees shall abide by all such internal rules concerning compliance.
3. JBIC shall appoint persons responsible for compliance and departments that oversee compliance matters so as to establish and reinforce structures relating to compliance with Laws and Regulations.
4. JBIC shall establish a committee with the Governor as its chairman to review key matters relating to compliance and to monitor the status of compliance with the Laws and Regulations.
5. JBIC shall establish effective internal reporting systems and operate them appropriately so that material matters relating to compliance can be discovered promptly and necessary corrective measures can be introduced.
6. JBIC shall not maintain any relationships whatsoever with antisocial forces. It shall maintain an uncompromising attitude throughout the organization toward antisocial forces, and decisively reject all improper demands from such forces.

Article 2. Systems relating to Retention and Management of Information concerning Performance of Duties by Directors

1. JBIC shall adopt Information Asset Management Regulations and other rules concerning the retention and management of information assets so that information concerning the performance of duties by directors, customer information, and other information handled by JBIC can be appropriately retained and managed.
2. JBIC shall retain and manage the minutes of Board of Directors meetings and other documents concerning the performance of duties by directors in accordance with laws, regulations, and rules relating to the retention and management of information assets.
3. Directors and employees shall appropriately retain and manage information assets in line with laws, regulations, and rules relating to the retention and management of information assets.

Article 3. Regulations and Other Systems relating to Management of Loss Exposure

1. In recognition of the importance of risk management, JBIC shall adopt Comprehensive Risk Management Regulations and other rules relating to risk management, with respect to risk management specific to different types of risks that should be recognized in the performance of operations, as well as the organizational structure, etc., for comprehensive risk management. JBIC shall apply appropriate risk management tools to control various types of risks.
2. JBIC shall appoint persons responsible and departments that oversee risk management matters for the management of various types of risks and establish a committee with the Governor as its chairman to conduct reviews and examinations to ensure effective risk management.
3. JBIC shall adopt Crisis Management Regulations and other rules relating to crisis management and establish crisis management systems to prepare for the occurrence of disasters and other critical events.
4. If a critical event occurs that either disrupts or is feared to disrupt normal operations, JBIC shall establish a response headquarters as necessary and take measures for the speedy and efficient restoration of operations in accordance with various rules concerning crisis management.

Article 4. System to Ensure Efficient Performance of Duties by Directors

1. The Board of Directors shall establish Business Plans and conduct management appropriately.

2. JBIC shall establish the Executive Committee. It shall take on responsibility for certain decisions delegated by the Board of Directors. In addition to making decisions for which it has earned responsibility, it shall deliberate matters prior to the Board of Directors meetings in order to contribute to the decision-making of the Board of Directors. Moreover it shall establish various committees, etc., that take responsibility for certain decisions delegated by it, or as an advisory organization for it.
3. In order to ensure the efficient performance of duties based on the decisions of the Board of Directors, JBIC shall undertake adjustments to internal regulations related to organizational systems, etc., and assign duties appropriately.
4. JBIC shall introduce a mission/sector-specific group structure and a managing executive officer system in order to expedite decision-making processes, and delegate authority based on internal regulations related to organizational systems and authority.

Article 5. Internal Audit Systems for Ensuring Proper Operations

1. JBIC shall adopt Internal Audit Regulations and other rules relating to internal audits to ensure the appropriateness and soundness of its operations.
2. JBIC shall establish the Internal Audit Committee to make decisions and deliberations concerning important matters relating to internal audits.
3. JBIC shall establish the Internal Audit Department, independent of the departments being audited, to handle matters relating to internal audits.
4. The Internal Audit Department shall undertake internal audits based on internal regulations related to internal audits, and report to the director responsible for internal audits about the results.
5. The Internal Audit Department shall periodically and as necessary, as well as upon request of a director or a corporate auditor, report the results of internal audits to the Board of Directors or other organizations or bodies.
6. The Internal Audit Department shall exchange information as necessary and collaborate with the corporate auditors and accounting auditors, in order to perform internal audits efficiently.

Article 6. Matters relating to Employees Assigned to Assist Corporate Auditors in Performing their Duties upon Request by Corporate Auditors

1. JBIC shall establish the Office of Corporate Auditor and assign full-time employees to assist the corporate auditors in performing their duties.
2. Those full-time employees shall perform their duties in line with instructions from the corporate auditors.
3. When deemed necessary, the corporate auditors may assign employees other than the full-time employees referred to above to assist in the performance of audits with the approval of the Governor.

Article 7. Matters relating to Independence from Directors of Employees Assisting Corporate Auditors

JBIC shall secure prior approval of the full-time corporate auditors on any decision concerning personnel evaluations, transfers, or other personnel matters relating to employees assisting with the performance of duties by the corporate auditors.

Article 8. System of Reporting by Directors and Employees to Corporate Auditors and Other Systems of Reporting to Corporate Auditors

1. The representative director and other directors who perform operational duties shall make accurate reports concerning the status of performance of their duties from time to time at the Board of Directors meetings and other important meetings attended by corporate auditors.
2. In the event that a director or an employee discovers any fact that has the potential of inflicting substantial harm upon JBIC, or improper conduct or serious violations of Laws and Regulations, said director or employee shall promptly report the fact to the corporate auditors.

Article 9. System for Ensuring Effective Performance of Audits by Corporate Auditors

1. The corporate auditors shall be entitled to request reports from directors and employees concerning the status of performance of their duties whenever they determine such reports are necessary for the effective performance of audits. A director or employee who receives such a request shall promptly furnish a report in line with the request.
2. The corporate auditors may attend important meetings, including the Board of Directors meetings and the Executive Committee meetings, to express their opinions as necessary. Corporate auditors may also request to review minutes and other related documents.
3. The Governor shall hold periodic meetings with the corporate auditors to exchange opinions.
4. The corporate auditors may request the cooperation of the Internal Audit Department and departments that oversee compliance matters.
5. The corporate auditors may seek the advice of attorneys, certified public accountants, and other professionals concerning audits when deemed necessary for the effective performance of audits.

7. Security Policy

Japan Bank for International Cooperation (hereinafter "JBIC") adopts the following fundamental policy concerning the use and management of information assets and will properly handle, manage, protect, and maintain information assets to achieve information security that meets the highest standards so as to support its proper and efficient operations.

(1) Basic Principles

JBIC shall use and manage information assets in line with the basic principles set forth hereunder while complying with all applicable laws, regulations, and rules.

- A. Information assets shall be used appropriately and only for their intended purposes.
- B. Authority concerning the management of information assets shall be granted only after careful consideration of the nature of the work and necessity.
- C. When adopting and implementing information security measures, the following matters shall be taken into consideration, based on the nature of the work:
 - (a) Clarification of responsibilities and roles within implementation structures
 - (b) Timely and prompt implementation of necessary, sufficient, effective, and efficient measures

(2) Proper Management of Information Assets

Information assets refer to information and information systems. JBIC classifies them according to such factors as their degree of confidentiality, completeness, usability, and importance, and manages them appropriately in accordance with their classification.

(3) Information Asset Management Structures

JBIC shall establish a structure for ensuring the security of information assets.

(4) Protection of Personal Information

JBIC shall protect and manage personal information by establishing and making public our Privacy Policy and pursuant to the provisions of the Act on the Protection of Personal Information Held by Independent Administrative Agencies (Law No. 59 of 2003).

(5) Protection of Client Information

JBIC shall establish the basic policy for protecting its clients and increasing their convenience for the purpose of appropriate protection and management of information pertaining to them in accordance with this basic policy.

(6) Training on Information Asset Management

JBIC shall provide necessary training to all officers and employees who handle information assets to ensure that they understand requirements in the applicable laws and regulations, as well as in this policy and other applicable rules, and

prevent the occurrence of information security problems.

(7) Outsourcing Work

In the event that JBIC engages persons other than its officers and employees to manage its information assets by outsourcing such work, it shall verify that information security is ensured and that appropriate measures have been taken in accordance with the content of the information assets.

(8) Responses to Incidents Concerning Information Assets

In the event of improper disclosure of personal or client information or other incidents causing a problem on information security, JBIC shall promptly take appropriate measures.

(9) Evaluation and Review

JBIC shall evaluate and review this policy, as necessary, to make flexible responses to changes in the external environment, such as the enactment, amendment, or repeal of applicable laws and regulations, as well as innovations in information security technology, and to changes in the internal environment, including organizational and operational changes and updates to JBIC's information systems.

8 Privacy Policy

Japan Bank for International Cooperation (hereinafter "JBIC") positions the trust of our clients as our first priority, deeply recognizes the importance of our clients' personal information, and believes that it is our duty to our clients to properly manage and protect their personal information.

With a view to protecting our clients' personal information, JBIC will conduct our operations in a manner whereby we observe the Act on the Protection of Personal Information Held by Independent Administrative Agencies, etc. (hereinafter "Act"), the Guidance concerning the Measures to Properly Manage the Personal Information held by Independent Administrative Agencies, etc. and so forth.

(1) Acquisition of Personal Information

JBIC will acquire our clients' personal information through proper and lawful means. When we acquire personal information from our clients directly in writing, we will specify in advance the purposes for its use that are within the necessary scope of JBIC's operations.

(2) Use of Personal Information

JBIC will specify the purposes for use in obtaining the necessary personal information of our clients as listed below, and will use it within the scope that is necessary to achieve such purposes:

- A. Loan, equity participation, and guarantee operations, and their related due diligence exercise and research (or their supplementary work)
- B. Due diligence and communication on contracts with JBIC (other than 1. above)
- C. Confirmation of personal identity as per such laws as Foreign Exchange and Foreign Trade Act (Act No. 228, 1949)
- D. Invitation to events (such as seminars) organized by JBIC
- E. Delivery of various JBIC-related materials
- F. Issuance and collection of surveys and questionnaires, and statistical processing and analysis of such outcomes
- G. Operations necessary for responding to questions and inquiries, and for dealing with transactions including queries from JBIC, in a proper and smooth manner

(3) Provision of Personal Information to Third Parties

JBIC will not provide the personal information acquired from its clients to third parties except in the following cases:

- A. It is required by law.
- B. It is provided within the scope of the purposes for use as prescribed above.
- C. Consent is obtained from the clients.
- D. There are convincing reasons why executive agencies, independent administrative agencies, local municipal entities or local independent administrative agencies would use it to the necessary extent to carry out the law-stipulated operations.
- E. It is used for statistics compilation or academic research.

- F. It is clearly beneficial to the clients or there exist special reasons to provide personal information.

(4) Subcontract

JBIC may subcontract the handling of our clients' personal information to conduct such operations more smoothly. In such cases, JBIC will attempt to select a trustworthy subcontractor, enter into a confidentiality agreement, adequately supervise the handling and administering of the personal information, and assure the protection of personal information.

(5) Personal Information Management (PIM)

- A. JBIC will attempt to keep our clients' personal information correct and updated, and take prevention and safety measures against unauthorized access, leakage, loss, damage, and alteration of personal information.
- B. JBIC will constantly educate its employees about the protection and proper management of our clients' personal information to thoroughly make sure of its proper handling in its daily operations.
- C. JBIC will audit and inspect whether the protection and management of personal information is undertaken properly.

(6) Disclosure, Correction, and Disuse

If a client wishes to make a request to disclose, correct or disuse the clients' personal information held by JBIC, we will deal with such a request by following the procedure of disclosure etc. stipulated in the Act. Meanwhile, there are some cases when such disclosure etc. could be made out of the procedure of disclosure etc. stipulated in the Law, for which please contact at our Head Office or West Japan Office.

(7) Inquiries about Personal Information Management (PIM)

For inquiries or complaints about the clients' personal information management (PIM) at JBIC, please contact at our Head Office or West Japan Office.

(8) Continuous Improvement

JBIC will continuously improve the clients' personal information management (PIM) as necessary.

Access to JBIC Head Office and West Japan Office

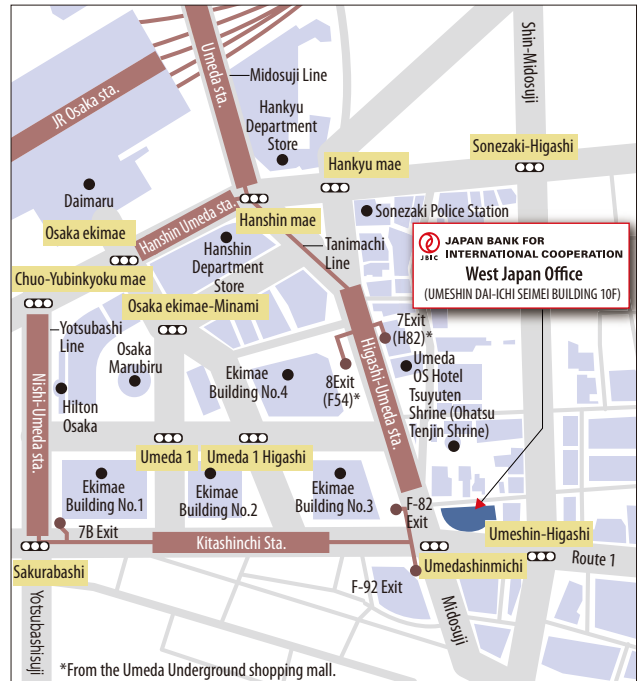
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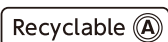
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