

2014 Annual Report

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



JBIC

**JAPAN BANK FOR
INTERNATIONAL COOPERATION**

1

Profile of JBIC

1	Profile	2
2	Message from the Governor, CEO	4
3	JBIC's Medium-Term Business Plan (FY2012-2014)	8
4	Outline of Operations in FY2013	14

2

The Environment Surrounding JBIC and Its Challenges

1	Energy and Natural Resources Finance Group	20
2	Infrastructure and Environment Finance Group	24
3	Industry Finance Group	28

3

Examples of Business Outcomes in FY2013

1	Overview of Business Outcomes by Region	34
2	Examples of Business Outcomes by Region	36
3	Examples of Business Outcomes Relating to Support for SMEs	52
4	Examples of Business Outcomes Relating to the Environment	56
5	Examples of Business Outcomes Relating to Studies, and Collaboration with Overseas Governmental Organizations and International Organizations	58

4

Financial Instruments

1	Financial Instruments	62
2	Prominent Initiatives in Recent Years	72
3	Framework for Supporting Globalization Efforts of SMEs	74

5

Operational and Administrative Policies

1	Corporate Governance	78
2	Risk Management	82
3	Public Information and Disclosure	85

Data 1

Statistics

Data 2

Financial Statements

Data 3

Corporate Data

87

103

147

Numerical figures in this report

1. 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.
2. Numerical figures less than the specified units are denoted by "0"; "-" denotes that data is not available.
3. 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 and after is data of Japan Bank for International Cooperation.

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1

1	Profile	2
2	Message from the Governor, CEO	4
3	JBIC's Medium-Term Business Plan (FY2012–2014)	8
4	Outline of Operations in FY2013	14



1. Profile

■ 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

■ Corporate Slogan

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

■ Corporate Philosophy

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

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

Hands-on Policy:

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

Customer-1st Approach:

Offering customers one-of-a-kind solutions by adopting their perspectives and integrating their views into policy development

Forward-looking Action:

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

■ Operational Principles

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

1. Supplementing the financial transactions implemented by private-sector financial institutions

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

2. Ensuring financial soundness and certainty of repayment

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

3. Maintaining and improving international creditworthiness and confidence

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

4. Conducting business operations by drawing on its expertise and initiatives

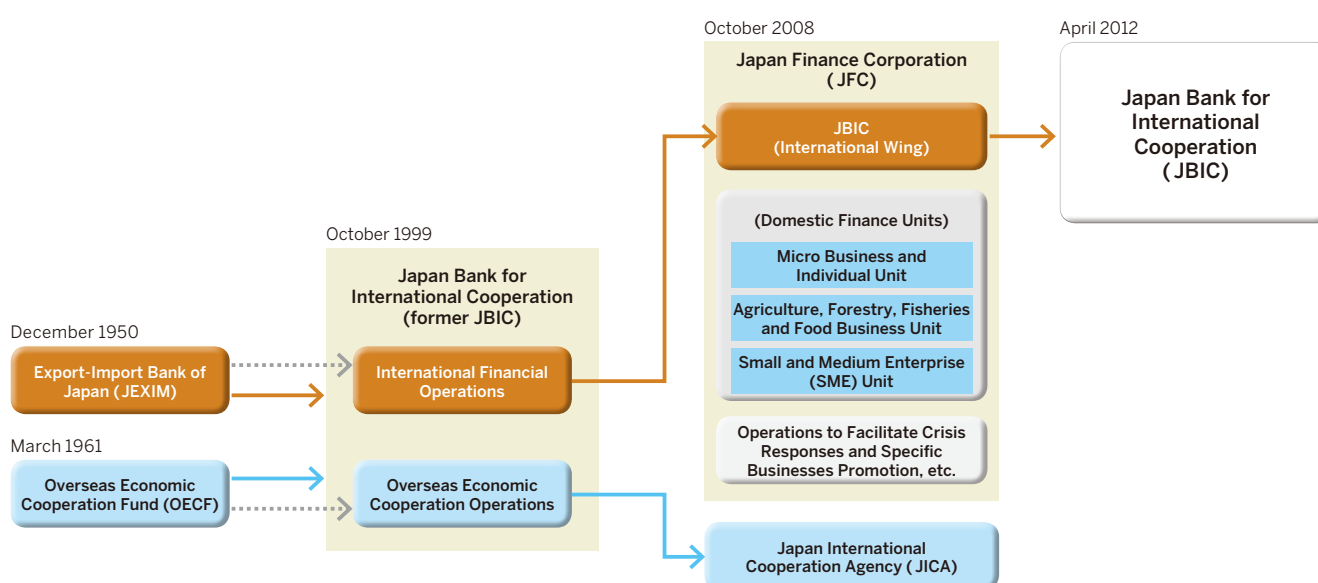
JBIC shall conduct operations by drawing on its own expertise and initiatives on international finance.

JBIC Code of Conduct

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

History

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



Profile

Name	Japan Bank for International Cooperation (JBIC)
Office	4-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8144, Japan
Capital*	¥ 1,391.0 billion (wholly owned by the Japanese government)
Outstanding Loans and Equity Participations**	¥12,881.9 billion
Outstanding Guarantees**	¥ 2,422.6 billion

* As of June 27, 2014

** As of March 31, 2014

2. Message from the Governor, CEO

As we publish the 2014 Annual Report, I would like to express my heartfelt appreciation for your continued understanding and support for our activities.

While the economic slowdown in Europe continued unabated and growth in the emerging countries slowed, the U.S. economy showed signs of a mild recovery. Nonetheless, with trends in the U.S. exit policy from quantitative easing and its impact on markets in emerging countries, there are continuing concerns about the risk of a downturn in the global economy.

Against this backdrop, the international economic climate surrounding Japan is undergoing dramatic change. As competition for securing natural resources remains intense, a stable supply of natural resources and diversifying the supply source is a crucial challenge for Japan that is directly linked to national living standards. Moreover, the overseas deployment of infrastructure systems, including management know-how and operation and maintenance, has become critical for Japanese industries. In addition, achieving economic growth in harmony with global environmental sustainability is an issue common to all countries, and there are growing needs for projects that capitalize on Japan's advanced environmental technologies, renewable energy projects, and other projects conducive to conserving or improving the environment.

In view of such changes both overseas and in Japan, JBIC, as Japan's policy-based financial institution, will provide even more extensive support to the overseas business deployment of Japanese companies.

Hiroshi Watanabe
Governor, CEO
Japan Bank for International Cooperation
(JBIC)



Interview with the Governor, CEO

Business climate and evaluation of JBIC's performance

— It has been two years since the new JBIC was established. Overall, how do you evaluate the operation of the new organization?

JBIC was established in April 2012 under the Japan Bank for International Cooperation Act, and began operations as a policy-based financial institution wholly owned by the Japanese government. So far, I believe, JBIC has been able to function and carry out its operations with great flexibility, a high degree of expertise and improved capacity for negotiations with overseas companies, institutions, and governments.

To recap the past two years, fiscal year 2012, the first year of the new JBIC, saw a total of ¥4,240.9 billion in loans, guarantees, and equity participation largely contributed by commitment to natural resources development projects and M&A. This was the largest amount since the establishment of the Export-Import Bank of Japan, the former JBIC.

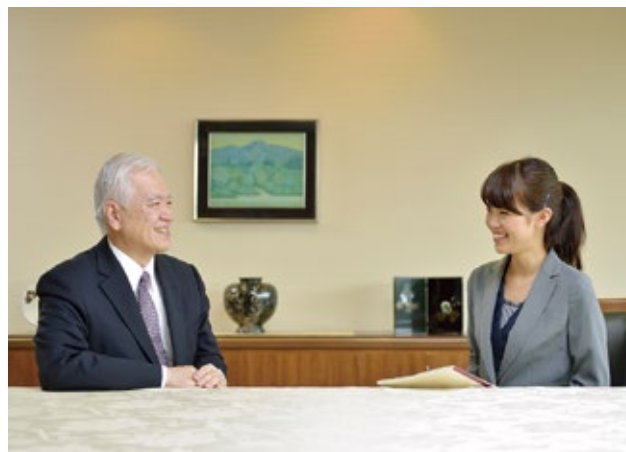
In fiscal 2013 JBIC provided extensive support to Japanese companies in their overseas business operations covering natural resources projects, M&A and infrastructure projects, and as a result, JBIC's loans, guarantees and equity participation continued at a high level with a total of ¥2,206.1 billion.

In 2011, before the shift to the new organization, the business division, which until then had been a mix of region- and sector-based departments, was reorganized into three Finance Groups for each sector, and this concentration of know-how and skills in each industrial sector resulted in a greater capacity for project formulation. We're now able to promote projects more strategically, and I'm pleased to say that this has led to operations that can better meet the expectations of the Japanese people and industries.

— How is the Medium-Term Business Plan (FY2012-2014) progressing, and what are the projections for the plan's final year?

Looking at the results from the fiscal 2012 and 2013 Annual Business Plans, which are based on the current Medium-Term Business Plan, the plan has been progressing quite smoothly, and the Management Advisory and Evaluation Committee, which comprises external experts, has given the same assessment.

In fiscal 2014, the signs of a business recovery have led to the start of a resurgence in private-sector finance, so I believe that as a policy-based financial institution, JBIC will see a slight decline in the scale of its business operations, although we will continue our prompt response in areas that private financial



institutions are not able fully to cover. As we enter the final year of the Medium-Term Business Plan, we are committed to achieving our objectives while displaying full accountability for the role and responsibilities we have been charged with by the Japanese people and the Diet.

— How do you rate the financial results for fiscal year 2013?

Net income in fiscal 2013 was ¥91.3 billion, an increase of ¥27.8 billion over the previous fiscal year. This is the highest level of income achieved, including that achieved in the period of October 2008-March 2012. During this period, JBIC was the international wing of the Japan Finance Corporation and began

Fiscal 2012 saw the highest level of loans, guarantees and equity participation on record. The high level continued in fiscal 2013

accounts settlement under the Company Act and corporate accounting standards. The level was also highest on record on a net business income base with ¥74.2 billion.

The increase in the balance of loans also resulted in an increase in total assets by ¥1,915.8 billion to ¥16,346.0 billion. From net income, JBIC paid ¥45.6 billion to the national treasury in June 2014.

While our earnings for fiscal 2013 were the highest on record, JBIC's role is to provide loans to Japanese industry and partner countries at interest rates lower than those available on the private market, so, essentially, we do not pursue profit. JBIC is required by legislation to display financial soundness, and while our financial results for fiscal 2013 were solid, increasing our income more than this is not our true goal.

What level of earnings we should maintain, and how we can conduct stable operations without imposing any additional

burden on the Japanese tax payers are crucial issues that we are currently discussing. I expect that the outcome of these discussions will be reflected in the next Medium-Term Business Plan.

Key business areas and issues facing JBIC

— What are your thoughts on the key business areas for JBIC in the future, and how will JBIC tackle each of those areas?

There continues to be a substantial and diverse need for support from JBIC not just in major natural resources, infrastructure, and M&A projects, but also in the overseas business operations of Japanese mid-tier enterprises and small and medium-sized enterprises (SMEs).

In the infrastructure sector, strong collaboration between the private and public sectors will become even more critical to enable Japanese companies to overcome the intense international competition and achieve the government's 2020 target of about ¥30,000 billion in infrastructure-system-related orders (about ¥10,000 billion in 2010). At JBIC we are fully aware that we are required not just to provide public financing, but also to make the most of the broad-ranging relations we have built up with foreign governments and others over many years and become actively involved in the formation of projects from the early stages.

In infrastructure systems exports, for example, while there are many Japanese companies that are world leaders in water-related products and technologies such as reverse osmosis

Meet the diverse needs of natural resources, infrastructure, M&A, mid-tier enterprises and SMEs, etc.

membranes and high-pressure pumps, Japanese companies have yet to enter into concession businesses in overseas water supply and sewerage systems, or seawater desalination projects. It has been pointed out that there is a lack of operators with the capability for integrated implementation of projects, and how we at JBIC can provide support to management that faces such issues is a future challenge for us. We are looking to support the establishment of international alliance in areas where Japanese companies lack expertise, and boost our support for acquisition of overseas companies that can be of value to Japanese companies in building up this expertise.

We will continue providing local currency loans to meet local currency finance needs in infrastructure projects, and commercial distribution in intermediary trade.

Another key sector is support for overseas M&A by Japanese companies, and there are two facets to this.

The first is the acceleration of Japanese companies' globalization. In the past, Japanese companies would establish

local subsidiaries overseas, and steadily expand their production or business operations using local human resources, but this approach cannot keep up with the dynamic global economy. Purchasing existing overseas companies and sales networks, however, will enable Japanese companies to grow their business much more quickly.

The second is to acquire overseas assets through support for Japanese companies' M&A. The accumulation of Japanese assets overseas through the development of or acquisition of interests in oil and gas fields and mines is also crucial.

Japan continues to run a trade deficit because of fuel imports, including LNG, and in addition to this, if Japan's current-accounts balance, which brings together all balance of payments, were to fall into deficit, this would have an adverse impact on Japan's future generations. So overseas M&A is essential from the perspective of Japanese companies acquiring overseas assets when they have excess capacity, and using these assets as a source of future investment income.

Therefore, we understand how important support for overseas M&A by Japanese companies is both in the short term and in the medium term, and we will continue to focus on this area in the future.

— What are your thoughts on the support JBIC provides for the overseas business operations of Japanese mid-tier enterprises and SMEs?

JBIC is strengthening its support for Japanese mid-tier enterprises and SMEs in their overseas business operations. Over the past three years we have provided steady support for these companies through loans. In fiscal 2011 we provided 16 cases of loans totaling ¥3.6 billion, in fiscal 2012 there were 34 cases totaling ¥34.1 billion, and in fiscal 2013 there were 54 cases totaling ¥18.0 billion. We will continue providing such active support in the future as well.

In Japan, public-sector financial institutions have provided various forms of support for companies after World War II. SMEs with capital funds of up to ¥300 million have fallen under the responsibility of the Small and Medium Enterprise Unit or the Micro Business and Individual Unit of the Japan Finance Corporation, but there has been nothing specified by legislation covering support for companies with capital funds above ¥300 million. The public-sector financial institutions Japan Development Bank and the former Export-Import Bank of Japan mainly dealt with big enterprises. Fortunately, from about the mid-1960s there was a generous level of funding available, but the bankruptcy of Lehman Brothers in 2008 triggered examination of liquidity on the global level, and this in turn led to a greater focus on the need to provide support to mid-tier enterprises, which underpin the Japanese economy.

Following the bankruptcy of Lehman Brothers, JBIC provided support to many mid-tier companies in the form of two-step loans through Japan's major banks. In addition, based on debate in the Diet concerning the need for public-sector financial institutions to provide support for mid-tier enterprises and SMEs, since its start as a new organization,



JBIC has further expanded such support, including co-financing with local banks, credit banks and other regional financial institutions that deal with mid-tier enterprises and SMEs, and local currency loans.

Japan's social structure is such that mid-tier enterprises and SMEs play a critical role in providing employment. In the face of contracting domestic markets with the advance of economic globalization and Japan's aging population and dwindling birth rate, mid-tier enterprises and SMEs must

Loans for mid-tier enterprises and SMEs grew steadily

look outside of Japan and expand their overseas business deployment to remain strong.

With the establishment of the new JBIC organization in 2012, mid-tier enterprises and SME support units were established in both the Head Office and the West Japan Office (Osaka) to allow greater flexibility in supporting mid-tier enterprises and SMEs in their overseas business deployment. Under this enhanced support structure, we will work even more closely with Japanese regional financial institutions and overseas financial institutions to provide mid-tier enterprises and SMEs with the support they need to expand their overseas business deployment.

Committed to working tirelessly and efficiently under our three core values of “Hands-on policy,” “Customer-1st Approach,” and “Forward-looking Action”

— What do you see as future challenges that JBIC will face?

JBIC's business is rapidly growing. JBIC loans, guarantees and equity participation from 2000 to 2005 were generally around the ¥1,200 billion mark, but in fiscal 2012 this soared to over ¥4,000 billion. This result was achieved by fewer staff than before. For us to be able to continue making steady progress in this area, there are several issues we will have to address.

The first is to make internal procedures more efficient and streamlined, and to this end, we are rearranging our work authority regulations. In conjunction with this, we are reviewing the various ways we can utilize IT in our business to improve efficiency.

As I mentioned at the beginning, we introduced sector-based Finance Groups three years ago. We will check whether there are any business oversights compared to the previous period when we were covering our business on a regional, sector, and financial method basis from all directions, and whether there are any weaknesses in our dialogue with host country governments. We will then include any measures to address organizational issues in our next Medium-Term Business Plan.

Another issue is how we deal with emergencies. The Great East Japan Earthquake made us realize that we needed to strengthen our business continuation plan (BCP) to make sure that the organization could continue operating at the time of an emergency. We are currently developing a structure that will enable us to recover and quickly return to normal operations in the event of a disaster or other similar emergency, and are proceeding with plans to store our data securely in dispersed locations outside of Tokyo.

JBIC will fulfill the role demanded of us based on government policies including the Infrastructure Systems Export Strategy and the Japan Revitalization Strategy as amended in June 2014, always bearing in mind the need to complement the private sector and ensure Japan's financial strength. To this end, we are committed to working tirelessly and efficiently under our corporate philosophy of “Positioned at the cross-roads of global business opportunities, JBIC is opening new venues to the future for the Japanese and global economy” and our three core values of “Hands-on policy”, “Customer-1st Approach”, and “Forward-looking Action”. Every member of JBIC, both executives and regular employees, will work together to ensure that we as an organization fully meet the expectations of all parties concerned in every related sector.

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

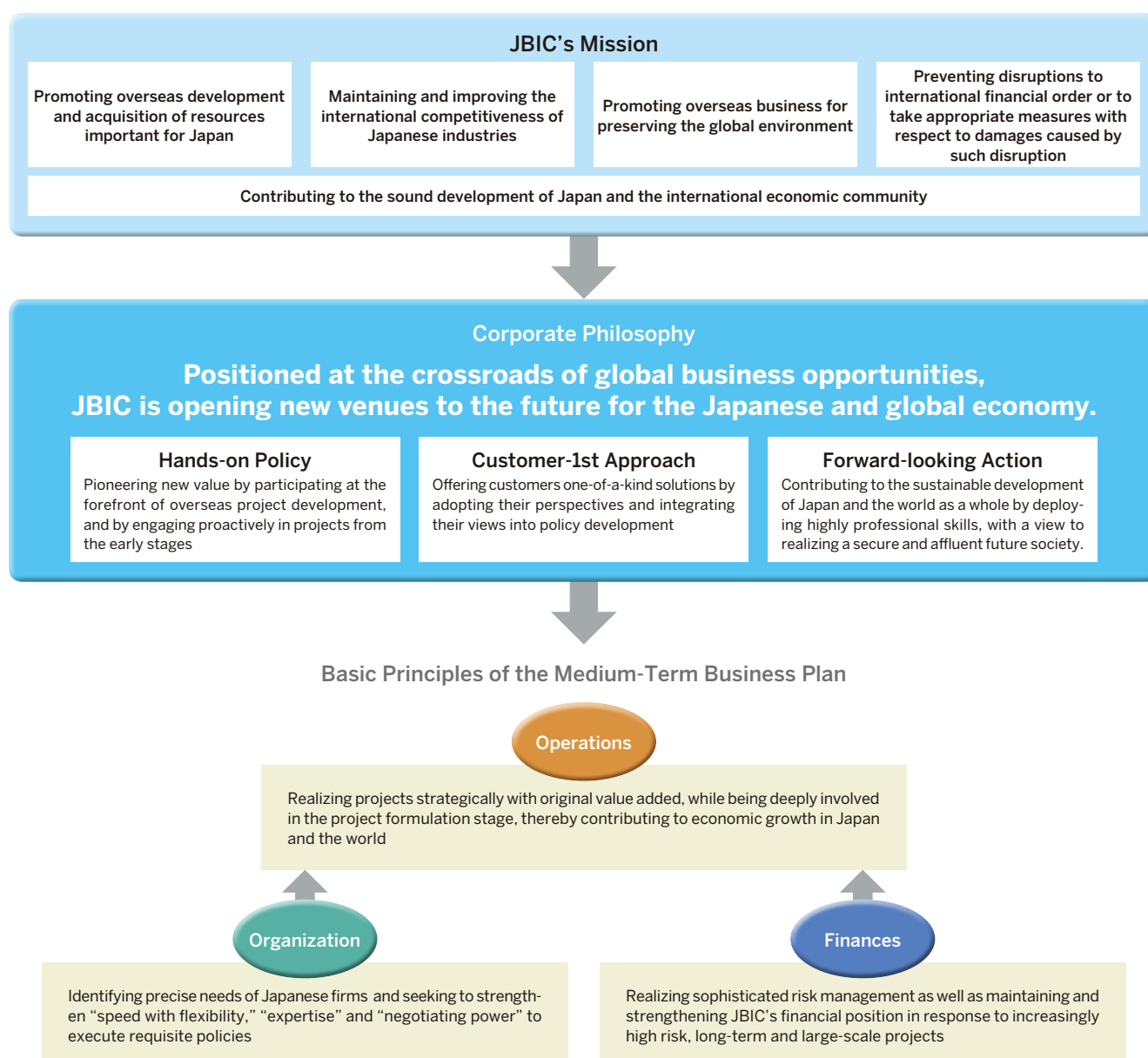
Basic Principles, Backdrop and Overview

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.

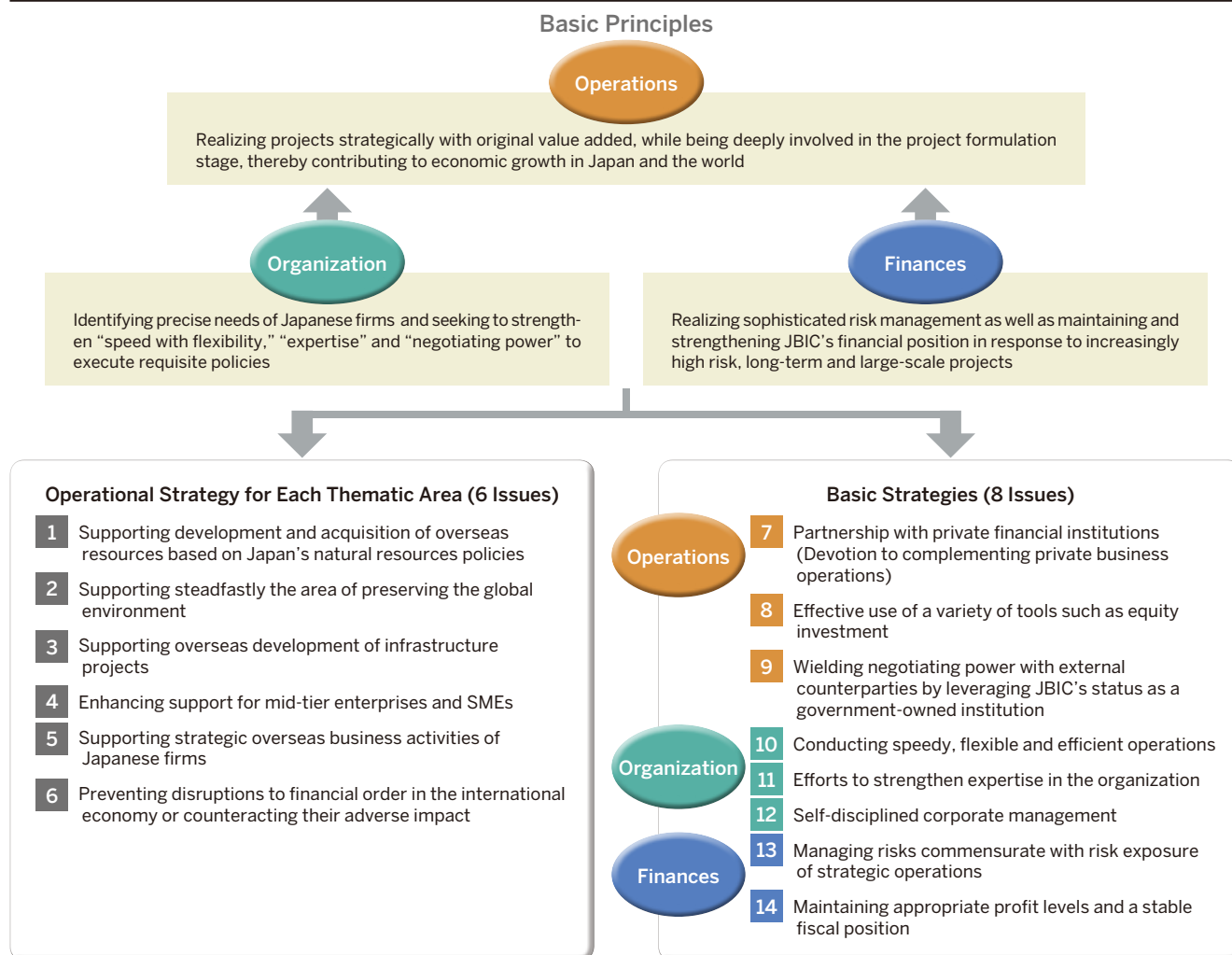
JBIC sets the basic principles of the Medium-Term Business Plan of Operational Strategy for 6 Thematic Areas

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.

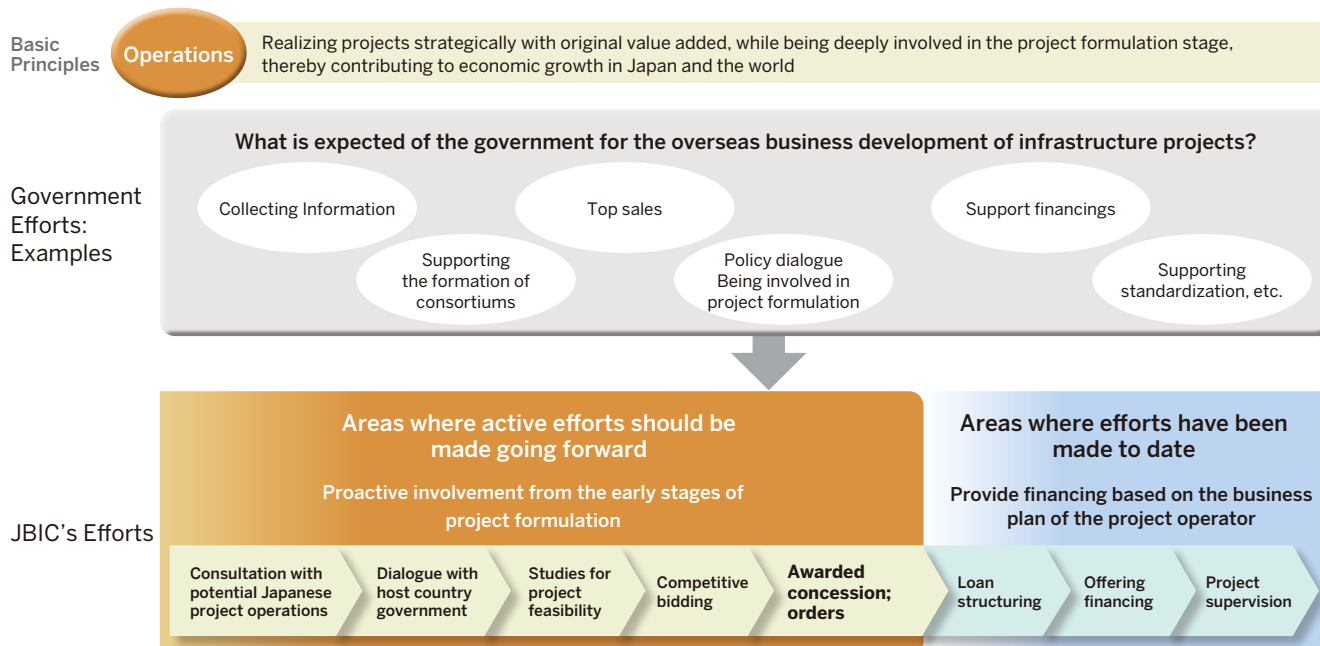
JBIC's Mission, Corporate Philosophy and the Basic Principles of the Medium-Term Business Plan

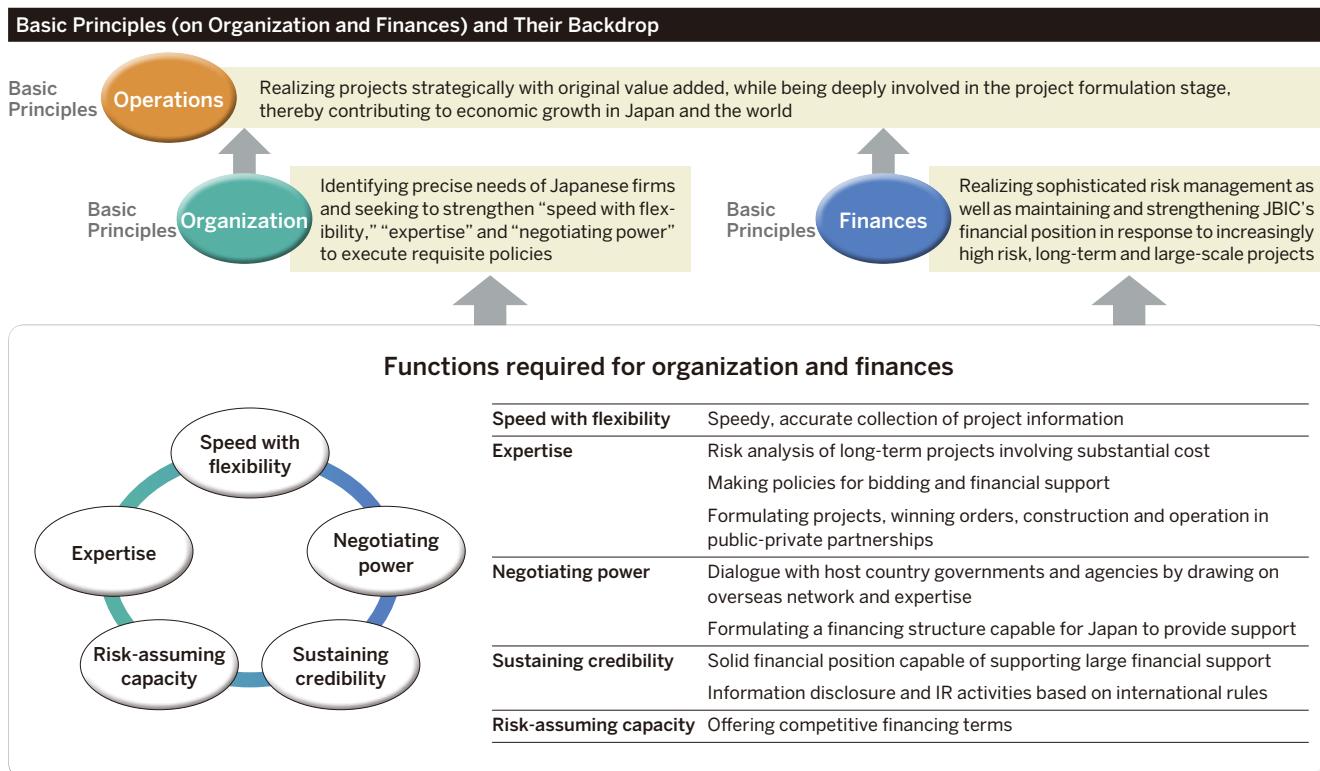


Overview of the Medium-Term Business Plan FY2012-2014



Basic Principles (on Operations) 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.

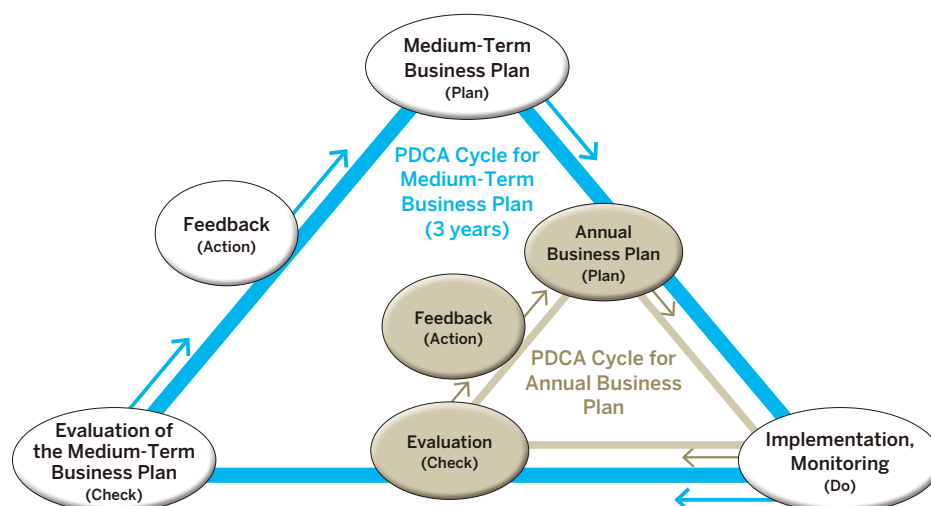
Indicator	Definition	Initial Assignment	End Period Evaluation
Quantitative Indicators	Set initially quantitative objectives for the end of the planned year and evaluate the extent to which they are achieved at the end of the planned period.	Set quantitative objectives.	Tabulate the actually achieved 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 FY2013

Operational Highlights

The total amount of commitments JBIC made during FY2013 in loans, guarantees and equity participation was ¥2,206.1 billion, which was 52% of the FY2012 amount. The outstanding of loans and guarantees as at the end of March 2014 was ¥15,304.6 billion.

JBIC's major operations in each sector for FY2013 are shown below.

Efforts in the Energy and Natural Resources Sector

JBIC provided loans for LNG projects, upstream natural gas field development, and various other projects in the energy and natural resources sector in which Japanese companies were involved. JBIC also provided funds for LNG imports and funds necessary for the purchase of an LNG tanker to transport LNG.

In the mineral resources sector, JBIC provided loans for the development and operation of an iron ore mine and related infrastructure in Australia, and the further expansion of a zinc, lead and silver mine in Bolivia. JBIC also provided funds for acquisition of interests and development of a copper mine in Chile, and for the operation of a mineral resources and sulfuric

acid carrier.

Support for Japanese Companies' Strategic Overseas Business Deployment

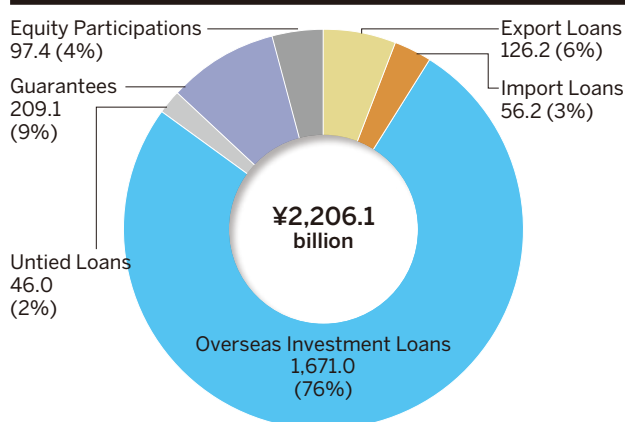
JBIC provided support for the overseas business deployment of Japanese companies in a broad range of fields including automobiles, such as automobile parts manufacture and sales in Indonesia, chemicals, electrical equipment and electronics, and general machinery and metals with the aim of further promoting their overseas business deployment.

Making more extensive use of its equity investment function, JBIC invested in the acquisition of a U.S. grain and fertilizer company, and an offshore wind power joint venture between Japanese and Danish companies. JBIC also provided risk guarantees essential for the overseas business operations of Japanese companies.

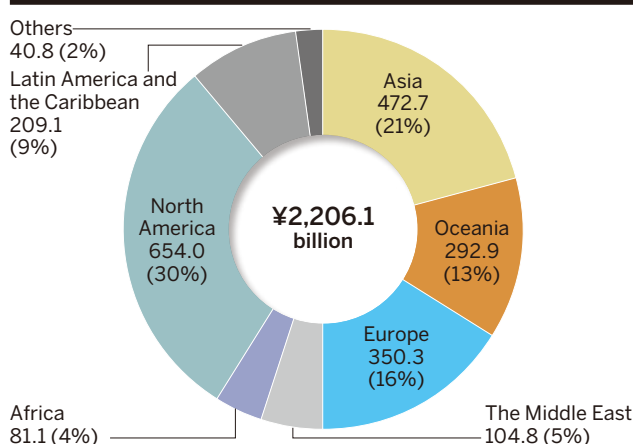
Supporting Exports by Japanese Companies

JBIC provided support for Japanese companies' export of equipment for chemical products manufacturing plants in

Commitments by Purpose of Financing (FY2013. Unit: billions of yen)

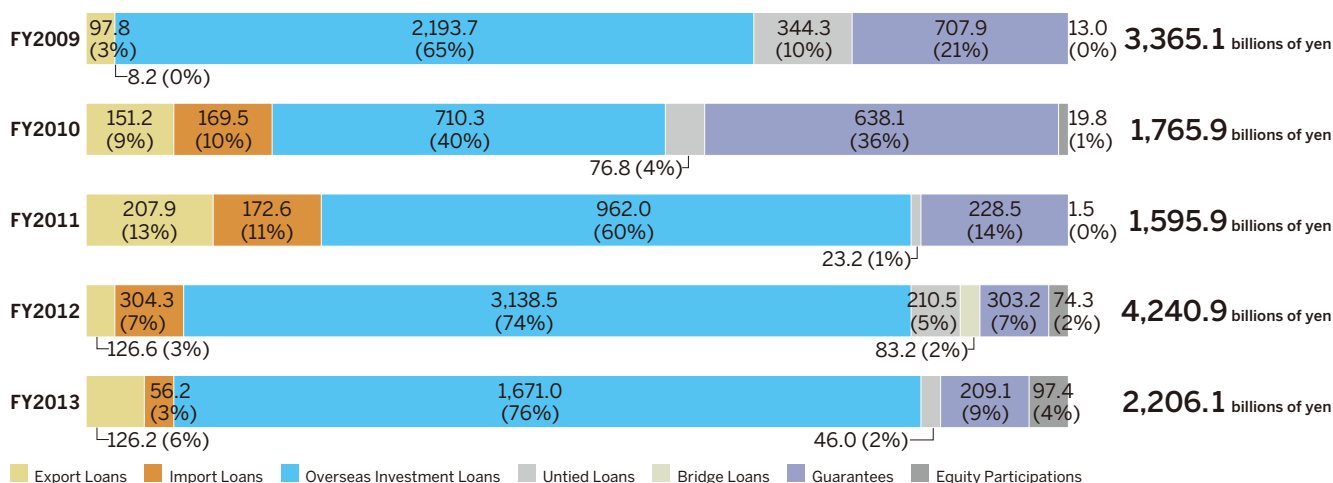


Commitments by Region (FY2013. Unit: billions of yen)



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

(Unit: billions of yen)



Turkmenistan and Russia, and also support for the export of a very large ore carrier to Singapore, bulk carriers to Taiwan and a Dutch company, and seabed resources exploration vessels to a Norwegian company.

JBIC established credit lines with the Sberbank of Russia, Brazil's state-owned oil company and others to support exports from Japan, and also provided support for ship, automobile, and thermal power equipment manufacturing businesses.

■ Supporting the Overseas Deployment of Infrastructure Business by Japanese Companies

In the power and water sector, JBIC provided project finance¹ support for various projects including a gas-fired combined cycle power plant project in Thailand, a seawater desalination project in Oman, a geothermal power project in Indonesia, and also provided support for the export of power generation equipment and facilities to Saudi Arabia, Vietnam, and India.

In the transport and telecommunications sector, JBIC provided support for the export of container cranes to Turkey for a port infrastructure project, and established a credit line for the Government of Ecuador to enable Ecuador's state-run broadcasting company to purchase the broadcasting equipment necessary for the terrestrial digital broadcasting network development project from Japanese companies.

■ Supporting Overseas Business Deployment of Japanese SMEs

JBIC provided loans for Japanese mid-tier companies and small and medium enterprises (collectively called 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 managed by a Singapore subsidiary of Mizuho Bank, Ltd. that is aimed at supporting Japanese companies in expanding their business operations

into the ASEAN region.

■ Supporting Japanese Companies with Local Currency Loans

JBIC provided local currency loans in Indonesian rupiah for the manufacture and sales of sintered alloy parts for automobiles in Indonesia, and in Thai baht for the manufacture and sales of precision machinery components in Thailand by Japanese companies. JBIC also provided local currency loans in South African rand and Chinese yuan.

■ Supporting Issuance of Samurai Bonds

JBIC provided guarantees for yen-denominated foreign bonds (Samurai bonds)² issued in Japan by the Central Bank of Tunisia and the Development Bank of Mongolia, and acquired a part of the public offered Samurai bonds issued by the Government of Mexico.

■ Promoting Renewable Energy and Conserving the Global Environment

JBIC invested in a fund of funds that invests in renewable energy and energy efficiency projects in developing countries, and established credit lines with five local financial institutions in India, South Africa, and Brazil for renewable energy and energy efficiency projects. JBIC also established credit lines with Banco Centroamericano de Integración Económica (BCIE) and Banco de Costa Rica for exports from Japan of machinery and equipment in the renewable energy sector, and signed a memorandum of understanding regarding cooperation in the environment sector with Abu Dhabi Future Energy Company (Masdar) of the Emirate of Abu Dhabi in the United Arab Emirates.

1. Project finance is a financing scheme in which repayments are made solely from cash flows generated by the project and secured only on the project assets.
2. Samurai bonds are yen-denominated bonds issued by a foreign government or company in the Tokyo bond market.

Operational Results

Total disbursements made by JBIC in FY2013 stood at ¥2,449.0 billion.

■ Planned and Actual Lending and Investments

(Unit: billions of yen)

	FY2010		FY2011		FY2012		FY2013	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual
Export Loans	113.0	73.6	120.0	73.9	200.0	143.1	190.0	112.5
Import Loans and Overseas Investment Loans	1,080.0	1,113.9	1,113.5	913.0	1,879.0	2,307.4	1,971.0	2,162.5
Untied Loans	207.0	85.4	100.0	103.2	100.0	132.0	50.0	88.5
Equity Participations	45.5	26.8	200.0	7.3	100.0	17.2	100.0	85.4
Securitization	30.0	19.0	19.0	—	19.0	—	—	—
Total	1,475.5	1,318.8	1,552.5	1,097.6	2,298.0	2,599.8	2,311.0	2,449.0

Financial Results

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

In FY2013, interest income amounted to ¥181.1 billion, with ordinary income reaching ¥226.1 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 ¥115.6 billion, with ordinary expenses registering ¥134.7 billion. As a result, ordinary profit stood at ¥91.3 billion. After taking

account of extraordinary income, net earnings for FY2013 amounted to ¥91.3 billion.

Balance Sheet

Total assets increased to ¥16,346.0 billion from FY2012. This was largely attributable to an increase in loans and bills discounted which increased by ¥2,100.2 billion to ¥12,655.4 billion due mainly to an increase in loans in foreign currencies. Total liabilities increased to ¥14,004.7 billion from FY2012. This was attributable to two factors. One is an increase of ¥1,173.1 billion in borrowed money from FY2012 to ¥8,407.7 billion due in large part to new borrowings from the Foreign Exchange Fund Special Account. The other factor is an increase of ¥495.4 billion in bonds payable during the same period to ¥2,711.3 billion, mainly because issuance exceeded redemptions. Total net assets reached ¥2,341.3 billion, which included ¥91.3 billion in net earnings.

The Second Term for JBIC (FY2013)

Statement of Operations

(April 1, 2013–March 31, 2014; millions of yen)

	Amount
Ordinary Income	226,100
Interest Income	181,143
Fees and Commissions	23,722
Other Ordinary Income	3,615
Receipts from the National Budget	—
Other Income	17,617
Ordinary Expenses	134,741
Interest Expenses	115,677
Fees and Commissions Payments	2,217
Other Ordinary Expenses	1,377
General and Administrative Expenses	14,952
Other Expenses	516
Ordinary Profit	91,358
Extraordinary Income	8
Extraordinary Loss	0
Net Income	91,366

Balance Sheet

(As of March 31, 2014; millions of yen)

	Amount		Amount
Assets		Liabilities and Net Assets	
Cash and Due from Banks	723,189	Borrowed Money	8,407,707
Receivables under Resale Agreements ^{Note 6}	202,733	Bonds Payable ^{Note 8}	2,711,377
Securities ^{Note 5}	227,201	Other Liabilities	448,229
Loans and Bills Discounted ^{Note 7}	12,655,401	Provision for Bonuses	483
Other Assets	213,627	Provision for Directors' Bonuses	5
Property, Plant and Equipment ^{Note 9}	28,558	Provision for Retirement Benefits	14,251
Intangible Assets	1,561	Provision for Directors' Retirement Benefits	20
Customers' Liabilities for Acceptances and Guarantees	2,422,658	Acceptances and Guarantees	2,422,658
Allowance for Loan Losses	(128,885)	Total Liabilities	14,004,734
		Capital Stock	1,360,000
		Retained Earnings	911,366
		Total Shareholders' Equity	2,271,366
		Valuation Difference on Available-for-sale Securities	5,472
		Deferred Gains or Losses on Hedges	64,472
		Valuation and Translation Adjustments	69,945
		Total Net Assets	2,341,312
Total Assets	16,346,047	Total Liabilities and Net Assets	16,346,047

* See pages 113–114 for details of Notes 5 to 9

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-

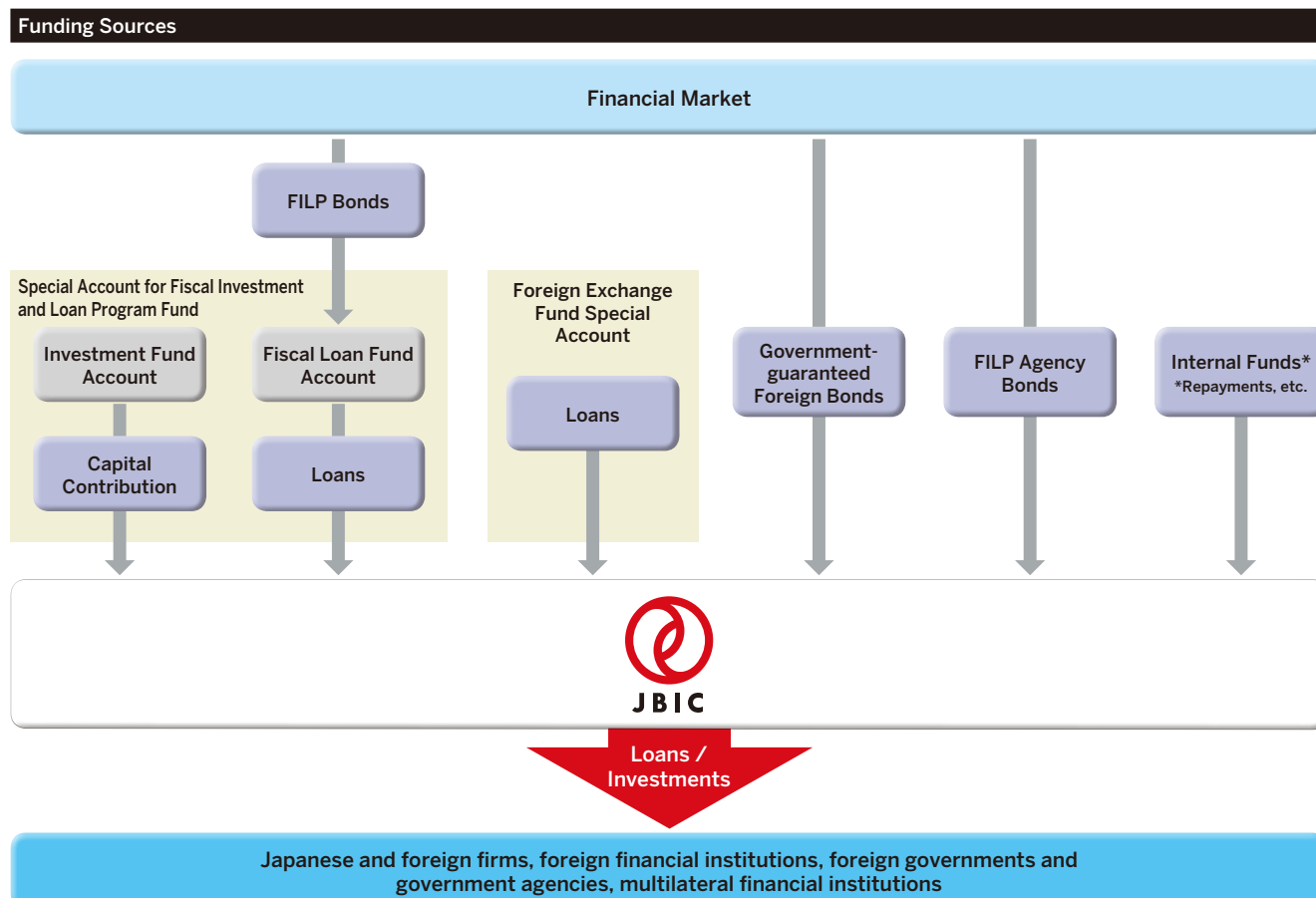
guaranteed Foreign Bond issuance, capital contributions from the government, and borrowings from the Foreign Exchange Fund Special Account constitute part of the national budget (either as an item in the General Account budget or the Special Account budget). Therefore, they are submitted, together with the operating budget of JBIC, to the Diet for approval. Recent funding results and plans for FY2014 are shown in the table below.

■ Funding Sources: Actual and Planned

(Unit: billions of yen)

	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Planned
Capital Contribution from FILP Industrial Investment	35.5	200.0	69.0	—	31.0
Borrowing from FILP Fiscal Loan	690.9	201.0	400.0	555.1	300.0
Borrowing from Foreign Exchange Fund Special Account	323.5	230.4	1,744.9	1,581.3	1,250.0
Government-guaranteed Foreign Bonds*	463.3	423.2	205.3	658.6	500.0
FILP Agency Bonds*	50.0	50.0	—	—	20.0
Other Sources of Funds, Including Repayments	(244.4)	(6.9)	180.6	(345.9)	149.0
Total	1,318.8	1,097.6	2,599.8	2,449.0	2,250.0

* 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 FY2013 amount to ¥2,145.0 billion at face value, which accounts for 19.3% 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 deployment, 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 and pounds sterling in March 2013 and March 2014, respectively.

In the FY2014 budget, JBIC plans to issue government-guaranteed bonds in the total amount of up to ¥500.0 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 2014). 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 FY2014 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 2014) 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-**

The Environment Surrounding JBIC and Its Challenges

2

1	Energy and Natural Resources Finance Group	20
2	Infrastructure and Environment Finance Group	24
3	Industry Finance Group	28



1. Energy and Natural Resources Finance Group

A Message from the Global Head of the Group



The Energy and Natural Resources Finance Group engages in promoting the overseas development and securement of resources which are important for Japan, one of the four fields of JBIC's principal operations.

For Japan, a country poorly endowed with natural resources, procurement of energy and other mineral resources from abroad is indispensable for the maintenance and improvement of people's lives and the growth and development of the economy. Resource development projects overseas call for large, long-term investment and entail various risks. JBIC provides financial assistance in the forms of long-term loans and equity participation in such a way to complement private-sector financing. As a policy-based financial institution, JBIC also creates an environment conducive to smooth implementation of resource development projects through proactive dialogue with the governments of host countries.

With these efforts, JBIC will continue to contribute to a stable supply of energy and natural resources.

Toshiyuki Kosugi
Managing Director,
Global Head of Energy and Natural Resources Finance Group

Business Environment and Priority Issues

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 Asia, which includes China and India, shows much higher growth rates than other regions. Indonesia, a prominent producer of oil and natural gas in Asia, has recently seen its energy demand soaring due to its remarkable economic growth, sending its export capacity down. As a result, Asia as a whole imports more oil and natural gas than ever before.

Japan's imports of crude oil are now more exposed to geopolitical risks in the Middle East as the country's dependence on the region for oil has exceeded 80%. Japan now needs to contribute proactively to a more stable Middle East and secure more oil from other regions in the context of energy security.

Liquefied natural gas (LNG) is another natural resource for which China and India have been increasing their imports in recent years. Up until around 2000, Japan accounted for the vast majority of global LNG transactions; however, Japan's share has been reduced to about 30%. The position of Japan as a major buyer of LNG is changing. The current power-supply situation in Japan, where the country's dependence on LNG as a power-generating fuel is increasing, means that stable procurement of LNG is vital for a stable power supply. It is important to support Japanese companies in participating in LNG projects overseas and thus pave the way for long-term LNG delivery. The fact that increasing LNG imports constitute a factor for Japan's growing trade deficits points to the need to procure more price-competitive LNG.

Japan faces a major challenge in the mineral resource sector as well. Ever-growing demand in China, India, and other emerging-market countries makes it more difficult to secure a stable supply of mineral resources that are used for many different purposes in industry in Japan. Quality also matters as far as iron ore is concerned. How to secure high-quality iron ore in the face of the deteriorating quality of ore exiting mines is another important challenge.

These changes in the global supply-demand balance of energy and other resources have made it more difficult to secure a stable supply of these resources. This in turn makes it more important than ever before to proactively support Japanese companies in acquiring interests in, and secure long-term purchase of, natural resources.

JBIC's Activities

During FY2013, JBIC conducted the following activities to address the challenge of securing a stable supply of energy and mineral resources from abroad.

Oil

JBIC provided loans for Japanese companies to acquire interests in the British North Sea oil field and an oil field in southern Italy. It also financed the further development and production of oil sands in Canada in which a Japanese company holds interests. This assistance is designed to allow the Japanese company not only to secure bitumen¹ from these

1. Bitumen is crude oil of high clay which does not have fluidity, and is transported through a pipeline after being diluted usually in condensate.

oil sands but also to accumulate experience and know-how in oil sands development using its own technology for extracting and collecting the substance. The assistance is expected to help the company to expand its business even further.

■ Natural Gas

The natural gas projects that JBIC financed include the Ichthys LNG Project in Australia, the first major LNG project with an operatorship of a Japanese company, and the Gorgon LNG Project, also in Australia. These two projects are of particular importance for securing a stable LNG supply for Japan amid the growing importance of Australia as a supply source of LNG, with its abundant gas reserves and political and economic stability.

JBIC supports acquisitions of interests in unconventional natural gases that are attracting attention as new energy resources. JBIC provided a loan for the development of a coal-bed methane (CBM)² gas field under the Queensland Curtis LNG Project in Australia. This kind of loan is aimed at financially supporting the upstream development of overseas LNG projects of Japanese companies. It will help Japanese companies secure the long-term purchase of LNG and accumulate know-how in CBM projects, thereby serving to increase the ratio of energy resources independently developed by Japanese companies and contributing to the diversification of Japan's energy resources.

JBIC also finances projects aimed at procuring LNG tankers



Expansion of oil sands development in Canada.

as part of JBIC's comprehensive support for the value chain of natural gas. JBIC financed the construction of LNG tankers to be used by Japanese companies to deliver LNG to Japan.

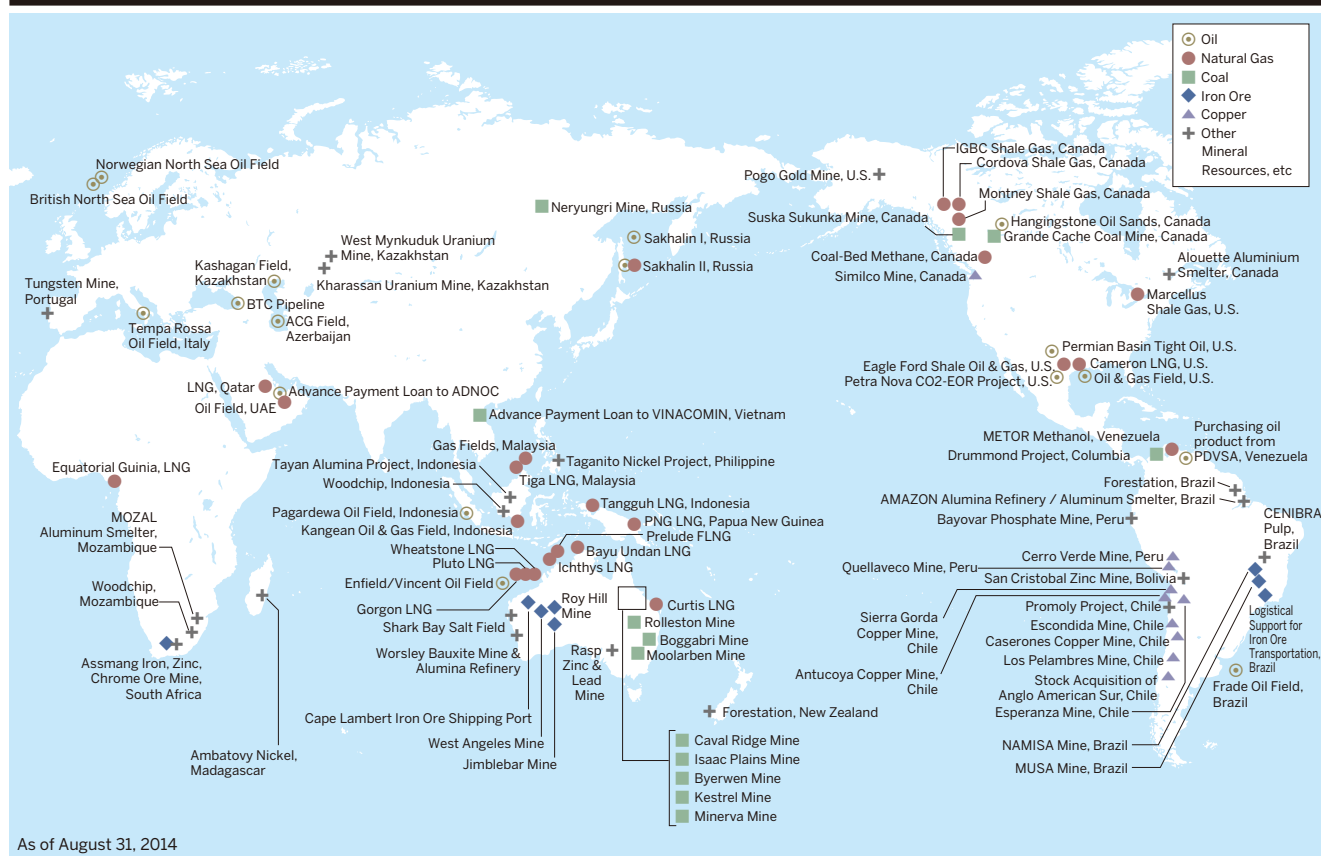
■ Other Mineral Resources

JBIC proactively supports projects that will help to secure the stable supply of mineral resources that are increasing demand in emerging-market countries.

One of these mineral resources is iron ore. JBIC provided

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.

Major Projects Over the Last 10 Years (Amount of loan for natural resource projects (signed): Approx US\$75 Billion)





Development and operation of the Roy Hill Iron Ore Mine and related infrastructure in Australia.

loans for Japanese companies to acquire interests in, and develop, the Jimblebar Iron Ore Mine in Australia. It also financed the development of the Roy Hill Iron Ore Mine in Australia as well as related transport infrastructure such as a freight railroad and a seaport on a project financing³ basis. This development is managed jointly by Japanese and foreign companies.

Another mineral resource that JBIC focuses on is copper. JBIC financed a joint project between a Japanese company and a copper major to acquire interests in, and develop, the Antucoya Copper Mine in Chile on a project financing basis. Thirty percent of copper ingot produced from the project will be supplied to the overseas manufacturing bases — mostly in Asia — of Japanese copper metal users, notably electric-wire makers. JBIC also financed the expansion of the San Cristobal Zinc, Lead, and Silver Mine in Bolivia.

JBIC provides loans for copper supply chains as well. JBIC financed the procurement of a copper concentrate and sulfuric acid carrier that will transport both copper concentrates produced at several copper mines in Chile to smelters in Japan and sulfuric acid, a byproduct of copper smelting, back to Chile.

■ Efforts toward Strengthening Multilayered Relations with Resource-Endowed Countries

It is also important to strengthen relations with countries and international enterprises that supply natural resources in the context of securing a stable supply of resources.

JBIC takes advantage of its status as Japan's policy-based financial institution to maintain coordination and dialogue with

the governments of resource-endowed countries, thereby facilitating acquisitions of interests in resources and resource development projects by Japanese companies. Before deciding to finance the project to expand the San Cristobal Zinc, Lead, and Silver Mine in Bolivia, mentioned earlier, JBIC concluded that it could bear political risks in the country based on its dialogue with the Bolivian government. JBIC reduced the burden of bearing such risks on the Japanese company participating in this expansion project, thus supporting its business expansion overseas.

JBIC worked to strengthen bilateral relations with resource-endowed countries that are important for Japan. For example, JBIC and Abu Dhabi Future Energy Company (Masdar), a government-owned company of the Emirate of Abu Dhabi in the United Arab Emirates (UAE), signed a memorandum of understanding (MOU) to work together in the environment sector, notably in the field of renewable energy. UAE has been a stable supplier of crude oil for the past three decades. JBIC also signed an MOU with the Department of Natural Resources of the State of Alaska, U.S. for regularly exchanging information and views. Alaska has vast potential to offer investment opportunities in oil, natural gas, and other mineral resources.

JBIC also made efforts to strengthen relations with international enterprises that supply natural resources. For example, JBIC signed an MOU with Vale S.A. in Brazil with the aim of exchanging information and views toward formulating projects that will help to secure the stable supply of

3. Project finance is a financing scheme in which repayments are made solely from cash flows generated by the project and secured only on the project assets.



JBIC signed an MOU on cooperation in the environment with Masdar, a government-owned company of the UAE.

mineral resources to Japan. It also established credit lines for Petróleo Brasileiro S.A., the state-owned oil company of Brazil. The credit lines can be used to import equipment from Japanese companies.

■ Going Forward

Securing natural resources in a stable, affordable, and economical manner is identified as one of the important issues to be addressed in two policy documents that the Japanese government endorsed in 2013 and revised in 2014: the “Japan Revitalization Strategy” and the “Strategic Energy Plan”. One of the keys to addressing this issue is diversifying resources and their supplier countries. The import of LNG from shale gas in North America is raising particular expectations that it will pave the way for the utilization of a new energy resource and for new LNG pricing based on indices which were not used for Japanese import of LNG before.

Japanese companies are already participating in shale gas-based LNG projects in the U.S. For some of these projects, the U.S. Department of Energy has already authorized the export of such LNG to Japan due in part to proactive approach by the Japanese government. Shale gas-based LNG projects are being planned in Canada to export such LNG to Asia, including Japan. JBIC will proactively support these projects by, for example, supplying risk money. JBIC also covers natural gas and oil that derive from other unconventional resources such as CBM, mentioned above, oil sands, shale oil, and tight oil. JBIC also supports the acquisition of interests in, and the development of, such natural gas and oil, thereby contributing to the diversification of energy resources for Japan.

JBIC is also committed to geological diversification of suppliers. Japan is already diversifying its suppliers of oil and natural gas to include, as explained earlier, the U.S. and Canada, as well as Australia where several LNG projects involving Japanese companies are already underway. Apart from these countries, JBIC needs to explore the possibility of participating in resource development projects in Mexico, Russia, and non-Gulf Middle Eastern countries while taking into account the situation at both the national and international levels. Mexico’s energy sector reform is paving the way for the

possibility that foreign companies may be able to participate in oil and gas projects in new modalities. Russia and non-Gulf Middle Eastern countries have vast resource potential.

Expectations are high for Africa as the last frontier for the exploitation of oil, natural gas, and metal resources. Given that non-African countries have already begun to invest in resource development in Africa, JBIC will proactively support resource development projects that will entail interest acquisitions and offtake contracts for Japanese companies. Resource development projects in Africa will provide opportunities for job creation and foreign currency acquisition as well as the development of related infrastructure and the promotion of related industries in countries where they are implemented. In this respect, they constitute a form of embodiment of Japan’s assistance to Africa under the Fifth Tokyo International Conference on African Development (TICAD V).

New technologies are emerging in the resource development sectors. Enhanced Oil Recovery is designed to efficiently recover residual oil resources in existing oil fields with the injection of carbon dioxide. This technique reduces CO₂ emissions into the air. A number of projects are being planned that take advantage of the floating LNG (FLNG)⁴ technology which allows natural gas from an offshore gas field to be processed into liquid offshore. It has the major advantage of a lower environmental impact as there is no need to lay gas pipelines from the offshore gas field to an onshore facility, nor develop the coastal area. JBIC will proactively support resource development projects that use new technologies as well, based on appropriate risk assessment.

JBIC will continue its efforts to create an environment conducive to the formulation and smooth implementation of resource development projects through dialogue with the governments of resource-endowed countries and their agencies. Strengthening relations with resource-endowed countries calls not only for cooperation in resource development projects but also for efforts to build comprehensive and long-lasting cooperative relationships in areas such as infrastructure development, industrial sophistication, technology transfer, and environmental stress reduction (renewable energy, energy efficiency, etc.) depending on the needs of these countries. JBIC offers comprehensive assistance that encompasses support for projects in infrastructure development and manufacturing in resource-endowed countries in order to maintain and strengthen multilayered and favorable relations with the governments of these countries.

4. Floating liquefied natural gas (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. 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.

2. Infrastructure and Environment Finance Group

*On July 1, 2014, the former Infrastructure Finance Group absorbed the Nuclear and Renewable Energy Finance Department to become the Infrastructure and Environment Finance Group. This arrangement integrated JBIC operations in conventional electric power with those in the sector of new energy, energy efficiency, and global warming prevention. The new group is committed to further enhancing JBIC's specialties and expertise and implementing operations in a more flexible, responsive, and strategic manner.

A Message from the Global Head of the Group



The infrastructure market continues to grow in every part of the world, especially in emerging-market countries. It is crucial to tap into this huge infrastructure demand by taking advantage of the strengths of Japanese companies to drive robust economic growth in Japan.

The FY2013 JBIC's Survey Report on Overseas Business Operations by Japanese Manufacturing Companies shows that while Japanese companies have high expectations for investment opportunities in emerging-market countries, they see undeveloped infrastructure as a major challenge. More than ever, they need to seek sustainable development while conserving the global environment and achieving high energy efficiency.

To address these challenges, the Infrastructure Finance Group was relaunched as the Infrastructure and Environment Finance Group on July 1, 2014. The new Group is committed to promoting and supporting the export of infrastructure systems that take advantage of Japan's outstanding technologies and operational capabilities.

Tadashi Maeda
Senior Managing Director,
Global Head of Infrastructure and Environment Finance Group

Business Environment and Priority Issues

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

It is expected that global infrastructure demand will grow more than ever on the back of economic growth and rapid urbanization in emerging-market countries. Overseas infrastructure demand in the electric power, nuclear power, seaports, and ICT sectors are projected to increase at an annual rate of 2.2%, 2.4%, more than 5%, and about 4%, respectively.¹

Such demand can be met by providing integrated infrastructure systems that involve not only the delivery of infrastructure-related equipment from Japanese companies with advanced and eco-friendly technologies, which they have acquired from their experience in infrastructure development in Japan, but also the provision of expertise in designing, constructing, operating, and managing infrastructure. Providing such infrastructure systems will contribute to the development of the favorable economic infrastructure that is necessary for the stability and growth of the global economy. At the same time, it will help Japanese companies expand their business and secure their market share in other countries.

In view of these circumstances, the Japanese government set up three strategic documents: (1) the Japan Revitalization Strategy, endorsed by the Cabinet in June 2013, and revised in June 2014; (2) the Infrastructure Systems Export Strategy, adopted at the Ministerial Meeting on Strategy Relating



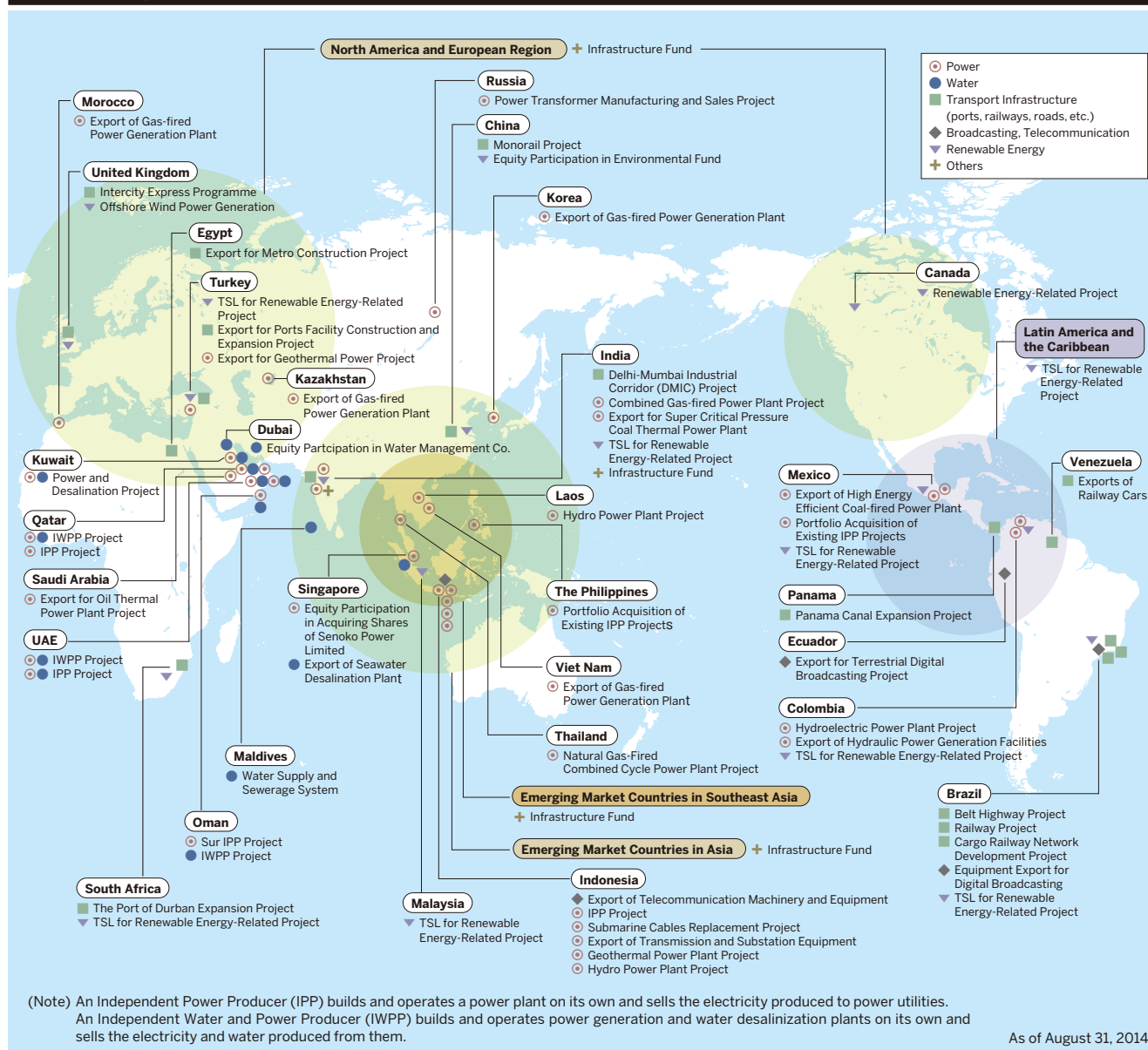
A British high-speed rail project in which a Japanese company participated.

Infrastructure Export and Economic Cooperation in May 2013, and revised in June 2014; and (3) Basic Policies for Economic and Fiscal Management and Reform, endorsed by the Cabinet in June 2013 and revised in June 2014. In short, these policy documents call for tapping into huge global infrastructure demand by making the most of the technology and know-how in which Japan has comparative advantage to drive sustainable and robust economic growth in Japan.

JBIC will continue to proactively support Japanese com-

1. The Infrastructure Systems Export Strategy (2014 revised edition), adopted at the Ministerial Meeting on Strategy Relating Infrastructure Export and Economic Cooperation on June 3, 2014.

JBIC's Financing for Infrastructure Projects



panies in participating in infrastructure projects overseas by taking advantage of two factors. One is experience in engaging in such projects in a range of sectors, including electric power systems, railroads, seaports, roads, and water supply systems. The other is the trusting relationships JBIC has built with host countries over the years. In this way, JBIC will translate the Japanese government's policies into action and contribute to the stabilization of the global economy and the development of the Japanese economy.

Infrastructure Systems Export Strategy Based on Public-Private Partnership

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 two major challenges. For one, it is one of the sectors exposed to the fiercest global competition. It also 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 (PPP). For example, the above-mentioned Japan Revitalization Strategy and the Infrastructure Systems Export Strategy 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. They also call for sales promotion by the Prime Minister and other ministers. Under the current Abe Administration, the prime minister and other ministers had an economic mission accompany them when they visited



A Thai project for a natural gas-fired combined-cycle power plant in which a Japanese company participated.

ASEAN, the Middle East, North America, Africa, and India, and conducted strong sales-promotion themselves. This resulted in more orders for infrastructure systems. The total value of orders for such systems for FY2013 stands at ¥9.3 trillion,² a three-fold increase from a year earlier.

The Infrastructure Systems Export Strategy divides emerging-market countries targeted for overseas infrastructure development into three groups: (1) China and ASEAN; (2) Southwest Asia, the Middle East, Russia and the CIS, and Latin America and the Caribbean; and (3) Africa. Giving top priority to China and ASEAN, the strategy states that Japan will encourage the introduction of high-quality and robust infrastructure systems that will help strengthen connectivity within the ASEAN region.

The Infrastructure Systems Export Strategy also calls for promoting Japan's advanced low-carbon technologies overseas. It stresses the need to steadily implement the Proactive Diplomatic Strategy for Countering Global Warming. Also known as Actions for Cool Earth (ACE), this strategy is made up of three pillars: innovation (development of innovative technologies), application (export of Japan's technologies), and partnership (assistance for developing countries). The promotion of Japan's advanced low-carbon technologies overseas will not only support economic development and greenhouse gas (GHG) emissions reduction in the developing world but also contribute to the development of infrastructure systems for which Japan enjoys a comparative advantage.

■ Three Challenges Japanese Companies Face in Infrastructure Projects Overseas

As described earlier, the Infrastructure Systems Export Strategy, which builds on PPP, is underway and is beginning to produce some positive outcomes. Still, many Japanese companies face three difficult challenges in implementing infrastructure projects overseas: (1) weak price competitiveness, (2) a shortage of versatile operators, and (3) the lack of schemes designed to ensure project feasibility on the part of emerging and developing countries.

The first challenge can be addressed by moving the production base for noncore parts to other countries where costs are lower and combining them with core parts produced in Japan. In fact, this approach is taken by many Japanese companies. Another approach is 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 plants 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 so as to achieve the best mix of Japanese and foreign products.

The second challenge is most evident in the Japanese water and railroad sectors, in which know-how and expertise in infrastructure construction and management are distributed among different enterprises, including public corporations. Few Japanese companies have a track record of integrated business operations that includes 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 fees. Hence, Japanese companies are not always able to adequately meet the needs of host countries that call for integrated infrastructure systems. In these sectors where Japanese companies lack expertise in integrated business operations, it may be a viable option to promote international alliances or buyouts of foreign businesses that will help them accumulate such 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 inadequate laws and regulations regarding the duties on the part of the host country governments and/or their state-owned companies in power purchase agreements, as well as inadequate compensation by host-country governments regarding the ridership risk³ 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, the central government is unable to ensure coordination among different parties and supervise projects adequately. In the view of prospective private contractors, this state of affairs is nothing but a reflection of extremely low levels of feasibility of project schemes, hindering private investment.

An effective approach to avoiding such cases would be for the public and private sectors to fully communicate and cooperate with each other at early stages of the project so that the project scheme will be adequately feasible in the eyes of both parties. Such PPPs can make it possible to engage in activities of the host country government and/or local business corporations as early as the project formulation phase through, for example, the establishment of a business aimed at promoting project formulation or 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 basic scheme for the project and project implementation and management. It will also allow the adoption of bidding criteria for all aspects of the project, including life-cycle costs. These actions will in turn improve

2. The figure represents the total value of major orders that the Japanese government recognizes from publicly available information and other sources.

3. Ridership risk refers to the risk of being unable to secure the minimum number of passengers or users that is necessary to secure project profitability.

the prospects for feasible projects that accommodate local needs and realities.

JBIC's Activities

■ JBIC's Support for Infrastructure Systems Export

Expectations are rising for JBIC to play an important role in the government's Infrastructure Systems Export Strategy. JBIC is building and reinforcing the framework for helping Japanese companies overcome the challenges described earlier.

During FY2013, JBIC made efforts to ensure project feasibility through two schemes: (1) the establishment of a business aimed at promoting project formulation, and (2) regular dialogue with the host-country government. The first scheme is best represented by 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 second scheme is best represented by the Financial Policy Dialogue between JBIC and the government of Indonesia and other countries. JBIC is now applying these two schemes to other countries. Regarding the first scheme, JBIC is in talks with the Myanmar government toward the establishment of a project development promotion company. As for the second scheme, JBIC has already put in place a similar framework for dialogue with the governments of Mexico and Vietnam. As part of its efforts to ensure the feasibility of infrastructure projects with a long payout time and whose revenues are received in local currency, JBIC offered loans in local currencies in order to reduce exchange risks for Japanese project owners associated with foreign currency borrowing and thus supported stable operations over the long-term.

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

■ JBIC's Commitment to Conserving the Global Environment

Achieving economic development compatible with environmental sustainability is now recognized as a common challenge facing developed countries and emerging-market countries alike. In this respect, there are growing expectations around the world for the implementation of projects that will lead to environmental conservation and improvement.



A Canadian project for inland wind power generation in which a Japanese company participated.

In this sector, a wide range of projects is underway all over the world. They include (1) energy efficiency improvement projects; (2) solar and wind power generation and other renewable energy projects; (3) highly-efficient coal-fired thermal power generation projects and natural gas-fired combined-cycle power projects that reduce carbon dioxide emissions; (4) urban transportation projects that mitigate traffic congestion and reduce air pollution, including rail transit projects; and (5) smart-grid projects aimed at efficient power supply using IT, as well as smart-city projects aimed at realizing an environmentally sustainable city.

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

JBIC will remain committed to supporting business activities by Japanese companies and providing financial support for efforts aimed at global environmental preservation by making the most of the GREEN operations.

3. Industry Finance Group

A Message from the Global Head of the Group



The Industry Finance Group, as its name suggests, works to maintain and strengthen the international competitiveness of various industries in Japan. The Group is characterized by the wide variety of industries it supports and financial instruments it uses.

The Group comprises four units: the Corporate Finance Department, the Marine and Aerospace Finance/Financial Products Department, the West Japan Office, and the Finance Division for SMEs. At a glance, these four units are associated with one another loosely because of the differences in the industrial sectors they are responsible for and the financial instruments they excel in. However, as the Global Head of the Group who oversees these units, I see great potential for a synergistic effect among them. By sharing special know-how and expertise among the units, the Group as a whole can offer assistance that is fine-tuned to meet each need.

The Group will continue to strive for maximizing the synergistic effect as a whole and remain committed to working for Japan and the international community by taking advantage of its diversity.

Shigeki Kimura
Managing Executive Officer,
Global Head of Industry Finance Group

Business Environment and Priority Issues

■ Signs of Recovery for the Global and Japanese Economies

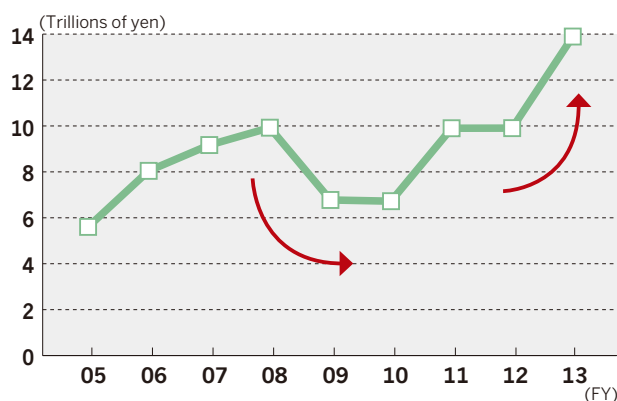
The global economy began to pick up in the second half of FY2012 after a long period in the doldrums as a result of a series of economic and financial crises, including the euro crisis and the crisis following the bankruptcy of the Lehman Brothers, popularly known as the “Lehman Shock” in Japan. FY2013 showed slight recovery centering on developed countries, while the vulnerability of emerging economies remains. Amid the gradual global recovery as a whole, the Japanese economy is also in a phase where further vigorous corporate activities are expected.

■ Active Business Expansion Overseas in Various Industries

Japanese companies are actively expanding their overseas business as the global economy is experiencing a mild recovery. Foreign direct investment (FDI) by Japanese companies has been on the rise in recent years after the temporary downward movement by the Lehman Shock. In FY2013, it posted a significant increase of 40.3% over the previous year (Figure 1). A conspicuous feature of FDI in recent years is that non-manufacturing sectors (for example, finance/insurance and wholesale) have been assuming a larger share despite the manufacturing sector accounting for a majority of FDI in the past (Figure 2).

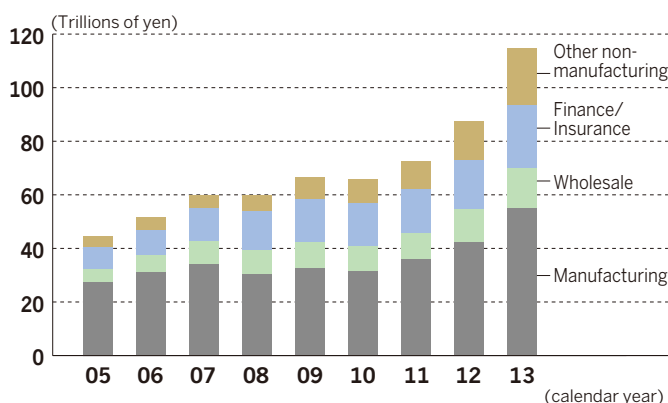
For business investment overseas, Japanese companies

Figure 1 Foreign Direct Investment by Japanese Companies



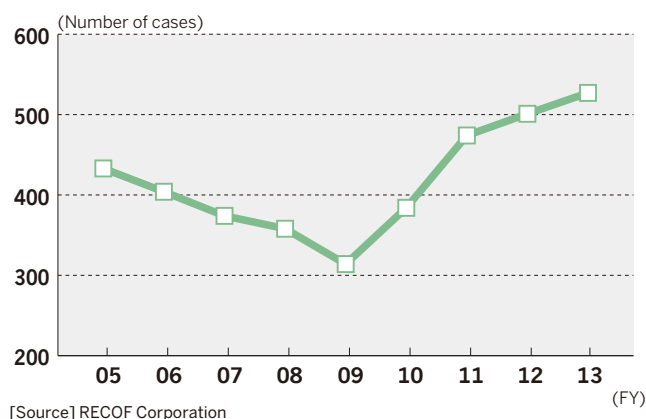
[Source] Ministry of Finance Japan, Bank of Japan

Figure 2 Foreign Direct Investment Position of Japanese Companies, breakdown by Industry



[Source] Ministry of Finance Japan, Bank of Japan

Figure 3 Number of Overseas M&As by Japanese Companies



have been taking advantage of overseas M&A in recent years in addition to green field investments. The number of cases of M&A of foreign firms by Japanese companies has been on the rise since FY2009. In 2013, it reached 527, up 26 cases from a year earlier (Figure 3). Amid expectations that the global economy will improve further, Japanese companies will likely continue to utilize overseas M&A in implementing their strategies for business expansion abroad that call for tapping into overseas demand.

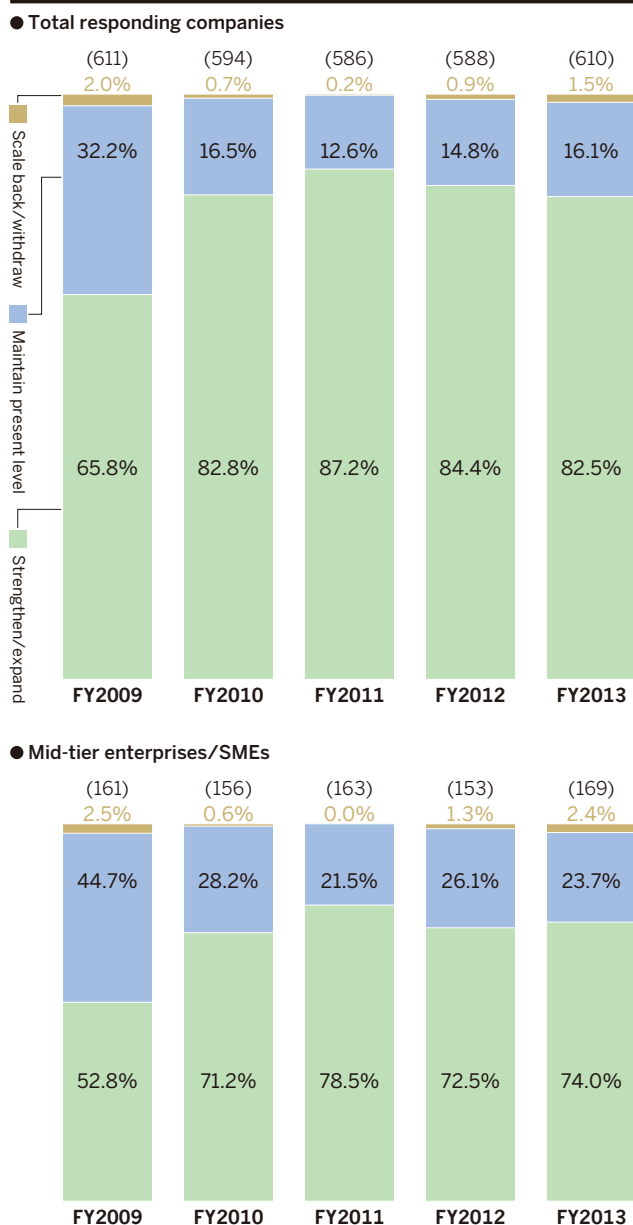
Japanese companies have remained committed to expanding their overseas operations over the medium-term. This observation is substantiated by the FY2013 Survey (the 25th) Report on Overseas Business Operations by Japanese Manufacturing Companies, which JBIC conducted between July and October 2013. In this survey, to which 625 companies responded, 82.5% of the respondents said they would strengthen and/or expand their overseas business in response to the question regarding their medium-term business prospects. The figure was 74.0% as far as mid-tier enterprises and small and medium enterprises (SMEs) are concerned (Figure 4).

Given such active business expansion abroad in various industries, it is important to extend long-term loans to finance Japanese companies' overseas operations. It is also important for JBIC to meet financial needs associated with overseas M&A and other investment activities with various instruments, including equity participation as risk money supply. In addition, the fact that Japanese SMEs often have only limited access to financing and information necessary for their business operations overseas points to the importance of improving support for these SMEs.

Trends in Exports and Overseas Sales

A look at recent trends shows exports have remained almost unchanged since FY2012, when the foreign exchange market began to shift to the appreciation of the yen, although they were on the rise during the weak-yen period prior to the Lehman Shock (Figure 5, p. 30). This trend can be explained as various factors, such as; (1) the relatively short period after the yen began to appreciate, and (2) economic trends in countries

Figure 4 Medium-term Prospects (next 3 yrs. or so) for Overseas Operations



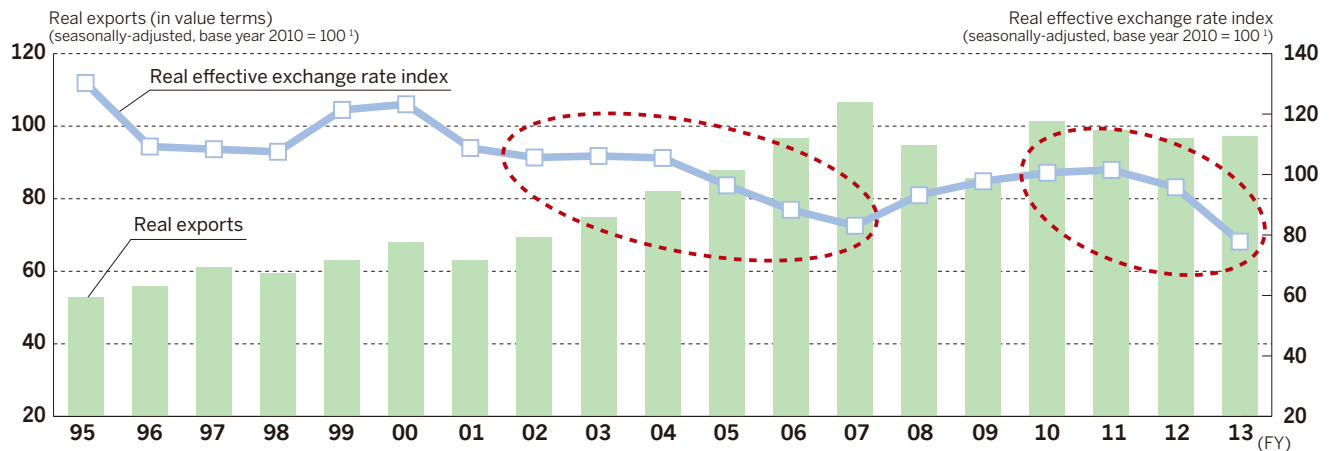
- (Notes) 1. "Overseas operations" is defined as production, sales, and R&D activities at overseas bases, as well as the outsourcing of manufacturing and procurement overseas.
 2. The numbers in the parentheses above the bar graphs indicate the numbers of responding companies to the question.
 3. Mid-tier enterprises/SMEs are companies whose paid-up capital is less than ¥1 billion.

[Source] Results of the JBIC FY2013 Survey Report on Overseas Business Operations by Japanese Manufacturing Companies

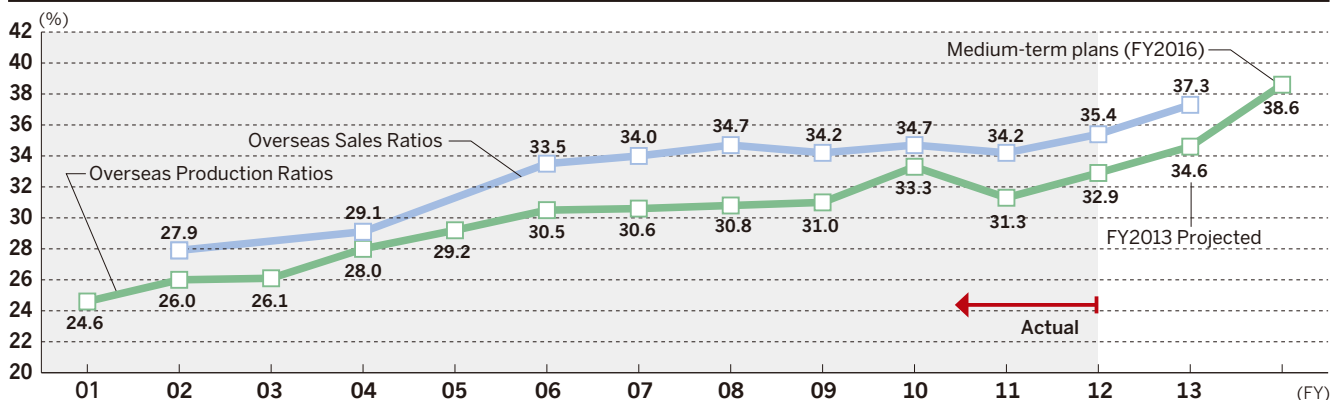
where Japan has close economic relations. Furthermore, it is assumed that exchange-rate fluctuations are less and less associated with changes in exports.

Japanese companies are increasing sales in foreign countries by taking advantage of their production bases there (Figure 6, p. 30). This trend may point to the existence of a corporate strategy that calls for, among other things, improving production efficiency by building a global supply

Figure 5 Trends in Real Exports and Exchange Rate



1. Base year is calendar year
[Source] Bank of Japan

Figure 6 Trends in Overseas Production Ratio¹ and Overseas Sales Ratios²

(Notes) 1. (Overseas Production) / (Domestic Production + Overseas Production)
2. (Overseas Sales) / (Domestic Sales + Overseas Sales)
3. Ratios were calculated by simply averaging the values the respondent companies provided.
[Source] Results of the JBIC FY2013 Survey Report on Overseas Business Operations by Japanese Manufacturing Companies

chain and expanding their business along with economic growth in such countries by manufacturing their products nearer to the markets.

In view of these efforts by Japanese companies, it is important to support sales activities by their subsidiaries overseas while the importance of supporting their exports as early as the project formulation phase remains unchanged.

JBIC's Activities

In view of the situation and industry trends already described, JBIC supported Japanese companies in their business operations overseas in various aspects to maintain and strengthen the international competitiveness of Japanese industries. JBIC's Industry Finance Group had a total of 179 commitments concerning loans, equity participation, and guarantees in FY2013.

The following paragraphs take a closer look at these

activities by JBIC.

Supporting Overseas Business Operations with Various Instruments

JBIC takes advantage of its equity participation function in supporting overseas business operations by Japanese companies. During FY2013, it supported Japanese companies in acquiring a grain business and a joint venture for offshore wind power generation through equity participation in the form of preferred shares. It also made a commitment for equity participation for a private equity fund that invests in companies doing business in Asia.

JBIC conducts various activities in the field of loans as well. During FY2013, it provided loans to overseas M&As in a wide range of industrial sectors, including manufacturing, food, and chemicals.

JBIC finances Japanese companies with funding for their manufacturing and sales business abroad using project financing, local currency-denominated financing, and other

financial instruments. During FY2013, it financed not only manufacturers in chemicals and automobiles but also to an FPSO¹ chartering project.

The Japan Revitalization Strategy, endorsed by the Cabinet in 2013, calls 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 FY2013, JBIC extended loans in Thai baht, Indonesia rupiah, and South African rand for projects including the manufacturing and sales of auto parts. It also provided a Chinese yuan-denominated loan — the first of its kind by JBIC — for a synthetic textile project.

Since 2008, JBIC has engaged in securitization in addition to its conventional financial operations, such as loans and guarantees, in an effort to employ new financial instruments that complement private-sector financing activities. During 2013, JBIC supported the securitization of credit card receivables in Thailand, thereby indirectly supporting funding denominated in the local currency.

■ Supporting the Export of Japanese Products

JBIC is also committed to supporting exports and overseas sales by Japanese companies.

During FY2013, for example, JBIC supported the export of ships such as bulk carriers and seabed resource exploration vessels as well as construction machinery and chemical plants.

■ Supporting Overseas Business Deployment by SMEs

JBIC is striving more than ever to support SMEs' overseas business deployment through the units it set up in FY2012 for this special purpose at its Head Office and West Japan Office. During FY2013, JBIC committed a total of 54 cases for SMEs while strengthening cooperation with private financial institutions in Japan, including regional banks. In addition to financial support such as loans, JBIC offered information on a range of topics, including the foreign investment climate. As in FY2012, JBIC also continued to engage in activities designed to enhance cooperative relations with local financial institutions in developing countries. Specifically, in FY2013, it signed new MOUs with two such local institutions for supporting overseas business deployment of SMEs through Japanese regional financial institutions. To date, numerous Japanese regional financial institutions have established partnerships with local financial institutions in developing countries based on such an MOU (see pages 74–75).

■ Paying Close Attention to Real Corporate Needs

Amid the ever-changing economic climate, JBIC will continue to work to maintain and strengthen the international competitiveness of Japanese industries in accordance with policy trends in Japan. Both the Japan Revitalization Strategy and the Infrastructure Systems Export Strategy



3D seabed resource exploration vessel

as revised in June 2014 call for specific measures. They are (1) supporting overseas business deployment in new frontier sectors (health care, agriculture, aerospace, disaster control, marine infrastructure, eco-cities, etc.); (2) assisting Japanese SMEs in expanding their business overseas; and (3) supporting overseas M&A through JBIC's equity participation function. These strategies also call for the introduction of new means that supplement financing for the private-sector financial institutions: (1) subordinated loans and (2) financing for leveraged buyout (LBO). In line with these and other government strategies, JBIC will address the needs of Japanese companies appropriately while capitalizing on a range of financial instruments, thereby serving a role that connects Japan with the world.

1. A floating production, storage, and offloading (FPSO) system is a floating vessel for the first stage processing of crude oil produced at the oil well, which separates associated gas and water, and for the storage and offloading of oil.

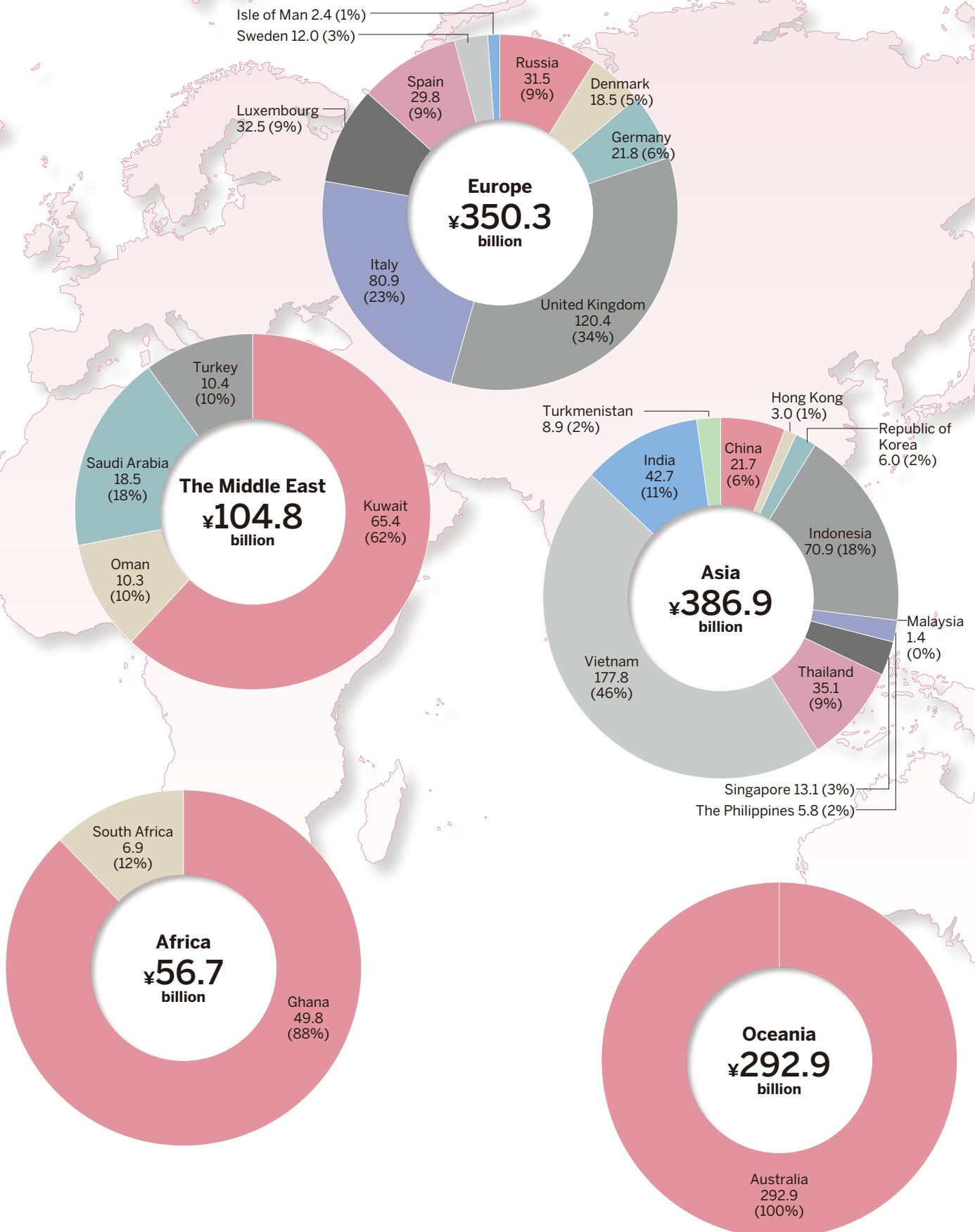
Examples of Business Outcomes in FY2013

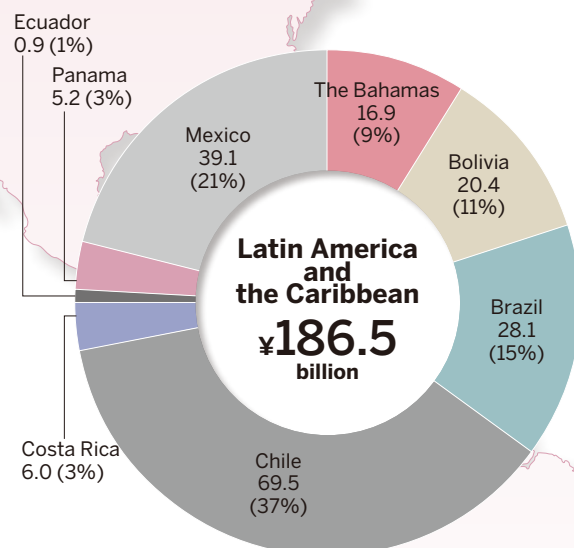
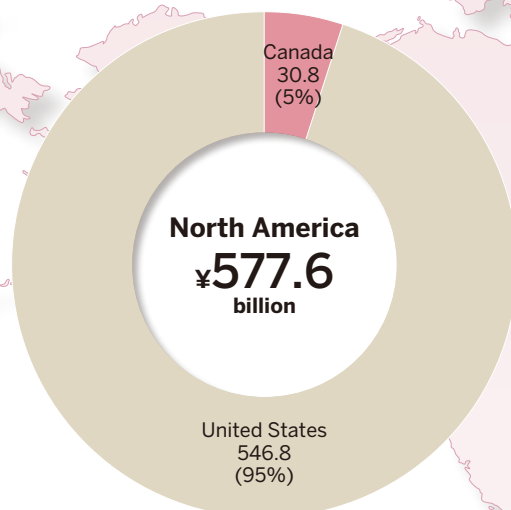
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- 1 Overview of Business Outcomes by Region 34
 - 2 Examples of Business Outcomes by Region 36
 - 3 Examples of Business Outcomes Relating to Support for SMEs 52
 - 4 Examples of Business Outcomes Relating to the Environment 56
 - 5 Examples of Business Outcomes Relating to Studies, and Collaboration with Overseas Governmental Organizations and International Organizations 58

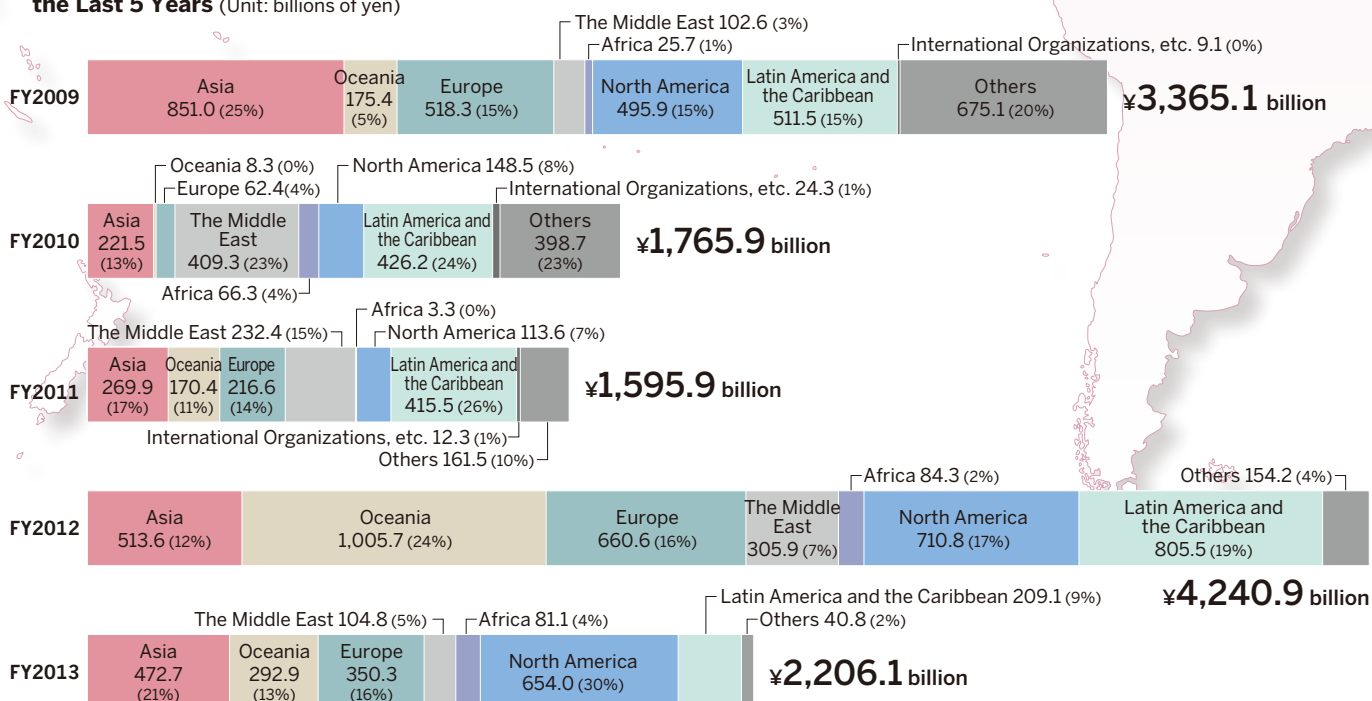
1. Overview of Business Outcomes by Region

■ Geographical Distribution of Loan and Equity Participation Commitments (FY2013. Unit: billions of yen)





Transition of Composition of Commitments by Region (Loans, Equity Participations and Guarantees) over the Last 5 Years (Unit: billions of yen)



2. Examples of Business Outcomes by Region

Asia

China

Loan for Recycling Polyester Products and Manufacturing and Sales of Recycled Polyester Fiber

Supporting the overseas business deployment of the Japanese chemical fiber industry by providing the first local currency loan

JBIC signed a loan agreement with ZHEJIANG JIAREN NEW MATERIALS CO., LTD (ZHEJIANG), a local joint venture of TEIJIN LIMITED (Teijin). This is the first loan in Chinese yuan provided by JBIC, and will provide funds for ZHEJIANG to recycle polyester products and build a new plant to manufacture recycled polyester fiber. Teijin intends to manufacture and sell high added-value polyester fiber in China using its proprietary chemical recycling technology. This loan will lead to recycling practice in China, and in this respect, it also has wide-ranging environmental significance.



Mongolia

Export Credit Line for Mongolia

Supporting Japanese companies' machinery and equipment exports to Mongolia

JBIC established an export credit line¹ with the Ministry of Economic Development of the Government of Mongolia to provide funds for local Mongolian companies to purchase Japanese machinery and equipment. Mongolia's development of its mining resources is fueling demand for local infrastructure development, and with this, export opportunities for Japanese companies are expected to grow. Through this credit line, JBIC is providing financial support for exports by Japanese companies. This credit line is the result of discussions based on the memorandum of understanding (MOU) signed between the Mongolian Ministry of Finance and JBIC, and is provided as a part of the ERCH Initiative² proposed by Prime Minister Abe in March 2013 with a view to promoting economic ties between the two countries.



Indonesia

First Project Financing and Political Risk Guarantee for a Geothermal Power Project by JBIC

Supporting a power infrastructure project with capital participation by Japanese companies

JBIC signed a project finance³ loan agreement with Sarulla Operations LTD (SOL), a Cayman Islands company in which ITOCHU Corporation and Kyushu Electric Power Co., Inc. as well as other investors have equity stakes, to finance the Sarulla Geothermal Power Plant Project in Indonesia. This loan is co-financed by other financial institutions, and JBIC is providing political risk guarantee for the portion co-financed by private financial institutions. In this project, SOL will build and operate the geothermal power plant, and sell electricity generated by the plant to the state-owned power utility in Indonesia. Japanese companies are taking part in this project as investors, and are also involved in the plant's operation and maintenance using Japanese technologies. This loan is providing financial support for participation by Japanese companies in overseas infrastructure projects.



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

2. The ERCH Initiative with two pillars of (1) development of investment/business environment and (2) cooperation for Mongolia's sustainable economic development was proposed by Mr. Shinzo Abe, the Prime Minister of Japan, upon his visit to Mongolia in March 2013.

3. Project finance is a financing scheme in which repayments are made solely from cash flows generated by the project and secured only on the project assets.

Asia

Indonesia

Loan for the Manufacture and Sales of Sintered Alloy Parts for Automobiles**Supporting Japanese companies' business deployment in Indonesia with local currency loans**

JBIC signed a loan agreement in Indonesian rupiah with PT. SUMIDEN SINTERED COMPONENTS INDONESIA (SSI), a subsidiary of Sumitomo Electric Sintered Alloy, Ltd. This loan will provide funds for SSI to build a new plant, which will enable Sumitomo Electric Industries, Ltd., the parent company of Sumitomo Electric Sintered Alloy, Ltd., to manufacture and sell sintered alloy parts for automobiles in Indonesia through SSI. This loan will contribute to maintaining and strengthening the international competitiveness of Japanese auto parts manufacturers.



Myanmar

MOU on Establishing a Vehicle to Promote Private-Sector Projects in Myanmar**Supporting Japanese companies' participation in projects from the early stages**

JBIC signed an MOU with the Ministry of National Planning and Economic Development of the Government of Myanmar regarding the establishment of a vehicle to promote project development in Myanmar (Project Promoting Vehicle-PPV). The PPV will be established to support commercially viable projects from their early stages, such as the urban development project in the Greater Yangon area. The establishment of this PPV reflects the policies of the Government of Myanmar to utilize private-sector resources and vitality to the maximum in urban development. It will also facilitate private-sector projects, and enable support for the acquisition of permits, and through this, contribute to promoting investment in Myanmar by Japanese and other private-sector companies.



The Philippines

Loan for the Manufacture and Sales of Passenger Car Tires**Supporting a Japanese company's overseas business deployment**

JBIC signed a loan agreement with Yokohama Tire Philippines, Inc. (YTPI), a subsidiary of The Yokohama Rubber Company, Limited (Yokohama Rubber) incorporated in the Philippines. This loan will provide funds for YTPI to expand its passenger car tire production plant in the Clark Special Economic Zone in Pampanga Province, Philippines. Yokohama Rubber manufactures and sells tires, as well as industrial and sports products, and in 1996 it established YTPI in the Philippines to supply passenger car tires primarily to North America. In light of the steady purchasing sentiment in the North American market, future demand for YTPI tires is projected to be robust, and Yokohama Rubber is seeking to grow its North

American sales through the expansion of the YTPI facility. By supporting the overseas business deployment of Yokohama Rubber, this loan will contribute to maintaining and strengthening the international competitiveness of Japanese industries.

Asia

Thailand

Project Financing for Gas-Fired Combined Cycle Power Plant**Supporting overseas deployment of infrastructure system by Japanese companies**

JBIC signed a project finance loan agreement with Khanom Electricity Generating Company Limited (KEGCO), a Thai company in which Mitsubishi Corporation (MC) and Tokyo Electric Power Company, Inc. (TEPCO) have indirect equity stakes, to finance the Khanom 4 gas-fired combined cycle Power Generation Project. In this Project, KEGCO will build and operate a gas-fired combined cycle power plant in southern Thailand, and sell electricity generated by the plant to the Electricity Generating Authority of Thailand. TEPCO will provide technical support for the construction, operation and maintenance of the plant. This loan will contribute to maintaining and strengthening the international competitiveness of Japanese companies, and also to ensuring the stable supply of electricity to southern Thailand.



Vietnam

Project Financing for Oil Refinery and Petrochemical Complex Project**Supporting the overseas business deployment of the Japanese Petroleum and Petrochemical Industry**

JBIC signed a project finance loan agreement with Nghi Son Refinery and Petrochemical Limited Liability Company (NSRP), a Vietnamese company established by Idemitsu Kosan Co., Ltd., Mitsui Chemicals, Inc. and others, to finance the Nghi Son Refinery and Petrochemical Complex construction project. In this project, NSRP will build and operate an oil refinery and petrochemical complex in Thanh Hoa Province, Vietnam, to produce petroleum and petrochemical products. In supporting the Japanese companies participating in this project to expand their overseas manufacturing

base through entry into the Vietnamese market, this loan will contribute to maintaining and strengthening the international competitiveness of Japan's oil refinery and petrochemical industry.



India

Loan for Acquiring an Industrial Gas Manufacturer**Supporting a Japanese company's overseas M&A**

JBIC signed a loan agreement with AIR WATER INC. (AIR WATER) to provide a part of the funds necessary for acquiring the Indian company Ellenbarrie Industrial Gases Limited (EIGL). AIR WATER is aiming to expand its overseas business operations using its proprietary gas manufacturing technologies, such as VSU (high-efficiency compact liquid nitrogen/oxygen co-production plant), and gas application technologies. With the acquisition of EIGL, which supplies liquefied gas and gas cylinders primarily in eastern India, AIR WATER is seeking to build and expand a business model with close regional ties through the EIGL business infrastructure and network for the effective supply of gas production technologies,

advanced AIR WATER technologies, and a broad range of products. By providing the necessary long-term funds for overseas M&A by a Japanese company in support of the company's new overseas business deployment, this loan will contribute to maintaining and strengthening the international competitiveness of Japanese industries.

Asia

India

Loan for India's National Thermal Power Company**Loan for a large-scale infrastructure project**

JBIC signed a loan agreement with NTPC Limited (NTPC) for NTPC to purchase steam turbine generators and boiler feed water pumps from Toshiba JSW Power Systems Private Limited (an Indian subsidiary of Toshiba Corporation), Toshiba Corporation, and Ebara Corporation for use in NTPC's construction of supercritical coal-fired power plants. As India's largest power company, NTPC will play a critical role in the Indian government's power facilities expansion program, and this, in turn, is expected to increase business opportunities for Japanese companies with advanced technologies.



Turkmenistan

Buyer's Credit for Turkmenistan's State-owned Chemical Company**Supporting Japanese Company's Export of Sulfuric Acid Production Plant Facility**

JBIC signed a buyer's credit¹ agreement with the Government of Turkmenistan. This loan will finance the State Concern "Turkmenhimiya," Turkmenistan's state-owned chemical company to purchase a complete set of plant facility from Mitsui Engineering & Shipbuilding Co., Ltd., as it builds a new sulfuric acid production plant. With this loan, it is planned that sulfuric acid produced in this plant by making effective use of the sulfur contained substantially in the natural gas produced in the country will be used as a raw material for fertilizer. This is expected to contribute to developing the agricultural sector in Turkmenistan. This loan will also lead to creating business opportunities for Japanese companies in Turkmenistan's oil and gas sector.



Asia

Equity Participation in Fund to Invest in Companies Operating in the Asian Region**Supporting Japanese companies' overseas M&A utilizing a private equity fund**

JBIC signed agreements for equity participation in CVC Capital Partners Asia Pacific IV (the Fund), a private equity fund (PE fund) managed by CVC Capital Partners Jersey Limited and advised by CVC Asia Pacific Limited and CVC Asia Pacific (Japan) Kabushiki Kaisha (collectively, CVC Group) for investing in companies operating mainly in the Asian region. The Fund will use the CVC Group's network in the region to identify and invest in such companies. With equity participation in the Fund, one of the major PE funds, JBIC will build a cooperative framework with CVC Group and others for supporting M&A by Japanese companies. By collaborating with the PE fund, an M&A seller, JBIC is seeking to boost support for overseas

M&A by Japanese companies, which are M&A buyers, in addition to its conventional financial support for Japanese companies' M&A.

1. 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.

Oceania

Australia

Loans for Iron Ore Mine Interests Acquisition and Development Project

Supporting the securing of mineral resources and participation in overseas iron ore mine development by Japanese companies

JBIC signed loan agreements with Mitsui & Co. Iron Ore Exploration & Mining Pty. Ltd. (MIOE), an Australian subsidiary of Mitsui & Co., Ltd., and ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA), an Australian subsidiary of ITOCHU Corporation, to provide funds for MIOE and IMEA to acquire a partial interest in the Jimblebar Iron Ore Mine in Australia from the Australian company BHP Iron Ore (Jimblebar) Pty Ltd. JBIC has also provided part of the necessary funds for MIOE to develop the Jimblebar Mine. Through these loans, JBIC will contribute to securing a long-term stable supply of mineral resources for Japan.



Australia

Loan for CBM Gas Field Development in an LNG Project

Supporting Japanese companies' participation in a CBM gas field development project

JBIC signed a loan agreement with Toyota Tsusho Corporation (Toyota Tsusho) to finance Toyota Tsusho's acquisition of a partial interest in a coal-bed methane (CBM) gas field in Queensland, Australia through its wholly owned Australian subsidiary, and also the company's development of the gas field together with the U.K. company BG Group plc (BG), Tokyo Gas Co., Ltd., and others. CBM from the gas field will be used as feed gas for the Queensland Curtis LNG Project promoted by BG etc. The CBM development knowledge and experience acquired through this loan will serve to expand the opportunities for Japanese companies to participate in CBM projects, and contribute to increasing their in-house development ratio and also diversifying non-conventional energy sources.



Europe

Russia

Credit Line for Russia's Largest Commercial Bank

Supporting the Overseas Manufacturing and Sales of Power Transformers by Japanese Companies

JBIC signed a loan agreement with the Sberbank of Russia (Sberbank), Russia's largest commercial bank, to provide the necessary funds through Sberbank for Limited Liability Company "Izhora Transformers" (IZT)¹, a joint venture of Toshiba Corporation and Open Joint Stock Company "Power Machines-ZTL, LMZ, Electrosila, Energomachexport", to establish a factory for the manufacture and sales of power transformers. JBIC signed a separate loan agreement with IZT for this project in 2012. This loan will contribute to maintaining and strengthening the international competitiveness of the Japanese power machinery and equipment industry.



Russia

Memorandum of Cooperation to Establish the "Far East and Baikal Infrastructure Development Partnership"

Supporting Japanese companies' participation in infrastructure development, including PPP infrastructure projects

JBIC signed a Memorandum of Cooperation with The Far East and Baikal Region Development Fund (FEDF)², a wholly owned subsidiary of the governmental financial institution Vnesheconombank, to establish the "Far East and Baikal Infrastructure Development Partnership". Under this partnership, JBIC and FEDF will share information and cooperate in the formation of infrastructure development projects in Russia's Far East and Baikal regions. The Russian government has placed a high priority on the development of this region, and with the projected boost to infrastructure development arising from this, this partnership is expected to contribute to the business deployment of Japanese companies in the region.



Russia

Buyer's Credit for Russian Company

Supporting Japanese Companies' Export of Ammonia Production Plant Facility

JBIC signed a buyer's credit (export loan) agreement with OJSC PhosAgro-Cherepovets engaging in the production of phosphorus- and nitrogen-based fertilizers. This loan will finance OJSC PhosAgro-Cherepovets to purchase a production plant facility from Mitsubishi Heavy Industries, Ltd. and Sojitz Corporation for building a new ammonia production plant, in addition to its existing ammonia production plant in Cherepovets city. In Russia, since there is the prospect of demand for rebuilding antiquated fertilizer plants in the future, this loan will lead to the creation of business opportunities for Japanese companies in petrochemical and fertilizer business in Russia.



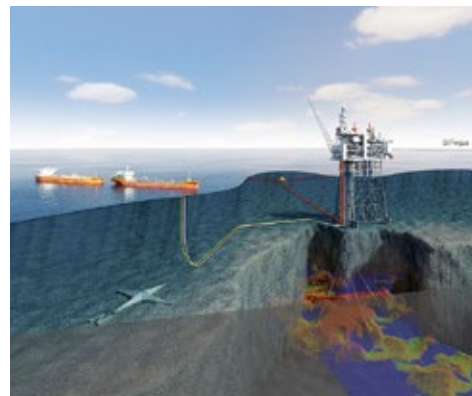
1. The company name changed to Power Machines Toshiba High-Voltage Transformers LLC on 17 December 2013.
2. FEDF is the fund established in 2011 in order to improve infrastructure in Russia's Far East and Baikal region.

Europe

United Kingdom

Loan for Acquisition of Interests and Development of Oil Fields in the British North Sea**Supporting a Japanese company in the acquisition of interests and development of oil fields**

JBIC signed a loan agreement with JX Nippon Exploration and Production (U.K.) Limited (JXNEPUK), a wholly owned British subsidiary of JX Nippon Oil & Gas Exploration Corporation (JX), to finance JXNEPUK's acquisition of interests and development of the Mariner and Kinnoull Oil Fields, which are owned by Eni S.p.A. Group in Italy. Although the production of oil and natural gas in the North Sea has been declining, advances in oil and gas development technologies have revived interest in this region. This loan will contribute to increasing the ratio of independent oil development through the acquisition of interests by a Japanese company.



Italy

Loan for Acquisition of Interests and Development of the Largest Undeveloped Oil Field in Western Europe**Supporting a Japanese company in the acquisition of interests and development of an oil field**

JBIC signed a loan agreement with Mitsui E&P Italia A S.r.l. (MEPIT), an Italian company in which MITSUI & CO., LTD. and Mitsui Oil Exploration Co., Ltd. (MOECO) have indirect equity stakes, to finance MEPIT's partial acquisition of interests and development of the Tempa Rossa Oil Field, which is located in southern Italy and owned by a subsidiary of the French company Total S.A. This loan will enable a Japanese company to acquire oil field development know-how through cooperation with major international oil companies, which, in turn, is expected to lead to further joint operations in other oil field development projects. The acquisition of interests will also improve the independent oil development ratio by Japanese companies, and through this, contribute to Japan's energy security.



Rendering of the Oil Center (©Total E&P Italia)

Spain

MOU on Business Cooperation with a Spanish Policy-based Financial Institution**Supporting the creation of business opportunities for Japanese companies in Spain and third countries**

JBIC signed an MOU on promoting comprehensive cooperation with the Instituto de Crédito Oficial (ICO) in Spain. ICO is a policy-based financial institution wholly owned by the Spanish government, and provides financial support to Spanish companies for domestic and overseas business operations (including support for small and medium-sized enterprises, and infrastructure projects). The objective of this MOU is to formulate and promote joint projects by Spanish and Japanese companies in Spain and third countries, and facilitate collaboration between Japanese companies that have an interest in Spanish companies with a proven track record in infrastructure projects on the one hand, and Spanish companies that have an interest in the technical strengths of Japanese companies on the other.



Europe

Isle of Man

Buyer's Credit for Ship Export to a Leading Shipping Group

Supporting the export of a bulk ore carrier built by a Japanese shipbuilder

JBIC signed a buyer's credit agreement with the Panamanian company Berge Blanc Company S.A. (Berge Blanc), a wholly owned subsidiary of Singapore's leading shipping operator Berge Bulk Limited¹. This loan will provide funds for Berge Blanc to purchase a unimax ore carrier to be built by the Japanese shipbuilder Japan Marine United Corporation at its domestic shipyard. Amid continuing constraints on ship financing throughout the world, this loan will contribute to maintaining and strengthening the international competitiveness of Japan's shipbuilding industry.



1. Berge Bulk is a registered corporation in the British Bermuda Islands.

The Middle East

Kuwait

Project Financing for Kuwait's First PPP Power and Desalination Project

Contributing to stronger multi-layered relations with a resources-endowed country through support for an infrastructure project

JBIC signed a project finance loan agreement with SHAMAL AZ-ZOUR AL-OULA FOR THE BUILDING, EXECUTION, OPERATION, MANAGEMENT AND MAINTENANCE OF THE FIRST PHASE OF AZ-ZOUR POWER PLANT K.S.C. (AZN1), a Kuwaiti company established by Sumitomo Corporation and other companies, to finance the Az-Zour North 1 IWPP Project¹. In this Project, AZN1 will build a combined-cycle natural gas-fired power and desalination plant, and sell the electricity and freshwater produced by the plant. As Kuwait's first public-private partnership (PPP) power and seawater desalination plant project, there are high expectations of the project's success, and it will contribute to further strengthening the comprehensive multi-layered relations between Japan and Kuwait.



Photo credit: Hyundai Heavy Industries Co., Ltd & Societe Internationale de Dessalement S.A.

Saudi Arabia

Buyer's Credit for State-owned Saudi Arabian Power Company

First loan for the Saudi Arabian power sector

JBIC signed a buyer's credit (export loan) agreement with the state-owned Saudi Electricity Company (SEC), which operates integral power generation, transmission and distribution services, to finance SEC's purchase of steam turbines, boilers and other power generation equipment and machinery from Mitsubishi Heavy Industries, Ltd., for the supercritical pressure thermal power station it plans to build. This is JBIC's first loan to SEC and the power sector in Saudi Arabia. The loan will increase business opportunities for Japanese companies with high technological capabilities in this sector, and this, in turn, will contribute to maintaining and strengthening the international competitiveness of Japanese industries.



Turkey

Buyer's Credit for a Turkish Company

Supporting the export of port container cranes by Japanese companies

JBIC signed a buyer's credit (export loan) agreement with the Turkish company Yilport Holding A. S. (Yilport) to finance the purchase of 18 port container cranes from Mitsui Engineering & Shipbuilding Co., Ltd. (MES) for Yilport's new construction of the Gemlik Port Terminal and expansion of Gebze Port Terminal in western Turkey. Yilport's new purchase of MES port container cranes is based on its high confidence in the performance of the cranes from past purchases, and this loan will contribute to improving port infrastructure in Turkey, and also to maintaining and strengthening the international competitiveness of Japanese companies.



1. IWPP (Independent Water and Power Producer) is an independent company that builds and operates a power and water desalination plant on its own and sells the power and desalinated water it produces.
 2. JBIC launched The JBIC Facility for African Investment and Trade Enhancement (FAITH) on June 1, 2013 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.
 3. Samurai bonds are yen-denominated bonds issued by a foreign government or company in the Tokyo bond market.

Africa

Morocco

Loan for a Commercial Bank in Morocco

Supporting the expansion of Japanese companies' machinery and equipment exports to the African region

JBIC established a credit line for export loans with the Moroccan commercial bank Banque Marocaine du Commerce Extérieur under the JBIC Facility for African Investment and Trade Enhancement ("FAITH")² to provide funds for local companies in the African region to purchase machinery and equipment from Japanese companies. Many African countries are endowed with natural resources, and current economic growth is increasing demand for infrastructure development. Against this backdrop, Japanese companies show a strong interest in machinery and equipment exports to the region, and this credit line receives high expectations from these companies.



Tunisia

Guarantee for Privately Placed Samurai Bonds Issued by the Central Bank of Tunisia

Supporting the Bank's second Samurai bond issue

JBIC signed a set of agreements providing a guarantee for yen-denominated foreign bonds issued in Japan (Samurai bonds³) by the Central Bank of Tunisia under FAITH. This guarantee is provided through JBIC's Guarantee and Acquisition toward Tokyo Market Enhancement (GATE) facility⁴ as a part of the support provided to countries in the Middle East and North Africa under the Deauville Partnership⁵, and is the second guarantee for Samurai bonds issued by the Central Bank of Tunisia. The continued support for the issue of bonds in the Samurai bond market by the Central Bank of Tunisia will help the Tunisian government to diversify its funding sources, provide new investment opportunities to Japanese investors,

and contribute to revitalizing the Samurai bond market and maintaining and strengthening the international competitiveness of the Japanese capital market. The guarantee is also expected to further deepen bilateral relations with Tunisia, and give added momentum to the business operations of Japanese companies over a broad range of fields.

Ghana

Project Financing for Deepwater FPSO Chartering Project

Supporting offshore resources development by Japanese companies

JBIC signed a project finance loan agreement with T.E.N Ghana MV25 B.V. (TGMV25), a Dutch company in which MODEC, Inc. (MODEC) and others have equity stakes, to finance a long-term FPSO⁶ chartering service project for the Jersey company Tullow Ghana Limited, which will oversee development of the T.E.N. (Tweneboa, Enyenra, Ntomme) Oil Field off the coast of Ghana as the oilfield operator. In this project, MODEC will build one deepwater FPSO, while TGMV25 will provide a chartering service. This loan will contribute to maintaining and strengthening the international competitiveness of Japanese companies in offshore resources development.



Similar model to this FPSO.

4. The Guarantee and Acquisition toward Tokyo market Enhancement (GATE) facility will enable JBIC to acquire Samurai bonds where appropriate, in addition to providing partial guarantees for samurai bond issues.

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

6. An FPSO (floating production, storage, and offloading) system is a floating vessel for the first stage processing of crude oil produced at the oil well, which separates associated gas and water, and for the storage and offloading of oil.

North America

Canada

Loan for Expansion of Oil Sands Development in Canada**Supporting oil sands development invested by Japanese companies**

JBIC signed a loan agreement with Japan Canada Oil Sands Limited (JACOS) to finance the expanded development and production of oil sands in the Hangingstone Mine in Canada. JACOS, which holds a 75% interest in this mine, is a wholly owned subsidiary of Canada Oil Sands Co. Ltd., in which Japan Petroleum Exploration Co., Ltd. holds majority equity stakes. The loan will contribute to securing a stable supply of important natural resources for Japan, while the experience and know-how in oil sands development gained from this project will increase the potential for future development of neighboring oil sands mines, and further expand the business deployment of Japanese companies.



United States

MOU with the Department of Natural Resources of the State of Alaska**Supporting the creation of opportunities for Japanese companies to participate in natural resources development projects**

JBIC signed an MOU with the Department of Natural Resources of the State of Alaska, U.S. with the aim of sharing information and views on natural resources development projects that Alaska seeks to promote. A potential major supplier of LNG, Alaska offers an abundance of potential investment opportunities in natural resources and energy, and JBIC's establishment of a framework for sharing information and views with the Department of Natural Resources of the State of Alaska is expected to facilitate projects that will contribute to diversifying Japan's resources and energy suppliers, and promoting the overseas business deployment by Japanese companies in these fields.



United States

Loan for the Acquisition of an Equipment Rental Company**Supporting Japanese companies' overseas M&A**

JBIC signed a loan agreement with Sumitomo Corporation of America, a wholly owned U.S. subsidiary of Sumitomo Corporation, to provide a part of the funds necessary for the Sumitomo Corporation Group to acquire the U.S. equipment rental company Sunstate Equipment Co., LLC (Sunstate). Through this acquisition in which it gains a controlling interest in Sunstate, Sumitomo Corporation is seeking to further expand its equipment rental business in North America, and increase its market share within the industry. By supporting the overseas business expansion of a Japanese company, this loan will contribute to maintaining and improving the international competitiveness of Japanese industries.



North America

United States

Loan for Acquiring a Global Energy Materials and Pipe Distributor**Supporting a Japanese company's overseas M&A**

JBIC signed loan agreements with Sumitomo Mitsui Banking Corporation, the Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., and Sumitomo Corporation of Americas, a wholly owned U.S. subsidiary of Sumitomo Corporation, to provide a portion of the funds necessary for Sumitomo Corporation of Americas to acquire the U.S. company Edgen Group Inc. (Edgen). With this acquisition, Sumitomo Corporation gains a broader global distribution platform, including experienced staff, facilities, and an expanded specialized steel product offering that supports Sumitomo's growth strategy and continued development of a global energy infrastructure. By supporting the overseas business expansion of a Japanese company, this loan will contribute to maintaining and strengthening the international competitiveness of Japanese industries.



North America

Equity Participation in a Fund Investing in Funds Specializing in the Resources and Energy Sector**Supporting the creation of investment opportunities for Japanese companies in resources and energy projects mainly in North America**

JBIC signed an agreement for equity participation in Energy Opportunity Fund, L.P., a fund of funds managed by a subsidiary of Alternative Investment Capital Limited (AIC) that invests in private equity funds specializing in the resources and energy sector. This fund is established and managed by AIC in collaboration with TorreyCove Capital Partners LLC, a company with extensive investment experience in funds specializing in the resources and energy sector in North America, and is funded by Mitsubishi Corporation, Shinkin Central Bank, some other institutional investors and JBIC.

Investment in the resources and energy sector in North America has surged in recent years on the back of

the shale gas revolution, but investment opportunities for Japanese companies and institutional investors have been limited owing to their lack of investment experience in and access to this sector. Participation in this fund by JBIC, though, is expected to provide Japanese companies and institutional investors with new investment opportunities in the resources and energy sector.

Latin America and the Caribbean

The Bahamas

Buyer's Credit for Ship Export to a Dutch Company**Supporting the export of a bulk carrier built by a Japanese shipbuilder**

JBIC signed a buyer's credit agreement with the Bahamian company African Kite Shipping Co., Ltd. (AKS), which is a wholly owned subsidiary of International Strategic Shipping Investments B.V., a fifty-fifty joint venture of MUR Shipping Holdings B.V. of the Netherlands and J.P. Morgan Global Maritime Investment Fund L.P. of the U.S. This loan will provide funds for AKS to purchase through ITOCHU Corporation a bulk carrier to be built by the Japanese shipbuilder Imabari Shipbuilding Co., Ltd. at its domestic shipyard. This loan will contribute to maintaining and strengthening the international competitiveness of Japan's shipbuilding industry, which plays a significant role in regional economies and associated industries.



Bolivia

Loan for Expansion of One of Bolivia's Largest Mines**Supporting a Japanese company's mine expansion project and the securing of a long-term stable supply of mineral resources**

JBIC signed a loan agreement with the Bolivian company Minera San Cristobal S.A. (MSC), a wholly owned subsidiary of Sumitomo Corporation, to provide the necessary funds for MSC's further expansion of the San Cristobal Zinc, Lead and Silver Mine, one of Bolivia's largest mines. JBIC will bear the political risk, thereby alleviating the local risk that accompanies the overseas business deployment of the Japanese company. Japan is dependent on imports for all zinc and lead concentrates used in zinc and lead metals, so this loan will contribute to securing the long-term stable supply of strategically important resources for Japan.



Brazil

Loan for a State-owned Oil Company in Brazil**Supporting Japanese companies' exports and business with overseas subsidiaries**

JBIC established credit lines with the Brazilian state-owned oil company Petróleo Brasileiro S.A. (PETROBRAS) to provide the necessary funds for PETROBRAS to purchase equipment and services from Japanese companies. Brazil is the largest country in Central and South America in terms of both population and GDP, and with the growing interest in Brazil among Japanese companies in recent years, export opportunities and business operations of local Japanese subsidiaries are expected to increase. This loan will contribute to maintaining and strengthening the international competitiveness of Japanese industries and the economic relationship between the two countries.



Latin America and the Caribbean

Brazil

Loan for the Acquisition of Shares of Companies Engaged in Agriculture and Grain Exports**Supporting Japanese companies' overseas M&A**

JBIC signed a loan agreement with Sojitz Corporation (Sojitz) to provide a part of the funds necessary to acquire shares in the Brazilian agriculture and grain collection and export companies CANTAGALO GENERAL GRAINS S.A. and CGG TRADING S.A. With the acquisition of these shares, Sojitz seeks to strengthen its agribusiness base by obtaining the right of preferential purchase of Brazilian grains, and also business resources including global procurement and sales networks in agriculture and grain collection and exports. These share acquisitions represent overseas agriculture investments promoted under the Food, Agriculture and Rural Areas Basic Act, among others, and are also consistent with the Japanese food policy.



Chile

Loan for Acquisition of Interests and Development of a Large-scale Overseas Copper Mine**Supporting a Japanese company in the acquisition of interests and participation in the development of a copper mine**

JBIC signed a project finance loan agreement to provide long-term financing necessary for the Antucoya Copper Mine Development Project implemented by the Chilean company Minera Antucoya (Antucoya), in which Marubeni Corporation and the British company Antofagasta PLC (Antofagasta) have equity stakes. JBIC is also providing financing to Marubeni Corporation for acquiring shares in Antucoya from Antofagasta thereby enabling it to participate in this mine development project, and also long-term financing for developing the mine. This loan is highly significant for securing Japan's medium- and long-term supply of mineral resources as it will contribute to securing a stable supply of copper at the overseas manufacturing bases of Japanese copper metal users, and strengthen ties between Japanese companies and Antofagasta, a major player in copper resources development.



Costa Rica

Loan for Banco de Costa Rica**Supporting the expansion of Japanese companies' business with Costa Rica**

JBIC established a credit line with Costa Rica's state-owned bank Banco de Costa Rica to provide funds for local companies in Costa Rica to purchase general machinery and equipment, renewable-energy-related facility¹, and also climate change mitigation facility² from Japanese companies. Costa Rica is planning extensive renewable energy development projects, and these credit lines are expected to deliver greater opportunities for Japanese exports into this sector where Japanese technologies are highly regarded internationally.



1. They include those for geothermal power, wind power, biomass power, solar photovoltaic and solar thermal generation.

2. They include those for thermal power plants with CCS facilities, CCS projects, waste to energy projects, hybrid power plants, combined heat & power projects, district heating and/or cooling related projects. CCS is a technology that separates, captures, and stores carbon dioxide, a major culprit of greenhouse gases, in deep sea beds or underground geological formations.

Latin America and the Caribbean

Ecuador

Export Credit Line for Ecuador**Supporting the export of terrestrial digital broadcasting equipment by Japanese companies**

JBIC established an export credit line with the Government of Ecuador to provide funds for the purchase from Japanese companies of broadcasting equipment necessary for the terrestrial digital broadcasting network development project to be implemented by Ecuador's state-run broadcasting company. With the adoption of the Japanese ISDB-T digital broadcasting standard¹ by Ecuador as it plans to shift domestic broadcasting to terrestrial digital broadcasting, Japanese companies have been actively negotiating exports of Japanese broadcasting equipment. The Japanese government has been promoting the Japanese standard for terrestrial digital broadcasting overseas, and to date (as of the end of July

2014), 17 countries have adopted the Japanese standard. This export credit line will extend financial support for the international propagation of the private-public-backed Japanese terrestrial digital broadcasting and the export of associated equipment by Japanese companies, and contribute to expanding high-quality terrestrial digital broadcasting network in Ecuador, and also to maintaining and strengthening the international competitiveness of Japanese companies.



Mexico

Loan for Electronic Parts Mounting and Equipment and Parts Assembly and Processing**Supporting the overseas business deployment of a Japanese electronics manufacturing services company**

JBIC signed a loan agreement with SIIX Corporation (SIIX) to provide funds to SIIX for establishing, through its wholly owned U.S. subsidiary, SIIX EMS MEXICO S. de R.L. de C.V. (SEM) to carry out electronic parts mounting, and assembly and processing of equipment and parts in Mexico. SIIX will establish SEM as a base for exports of electronic components for vehicle parts for the North American markets, which are vital to Japan's major automobile manufacturers, and is seeking to expand its share of the Central and South America markets where further economic growth is projected. This loan will contribute to maintaining and strengthening the international competitiveness of Japanese industries.



Mexico

Loan for Auto Parts Transport, Warehousing and Packaging**Supporting the overseas business deployment of the Japanese auto-related industry**

JBIC signed a loan agreement with the Mexican company Mazda Logistica de Mexico S.A. de C.V., a subsidiary of Mazda Logistics Co., Ltd. (Mazda Logistics), to provide funds for Mazda Logistics to set up Mazda Logistica de Mexico S.A. de C.V. and procure the equipment and facilities necessary for auto parts transport, warehousing and packaging operations in Salamanca, Estado de Guanajuato, Mexico. With Mexico's rapid growth in automobile production, Japanese and other automakers have flooded into the Mexican market, and against this backdrop, Mazda Logistics will establish Mazda Logistica de Mexico S.A. de C.V. as its distribution base in Mexico with a view to boosting its overseas business operations.

This loan will contribute to maintaining and strengthening the international competitiveness of the Japanese auto-related industry.

1. ISDB-T (Integrated Services Digital Broadcasting-Terrestrial) is an international standard of digital broadcasting. It has a technological comparative advantage in its capabilities of broadcasting voices, moving images and data to portable devices and broadcasting in times of emergency for disaster prevention. One of its other characteristics is that it is economical, since one transmitter can simultaneously broadcast to portable devices (called 1-seg broadcasting) and high-definition TVs.

Export Credit Line for Banco Centroamericano de Integración Económica

Supporting Japanese companies' exports to Central American countries

JBIC established an export credit line with Banco Centroamericano de Integración Económica (BCIE) to provide funds for local companies in Central America to purchase general machinery and equipment, renewable-energy-related facility², climate change mitigation facility³, and equipment connected with the water sector from Japanese companies. Countries in Central America have been adopting a range of measures to facilitate the sustainable development of regional economies, and this is expected to lead to greater capital investment opportunities. This credit line, through BCIE, will support the export of Japanese machinery and equipment to Central America, and thereby contribute to maintaining and strengthening the international competitiveness of Japanese industries.



2. They include those for geothermal power, wind power, biomass power, solar photovoltaic and solar thermal generation.

3. They include those for thermal power plants with CCS facilities, CCS projects, waste to energy projects, hybrid power plants, combined heat & power projects, district heating and/or cooling related projects. CCS is a technology that separates, captures, and stores carbon dioxide, a major culprit of greenhouse gases, in deep sea beds or underground geological formations.

3. Examples of Business Outcomes Relating to Support for SMEs

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

China

MORROW Co., Ltd.

Manufacturing and Sales of Sportswear Products

MORROW Co., Ltd. (MORROW) manufactures sportswear products. The company's Chinese subsidiary QINGDAO MORROW APPAREL CO., LTD. (QINGDAO MORROW) plans to expand its manufacturing business in the country, where the apparel markets, including the sportswear market, are expected to grow, driven by robust Chinese economic growth. JBIC provided a loan for MORROW to finance the expansion of a QINGDAO MORROW production facility.

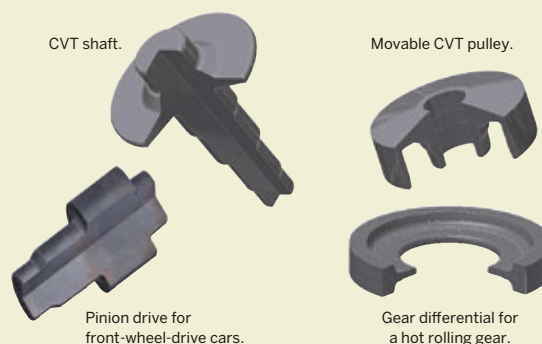


China

KOTANI CORPORATION

Manufacturing and Sales of Forged Parts for Automobiles

KOTANI CORPORATION (KOTANI) manufactures automobile parts with its integrated production system that takes advantage of its proprietary processes for manufacturing forged products. The company plans to establish Kotani (Zhangjiagang) Co., Ltd., a subsidiary in China, to manufacture and sell forged automobile products, specifically transmission parts, which will primarily be supplied to Japanese-affiliated car manufacturers. JBIC provided a loan for KOTANI to finance the establishment of this subsidiary.



China

SHÓSHIBA MANUFACTURING COMPANY, LTD.

Manufacturing and Sales of Automobile Parts

SHÓSHIBA MANUFACTURING COMPANY, LTD. (SMC) manufactures and sells press parts for car safety products such as air-bag cases and seat frames. Its Chinese subsidiary SHOSHIBA AUTOMOTIVE PARTS (Wújiāng) CO., LTD. (SHOSHIBA WUJIANG) supplies car press parts to Chinese subsidiaries of Japanese car manufacturers as well as to local car manufacturers. JBIC provided a loan for SMC to finance the operations of SHOSHIBA WUJIANG.



China

MIRAREED CORPORATION CO, LTD

Manufacturing and Sales of Car Accessories

MIRAREED CORPORATION CO, LTD (MIRAREED) manufactures and sells car accessories. Its Chinese subsidiary NINGBO MIRAREED PLASTIC CO., LTD manufactures and sells car sockets, ashtrays, and other products. MIRAREED plans to increase production in China as part of its strategy to expand its share in the Chinese market. JBIC provided a loan for MIRAREED to finance the operations of this subsidiary.



Indonesia

URASE Corp.**Dye Processing and Processed Products Sales**

URASE Corp. (URASE) dyes and prints on textiles for garments, interior goods, and industrial and sports materials. It also provides functional processing for such textiles. The company plans to establish its first subsidiary overseas, PT. URASE PRIMA, in Indonesia to process medium-thick synthetic textile products, in which it excels, for the Asian and Middle East markets. JBIC provided a loan for URASE to establish this subsidiary.



Indonesia

Daiki Aluminium Industry Co., Ltd.**Manufacturing and Sales of Secondary Aluminium Alloy Ingots**

Daiki Aluminium Industry Co., Ltd. (Daiki Alumi) has been maintaining a top share in the domestic market for many years as a pioneer of the secondary aluminium-alloy ingots maker. Its Indonesian subsidiary, PT. DAIKI ALUMINIUM INDUSTRY INDONESIA (DAI), plans to strengthen its manufacturing and sales capacity in Indonesia, where the demand for secondary aluminium-alloy ingots from automobile and related industries is expected to grow. JBIC provided a loan for Daiki Alumi to finance the operations of DAI.



Indonesia

Kotera Manufacturing Co., Ltd.**Manufacturing and Sales of Buddhist Ornaments**

Since its foundation, Kotera Manufacturing Co., Ltd. has manufactured, installed, and repaired metal ornaments and altar fittings, primarily for Buddhist temples and Shinto shrines. Its subsidiary PT. KOTERA INDONESIA (PTKI) plans to boost production and sales of metal ornaments. It also plans to increase orders for metal fittings and metal dies, as well as plastic processing based on its Buddhist ornament processing technology. JBIC provided a loan for PTKI to finance these operations.



Malaysia

General Co., Ltd.**Manufacturing and Sales of Office Automation-Related Products**

General Co., Ltd. (General) is a long-established company that manufactures and sells products related to office automation (OA). With the technologies for manufacturing carbon paper that it has cultivated over the years, General has been an original equipment manufacturer (OEM) for major electrical manufacturers. IS INDUSTRIES SDN. BHD. (ISI), the company's subsidiary in Malaysia, manufactures and sells thermal transfer ribbons and other OA-related products. JBIC provided loans for General to finance the business expansion of ISI.



Thailand

BENDA-KOGYO CO., LTD.

Manufacturing and Sales of Automobile Parts

BENDA-KOGYO CO., LTD. is one of the largest companies in the world in terms of market share for metal ring gears for automobiles. Given the prospect of growing demand for automobile parts in Asia over the coming years, the company plans to establish its subsidiary BENDA (THAILAND) CO., LTD. (BTC) to manufacture metal ring gears for automobiles in Thailand. JBIC provided a local currency loan for BTC to finance the establishment of a manufacturing plant.



Thailand

Irifune Kozai Co., Ltd.

Processing and Sales of Steel Products

Irifune Kozai Co., Ltd. (Irifune Kozai) has its forte in processing for producing pickled and oiled steel sheets and plates¹, supplying them to suppliers of parts for electric appliances, automobiles, construction machines, and industrial machinery. To expand its business, the company plans to set up IRIFUNE STEEL (THAILAND) CO., LTD. (IST), its first subsidiary outside Japan. JBIC provided a loan for Irifune Kozai to finance the establishment of IST.



Thailand

MANO-SEIKO Co., Ltd.

Manufacturing and Sales of Precision Machinery Components

MANO-SEIKO Co., Ltd. processes parts for automobiles, electrical equipment, and many other products by taking advantage of its high-precision processing technology. To meet the needs of its major customers, the company has recently established MANO Precision (Thailand) Co., Ltd. (MANO) to manufacture and sell metal parts for trucks and cars in Thailand. JBIC provided a local currency loan for MANO to finance its operations.



Vietnam

Japan Chemical Engineering & Machinery Co., Ltd.

Plant Engineering Business

As the first Japanese company to succeed in developing an alcohol distillation system, Japan Chemical Engineering & Machinery Co., Ltd. (JCEM) manufactures and constructs various types of chemical industrial machinery. Recently it has expanded its business to include engineering for environment-conscious plants. Its Vietnamese subsidiary JCEM VIETNAM CO., LTD. (JCVN) engages in plant engineering for such sectors as chemicals, food, beverages, and energy. JBIC provided a loan for JCEM to finance the operations of JCVN.



1. In manufacturing hot-rolled steel sheets, oxide layers (scales) are produced on the surface of them through contact with oxygen in the air. Pickled and oiled steel sheets are fine surface steel sheets processed in a hydrochloric acid bath to remove the scales chemically.

Vietnam

Nagatsu Industries Ltd.**Manufacturing and Sales of Construction Equipment Parts**

Since its foundation in 1960, Nagatsu Industries Ltd. (Nagatsu Industries) has continued to manufacture and sell construction equipment parts. NAGATSU VIETNAM COMPANY LIMITED (NVC), a subsidiary of Nagatsu Industries, manufactures and sells construction equipment parts, such as hydraulic parts used for hydraulic shovels and bulldozers as well as magnetic sensors. JBIC provided a loan for NVC to finance its operations.



India

Kosei Aluminum Co., Ltd.**Manufacturing and Sales of Auto Parts**

Kosei Aluminum Co., Ltd. (Kosei) manufactures and sells primarily aluminum wheels for motorcycles and four-wheeled motor vehicles as well as other aluminum products. KOSEI MINDA ALUMINUM CO., LTD. (KMA) is the Indian subsidiary of Kosei International Trade and Investment Co., Ltd. (KITI), Kosei's subsidiary in Hong Kong. KMA has been set up as a new base for manufacturing and selling aluminum wheels. JBIC provided a loan for KITI to finance the operations of KMA.



Brazil

SATAKE CORPORATION**Manufacturing and Sales of Grain Processing Machinery**

Since its foundation in 1896, SATAKE CORPORATION has continued to manufacture and sell grain processing machinery. The company's subsidiary in Brazil, SATAKE AMERICA LATINA LTDA. (SAL), manufactures and sells grain processing machinery for Brazil and neighboring countries. Amid steady economic growth in South American countries, SAL plans to expand its business. JBIC provided a loan for SAL to finance its business expansion.



Mexico

HIRUTA KOGYO CO., LTD.**Manufacturing and Sales of Automobile Parts**

HIRUTA KOGYO CO., LTD. manufactures and sells automobile parts. In anticipation of growing demand for automobiles in Mexico, the company set up HIRUTA MEXICO, S.A. DE C.V. (HMX) after its major customers expanded their businesses overseas. HMX will manufacture and sell chassis and transmission parts, among other automobile parts. JBIC provided a loan for HMX to construct a manufacturing plant in Mexico.



4. 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. 65).

Supporting a Japanese Company in Offshore Wind Turbine Business

Wind power manufacturers around the world are working hard to develop and get orders for large generators amid expectations for the growth of the offshore wind energy market, especially in Europe, where it is backed by renewable energy policies in the United Kingdom, Germany, and other countries. Under these circumstances, JBIC undertook equity participation in the Denmark-based joint venture between Mitsubishi Heavy Industries, Ltd. (MHI) of Japan and Vestas Wind Systems A/S (Vestas) of Denmark through MHI Holding Denmark ApS, an MHI subsidiary in Denmark. In this way, JBIC supports offshore wind turbine business by the MHI-Vestas joint venture. This joint venture seeks to establish itself as a global leader in the offshore wind energy market by bringing together the technological strengths and creditworthiness that MHI has cultivated over the years as a manufacturing company in the field of power system plants and the abundant experience and technologies held by Vestas. This kind of equity participation will not only promote the renewable energy business but will also help to maintain and improve the international competitiveness of Japanese companies.



Photo credit: MHI Vestas Offshore Wind A/S

Supporting a Seawater Desalination Project in Oman

Demand for water in Oman is projected to increase at an annual average rate of five percent from 2013 through 2019 as its population and economy continue to grow.

JBIC signed a loan agreement with Muscat City Desalination Company S.A.O.C. (MCDC) in Oman for the Al Ghubrah IWP Project. MCDC was established jointly by Sumitomo Corporation, a Malaysian company, and a Spanish company to implement this project. The loan is provided on a project financing basis. In this project, MCDC will build a new seawater desalination plant in Muscat, the capital city of Oman, and sell desalinated water to Oman Power and Water Procurement Company S.A.O.C., a state-owned company, for a period of 20 years on a BOO basis.¹ The amount of water supplied by this project will meet the water demand of about 800,000 people. The desalination plant will thus serve as an important water supply source.



1. BOO (Build, Own, and Operate) is a form of financing whereby a private sector company build, own and operate a plant, such as a seawater desalination plant, throughout the contract period.

Supporting Renewable Energy Projects in Southern African Countries

JBIC offered a credit line to the Development Bank of Southern Africa Limited (DBSA). This credit line, the first loan offering that JBIC has extended to Africa under GREEN (Global action for Reconciling Economic growth and ENvironmental preservation) operations, is intended to finance environment-related projects such as wind power, solar photovoltaic power generation, and other projects that harness renewable energy resources in the member countries of the Southern African Development Community. It is expected that this credit line will contribute to reduction of GHG emissions in Southern African countries. It is also expected to provide the opportunity to promote Japan's advanced environmental technologies, which are internationally acclaimed.

Following the Fifth Tokyo International Conference on African

Development (TICAD V), JBIC launched the JBIC Facility for African Investment and Trade Enhancement (FAITH) to support private sector-driven economic growth and infrastructure development on the African continent. This credit line is provided as financial support under FAITH.



Contributing to Reduction of GHG Emissions in Developing Countries

Under GREEN operations, JBIC has undertaken equity participation in the IFC Catalyst Fund (Japan), LP (the Fund), a fund of funds that is managed by IFC Asset Management Company, LLC, a wholly owned subsidiary of the International Finance Corporation (IFC). The Fund invests in renewable energy and energy efficiency projects. It is managed jointly with the IFC Catalyst Fund, LP and IFC Catalyst Fund (UK), LP, both of which are managed with participation by IFC, the

governments of the United Kingdom and Canada, and other public institutions. JBIC's participation in the Fund is expected to promote investment in the renewable energy sector in developing countries and thereby contribute to the reduction of GHG emissions there in cooperation and coordination with international organizations as well as the governments and public institutions of other countries.

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.

MOU on Cooperation in Environment Sector with Company Owned by Government of Emirate of Abu Dhabi in UAE

JBIC signed an MOU on cooperation in the environment sector with Abu Dhabi Future Energy Company (Masdar), which is indirectly owned by the Government of the Emirate of Abu Dhabi in the United Arab Emirates (UAE). The signing took place in the presence of Prime Minister Shinzo Abe and H. H. General Sheikh Mohammed bin Zayed Al Nahyan, Crown Prince of the Emirate of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces. Masdar, as a government-owned company, focuses on research and development of renewable energy and alternative energy sources to oil. In January 2010, JBIC had equity participation in a fund co-managed by Masdar and mainly investing in climate change mitigation projects. This MOU will further deepen and develop cooperative relations between JBIC and Masdar.

In addition, when Prime Minister Abe made a visit to the UAE in May 2013, Japan and the UAE issued the Joint Statement that con-

firmed comprehensive partnership in broad areas, including political, economic, cultural and human exchange, as well as the importance of the agenda in the environment sector, including clean and renewable energy, and addressing the climate change problem. The signing of this MOU is consistent with the Joint Statement issued by both governments.



5. Examples of Business Outcomes Relating to Studies, and Collaboration with Overseas Governmental Organizations and International Organizations

JBIC is undertaking studies and research relating to overseas investments and international finance. In regular contact with overseas governmental 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 fiscal 2013 marked the 25th survey. 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. In fiscal 2013, JBIC hosted the Overseas Investment Seminar: Overseas Business Operations by Japanese Manufacturing Companies, which was held in Tokyo, Osaka, Nagoya, Okayama, and other cities, and also held explanatory meetings with overseas Japanese chambers of commerce and industry as well as foreign governments for communicating these results to their members.



Overseas Investment Seminar.

■ Collaboration with Overseas Governmental Organizations and International Organizations

In May 2013, JBIC held the African Business Seminar: Current Situation and Issues of Japanese Companies Regarding African Businesses. The seminar was attended by more than 120 representatives, including ambassadors from about 20 embassies of African countries in Tokyo as well as officials from Japanese companies engaged in business operations in Africa, reflecting a high level of interest in African business.

In June, JBIC cohosted with Korea Eximbank (KEXIM) the second JBIC–Korea Eximbank Joint Seminar in Tokyo to discuss and further explore the possibilities of business cooperation and collaboration between Japanese and Korean companies. Participants discussed ways to achieve collaboration that takes advantage of the respective strengths of Japanese and Korean companies. They also focused on the importance of effective financial support from JBIC, KEXIM, and other private financial institutions.

In June and November, JBIC held a working-level meeting on public-private partnership (PPP) with the Ministry of Planning and Investment of the Government of Vietnam in Hanoi. This meeting built on the agreement reached in March 2013 to hold meetings to discuss, among other issues, the framework to facilitate the implementation of public-private cooperation projects in Vietnam. JBIC will continue to work with the Vietnamese government agencies concerned to formulate and implement such projects in Vietnam.

In November, JBIC had a working team meeting on mac-



Panel discussion at the African Business Seminar.



Participants at the JBIC–Korea Eximbank Joint Seminar.



A presentation by JBIC at the first meeting with the Ministry of Planning and Investment of Vietnam.

roeconomic policy with the Ministry of Finance of the Government of Indonesia (GOI) in Jakarta, under the framework that has been in place since 2010 between the GOI and JBIC. Under the theme “Japan’s Experience of Current Account Deficits,” participants, including outside experts, focused on Japan’s current account deficits in the past and the economic environment that surrounded them. The theme was timely for Indonesian government officials, as Indonesia fell into current account deficit in 2012.

In January 2014, JBIC held a seminar titled Perspective of the Global Economy and Trends of FDI in 2014. In this seminar, JBIC Governor Hiroshi Watanabe put forward six points for predicting the future of the global economy. Guest speaker Ms. Yuko Kinoshita, Deputy Head of Office at the IMF’s Regional Office for Asia and the Pacific, explained the outlook of the global economy based primarily on statistical data from the IMF’s annual World Economic Outlook.



The working team meeting on macroeconomic policy with the Government of Indonesia.



India’s Political Economy Landscape and Reform Prospects, a GRIPS-JBIC joint forum.

■ Collaboration with Universities

In June 2013, JBIC and the National Graduate Institute for Policy Studies (GRIPS) in Japan jointly held a forum titled India’s Political Economy Landscape and Reform Prospects.

The GRIPS-JBIC Joint Forum, which also invited experts from India, came at a time when India faced growing uncertainty in the political and economic arenas in the middle- to long-term. Such uncertainties stem largely from the risks of escalating inflation and slowing growth on the back of inadequate infrastructure development despite the high economic growth India has experienced in recently years.

■ Collaboration with Private Financial Institutions

JBIC is holding discussions and exchanging information with private financial institutions regarding countries that are of particular importance to Japan. The topics include the political and economic conditions in these countries and their future prospects, as well as risk analysis and assessment.

In June 2013, JBIC invited, among others guests, officials at private financial institutions who were in charge of sovereign risk to a workshop titled India’s Political Economy Landscape and Reform Prospects, where Dr. Rajiv Kumar, Senior Fellow at the Centre for Policy Research in India, gave a speech.

Financial Instruments

4

- | | | |
|---|--|----|
| 1 | Financial Instruments | 62 |
| 2 | Prominent Initiatives in Recent Years | 72 |
| 3 | Framework for Supporting Globalization Efforts of SMEs | 74 |



1. Financial Instruments

Export Loans

Export loans are provided to overseas importers and financial institutions to support finance exports of Japanese machinery, equipment and technology mainly to developing countries. In particular, products such as marine vessels, power generation facilities and other types of plant equipment incorporate a 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 Arrangement on Officially Supported Export Credits (OECD Arrangement). In principle, the loan amount should not exceed the value of an export contract or technical service contract, and excludes down payment. 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.

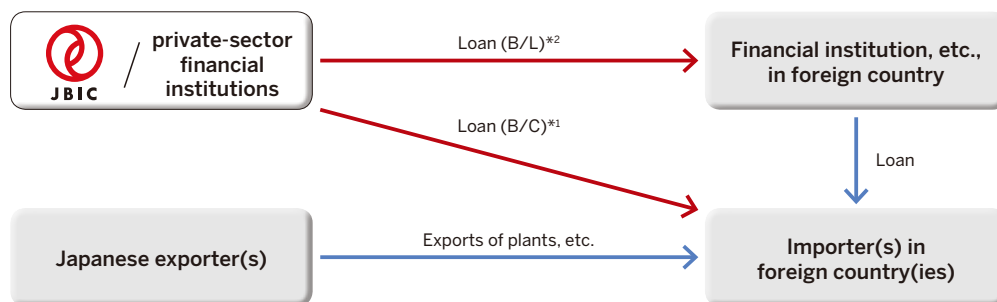
(Note)

Eligible Sectors of Export Loans in Developed Countries (As of July 31, 2014)
[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 the Export of Machinery and Equipment Related to Geothermal Power Generation by a Japanese Company



© Toshiba Corporation

JBIC signed a contract loan agreement with Yapi Kredi Bankasi A.S. (Yapi Kredi), a Turkish commercial bank. This agreement was the first of its kind under the general agreement on export credit lines¹ that was signed in November 2012 regarding the renewable energy sector and mitigation of climate change. This loan is intended to provide Zorlu Jeotermal Enerji Elektrik Uretim A.S., a Turkish company, with necessary funds through Yapi Kredi to purchase machinery and equipment related to geothermal power generation from Toshiba

Corporation, for the construction of a geothermal power plant in Turkey. The loan will help accelerate the ongoing introduction of renewable energy by the Turkish government. It is also expected to result in more business opportunities in Turkey for Japanese companies.

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

Supporting Export of Bulk Carriers by Japanese Companies



JBIC established an export credit line for PB Vessels Holding Limited (PBVH), based in the British Virgin Islands, for funding the purchase of 16 bulk carriers to be built by four Japanese shipbuilders. PBVH is a wholly owned subsidiary of Hong Kong's leading shipping operator, Pacific Basin Shipping Limited. JBIC also signed two loan agreements for funding the purchase of two bulk carriers to be built by TSUNEISHI GROUP (ZHOU SHAN) SHIPBUILDING, Inc., a Chinese wholly owned subsidiary of TSUNEISHI

HOLDINGS CORPORATION. These loans will support Japanese shipbuilders win more orders and will support individual contracts for exports from Japan in a comprehensive, flexible, and responsive manner. These loans will thus contribute to maintaining and strengthening the international competitiveness of the Japanese shipbuilding industry.

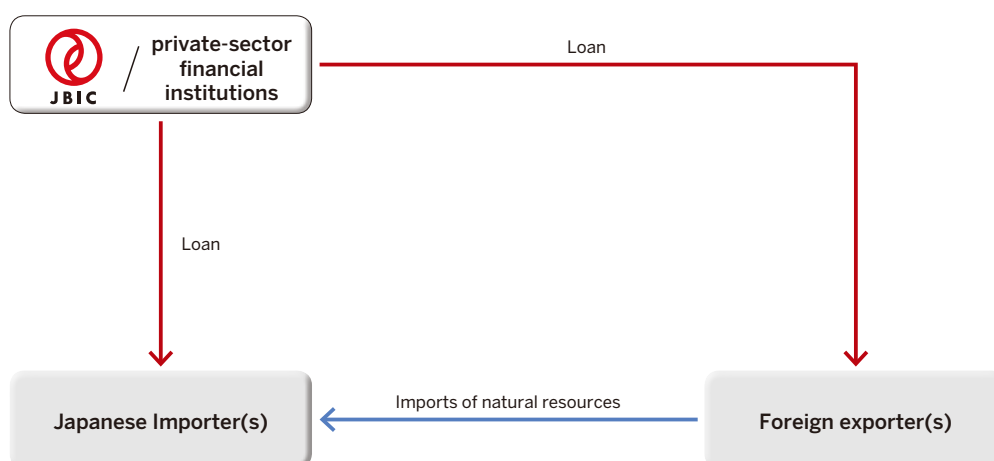
Import Loans

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

In addition to natural resources, JBIC provides a guarantee facility for goods and services essential to the sound development of the Japanese economy, such as for the import of aircraft.

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 a Japanese Electric Power Company for Stable Procurement of LNG



JBIC provided a loan for Kyushu Electric Power Co., Inc. (Kyushu Electric) to import liquefied natural gas (LNG). The Great East Japan Earthquake has raised awareness that stable power supply is an urgent issue for the lives of Japanese people and domestic economic activity. This makes it more important than ever to ensure stable and sustained procurement of LNG as a key fuel for power generation, at least in the near term. By financing the procurement of LNG by Kyushu Electric,

this loan will help secure stable supply of energy resources to Japan, thereby contributing to the stable supply of electric power, which is indispensable for people's lives.

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.

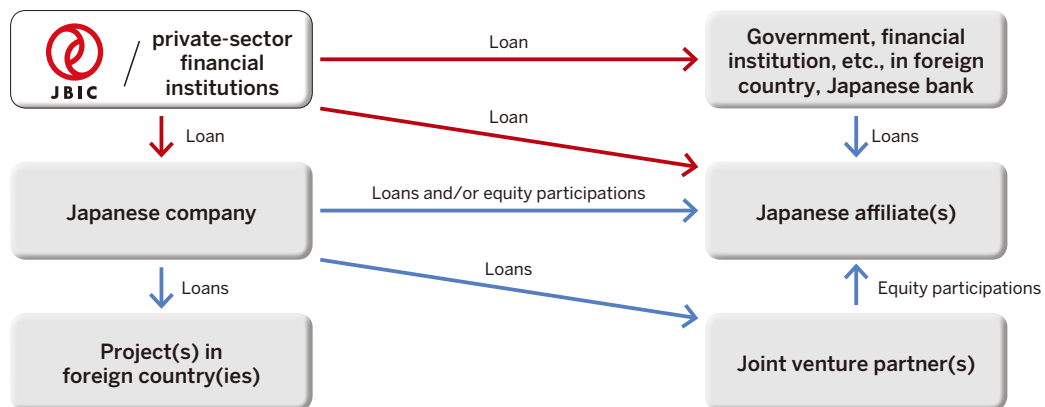
Direct loans to Japanese companies are intended for SMEs, as well as for projects aimed at developing or securing interests in overseas resources that are strategically important to Japan, or for projects to assist with merger and acquisition (M&A) activities and other agreements (including to large 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, 2014)

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 Overseas Business Deployment by Japan's Manufacturing Industry



JBIC provided a loan for PT. G-TEKT Indonesia Manufacturing (G-TIM), a wholly owned Indonesian subsidiary of G-TEKT CORPORATION (G-TEKT). This loan is intended to finance the procurement of facilities necessary for the manufacturing and sales of automotive parts and components in the industrial estate on the outskirts of Jakarta. G-TEKT has been manufacturing and selling mainly auto body frame components and transmission parts for more than 60 years.

Backed by robust economic growth, the automobile market in Indonesia will likely continue to grow. Japanese automobile manufacturers wasted no time in boosting their production capacity there. G-TEKT established G-TIM to expand its business in Indonesia, the tenth country where G-TEKT has established an overseas production base. This loan will help to maintain and strengthen the international competitiveness of Japanese auto parts manufacturers.

Supporting Overseas Deployment of Steel Processing and Distribution Business by a Japanese Company



JBIC provided a loan for JSW MI Steel Service Center Private Limited (JSWMI), a company invested by Marubeni-Itochu Steel Inc. (Marubeni-Itochu Steel) and a major private steel manufacturing company in India, to establish a coil center with facilities for steel processing and distribution.

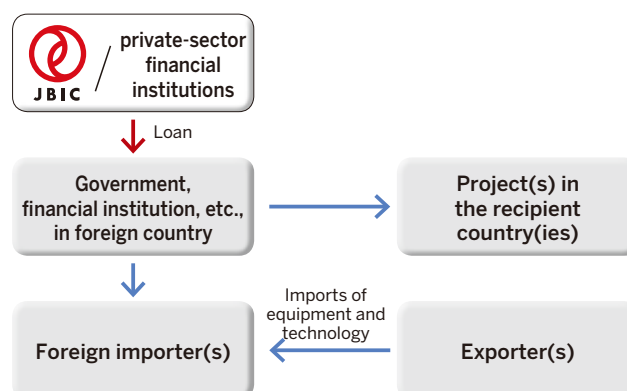
The needs for local procurement of high quality steel materials are expected to grow in India, where many Japanese automobile and electronic manufactures are expanding their

business and the demands of steel materials are expected to grow. Marubeni-Itochu Steel, through the establishment of JSWMI, plans to meet the needs of these companies in India including local subsidiaries of Japanese companies and to develop new business there by stably supplying high quality steel products to them. This loan will help to maintain and strengthen the international competitiveness of Japanese industries.

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.

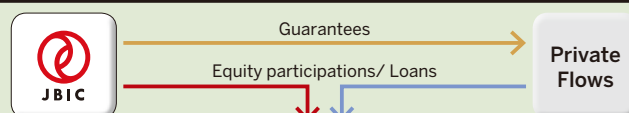
Capital procured from untied loans is used to: Secure stable supplies of energy and mineral resources to Japan; Promote business activities of Japanese companies; Maintain and expand trade and direct investment from Japan; Finance projects having significant effect on global environmental preservation; 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 J-MRV* process on the effect of the environmental preservation. (e.g. Energy efficiency improvement, Renewable energy, etc.)

* JBIC original methodology for Measurement, Reporting and Verification.

Supporting GHG Emissions Reduction Projects in India



JBIC has signed an untied loan agreement to set up a credit line under GREEN operations with IDFC Limited (IDFC), an Indian development finance institution providing loans to infrastructure and other projects. This credit line is intended to finance renewable energy and energy efficiency projects in India by providing funds required for environment-related projects which will help reduce GHG emissions. This credit line is expected to promote the Indian government's environment policy as

well as help propagate internationally acclaimed Japanese advanced environmental technologies in India. This is also compatible with the Japanese government's Actions for Cool Earth (ACE), the proactive diplomatic strategy for countering global warming.

Supporting Renewable Energy Projects in Brazil



JBIC set up a credit line for the Banco Nacional de Desenvolvimento Econômico e Social (BNDES), Brazilian Development Bank. This credit line follows the one JBIC established for BNDES in March 2011.

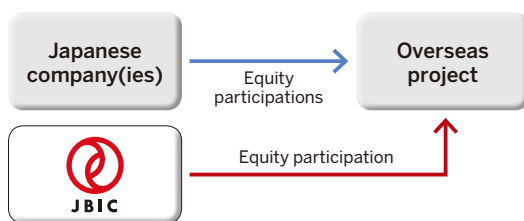
The credit line is intended to finance environment-related projects in Brazil that focus on renewable energy, including wind and biomass power generation projects, as part of GREEN operations. In the context of the Brazilian government's GHG reduction

plan, this credit line is expected to help reduce GHG emissions in Brazil. It is also expected to provide the opportunity to promote Japan's advanced environmental technologies, which are internationally acclaimed. The credit line is consistent with the Japanese government's Actions for Cool Earth (ACE), the proactive diplomatic strategy for countering global warming.

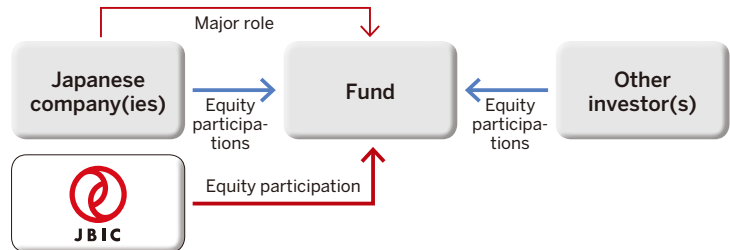
Equity Participations

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

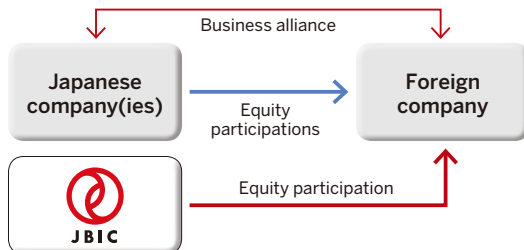
■ Japanese companies make equity participation in an overseas project



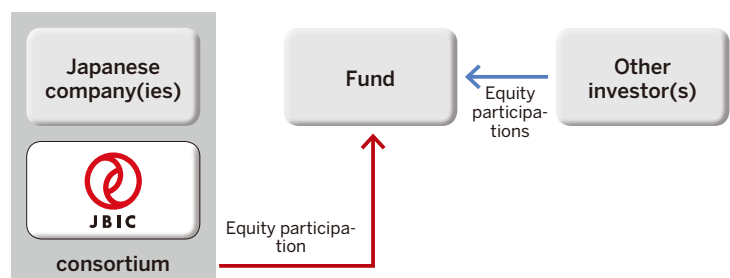
■ Japanese companies participate in fund (and perform such major role as general partner in their management and investment decisions)



■ 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 Overseas M&A by Japanese Companies



JBIC undertook equity participation in Gavilon Agriculture Holdings, Co. (GAH), a wholly owned subsidiary of Marubeni Corporation (Marubeni) in the United States. This equity participation is intended to support Marubeni in acquiring the grain and fertilizer trading business of Gavilon Holdings, LLC, one of the major U.S. grain merchants, through GAH and Gavilon Agriculture Investment, Inc., the controlling company of the business. Equity participation will thus help Marubeni to

strengthen and expand its global grain value chain and strengthen the international competitiveness of Marubeni's grain and fertilizer trading business. It is also consistent with the food policy of the Japanese government, which calls for more agricultural investment overseas.

Supporting Renewable Energy and Energy Efficiency Projects in Mexico

JBIC made equity participation in the Balam Fund I, L.P. (the Fund), a private equity fund jointly managed by The Rohatyn Group, an U.S. firm; and BK Partners, a Spanish firm. The Fund makes investments in renewable energy

and energy efficiency projects in Mexico.

Apart from JBIC, Fondo Nacional de Infraestructura (FONADIN) and the Inter-American Development Bank also participate in the Fund with equity investment and senior

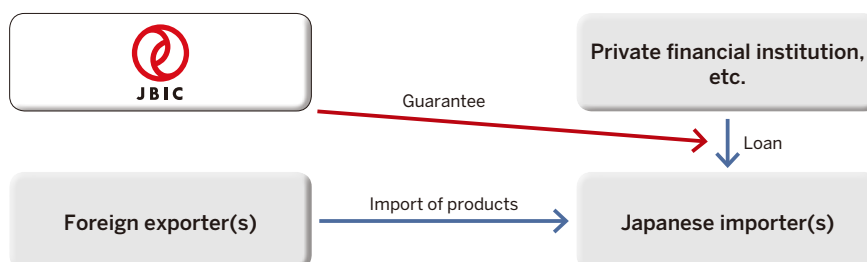
loan, respectively. This equity participation will help Mexico to reduce GHG emissions. Investment information from the Fund is expected to create more business opportunities in Mexico for Japanese companies.

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 reassurance for guarantees from export credit agencies in other countries.

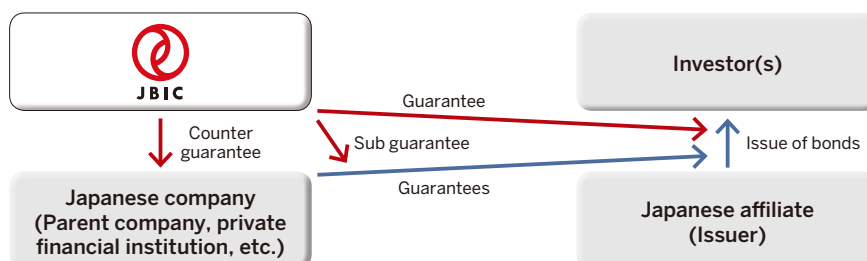
■ Guarantees for Imports of Manufactured Products

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



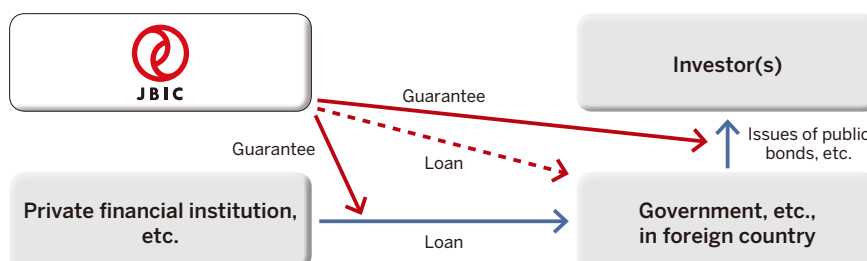
■ Guarantees for Corporate Bonds Issued by Japanese Affiliates

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



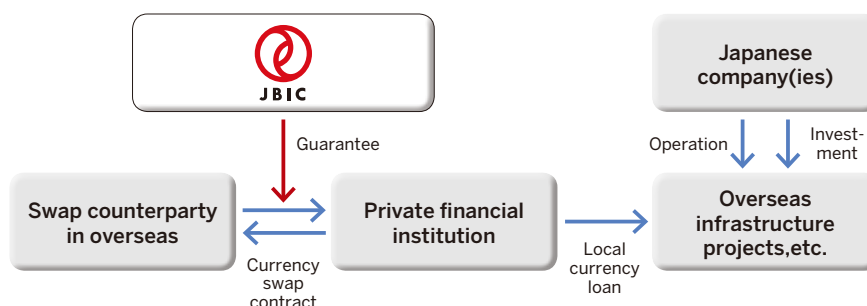
■ Guarantees for Co-financing, Overseas Syndicated Loans and Public Sector Bonds

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.



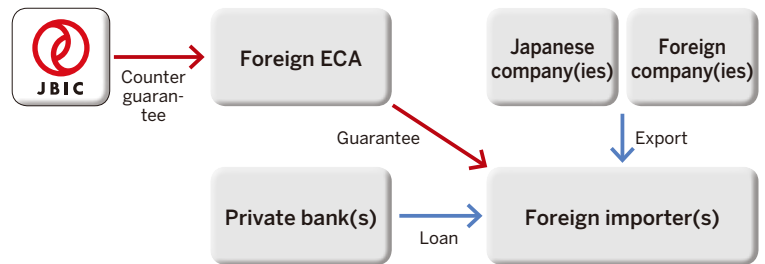
■ Guarantees for Currency Swaps

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.



Supporting the First Issuance of Samurai Bonds by a Mongolian Institution



JBIC has provided a guarantee for yen-denominated foreign bonds (Samurai bonds)¹ issued by the Development Bank of Mongolia (DBM) in the Japanese bond market. This arrangement stems from the Japan-Mongolia Mid-term Action Plan, which was agreed on between the leaders of the two countries in September 2013. It builds on the Guarantee and Acquisition toward Tokyo market Enhancement (GATE)² facilities of JBIC. This is the first guarantee that JBIC has provided for Samurai bonds issued by a Mongolian institution. Providing the guarantee will help diversify

funding sources for DBM and the government of Mongolia. It is also expected to contribute to more vigorous Japanese business activities through closer bilateral relations.

1. Samurai bonds are yen-denominated bonds issued by a foreign government or company in the Tokyo bond market.
2. GATE refers to the "Guarantee and Acquisition toward Tokyo market Enhancement (GATE)." It enables JBIC to acquire Samurai bonds where appropriate, in addition to providing partial guarantees for Samurai bond issues.

Providing Phased Support for Samurai Bond Issuance by the Mexican Government



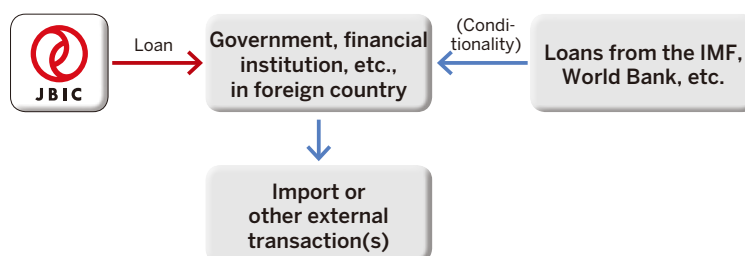
In August 2013, JBIC acquired a part of public offered Samurai bonds that the Mexican government issued in Japan under the framework of the GATE facilities. This came after a series of guarantee provisions and partial acquisitions by JBIC of Samurai bonds issued by the Mexican government. The partial acquisition in August covered Samurai bonds with longer maturities, as more and more investors recognized the Mexican government in the Tokyo market as a result of JBIC's support for it in issuing Samurai bonds in the past. In July 2014, the Mexican government successfully issued Samurai bonds that included

long-term bonds with a maturity of up to 20 years without support from JBIC. The Mexican president expressed his appreciation for JBIC for its support to date. Such phased support for Samurai bond issuance by the Mexican government contributed to maintaining and increasing the presence of Mexican sovereign bonds in the Tokyo bond market. It also offered a wide range of investment opportunities for Japanese investors, thereby helping to invigorate the Samurai bond market.

Bridge Loans

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

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



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.

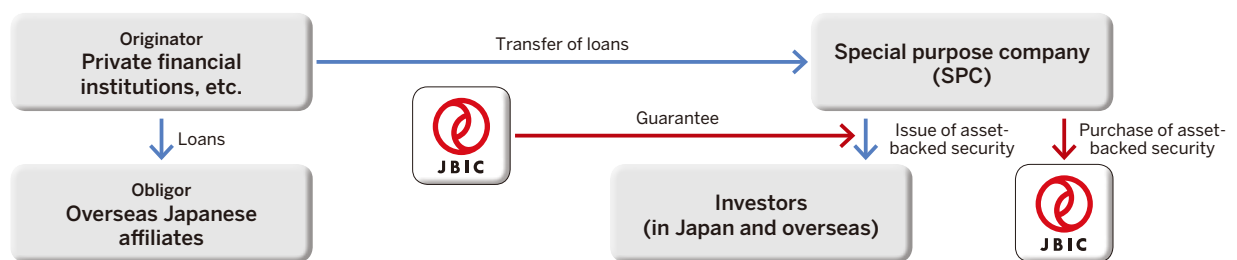
JBIC provides support for securitization, etc. in order to supplement and encourage the activities of private financial institutions.

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.

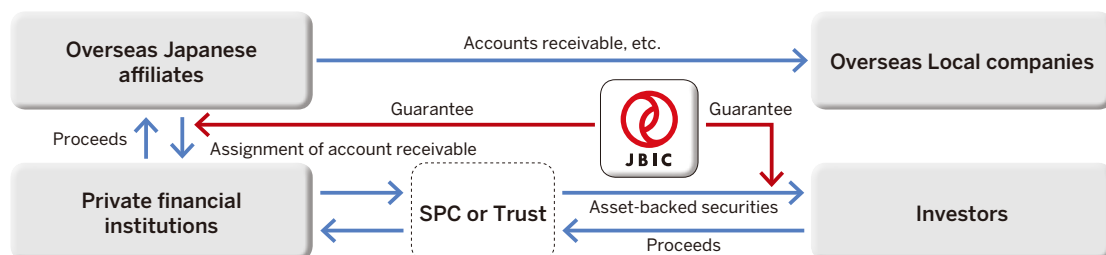


The above diagrams depict the schemes where SPCs are used, but the clients can also use schemes where trusts are used or JBIC acquires or provides guarantees for assets backed by securitization.

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

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

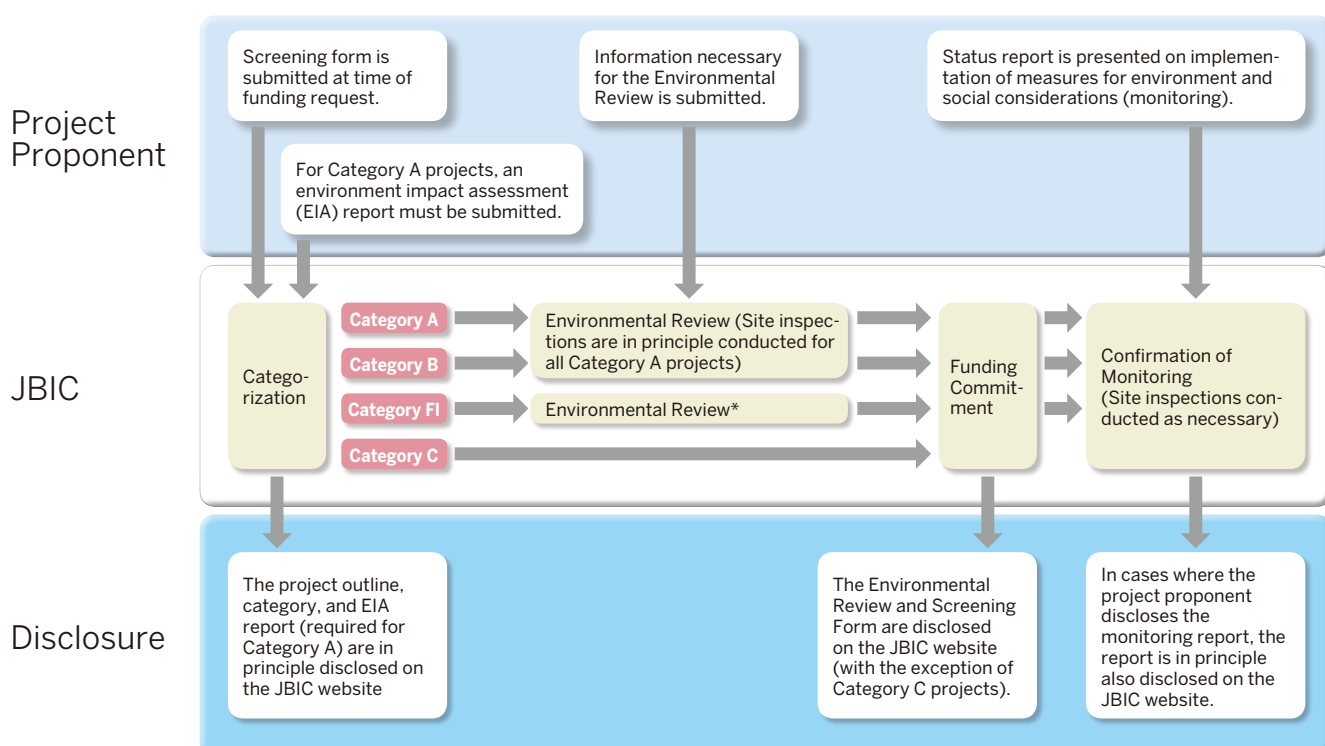
The Environmental Guidelines set out the procedures,

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

The Environmental Guidelines set forth that a comprehensive review should be conducted within five years of their enforcement and revisions may be made as needed. JBIC is currently carrying out a review and revision of the current Environmental Guidelines.

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

Although Japanese yen, the U.S. dollar, and the Euro are the standard currencies of JBIC's financing, JBIC is also responding positively to the increasing demand for financing denominated in other currencies, including the currencies of developing countries.

11 Currencies JBIC has supported

Thai baht	Mexican peso	Indian rupee
Indonesian rupiah	South African rand	Australian dollar
Malaysian ringgit	Pound sterling	Canadian dollar
Chinese yuan	Singapore dollar	

(As of the end of June 2014)

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 or branches of Japanese

private financial institutions, in Japanese yen or U.S. dollars; the local financial institutions 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 Finance Ministers' Meeting in August 2003, which included the ASEAN nations along with Japan, China, and the Republic of Korea.

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

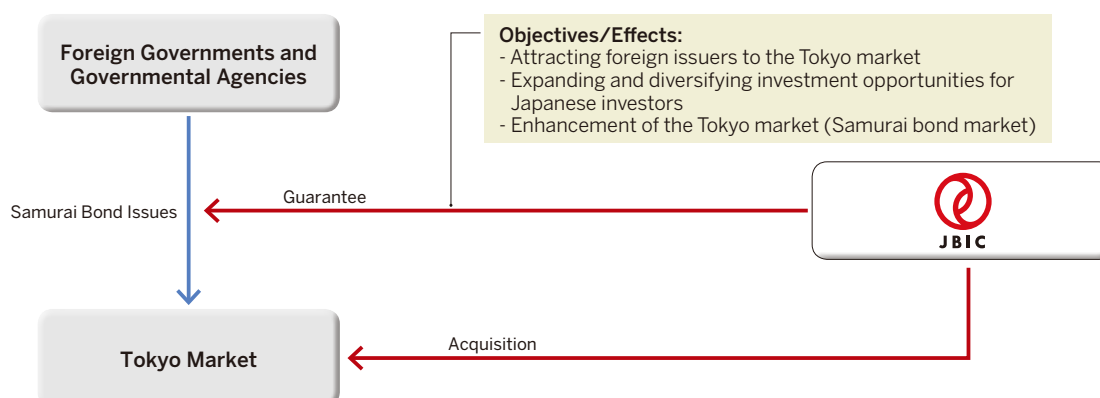
In April 2012, JBIC started guarantee operations for cross-currency swap transactions in order to facilitate funding of local currencies.

Guarantee and Acquisition toward Tokyo market Enhancement (GATE) Facility

JBIC's "Guarantee and Acquisition toward Tokyo market Enhancement (GATE)" facility is intended to support Samurai bond issuance and enables JBIC to acquire Samurai bonds where appropriate in addition to providing partial guarantees for Samurai bond issues. The GATE facility supports bond issues by foreign governments and government agencies in the Tokyo market. It is thereby expected to help attract foreign bond issuers to the Tokyo market; induce them to become long-time participants in the Tokyo market; and expand and diversify the range of investment opportunities available to Japanese investors, which will lead to an increase in activity in the Tokyo Samurai bond market.

Support through GATE during Fiscal 2013

Issuer	Instrument	Month of agreement
Government of Mexico	partial acquisition	July 2013
Central Bank of Tunisia	guarantee	August 2013
Development Bank of Mongolia (guaranteed by the Government of Mongolia)	guarantee	December 2013



Supporting Developing Countries in Addressing Climate Change

■ Actions for Cool Earth: ACE, the Proactive Diplomatic Strategy for Countering Global Warming

In November 2013, the Japanese government announced the proactive diplomatic strategy for countering global warming known as Actions for Cool Earth (ACE). This strategy sets forth a number of actions designed to achieve the goal of reducing GHG emissions by half globally and by 80% in the developed world, both by 2050. One of these actions is the Joint Crediting Mechanism (JCM) Special Financing Scheme (JSF; see the column at right) where the government promotes the formulation of projects under the JCM in collaboration with JBIC and Nippon Export and Investment Insurance (NEXI). Another action is to provide a total of 1.6 trillion yen for developing countries over a period of three years, from 2013 to 2015, to support them in addressing climate change. This assistance will be financed by mobilizing all kinds of public and private funds available.

In line with this strategy of the Japanese government, JBIC takes advantage of various financial instruments available under the existing framework to support the formulation of JCM projects and implement measures designed to support developing countries in the field of climate change. Under this strategy, JBIC supports, among other projects, renewable energy projects in India and Brazil (▶ see the case studies on page 65).

■ Joint Crediting Mechanism (JCM)

As part of the Joint Crediting Mechanism (JCM) Special Financing Scheme (JSF) of the Japanese government, JBIC supports projects registered for the JCM. The JCM offers different instruments depending on whether Japanese companies are to be involved and what aspect is to be financed (export, investment).

3. Framework for Supporting Globalization Efforts of SMEs

JBIC actively supports Japanese mid-tier enterprises and small and medium-sized enterprises (hereafter referred to collectively as “SMEs”) promoting overseas business deployment in response to the advancing globalization of the economy.

As a result of the economic growth of emerging countries, especially in Asia, since the 2000s the number of SMEs seeking not only to respond to the procurement needs of major Japanese companies with overseas production operations but also to expand their own business in emerging markets has been increasing. As a consequence of such business patterns, the financial needs of SMEs are diversifying as well.

In order to respond to this diversification of the financial needs of SMEs for their overseas deployment, JBIC is further enhancing cooperation with Japanese private financial institutions and local financial institutions in other countries and expanding its support, including two-step loans through private financial institutions, loans in cooperation with regional banks and credit unions (shinkin banks) and local currency-denominated loans.

■ Support for the Overseas Deployment of SMEs

Utilizing the know-how and experience of overseas financing that it has accumulated so far, JBIC supports the long-term finance required by Japanese companies, including SMEs, for overseas investment, the export of machinery, equipment, technology, and so on, and other activities through co-finance with private financial institutions in the form of overseas investment loans, export loans, and other loans.

As forms of support for the overseas business deployment of SMEs, JBIC implements the following six measures:

- (1) Application of preferential loan conditions: Long-term loans with preferential loan conditions (interest rates, etc.)
- (2) Response to small loans of several million to several 10 million yen: In addition to new capital investment, small loans for replacement of machinery, etc.
- (3) Local currency-denominated loans: Long-term local currency loans with fixed interest rates
- (4) Support for mergers and acquisitions overseas: Loans for acquisition funds required when entering overseas markets through M&As
- (5) Coordination and cooperation with private financial institutions (regional banks, credit unions, money center banks): Support for the overseas business deployment needs of SMEs all through the country
- (6) Utilization of networks of JBIC overseas offices: Information service on overseas investment environment; support for solving issues with foreign governments

■ Cooperation with Japanese Regional Financial Institutions

When SMEs seek to develop their business overseas, the

support of regional financial institutions, which are their main financing banks, plays an important role.

JBIC concludes business cooperation memorandum of understandings (MOUs) with regional financial institutions and provides wide-ranging support to facilitate the overseas development of local companies, such as joint seminars on overseas business deployment.

JBIC signed an MOU with The Gunma Bank, Ltd. in April 2013 and Seibu Shinkin Bank in May 2013 with the aim of collaborating to support the overseas business deployment of Japanese companies, especially SMEs, in their respective areas.

In addition, following revision of the ordinance on enforcement of the Shinkin Bank Act in March 2013, which enabled shinkin banks to make direct loans to the overseas subsidiaries of their customers, JBIC has strengthened cooperation with shinkin banks and provided fine-tuned response to small loans as well.

Furthermore, in October 2013 JBIC signed an MOU with the Japan Federation of Bar Associations (JFBA) aimed at business cooperation relating to the overseas business deployment of SMEs. JBIC and the JFBA are cooperating closely to support the overseas business deployment of SMEs. For example, JBIC provides information about JFBA's system to support the overseas business deployment of SMEs to SMEs requiring legal advice or other forms of support relating to overseas business deployment.

■ Cooperation with Local Financial Institutions in Developing Countries

It is also important for SMEs to ensure business support from local financial institutions in developing countries, which have wide range of local information. Therefore, while checking the needs of SMEs seeking to develop overseas business through Japanese regional financial institutions, JBIC has strengthened relations with local financial institutions in developing countries. JBIC signed MOUs with the Bank for Investment and Development of Vietnam (BIDV) in July 2013 and Vietcombank (VCB) in August 2013 to set up frameworks of support for Japanese SMEs starting local operations through Japanese regional financial institutions. Under such MOUs, JBIC encourages local financial institutions to set up and expand single



Signing ceremony with the Bank for Investment and Development of Vietnam (BIDV)

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	28
Indonesia	PT. Bank Negara Indonesia	July 2011	33
India	State Bank of India	August 2012	45
The Philippines	BDO Unibank, Inc. (BDO)	March 2013	7
	Metropolitan Bank and Trust Company (Metrobank)	March 2013	45
Vietnam	Bank for Investment and Development of Vietnam (BIDV)	July 2013	5
	Vietcombank (VCB)	August 2013	44

(As of July 2014)

contact points “Japan Desks” for Japanese companies and is building frameworks for consultations about specific cooperation and coordination together with the regional financial institutions, who have business relationship with SMEs in Japan.



Support for a project to manufacture and sell automobile engine parts with a local currency loan

■ Providing Local Currency–Denominated Loans

In response to expansion of the overseas business of SMEs, JBIC since 2012 has been offering loans in local currencies, such as the Thai baht, Indonesian rupiah, and Chinese yuan. When SMEs try to procure local currency funds in developing countries, they face typically the problems of short borrowing periods (basically up to one year) and high interest rates. In order to solve these problems, JBIC offers long-term and fixed-rate local currency loans to which preferential measures for SMEs apply directly to the local subsidiaries of SMEs in the form of co-financing with private financial institutions. The co-financing involves JBIC providing local currency-denominated loans and private financial institutions supplying yen-denominated loans via the parent company in Japan.

■ Information Services, Seminars, etc.

JBIC's specialized unit for SMEs provides information relating to overseas business deployment and, through outside experts, offers advisory services concerning legal, accounting, and tax affairs relating to currency regulations, employment and labor issues, contracts, company establishment, etc. in China, India, and the 10 member states of the Association of Southeast Asian Nations (ASEAN).

JBIC organizes seminars and consultation sessions on overseas business deployment in cooperation with other

Japanese entities, including regional banks and other regional 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.

Moreover, JBIC also 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.



Speech at the Nikkei Business Creation Forum on “New Trends in the Creation of Growth Opportunities and Management Support for SMEs”



The itinerant advisory service (booth exhibit) at a Yokohama Day event (“Overseas Development through Collaboration between Yokohama's Urban Development Experience and the Excellent Technologies of Private Companies”)

Operational and Administrative Policies

5

1	Corporate Governance	78
2	Risk Management	82
3	Public Information and Disclosure	85

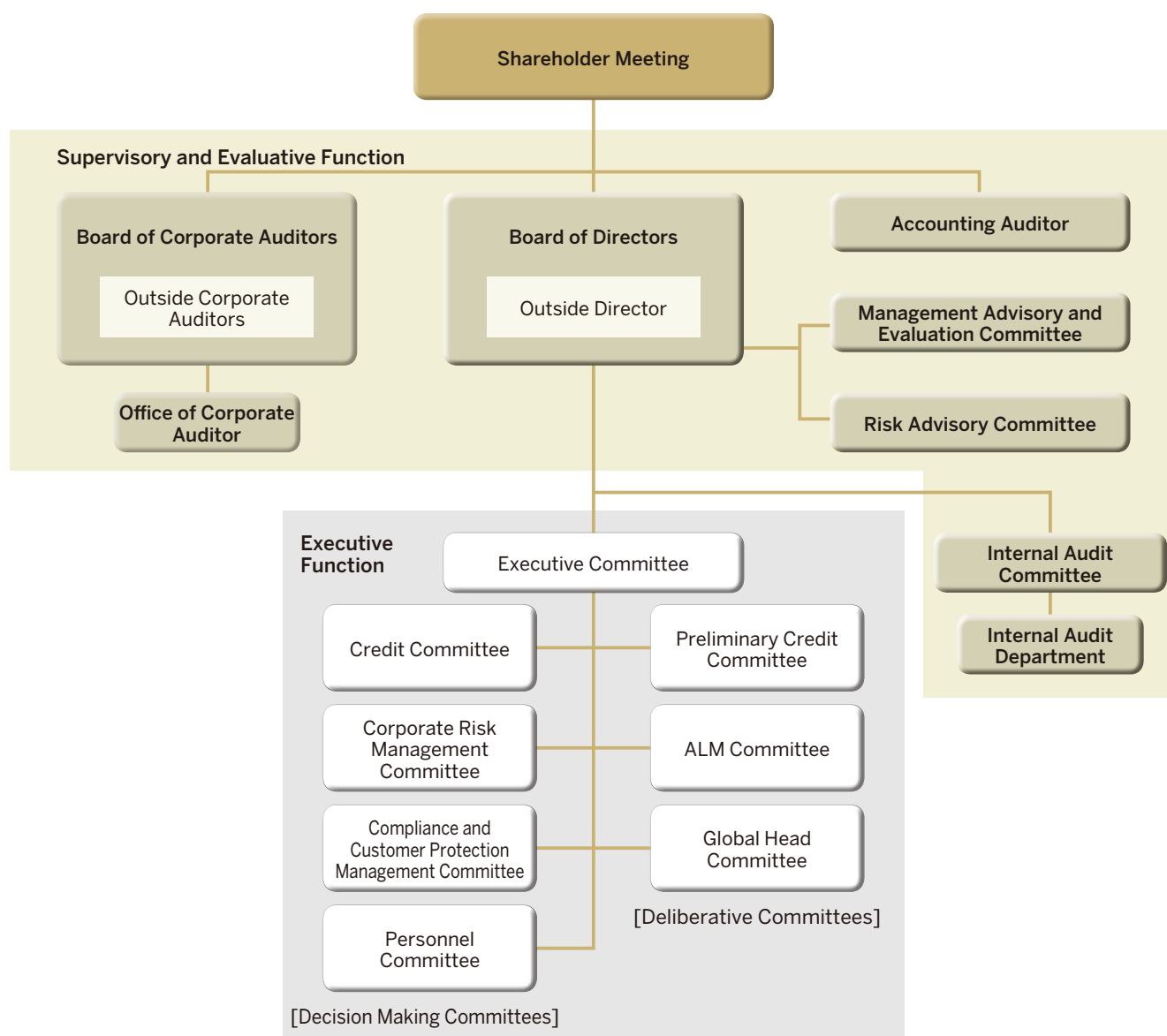


1. Corporate Governance

■ 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. 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 Evaluative Function and the Conduct of JBIC Operations

To strengthen the supervisory and evaluative function of the Board of Directors as well as conduct 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 is an outside director as set forth in the Companies Act. The outside 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 and 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. The Office of Corporate Auditor helps them execute their responsibilities.

(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.
◎ Eiji Ogawa	Professor, Graduate School of Commerce and Management, Hitotsubashi University
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
○ Keisuke Yokoo	Advisor of Mizuho Securities Co., Ltd.

◎ 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.

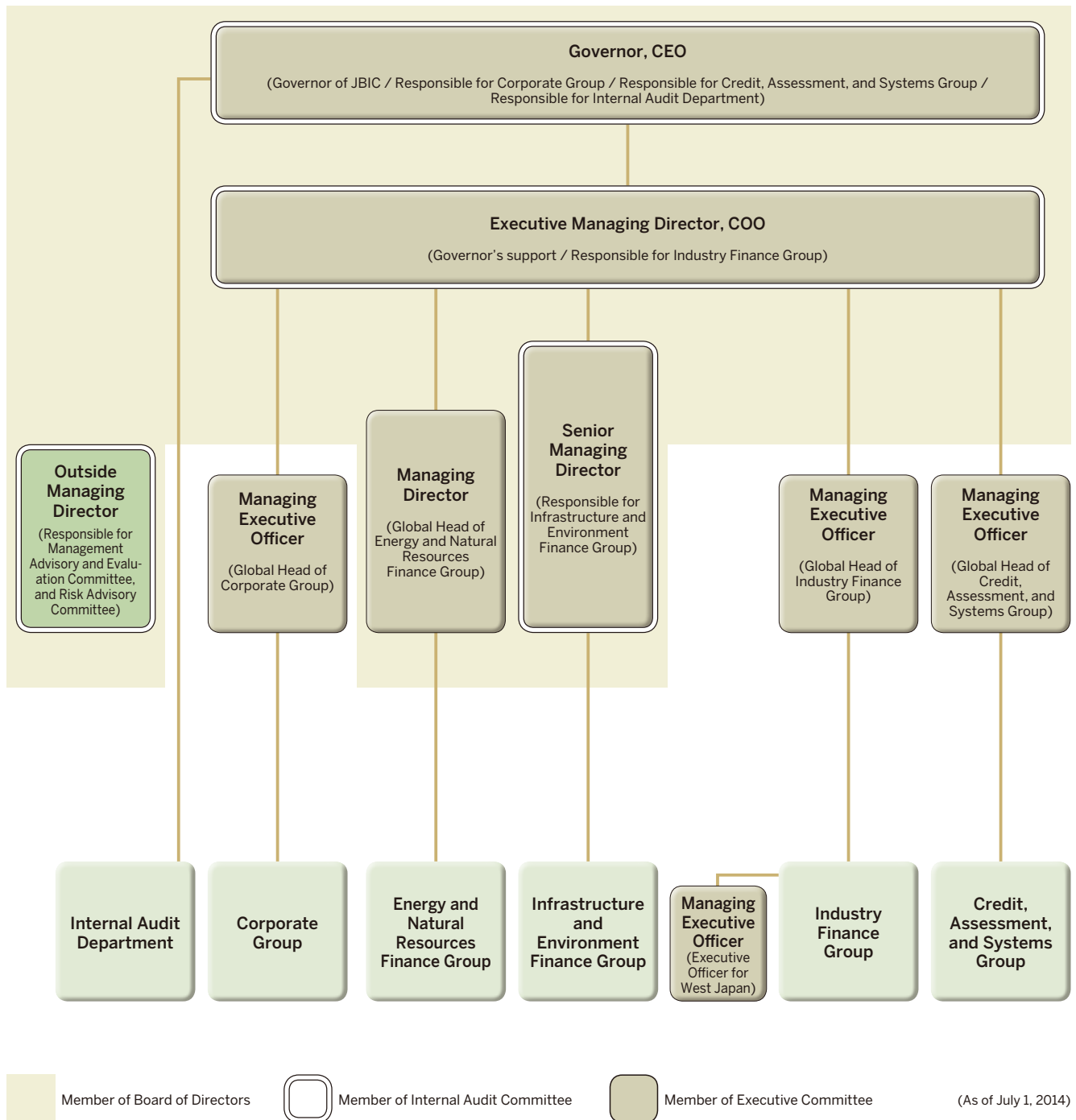
■ Adopting Mission/Sector-Specific Group Structure

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, Energy and Natural Resources Finance Group; Infrastructure and Environment Finance Group; Industry

Finance Group; Corporate 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 its Global Head. Each Group is managed in an integral manner under the Global Head of the Group in an effort to conduct flexible and efficient operations.



■ 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. 157 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. 159) 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. 160) 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.

Market Risk

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

Exchange Rate Risk

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

Interest Rate Risk

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

Derivatives Transactions

(1) Basic Policy for Derivatives Transactions

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

(2) Transactions

Derivatives transactions of JBIC include interest rate and currency swaps and forward exchange contracts. The following table gives a summary of these transactions as of March 31, 2014.

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.

Credit Risk of Derivatives, etc.

(As of March 31, 2014; 100 millions of yen)

	Contract Amounts / Notional Amounts	Credit Risk Amounts
Interest Rate Swaps	29,621	708
Currency Swaps	48,665	4,324
Forward Exchange Contracts	17	0
Other Derivatives	—	—
Credit Risk Reductions through Netting		(3,026)
Total	78,304	2,006

(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 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.

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.

► Market Risk

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

Liquidity Risk

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

circumstances.

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

Operational Risks

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

■ Administrative Risk

Administrative risk is the risk of a financial institution incurring losses from the neglect by officers and employees to conduct administrative work properly, accidents caused by them, and violation of laws and regulations caused by them, etc., conducted in the course of the administrative work process. JBIC has been minimizing this risk by ensuring sound operations through scrupulous checks on work processes, creating operational manuals, improving training programs, and streamlining and adopting systematic procedures. 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 various brochures, annual reports, public relations magazines, and other materials available to the general public. In addition, a variety of information about JBIC is provided publicly in Japan and overseas through the JBIC website (<http://www.jbic.go.jp/en/>).

■ Publications

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

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



JBIC Today



JBIC Profile: Role and Function



JBIC's Activities for Environmental Sustainability

■ Website

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

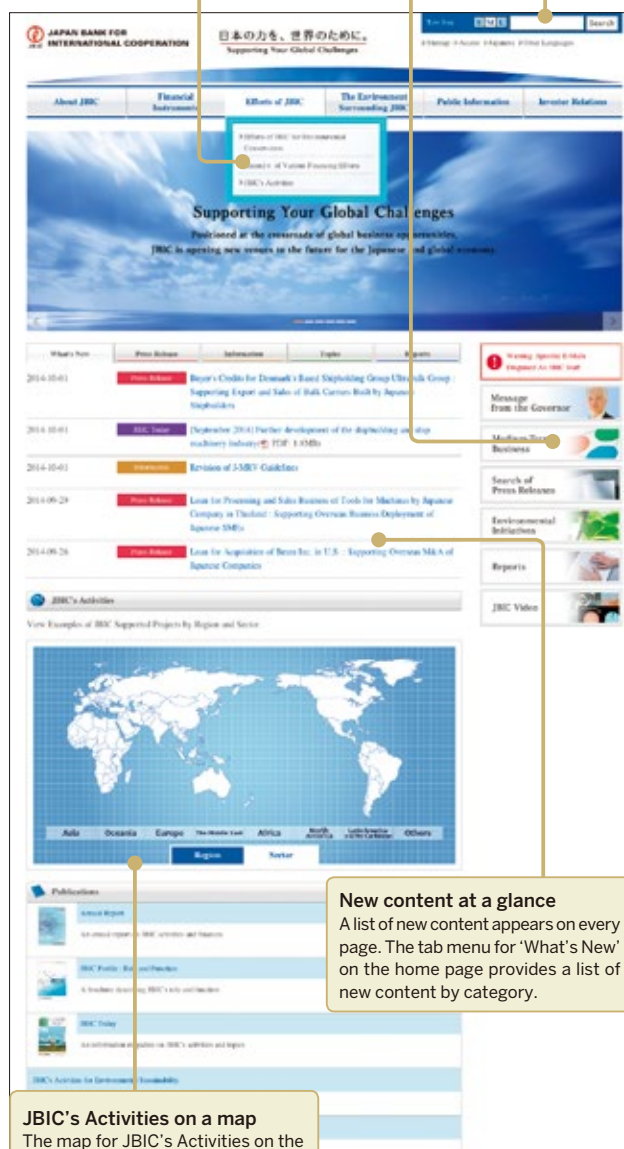
JBIC has reworked its website effective on November 1, 2013. In this revision, the search function has been strengthened for easier and faster operation, along with a revision of page design for easier viewing. Also, the contents have been expanded to better present JBIC operations. JBIC continues to provide updates with the latest information.

Quick access

The pull-down menu that appears when you touch the global menu allows quick access to the information viewers are looking for.

Enhanced search function

Searches by keyword and category (region, sector, etc.) are now possible for Press Releases, Reports, JBIC's Activities, and other types of content.



JBIC's Activities on a map

The map for JBIC's Activities on the home page allows access to project information by region and sector.

New content at a glance

A list of new content appears on every page. The tab menu for 'What's New' on the home page provides a list of new content by category.

JBIC website

■ Information Dissemination for the Media

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



Governor Watanabe at the press conference

■ Disseminating Information from Overseas Representative Office

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 on at the local grassroots level, such as individual consumption and information on taxation, etc.

■ Promoting International Exchange

Since 1976, JBIC has held annual JBIC Seminars in Japan to promote mutual understanding with its overseas business partners and relevant organizations by inviting officials from foreign governments, government agencies, private companies, financial institutions, etc. The cumulative number of seminar participants is approximately 620 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 2013, JBIC participated in the Eco-Products 2013 exhibition, held in Tokyo, by setting up its own booth. In March 2014, JBIC held a Water Business Seminar at its headquarters on recent developments in the water business market and Japanese companies' engagement in it. Outside Japan, JBIC gave a seminar on Islamic finance at its Dubai Representative Office in November 2013. In February 2014, JBIC attended the Investing in African Mining Indaba 2014 conference, one of the world's largest mining conferences, held in Cape Town, South Africa. More information on these and other events that JBIC has participated in is available on the JBIC website.



Eco-Products 2013

■ Disclosure

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

(Principal) Materials for Providing Information

Source of Information	Access
Report on Settlement of Accounts	<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.
Annual Report Public Relations Magazine, etc.	<ul style="list-style-type: none"> Available at the Head Office, the West Japan Office and Representative Offices Distributed to interested persons/institutions
Website: <ul style="list-style-type: none"> Type of Business Operations, Operational Results, Overview of Organization, Financial Composition, etc. 	<ul style="list-style-type: none"> On the internet Address: http://www.jbic.go.jp/en/

Statistics

Data 1

1	Overview	88
(1)	Commitments	88
	A. Commitments by Purpose of Financing	88
	B. Commitments by Region (Loans, Equity Participations and Guarantees)	88
(2)	Disbursements	89
(3)	Repayments	89
(4)	Outstandings	89
2	Commitments	90
(1)	Export Loans by Industry	90
(2)	Natural Resource Loans by Item	90
(3)	Overseas Investment Loans by Industry (Excluding Natural Resource Loans)	91
(4)	Commitments to Mid-tier Enterprises and SMEs to Support their Overseas Business Activities	91
(5)	Guarantee Commitments by Purpose	91
(6)	Loan and Guarantee Commitments by Region	92
	A. Export Loan Commitments by Region	92
	B. Import Loan Commitments by Region	92
	C. Overseas Investment Loan Commitments by Region	92
	D. Untied Loan Commitments by Region	93
	E. Bridge Loan Commitments by Region	93
	F. Guarantee Commitments by Region	93
	G. Equity Participations by Region	93
(7)	Geographical Distribution of Loan and Equity Participation Commitments	94
3	Outstandings	97
(1)	Outstandings by Purpose of Financing	97
(2)	Guarantee Outstandings by Purpose	97
(3)	Geographical Distribution of Loan and Equity Participation Outstandings	98
4	Others	100
(1)	Major Buyer's Credit and Bank-to-bank Loan Commitments	100
(2)	Untied Loan Commitments	100
5	Standard Loan Conditions	101
6	Breakdown of Countries and Regions	102

1. Overview

(1) Commitments

A. Commitments by Purpose of Financing

(Unit: billions of yen, %)

	FY2009			FY2010			FY2011			FY2012			FY2013		
	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share
Loans															
Export Loans	46	97.8	3	35	151.2	9	40	207.9	13	40	126.6	3	33	126.2	6
Shipping	10	11.1	0	14	38.6	2	20	62.6	4	15	23.0	1	15	34.7	2
Plant	36	86.7	3	21	112.5	6	20	145.3	9	25	103.6	2	18	91.5	4
Import Loans	1	8.2	0	1	169.5	10	3	172.6	11	4	304.3	7	5	56.2	3
Natural Resources	1	8.2	0	1	169.5	10	3	172.6	11	4	304.3	7	5	56.2	3
Overseas Investment Loans	134	2,193.7	65	60	710.3	40	84	962.0	60	157	3,138.5	74	167	1,671.0	76
Natural Resources	16	522.9	16	11	221.9	13	26	607.9	38	39	1,784.2	42	18	594.7	27
Others	118	1,670.8	50	49	488.3	28	58	354.0	22	118	1,354.3	32	149	1,076.2	49
Untied Loans	13	344.3	10	8	76.8	4	3	23.2	1	10	210.5	5	7	46.0	2
Bridge Loans	—	—	—	—	—	—	—	—	—	2	83.2	2	—	—	—
Sub Total	194	2,644.1	79	104	1,107.9	63	130	1,365.7	86	213	3,863.3	91	212	1,899.6	86
Guarantees	22	707.9	21	26	638.1	36	15	228.5	14	21	303.2	7	20	209.1	9
Equity Participations	5	13.0	0	3	19.8	1	1	1.5	0	8	74.3	2	7	97.4	4
Total	221	3,365.1	100	133	1,765.9	100	146	1,595.9	100	242	4,240.9	100	239	2,206.1	100

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

(Unit: billions of yen, %)

	FY2009			FY2010			FY2011			FY2012			FY2013		
	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share
Asia	94	851.0	25	57	221.5	13	65	269.9	17	86	513.6	12	108	472.7	21
Oceania	5	175.4	5	1	8.3	0	12	170.4	11	17	1,005.7	24	12	292.9	13
Europe	35	518.3	15	9	62.4	4	15	216.6	14	33	660.6	16	21	350.3	16
The Middle East	3	102.6	3	11	409.3	23	8	232.4	15	12	305.9	7	9	104.8	5
Africa	3	25.7	1	3	66.3	4	3	3.3	0	7	84.3	2	5	81.1	4
North America	27	495.9	15	10	148.5	8	11	113.6	7	35	710.8	17	43	654.0	30
Latin America and the Caribbean	40	511.5	15	34	426.2	24	26	415.5	26	43	805.5	19	36	209.1	9
International Organizations, etc.	1	9.1	0	2	24.3	1	3	12.3	1	—	—	—	—	—	—
Others	13	675.1	20	6	398.7	23	3	161.5	10	9	154.2	4	5	40.8	2
Total	221	3,365.1	100	133	1,765.9	100	146	1,595.9	100	242	4,240.9	100	239	2,206.1	100

(2) Disbursements

(Unit: billions of yen, %)

	FY2009		FY2010		FY2011		FY2012		FY2013	
	Total	Share	Total	Share	Total	Share	Total	Share	Total	Share
Loans										
Export Loans	43.8	1	73.6	4	73.9	5	143.1	5	112.5	4
Import Loans	159.9	5	72.3	3	212.2	15	162.7	6	234.5	9
Overseas Investment Loans	2,222.8	67	1,041.5	50	700.7	50	2,144.6	75	1,928.0	73
Untied Loans	186.7	6	104.4	5	103.2	7	52.2	2	88.5	3
Bridge Loans	—	—	—	—	—	—	79.7	3	—	—
Sub Total	2,613.4	78	1,292.0	62	1,090.2	77	2,582.5	90	2,363.6	90
Guarantees	703.4	21	777.0	37	310.8	22	270.6	9	178.7	7
Equity Participations	13.6	0	26.8	1	7.3	1	17.2	1	85.4	3
Total	3,330.4	100	2,095.8	100	1,408.4	100	2,870.4	100	2,627.8	100

(3) Repayments

(Unit: billions of yen, %)

	FY2009		FY2010		FY2011		FY2012		FY2013	
	Total	Share	Total	Share	Total	Share	Total	Share	Total	Share
Loans										
Export Loans	119.9	10	152.5	12	125.3	8	112.4	7	106.3	8
Import Loans	60.0	5	197.3	16	252.4	15	147.4	10	170.1	13
Overseas Investment Loans	414.9	35	463.8	37	711.7	43	707.1	46	668.1	50
Untied Loans	242.4	20	204.9	16	192.4	12	161.6	11	173.5	13
Bridge Loans	—	—	—	—	—	—	79.7	5	—	—
Governmental Loans	2.6	0	2.4	0	3.1	0	2.9	0	2.9	0
Sub Total	839.9	71	1,021.0	81	1,285.2	78	1,211.3	79	1,121.1	84
Guarantees	343.9	29	236.7	19	362.6	22	318.1	21	204.9	15
Equity Participations	0.0	0	0.8	0	6.1	0	3.0	0	5.0	0
Total	1,183.9	100	1,258.6	100	1,653.9	100	1,532.4	100	1,331.1	100

(Note) Prepayments in FY2012 and 2013 amounted to ¥94.9 billion and ¥92.9 billion, respectively.

(4) Outstandings

(Unit: billions of yen, %)

	FY2009		FY2010		FY2011		FY2012		FY2013	
	Total	Share	Total	Share	Total	Share	Total	Share	Total	Share
Loans										
Export Loans	808.2	7	698.5	6	642.9	6	710.3	5	740.6	5
Import Loans	793.2	7	630.5	6	584.4	6	630.2	5	731.6	5
Overseas Investment Loans	5,786.3	54	5,827.2	53	5,762.9	55	8,165.9	62	10,183.9	67
Untied Loans	1,333.9	12	1,183.7	11	1,086.3	10	1,035.8	8	998.8	7
Governmental Loans	51.9	0	54.3	0	45.6	0	42.6	0	39.7	0
Sub Total	8,773.8	81	8,394.4	77	8,122.3	77	10,585.1	81	12,694.9	83
Guarantees	1,977.0	18	2,443.2	22	2,378.3	22	2,400.6	18	2,422.6	16
Equity Participations	44.2	0	72.6	1	70.3	1	100.1	1	187.0	1
Total	10,795.1	100	10,910.3	100	10,571.0	100	13,086.0	100	15,304.6	100

2. Commitments

(1) Export Loans by Industry

(Unit: billions of yen, %)

	FY2012			FY2013		
	Number	Total	Share	Number	Total	Share
Shipping	15	23.0	18	15	34.7	27
Road Vehicles and Other Transport Equipment	1	10.2	8	—	—	—
Electrical Machinery	6	18.5	15	8	39.6	31
Telecommunication Equipment	1	1.7	1	1	0.9	—
Textile Machines	4	36.5	29	2	0.5	0
Other Industrial Machinery and Equipment, etc.	12	30.8	24	5	44.2	35
Mining Equipment	—	—	—	1	0	0
Chemical Facilities	1	4.7	4	1	8.9	7
Loading Machinery	—	—	—	2	7.3	6
Oil and Natural Gas Facilities	2	17.1	14	1	27.5	22
Iron and Non-ferrous Metals Manufacturing Facilities	4	5.5	4	—	—	—
Others	5	3.3	3	—	—	—
Others	1	5.6	4	2	6.0	5
Total	40	126.6	100	33	126.2	100

(2) Natural Resource Loans by Item

(Unit: billions of yen, %)

	FY2012			FY2013		
	Number	Total	Share	Number	Total	Share
Energy Resources	26	1,473.1	71	13	372.1	57
Petroleum	6	337.2	16	5	255.5	39
Natural Gas	15	927.3	44	7	81.7	13
Coal	5	208.5	10	1	34.8	5
Other Resources	14	576.2	28	10	278.8	43
Iron Ore	1	102.9	5	4	188.8	29
Copper Ore and Concentrate	9	456.3	22	5	69.5	11
Lead and Zinc	—	—	—	1	20.4	3
Nickel	2	9.8	0	—	—	—
Wood, Wood Chips and Pulp	2	7.0	0	—	—	—
Others	3	39.1	2	—	—	—
Total	43	2,088.5	100	23	651.0	100

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

(Unit: billions of yen, %)

	FY2012			FY2013		
	Number	Total	Share	Number	Total	Share
Manufacturing Industry	45	166.0	12	73	243.3	23
Food	4	56.9	4	—	—	—
Textiles	—	—	—	4	10.6	1
Chemicals	6	19.3	1	6	4.9	0
Petroleum and Coal Products	—	—	—	1	167.6	16
Ceramics, Stone and Clay	1	1.3	0	—	—	—
Iron and Non-ferrous Metal Products	6	16.8	1	8	2.2	0
Machinery	5	1.6	0	1	0.0	0
Electrical Machinery	—	—	—	5	21.3	2
Transport Equipment	13	55.0	4	24	21.2	2
Other Manufacturing Industries	10	14.8	1	24	15.2	1
Construction	1	2.5	0	—	—	—
Electric, Gas and Heat Supply and Water Service	10	114.4	8	4	145.1	13
Telecommunications	—	—	—	1	220.0	20
Transport and Postal Services	1	119.5	9	1	0.7	0
Commerce	2	6.3	0	3	57.2	5
Service Industry	5	412.4	30	3	11.7	1
Others (Note)	54	533.0	39	64	398.0	37
Total	118	1,354.3	100	149	1,076.2	100

(Notes) 1. "Others" includes two-step loans to regional financial institutions in Japan. 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)

	FY2012		FY2013	
	Number of Projects	Amount	Number of Projects	Amount
Loans to SMEs and Mid-tier Enterprises	34	34.1	54	18.0

(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) Guarantee Commitments by Purpose

(Unit: billions of yen, %)

	FY2012			FY2013		
	Number	Total	Share	Number	Total	Share
Guarantee for Samurai Bonds	3	170.0	56	2	52.4	25
Guarantee for Import of Aircrafts	5	51.1	17	8	76.3	37
Guarantee for Others	13	82.0	27	10	80.3	38
Total	21	303.2	100	20	209.1	100

(6) Loan and Guarantee Commitments by Region

A. Export Loan Commitments by Region

(Unit: billions of yen, %)

	FY2012			FY2013		
	Number	Total	Share	Number	Total	Share
Asia	15	32.9	26	9	38.0	30
East Asia	5	6.0	5	—	—	—
Southeast Asia	4	5.4	4	6	18.5	15
South Asia	5	7.5	6	2	10.5	8
Central Asia and the Caucasus	1	13.9	11	1	8.9	7
Europe	3	4.1	3	3	30.3	24
Central and Eastern Europe and Russia	—	—	—	2	27.8	22
Western Europe	3	4.1	3	1	2.4	2
The Middle East	5	6.6	5	6	28.2	22
Africa	6	59.3	47	—	—	—
Northern Africa	1	17.1	14	—	—	—
Sub-Saharan Africa	5	42.2	33	—	—	—
Latin America and the Caribbean	11	23.5	19	15	29.6	23
Total	40	126.6	100	33	126.2	100

B. Import Loan Commitments by Region

(Unit: billions of yen, %)

	FY2012			FY2013		
	Number	Total	Share	Number	Total	Share
Oceania	—	—	—	3	30.2	54
The Middle East	1	191.1	63	—	—	—
Latin America and the Caribbean	1	18.1	6	—	—	—
Others	2	95.0	31	2	26.0	46
Total	4	304.3	100	5	56.2	100

C. Overseas Investment Loan Commitments by Region

(Unit: billions of yen, %)

	FY2012			FY2013		
	Number	Total	Share	Number	Total	Share
Asia	52	169.6	5	87	335.1	20
East Asia	16	14.2	0	28	30.8	2
Southeast Asia	23	108.2	3	55	285.8	17
South Asia	12	27.6	1	4	18.5	1
Central Asia and the Caucasus	1	19.5	1	—	—	—
Oceania	16	983.9	31	9	262.7	16
Europe	30	656.4	21	17	301.4	18
Central and Eastern Europe and Russia	1	2.7	0	1	3.6	0
Western Europe	29	653.7	21	16	297.7	18
The Middle East	1	11.6	0	3	76.5	5
Africa	—	—	—	2	53.7	3
Sub-Saharan Africa	—	—	—	2	53.7	3
North America	30	659.6	21	34	517.6	31
Latin America and the Caribbean	24	645.7	21	15	123.7	7
Others	4	11.4	0	—	—	—
Total	157	3,138.5	100	167	1,671.0	100

D. Untied Loan Commitments by Region

(Unit: billions of yen, %)

	FY2012			FY2013		
	Number	Total	Share	Number	Total	Share
Asia	4	133.2	63	3	13.7	30
Southeast Asia	3	129.0	61	—	—	—
South Asia	1	4.2	2	3	13.7	30
The Middle East	2	7.0	3	—	—	—
Africa	—	—	—	1	3.0	7
Sub-Saharan Africa	—	—	—	1	3.0	7
Latin America and the Caribbean	4	70.2	33	3	29.2	64
Total	10	210.5	100	7	46.0	100

E. Bridge Loan Commitments by Region

(Unit: billions of yen, %)

	FY2012			FY2013		
	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, %)

	FY2012			FY2013		
	Number	Total	Share	Number	Total	Share
Asia	9	89.6	30	8	85.8	41
East Asia	1	0.9	0	1	30.0	14
Southeast Asia	6	81.8	27	4	43.2	21
South Asia	2	6.9	2	3	12.5	6
The Middle East	3	89.4	30	—	—	—
Africa	1	25.0	8	2	24.3	12
Northern Africa	1	25.0	8	1	22.4	11
Sub-Saharan Africa	—	—	—	1	1.9	1
North America	5	51.1	17	8	76.3	37
Latin America and the Caribbean	3	47.9	16	2	22.6	11
Total	21	303.2	100	20	209.1	100

G. Equity Participations by Region

(Unit: billions of yen, %)

	FY2012			FY2013		
	Number	Total	Share	Number	Total	Share
Asia	4	4.8	6	1	0.0	0
East Asia	2	2.2	3	1	0.0	0
South Asia	2	2.5	3	—	—	—
Oceania	1	21.7	29	—	—	—
Europe	—	—	—	1	18.5	19
Western Europe	—	—	—	1	18.5	19
North America	—	—	—	1	60.0	62
Latin America and the Caribbean	—	—	—	1	3.9	4
Others	3	47.7	64	3	14.8	15
Total	8	74.3	100	7	97.4	100

(Unit: billions of yen)

(Unit: billions of yen)

Region / Country			FY2012		FY2013		Accumulated	
			Number	Total	Number	Total	Number	Total
Asia	East Asia	China	16	12.1	21	21.7	1,525	3,871.4
		Hong Kong	4	4.0	4	3.0	272	298.9
		Republic of Korea			4	6.0	699	1,285.4
		Others	3	6.4			1,027	508.5
		Sub Total	23	22.6	29	30.8	3,523	5,964.4
	Southeast Asia	Brunei Darussalam					4	45.1
		Indonesia	9	133.7	18	70.9	1,487	5,522.7
		Malaysia	3	13.9	3	1.4	594	1,315.9
		Myanmar	2	83.2			56	144.5
		The Philippines	3	16.3	1	5.8	813	1,753.3
		Singapore	2	35.3	7	13.1	467	775.2
		Thailand	10	42.7	23	35.1	2,471	2,725.7
		Vietnam	3	0.3	9	177.8	130	392.3
		Others					36	213.9
		Sub Total	32	325.8	61	304.4	6,058	12,889.1
		South Asia	Bangladesh					7
	India		20	41.9	9	42.7	832	1,221.4
	Pakistan						290	298.3
	Sri Lanka						59	64.9
	Others						17	3.6
	Sub Total		20	41.9	9	42.7	1,205	1,611.3
	Central Asia and the Caucasus	Kazakhstan	2	33.4			25	301.8
		Turkmenistan			1	8.9	8	84.2
		Others					20	255.7
		Sub Total	2	33.4	1	8.9	53	641.7
		Total	77	423.9	100	386.9	10,839	21,106.6
Oceania	Australia	16	998.4	12	292.9	865	3,059.0	
	New Zealand					145	141.2	
	Papua New Guinea	1	7.3			56	267.2	
	Others					52	27.0	
	Total	17	1,005.7	12	292.9	1,118	3,494.5	

(Unit: billions of yen)

Region / Country			FY2012		FY2013		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
		Moldova					1	5.3
		Romania					142	95.2
		Russia	1	2.7	3	31.5	116	1,550.5
		Ukraine					11	41.3
		Others					848	2,049.8
		Sub Total	1	2.7	3	31.5	1,269	3,967.5
	Western Europe	Cyprus	4	6.2			18	17.4
		Denmark			1	18.5	57	78.9
		France	4	118.9			309	641.6
		Germany	5	6.8	6	21.8	265	264.3
		United Kingdom	10	150.8	3	120.4	524	1,556.6
		Ireland	3	277.4			40	302.7
		Italy	3	9.5	1	80.9	45	166.2
		Luxembourg			3	32.5	4	34.9
		Malta					3	11.9
		Netherlands	1	74.4			95	396.5
		Norway					248	456.2
		Portugal					46	37.5
		Spain			1	29.8	61	105.7
		Sweden			2	12.0	58	144.8
		Isle of Man			1	2.4	1	2.4
		Switzerland	2	13.4			85	101.1
		Others					626	679.0
		Sub Total	32	657.8	18	318.7	2,485	4,998.5
		Total	33	660.6	21	350.3	3,754	8,966.0
The Middle East		Bahrain					6	110.4
		Iran					199	1,026.8
		Iraq					21	219.9
		Jordan					28	79.8
		Kuwait			1	65.4	23	203.9
		Oman			1	10.3	28	296.4
		Qatar					36	738.6
		Saudi Arabia			1	18.5	77	703.2
		Turkey	7	13.7	6	10.4	182	621.1
		United Arab Emirates	2	202.8			66	1,461.2
		Yemen					11	35.8
		Others					106	212.0
		Total	9	216.5	9	104.8	783	5,709.8

(Unit: billions of yen)

(Unit: billions of yen)

Region / Country			FY2012		FY2013		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	
		Ghana			1	49.8	25	59.7	
		Kenya					30	19.3	
		Liberia					1,202	1,475.0	
		Madagascar					9	102.5	
		Mozambique					17	25.3	
		Niger					117	105.1	
		Nigeria					51	266.5	
		Seychelles					2	1.2	
		South Africa	1	5.6	2	6.9	114	313.6	
		Tanzania					20	11.4	
		Uganda					6	1.1	
		Others					158	102.6	
		Sub Total	5	42.2	3	56.7	1,802	2,628.1	
		Total	6	59.3	3	56.7	2,359	3,997.1	
		North America	Canada	5	136.1	1	30.8	325	712.6
			United States	25	523.4	34	546.8	2,591	6,556.4
			Total	30	659.6	35	577.6	2,916	7,269.1
		Latin America and the Caribbean	Argentina					272	564.0
			The Bahamas	3	11.9	3	16.9	21	52.6
Bolivia				1	20.4	32	65.9		
Brazil	7		138.6	5	28.1	1,941	3,131.3		
British Virgin Islands						3	11.4		
Cayman Islands						5	97.3		
Chile	11		521.6	5	69.5	159	1,334.3		
Colombia	1		5.6			122	276.2		
Costa Rica				2	6.0	23	13.7		
Ecuador				1	0.9	32	79.1		
El Salvador						35	15.0		
Jamaica						2	3.5		
Panama	1		1.0	6	5.2	290	420.4		
Peru						112	447.7		
Mexico	16		68.5	11	39.1	807	2,196.5		
Venezuela	1		10.2			81	661.8		
Others						180	234.8		
Total	40		757.5	34	186.5	4,117	9,606.1		
International Organizations, etc.	Total						56	1,208.0	
Others	Total	9	154.2	5	40.8	106	1,915.1		
	Grand Total	221	3,937.7	219	1,997.0	26,048	63,272.6		

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

3. Outstandings

(1) Outstandings by Purpose of Financing

(Unit: billions of yen, %)

	FY2012		FY2013	
	Total	Share	Total	Share
Loans				
Export Loans	710.3	5	740.6	5
Shipping	118.9	1	142.0	1
Plant	590.4	5	598.1	4
Technical Service	0.9	0	0.5	0
Import Loans	630.2	5	731.6	5
Natural Resources	616.2	5	721.3	5
Manufactured Goods & Technologies	14.0	0	10.3	0
Overseas Investment Loans	8,165.9	62	10,183.9	67
Natural Resources	3,709.4	28	4,715.0	31
Others	4,456.5	34	5,468.9	36
Untied Loans	1,035.8	8	998.8	7
Governmental Loans	42.6	0	39.7	0
Sub Total	10,585.1	81	12,694.9	83
Guarantees	2,400.6	18	2,422.6	16
Equity Participations	100.1	1	187.0	1
Total	13,086.0	100	15,304.6	100

(2) Guarantee Outstandings by Purpose

(Unit: billions of yen, %)

	FY2012		FY2013	
	Total	Share	Total	Share
Guarantee for Samurai Bonds	1,146.5	48	1,198.9	49
Guarantee for Import of Aircrafts	465.3	19	465.5	19
Guarantee for Others	788.8	33	758.2	31
Total	2,400.6	100	2,422.6	100

(3) Geographical Distribution of Loan and Equity Participation Outstandings

(As of March 31, 2014; billions of yen)

Region / Country			Number	Total
Asia	East Asia	China	137	156.9
		Hong Kong	9	7.6
		Republic of Korea	12	26.2
		Others	9	44.8
		Sub Total	167	235.6
	Southeast Asia	Brunei Darussalam	1	16.5
		Indonesia	114	652.1
		Malaysia	32	126.4
		The Philippines	17	262.7
		Singapore	24	99.8
		Thailand	70	194.0
		Vietnam	45	73.3
		Sub Total	303	1,425.0
	South Asia	Bangladesh	1	1.4
		India	75	174.4
		Pakistan	3	59.6
		Sri Lanka	2	0.7
		Sub Total	81	236.2
	Central Asia and the Caucasus	Kazakhstan	12	189.9
		Turkmenistan	1	26.6
		Sub Total	13	216.6
	Total		564	2,113.5
Oceania	Australia		77	1,298.4
	New Zealand		4	0.8
	Papua New Guinea		6	257.8
	Total		87	1,557.1
Europe	Central and Eastern Europe and Russia	Belarus	1	1.5
		Bulgaria	5	15.6
		Czech Republic	2	0.8
		Serbia	2	3.0
		Moldova	1	1.0
		Romania	3	3.1
		Russia	28	506.8
		Ukraine	2	0.1
		Sub Total	44	532.2
	Western Europe	Cyprus	7	12.2
		France	6	154.6
		Germany	11	30.1
		United Kingdom	15	186.0
		Ireland	3	328.4
		Italy	4	53.0
		Malta	3	14.7
		Netherlands	3	94.3
		Norway	5	12.6
		Portugal	2	3.2
		Sweden	5	96.7
		Isle of Man	1	2.5
		Switzerland	5	60.7
		Sub Total	70	1,049.7
	Total		114	1,581.9

(As of March 31, 2014; billions of yen)

(As of March 31, 2014; billions of yen)				
Region / Country		Number	Total	
The Middle East	Bahrain	2	51.4	
	Iran	8	105.0	
	Iraq	1	15.6	
	Jordan	1	9.0	
	Kuwait	1	7.9	
	Oman	10	152.0	
	Qatar	5	338.4	
	Saudi Arabia	5	318.3	
	Turkey	20	49.5	
	United Arab Emirates	8	675.1	
	Yemen	2	16.1	
	Total	63	1,738.7	
Africa	Northern Africa	Algeria	6	19.1
		Egypt	3	28.1
		Morocco	1	22.2
		Sub Total	10	69.5
	Sub-Saharan Africa	Angola	5	33.5
		Equatorial Guinea	2	8.2
		Gabon	2	0.4
		Kenya	2	0.3
		Liberia	2	12.7
		Madagascar	2	88.6
		Mozambique	2	0.5
		Niger	8	1.6
		Nigeria	2	16.1
		Seychelles	3	0.5
		South Africa	9	49.2
		Tanzania	1	0.2
		Uganda	1	0.1
		Sub Total	41	212.2
		Total	51	281.8
		North America	Canada	12
United States	82		1,207.3	
Total	94		1,430.4	
Latin America and the Caribbean	Argentina	25	83.4	
	The Bahamas	4	15.4	
	Bolivia	3	17.6	
	Brazil	73	745.3	
	British Virgin Islands	1	2.8	
	Cayman Islands	1	26.5	
	Chile	25	842.1	
	Colombia	2	66.9	
	Ecuador	9	0.7	
	El Salvador	1	0.1	
	Jamaica	1	0.2	
	Panama	14	66.3	
	Peru	7	36.8	
	Mexico	55	234.3	
	Venezuela	6	262.3	
	Total	227	2,401.3	
International Organizations, etc.	Total	5	88.7	
Others	Total	46	1,688.1	
	Grand Total	1,251	12,881.9	

4. Others

(1) Major Buyer's Credit and Bank-to-bank Loan Commitments (FY2013)

Country	Project/Transaction	Borrower	Amount
Vietnam	Export of machinery and equipment for the coal-fired thermal power plant	Vietnam Oil and Gas Group	US\$85 million
Turkmenistan	Export of sulfuric acid production plant facility	Government of Turkmenistan	¥8.9 billion
Russia	Export of ammonia production plant facility	OJSC PhosAgro-Cherepovets	US\$264 million
Saudi Arabia	Export of machinery and equipment for the thermal power generation	Saudi Electricity Company	US\$183 million

(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 (FY2013)

Country	Project/Transaction	Borrower	Amount
Mongolia	Guarantee for privately placed Samurai bonds (GATE) ¹	Development Bank of Mongolia	¥30 billion ^{2, 3}
India	Energy efficiency and renewable energy projects (GREEN)	State Bank of India	US\$45 million ³
India	Renewable energy and energy efficiency projects (GREEN)	IDFC Limited	US\$45 million ³
India	Renewable energy and energy efficiency projects (GREEN)	ICICI Bank Limited	US\$45 million ³
Tunisia	Guarantee for privately placed Samurai bonds (GATE) ¹	Central Bank of Tunisia	¥22.4 billion ^{2, 3}
South Africa	Renewable energy projects (GREEN)	Development Bank of Southern Africa Limited	US\$30 million ³
Mexico	Partial acquisition of public offering Samurai bonds (GATE) ¹	Government of Mexico	—
Brazil	Renewable energy projects (GREEN)	Banco Nacional de Desenvolvimento Econômico e Social	US\$150 million ³

(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, 2014)

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"> • 1.10% (Repayment period 5yrs or less) • 1.18% (Repayment period over 5yrs to 8.5yrs) • 1.31% (Repayment period over 8.5yrs) ■ Fixed at tenders³ <ul style="list-style-type: none"> • above rate + 0.2% 	60% limit
Import Loans / Overseas Investment Loans / Untied Loans / (Natural Resources / International Competitiveness) ¹	<ul style="list-style-type: none"> ■ Japanese yen⁴ <ul style="list-style-type: none"> • 0.775%⁶ ■ Foreign Currency⁵ <ul style="list-style-type: none"> • LIBOR+0.4375%⁶ 	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. Interest rates on loans in foreign currencies are linked to 6-month LIBOR for US dollars.
6. 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."
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, 2014)

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, Vietnam
	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, 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, 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 regional financial institutions in Japan and loans for crossborder projects, etc.

Financial Statements

Data 2

1	Statutory Financial Statements	104
	Balance Sheets	104
	Statements of Operations	106
	Statements of Changes in Net Assets	107
	Statements of Cash Flows	109
	Notes to Financial Statements	110
2	Composition of Liabilities and Net Assets	138
3	The Average Balance of Interest-earning Assets and Interest-bearing Liabilities, Interest and Earning Yields	138
4	Breakdown of Operating Expenses	139
5	Balance of Due from Banks, Receivables under Resale Agreements and Securities —Application of Surplus Funds	139
6	Information on Derivative Transactions	140
7	Yield / Interest Rate	141
8	Loans Outstanding per Employee	141
9	Loans Outstanding by Industry	141
10	Write-off of Loans	142
11	Assets in Major Foreign Currencies	142
12	Administrative Expense Ratio	143
13	Balance of Loans / Borrowings, Bonds and Notes by Maturity	143
14	Information on the Quality of Assets	144

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 JBIC 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.

However, comparative information contained in the balance sheets of this fiscal year (April 1, 2013-March 31, 2014) was prepared based on the regulations concerning terminology, forms, and preparations methods of financial statements before the revision of these regulations in accordance with Supplementary Article 2, Paragraph 2 of the ordinance of the Cabinet Office on partial revision of the regulations concerning terminology, forms, and preparations methods of financial statements (Cabinet Office Ordinance No. 61 issued on September 21, 2013).

FY 2013 financial statements for the period of April 1, 2013, to March 31, 2014, 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 Sheets

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Assets:			
Cash and due from banks	¥ 837,986	¥ 723,189	\$ 7,027
Cash	0	0	0
Due from banks	837,986	723,189	7,027
Receivables under resale agreements Note 6	284,902	202,733	1,970
Securities Note 5	122,181	227,201	2,208
Other securities	122,181	227,201	2,208
Loans and bills discounted Notes 7	10,555,128	12,655,401	122,963
Loans on deeds	10,555,128	12,655,401	122,963
Other assets	338,679	213,627	2,076
Prepaid expenses	307	323	3
Accrued income	34,558	37,008	360
Derivatives other than for trading-assets	264,231	73,135	711
Cash collateral paid for financial instruments	39,070	102,890	1,000
Other	511	271	2
Property, plant and equipment Note 9	28,206	28,558	277
Buildings	3,166	3,176	31
Land	24,694	24,694	240
Lease assets	37	31	0
Construction in progress	5	—	—
Other	301	655	6
Intangible assets	1,352	1,561	15
Software	1,340	1,561	15
Lease assets	11	—	—
Customers' liabilities for acceptances and guarantees	2,400,699	2,422,658	23,539
Allowance for loan losses	(138,891)	(128,885)	(1,252)
Total assets	¥ 14,430,245	¥ 16,346,047	\$ 158,823

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Liabilities:			
Borrowed money	¥ 7,234,598	¥ 8,407,707	\$ 81,692
Borrowings	7,234,598	8,407,707	81,692
Bonds payable Note 8	2,215,962	2,711,377	26,345
Other liabilities	216,171	448,229	4,355
Accrued expenses	27,127	29,106	283
Unearned revenue	50,284	52,091	506
Derivatives other than for trading-assets	32,654	303,640	2,950
Cash collateral received for financial instruments	105,240	63,140	613
Lease obligations	58	38	0
Other	805	211	3
Provision for bonuses	445	483	5
Provision for directors' bonuses	5	5	0
Provision for retirement benefits	15,595	14,251	138
Provision for directors' retirement benefits	29	20	0
Acceptances and guarantees	2,400,699	2,422,658	23,539
Total liabilities	¥ 12,083,506	¥ 14,004,734	\$ 136,074
Net assets:			
Capital stock	¥ 1,360,000	¥ 1,360,000	\$ 13,214
Retained earnings	851,685	911,366	8,855
Legal retained earnings	788,314	820,000	7,967
Other retained earnings	63,370	91,366	888
Retained earnings brought forward	63,370	91,366	888
Total shareholders' equity	2,211,685	2,271,366	22,069
Valuation difference on available-for-sale securities	2,221	5,472	53
Deferred gains or losses on hedges	132,831	64,472	627
Total valuation and translation adjustments	135,053	69,945	680
Total net assets	¥ 2,346,738	¥ 2,341,312	\$ 22,749
Total liabilities and net assets	¥ 14,430,245	¥ 16,346,047	\$ 158,823

Statements of Operations

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Ordinary income:	¥ 217,291	¥ 226,100	\$ 2,197
Interest income	167,947	181,143	1,760
Interest on loans and discounts	132,408	149,769	1,455
Interest and dividends on securities	441	643	6
Interest on receivables under resale agreements	671	262	3
Interest on deposits with banks	1,232	1,623	16
Interest on interest swaps	33,191	28,784	280
Other interest income	2	60	0
Fees and Commissions	23,288	23,722	230
Other fees and commissions	23,288	23,722	230
Other ordinary income	9,171	3,615	35
Gain on foreign exchange transactions	5,197	3,615	35
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	17,617	172
Recoveries of written-off claims	—	10,006	97
Recoveries of written-off claims	4,572	3,713	36
Gain on investments in partnerships Note 12	11,843	3,694	36
Other	211	203	3
Ordinary expenses:	153,708	134,741	1,309
Interest expenses	119,510	115,677	1,124
Interest on borrowings and rediscounts	63,797	57,187	556
Interest on bonds	55,476	58,430	568
Other interest expenses	236	60	0
Fees and commissions payments	1,427	2,217	22
Other fees and commissions	1,427	2,217	22
Other ordinary expenses	597	1,377	13
Amortization of bond issuance cost	387	979	10
Expenses on derivatives other than for trading or hedging	—	138	1
Other	210	260	2
General and administrative expenses	17,551	14,952	145
Other expenses	14,620	516	5
Provision of allowance for loan losses	14,620	—	—
Other	0	516	5
Ordinary profit	63,583	91,358	888
Extraordinary income	1	8	0
Gain on disposal of noncurrent assets	1	8	0
Extraordinary loss	—	0	0
Loss on disposal of noncurrent assets	—	0	0
Net income	¥ 63,585	¥ 91,366	\$ 888

Statements of Changes in Net Assets

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Shareholders' equity			
Capital stock			
Balance at the beginning of current period	Note 13 (b) ¥ 1,291,000	¥ 1,360,000	\$ 13,214
Changes of items during the period			
Issuance of new shares	69,000		
Total changes of items during the period	69,000	—	—
Balance at the end of current period	1,360,000	1,360,000	13,214
Retained earnings			
Legal retained earnings			
Balance at the beginning of current period	Note 13 (b) 788,314	788,314	7,659
Changes of items during the period			
Issuance of new shares		31,685	308
Total changes of items during the period	—	31,685	308
Balance at the end of current period	788,314	820,000	7,967
Other retained earnings			
Retained earnings brought forward			
Balance at the beginning of current period	Note 13 (b) (5)	63,370	616
Changes of items during the period			
Issuance of new shares		(31,685)	(308)
Payment to national treasury	(209)	(31,685)	(308)
Net income	63,585	91,366	888
Total changes of items during the period	63,376	27,996	272
Balance at the end of current period	63,370	91,366	888
Total retained earnings			
Balance at the beginning of current period	Note 13 (b) 788,309	851,685	8,275
Changes of items during the period			
Issuance of new shares		—	—
Payment to national treasury	(209)	(31,685)	(308)
Net income	63,585	91,366	888
Total changes of items during the period	63,376	59,681	580
Balance at the end of current period	851,685	911,366	8,855
Total shareholders' equity			
Balance at the beginning of current period	Note 13 (b) 2,079,309	2,211,685	21,489
Changes of items during the period			
Issuance of new shares	69,000	—	—
Payment to national treasury	(209)	(31,685)	(308)
Net income	63,585	91,366	888
Total changes of items during the period	132,376	59,681	580
Balance at the end of current period	2,211,685	2,271,366	22,069

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Valuation and translation adjustments			
Valuation difference on available-for-sale securities			
Balance at the beginning of current period	Note 13 (b) ¥ —	¥ 2,221	\$ 22
Changes of items during the period			
Net changes of items other than shareholders' equity	2,221	3,251	31
Total changes of items during the period	Note 13 (c) 2,221	3,251	31
Balance at the end of current period	2,221	5,472	53
Deferred gains or losses on hedges			
Balance at the beginning of current period	Note 13 (b) —	132,831	1,291
Changes of items during the period			
Net changes of items other than shareholders' equity	132,831	(68,358)	(664)
Total changes of items during the period	Note 13 (c) 132,831	(68,358)	(664)
Balance at the end of current period	132,831	64,472	627
Total valuation and translation adjustments			
Balance at the beginning of current period	Note 13 (b) —	135,053	1,313
Changes of items during the period			
Net changes of items other than shareholders' equity	135,053	(65,107)	(633)
Total changes of items during the period	135,053	(65,107)	(633)
Balance at the end of current period	135,053	69,945	680
Total net assets			
Balance at the beginning of current period	Note 13 (b) 2,079,309	2,346,738	22,802
Changes of items during the period			
Issuance of new shares	69,000	—	—
Payment to national treasury	(209)	(31,685)	(308)
Net income	63,585	91,366	888
Net changes of items other than shareholders' equity	135,053	(65,107)	(633)
Total changes of items during the period	267,429	(5,425)	(53)
Balance at the end of current period	2,346,738	2,341,312	22,749

Statements of Cash Flows

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Cash flow from operating activities			
Net income	¥ 63,585	¥ 91,366	\$ 888
Depreciation and amortization	1,018	1,245	12
Increase (decrease) in allowance for loan losses	14,620	(10,006)	(97)
Increase (decrease) in provision for bonuses	(55)	37	0
Increase (decrease) in provision for directors' bonuses	4	0	0
Increase (decrease) in provision for retirement benefits	2,332	(1,344)	(13)
Increase (decrease) in provision for directors' retirement benefits	11	(8)	(0)
Gain on fund management	(167,947)	(181,143)	(1,760)
Financing expenses	119,510	115,677	1,124
Loss (gain) related to securities	(11,843)	(3,694)	(36)
Loss (gain) on disposal of noncurrent assets	(1)	(8)	(0)
Net decrease (increase) in loans and bills discounted	(2,444,771)	(2,100,273)	(20,407)
Net increase (decrease) in borrowed money	1,979,109	1,173,109	11,398
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	(128,972)	134,009	1,302
Net decrease (increase) in receivables under resale agreements	317,822	82,169	798
Increase (decrease) in straight bonds-issuance and redemption	(163,469)	494,432	4,804
Proceeds from fund management	165,751	178,618	1,736
Payments for finance	(120,524)	(112,765)	(1,096)
Other	387,646	289,587	2,814
Subtotal	13,826	151,011	1,467
Net cash provided by (used in) operating activities	13,826	151,011	1,467
Cash flow from investing activities			
Purchase of securities	(35,224)	(104,301)	(1,013)
Proceeds from sales of securities	2,946	4,801	47
Proceeds from redemption of securities	—	1,171	11
Purchase of property, plant and equipment	(322)	(771)	(7)
Proceeds from sales of property, plant and equipment	1	10	0
Purchase of intangible assets	(432)	(998)	(10)
Net cash provided by (used in) investing activities	(33,030)	(100,086)	(972)
Cash flow from financing activities			
Proceeds from issuance of common stock	69,000	—	—
Repayments of lease obligations	(117)	(26)	(0)
Payment to national treasury	(26,524)	(31,685)	(308)
Net cash provided by (used in) financing activities	42,358	(31,712)	(308)
Effect of exchange rate change on cash and cash equivalents	—	—	—
Net increase (decrease) in cash and cash equivalents	23,154	19,212	187
Cash and cash equivalents at beginning of period	0	23,154	225
Cash and cash equivalents at end of period Note 14	¥ 23,154	¥ 42,367	\$ 412

Notes to Financial Statements

1. Basis of presentation

The accompanying financial statements have been prepared from the accounting records maintained by Japan Bank for International Cooperation ("JBIC") in accordance with the accounting principles and practices generally accepted in Japan, which are different in certain aspects from the application and disclosure requirements of International Financial Reporting Standards.

Consolidated financial statements are not prepared since JBIC has no subsidiaries.

The amounts indicated in millions of yen are rounded down by omitting figures less than one million. Totals may therefore not add up exactly because of this rounding.

Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥102.92=\$1.00, the foreign exchange rate on March 31, 2014, has been used in translations. The presentation of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized, or settled in U.S. dollars at the aforementioned rates or any other rate.

2. 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)

JBIC's 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 or less), which has been determined by JBIC.

(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

JBIC's 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 departments, 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. There are no accumulated write-offs as of March 31, 2014 (the amount as of March 31, 2013 was ¥8,232 million (\$80 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 sheets.

(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 sheets.

(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 fiscal year end.

① Method of attributing the projected benefits to periods of services

In calculating the projected benefit obligation, the estimated amount of retirement benefit payments are attributed to the period up to the end of the fiscal year by straight line basis.

② Accounting for actuarial gains or losses and prior service costs

Actuarial gains or losses and prior service costs are expensed as they are incurred.

(Additional Information)

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. The estimated plan assets to be returned to the government, as of March 31, 2014 amounted to: ¥2,868 million (\$28 million). If the estimated plan assets had been returned to the government on March 31, 2014, the effect on extraordinary income arising from the application of Paragraph 46 of "Guidance on the Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25) is ¥6,054 million (\$59 million).

(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 applies the deferral method to derivatives used for interest risk hedging purposes

(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 JBIC's 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. Non-deductible consumption taxes related to property, plant and equipment are expensed as incurred.

(n) Scope of cash and cash equivalents in the statements 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 sheets.

3. Standards issued but not yet effective

- "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012)
- "Guidance on the 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 amendments related to the determination of retirement benefit obligations and service cost will be applied effective from the beginning of the fiscal year beginning on April 1, 2014.

(c) Effect of the application of the Accounting Standard

As a result of the application of an Accounting Standards, retained earnings as of April 1, 2014 will increase by ¥1,182 million (\$11 million).

4. Changes in methods of presentation

(a) Balance Sheets

The balance of "Cash collateral paid for financial instruments" included in "Other" under "Other assets" and that of "Cash collateral received for financial instruments" included in "Other" under "Other liabilities" in the fiscal year ended March 31, 2013 are separately presented as of the fiscal year ended 2013 based on the application of attachment forms provided in "Ordinance Concerning the Accounting of Japan Bank for International Cooperation" (Ministry of Finance Ordinance No. 15 of 2012), which was amended in accordance with the Ordinance to Amend the Ordinance Concerning the Accounting of Japan Bank of International Cooperation (Ministry of Finance Ordinance No. 57 of 2013). In order to reflect this change in the method of presentation, reclassifications have been made to the financial statements for the fiscal year ended March 31, 2013.

Consequently, as it pertains to the balance sheets for the fiscal year ended March 31, 2014, ¥39,070 million (\$380 million) has been reclassified from "Other assets" to "Cash collateral paid for financial instruments" while ¥105,240 million (\$1,023 million) has been reclassified from "Other liabilities" to "Cash collateral received for financial instruments".

(b) Retirement benefits

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on the Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012) have been applied effective this fiscal year except for certain provisions described in the main clause of section 35 of the standard and in the main clause of section 67 of the guidance and the method of presentation for Notes on retirement benefits has been changed.

Accounting Standard for Retirement Benefits and others have been applied pursuant to the transitional requirement

in Paragraph 37 of the Accounting Standard for Retirement Benefits, and no reclassification for Notes on retirement benefits has been made.

5. Equities securities of or investment in affiliates:

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Equities securities	¥ —	¥ 1,499	\$ 15
Investments in affiliates	70,822	81,167	789

6. Receivables under resale agreement:

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

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Receivables under resale agreement	¥ 284,902	¥ 202,733	\$ 1,970

7. Loans

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

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Bankrupt loans	¥ —	¥ —	\$ —
Non-accrual loans	96,140	96,366	936

“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.

(b) “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:

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Loans with interest or principal repayments three months or more in arrears	¥ 69,065	¥ 75,579	\$ 735

“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:

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Restructured loans	¥ 79,976	¥ 77,386	\$ 752

“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:

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Total amount	¥ 245,183	¥ 249,332	\$ 2,423

The amounts of loans indicated in table 3 through 6 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 sheets. The balance of unpaid amounts is as follows:

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Balance of unpaid loans	¥ 2,615,921	¥ 2,232,353	\$ 21,690

8. Assets pledged as collateral

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

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Bonds payable	¥ 2,215,962	¥ 2,711,377	\$ 26,345

9. Accumulated depreciation of fixed assets

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Accumulated depreciation	¥ 308	¥ 698	\$ 7

10. Contingent liabilities

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

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
15th FILP Agency Bonds (former JBIC)	¥ 50,000	¥ 50,000	\$ 486
31st FILP Agency Bonds (former JBIC)	20,000	—	—

In addition, Japan Finance Corporation ("JFC") assumed the obligations of the JFC bonds 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 as follows.

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
	¥ 1,085,000	¥ 780,000	\$ 7,579

11. Restriction on dividend distribution

JBIC is subject to restriction on its dividends distribution pursuant to Article 31 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, a reserve shall be transferred to the retained earnings brought forward to the extent that its amount of retained earnings brought forward becomes zero.

12. Income on transactions with affiliates

Income on transactions with affiliates is as follows:

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Gain on investments in partnerships	¥ 11,780	¥ 3,565	\$ 35

13. 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 the fiscal year ended March 31, 2014 and included in Changes of items during the fiscal year.

For the fiscal year ended March 31, 2014, 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	1,360,000,000	—	—	1,360,000,000	
Classified stock	—	—	—	—	
Total	1,360,000,000	—	—	1,360,000,000	
Treasury stock					
Common stocks	—	—	—	—	
Classified stock	—	—	—	—	
Total	—	—	—	—	

14. Cash Flows

“Cash and cash equivalents” in the statement of cash flows as of March 31, 2013 and 2014 reconciles to cash and due from banks in the balance sheets as follows:

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Cash and due from banks	¥ 837,986	¥ 723,189	\$ 7,027
Time deposits and others	(814,832)	(680,822)	(6,615)
Cash and cash equivalents	¥ 23,154	¥ 42,367	\$ 412

15. 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 2 (c).

(b) Operating lease transactions

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

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Due within one year	¥ 2	¥ 0	\$ 0
Due after one year	0	—	—
Total	¥ 2	¥ 0	\$ 0

16. Financial instruments and related disclosure

(a) Status of financial instruments

(i) 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.

(ii) 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.

① 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 supports 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.

② 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.

③ 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.

(iii) Risk management structure for financial instruments

The risk management structure of JBIC is described below.

① 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 checks 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. 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.

② 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.

1) 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.

2) 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

Funding for yen-denominated loans is mainly managed at fixed-rate interest. However, swaps are used to hedge interest rate risk for portions of loans that are thought to have high exposures to interest rate fluctuation. Interest rate risk for denominated loans is limited.

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 the funds with floating interest rates for both loans and related funding arrangements.

3) Status of market risk

JBIC only maintains a banking account and does 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 (end of this fiscal year)

	March 31, 2014	
	(In billions of yen)	(In billions of U.S. dollars)
1) Interest rate VaR	¥ 63.6	\$ 0.6
2) Exchange rate VaR	56.0	0.5

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 a certain probability because the assumptions, such as market movements, could vary during the 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.

③ Liquidity risk management related to fund procurement

Long-term and stable funds such as fiscal loan funds, government-backed 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.

④ Derivative transactions

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

(iv) 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.

(b) Fair value of financial instruments

The carrying amount in the balance sheets as of March 31, 2013 and March 31, 2014 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).

As of March 31, 2013			(In 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
(5) Cash collateral paid for financial instruments		39,070		39,070	—
Total assets		11,605,503		11,659,896	54,392
(1) Borrowings		7,234,598		7,336,897	102,299
(2) Bonds payable		2,215,962		2,312,996	97,034
(3) Cash collateral received for financial instruments		105,240		105,240	—
Total liabilities		9,555,800		9,755,134	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	¥ —

As of March 31, 2014

(In millions of yen)

	Amount on balance sheet	Fair value	Difference
(1) Cash and due from banks	¥ 723,189	¥ 723,189	¥ —
(2) Receivables under resale agreements	202,733	202,733	—
(3) Securities			
Available-for-sale securities	40,129	40,129	—
(4) Loans and bills discounted	12,655,401		
Allowance for loan losses (*1)	(126,709)		
	12,528,691	12,558,905	30,214
(5) Cash collateral paid for financial instruments	102,890	102,890	—
Total assets	13,597,633	13,627,848	30,214
(1) Borrowings	8,407,707	8,488,478	80,770
(2) Bonds payable	2,711,377	2,770,588	59,210
(3) Cash collateral received for financial instruments	63,140	63,140	—
Total liabilities	11,182,225	11,322,207	139,981
Derivative transactions (*2)			
Derivative transactions not qualifying for hedge accounting	—	—	—
Derivative transactions qualifying for hedge accounting	(230,505)	(230,505)	—
Total derivative transactions	¥ (230,505)	¥ (230,505)	¥ —

As of March 31, 2014

(In millions of U.S. dollars)

	Amount on balance sheet	Fair value	Difference
(1) Cash and due from banks	\$ 7,027	\$ 7,027	\$ —
(2) Receivables under resale agreements	1,970	1,970	—
(3) Securities			
Available-for-sale securities	389	389	—
(4) Loans and bills discounted	122,963		
Allowance for loan losses (*1)	(1,231)		
	121,732	122,026	294
(5) Cash collateral paid for financial instruments	1,000	1,000	—
Total assets	132,118	132,412	294
(1) Borrowings	81,692	82,477	785
(2) Bonds payable	26,345	26,920	575
(3) Cash collateral received for financial instruments	613	613	—
Total liabilities	108,650	110,010	1,360
Derivative transactions (*2)			
Derivative transactions not qualifying for hedge accounting	—	—	—
Derivative transactions qualifying for hedge accounting	(2,240)	(2,240)	—
Total derivative transactions	\$ (2,240)	\$ (2,240)	\$ —

(*1) General allowance for loan losses and 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 sheets on the closing date after a deduction has been made for the allowance for loan losses, so this amount is used for fair value.

(5) Cash collateral paid for financial instruments

For cash collateral paid for financial instruments, the carrying amount is used as fair value because the carrying amount approximates the fair value.

Liabilities

(1) Borrowings

Borrowings with variable interest rates reflect short-term market interest rates and the credit conditions of JBIC have not changed significantly since borrowing. 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 as fair value of bonds.

(3) Cash collateral received for financial instruments

For cash collateral received for financial instruments, the carrying amount is used as fair value because the carrying amount approximates the fair value.

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."

Classification

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
1) Unlisted stocks (subsidiaries and affiliates) (*1)	¥ —	¥ 1,499	\$ 15
2) Unlisted stocks (other than subsidiaries and affiliates) (*1)	22,596	86,527	841
3) Partnership investments (subsidiaries and affiliates) (*2)	70,822	81,167	789
4) Partnership investments (other than subsidiaries and affiliates) (*2)	6,760	17,878	173
Total	¥ 100,178	¥ 187,072	\$ 1,818

(*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

March 31, 2013

(In millions of yen)

	Due within one year	Due after one year but within three years	Due after three years but within five years	Due after five years but within seven years	Due after seven years but within ten years	Due 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 "Due within one year."

(*2) Within loans, the figure for 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.

March 31, 2014

(In millions of yen)

	Due within one year	Due after one year but within three years	Due after three years but within five years	Due after five years but within seven years	Due after seven years but within ten years	Due after ten years
Due from banks (*1)	¥ 723,189	¥ —	¥ —	¥ —	¥ —	¥ —
Receivables under resale agreements	202,733	—	—	—	—	—
Securities (*2)						
Available-for-sale securities	1,781	11,092	18,800	8,000	2	—
Loans and bills discounted (*2)	1,801,513	2,551,912	2,267,384	1,989,365	2,020,247	1,853,015
Total	¥ 2,729,217	¥ 2,563,004	¥ 2,286,184	¥ 1,997,365	¥ 2,020,250	¥ 1,853,015

March 31, 2014

(In millions of U.S. dollars)

	Due within one year	Due after one year but within three years	Due after three years but within five years	Due after five years but within seven years	Due after seven years but within ten years	Due after ten years
Due from banks (*1)	\$ 7,027	\$ —	\$ —	\$ —	\$ —	\$ —
Receivables under resale agreements	1,970	—	—	—	—	—
Securities (*2)						
Available-for-sale securities	17	108	182	78	0	—
Loans and bills discounted (*2)	17,504	24,795	22,031	19,329	19,629	18,004
Total	\$ 26,518	\$ 24,903	\$ 22,213	\$ 19,407	\$ 19,629	\$ 18,004

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

(*2) Within loans, the figure for claims against bankrupt borrowers, substantially bankrupt borrowers, and potentially bankrupt borrowers contains an amount of ¥171,962 million (\$1,671 million) that is not expected to be redeemed and not included in the tables above.

(*3) The information about cash collateral paid for financial instruments is omitted since there is no fixed maturity date for repayments.

(Note 4) Redemption schedule for borrowings, bonds and other interest-bearing liabilities with future redemption dates

March 31, 2013

(In millions of yen)

	Due within one year	Due after one year but within three years	Due after three years but within five years	Due after five years but within seven years	Due after seven years but within ten years	Due after ten years
Borrowings	¥ 829,816	¥ 2,289,560	¥ 3,561,380	¥ 349,142	¥ 204,700	¥ —
Bond 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

March 31, 2014

(In millions of yen)

	Due within one year	Due after one year but within three years	Due after three years but within five years	Due after five years but within seven years	Due after seven years but within ten years	Due after ten years
Borrowings	¥ 966,128	¥ 1,708,232	¥ 5,024,647	¥ 28,900	¥ 679,800	¥ —
Bond payable	386,347	1,037,338	1,015,675	152,806	102,920	20,000
Total	¥ 1,352,475	¥ 2,745,570	¥ 6,040,322	¥ 181,706	¥ 782,720	¥ 20,000

March 31, 2014

(In millions of U.S. dollars)

	Due within one year	Due after one year but within three years	Due after three years but within five years	Due after five years but within seven years	Due after seven years but within ten years	Due after ten years
Borrowings	\$ 9,387	\$ 16,598	\$ 48,821	\$ 281	\$ 6,605	\$ —
Bond payable	3,754	10,079	9,868	1,485	1,000	194
Total	\$ 13,141	\$ 26,677	\$ 58,689	\$ 1,766	\$ 7,605	\$ 194

(*1) The information about cash collateral received for financial instruments is omitted since there is no fixed maturity date for repayments.

17. 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 sheets.

(a) Trading securities

Not applicable

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

Not applicable

(c) Available-for-sale securities

March 31, 2013

(In millions of yen)

	Type	Carrying Amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	Stocks	¥ —	¥ —	¥ —
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	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	—	—	—
	Other	273,797	273,800	(2)
Subtotal		273,797	273,800	(2)
Total		¥ 292,002	¥ 291,800	¥ 202

March 31, 2014

(In millions of yen)

	Type	Carrying Amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	Stocks	¥ —	¥ —	¥ —
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	37,502	36,881	620
Subtotal		37,502	36,881	620
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	182,627	182,628	(0)
Subtotal		182,627	182,628	(0)
Total		¥ 220,129	¥ 219,509	¥ 619

March 31, 2014

(In millions of U.S. dollars)

	Type	Carrying Amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost	Stocks	\$ —	\$ —	\$ —
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	365	359	6
Subtotal		365	359	6
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	1,774	1,774	(0)
Subtotal		1,774	1,774	(0)
Total		\$ 2,139	\$ 2,133	\$ 6

(d) Held-to-maturity debt securities sold during the fiscal years ended March 31, 2013 and March 31, 2014
Not applicable

(e) Available-for-sale securities sold during the fiscal years ended March 31, 2013 and March 31, 2014
Not applicable

(f) Change in classification of securities
Not applicable

(g) Impairment of securities
Not applicable

- (h) Money held in trust
- (i) Money held in trust for trading purposes
Not applicable
 - (ii) Money held in trust for holding-to-maturity purposes
Not applicable
 - (iii) Other money held in trust (other than investment and holding-to-maturity purposes)
Not applicable

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

Fiscal year ended March 31, 2013		(In millions of yen)
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.

Fiscal year ended March 31, 2014		(In millions of yen)
Valuation difference	¥	5,472
Available-for-sale securities (*)		5,472
Other money held in trust		—
Valuation difference on available-for-sale securities		5,472

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

Fiscal year ended March 31, 2014		(In millions of U.S. dollars)
Valuation difference	\$	53
Available-for-sale securities (*)		53
Other money held in trust		—
Valuation difference on available-for-sale securities		53

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

18. Derivative transactions

Notes to derivative transactions in the fiscal years ended March 31, 2013 and March 31, 2014 are as follows;

- (a) Derivative transactions not qualifying for hedge accounting
- (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

(In 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

Fiscal year ended March 31, 2014

(In 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		¥ 2,270,081	¥ 2,036,403	¥ 42,953
	Receive/floating and pay/fixed		606,933	600,508	(29,642)
	Receive/floating and pay/floating		44,043	44,043	6
	Total		¥ —	¥ —	¥ 13,316

Fiscal year ended March 31, 2014

(In millions of U.S. dollars)

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		\$ 22,057	\$ 19,786	\$ 417
	Receive/floating and pay/fixed		5,897	5,835	(288)
	Receive/floating and pay/floating		428	428	0
	Total		\$ —	\$ —	\$ 129

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

(ii) Currency-related transactions

Fiscal year ended March 31, 2013

(In 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

Fiscal year ended March 31, 2014

(In 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	¥ 4,866,517	¥ 4,217,463	¥ (243,820)
		Borrowings			
		Corporate bonds			
	Forward foreign exchange contracts	Loans and bills discounted			
	Sell		1,635	—	(2)
	Buy		79	—	0
	Total		¥ —	¥ —	¥ (243,821)

Fiscal year ended March 31, 2014

(In millions of U.S. dollars)

Hedge accounting	Type	Major hedged items	Contract value	Contract value (Maturing after one year)	Fair value
Basic accounting method	Currency swap	Loans and bills discounted	\$ 47,284	\$ 40,978	\$ (2,369)
		Borrowings			
		Corporate bonds			
	Forward foreign exchange contracts	Loans and bills discounted			
	Sell		16	—	(0)
	Buy		1	—	0
	Total		\$ —	\$ —	\$ (2,369)

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

19. Retirement benefits

Fiscal year ended March 31, 2013

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

(a) The funded status of the pension plans

Disposition		March 31, 2013 (In millions of yen)
Projected benefit obligation	(A)	¥ (20,375)
Fair value of plan assets	(B)	4,780
Unfunded pension obligation	(C) = (A) + (B)	(15,595)
Unrecognized prior service costs	(D)	—
Actuarial unrecognized difference	(E)	—
Net amount recognized on the balance sheets	(F) = (C) + (D) + (E)	(15,595)
Prepaid pension cost	(G)	—
Provision for retirement benefits	(H) = (F) – (G)	(15,595)

(b) Component of pension cost

Disposition	March 31, 2013 (In millions of yen)
Service cost	¥ 554
Interest cost	192
Expected return on plan 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.

Fiscal year ended March 31, 2014

(a) Overview of retirement benefit plans

JBIC has a defined benefit pension plan comprising a welfare pension fund plan and a lump-sum severance indemnity plan. Although JBIC's welfare pension is a multi-employer plan, the amount of the pension assets can be reasonably calculated based on the ratio of the projected benefit obligations, and the related notes are included in the notes for the defined benefit pension plan.

Under the welfare pension fund plan (funded type), pension or lump-sum payments are provided based on salary and service period. Under the lump-sum severance indemnity plan (unfunded type), lump-sum payments are provided as retirement benefit based on salary and service period.

Effective April 1, 2013, JBIC has been authorized by the Minister of Health, Labour and Welfare to be exempt from the obligations to pay future portions amounts in respect of the part of the employees' pension fund it manages for the government.

(b) Defined benefit pension plan

(i) The changes in the projected benefit obligation during the fiscal year ended March 31, 2014 are as follows:

	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Projected benefit obligation at the beginning of the fiscal year	¥ 20,375	\$ 198
Service cost	461	4
Interest cost	213	2
Actuarial losses	917	9
Retirement benefit paid	(828)	(8)
Prior service costs	(1,680)	(16)
Other	25	0
Projected benefit obligation at the end of the fiscal year	19,483	189

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

(ii) The changes in the plan assets during the fiscal year ended March 31, 2014 are as follows:

	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Pension assets at the beginning of the fiscal year	¥ 4,780	\$ 46
Expected return on plan assets	95	1
Actuarial gains	561	5
Contribution by the company	166	2
Retirement benefit paid	(396)	(4)
Other	25	1
Pension assets at the end of the fiscal year	5,231	51

(iii) Reconciliation between projected benefit obligation and plan assets as of March 31, 2014 and provision for retirement benefits in the balance sheets

	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Funded projected obligation	¥ 14,438	\$ 140
Fair value of plan assets	(5,231)	(51)
	9,206	89
Unfunded Projected benefit obligation	5,044	49
Unfunded pension obligation	14,251	138
Unrecognized Actuarial gains or losses	—	—
Unrecognized prior service costs	—	—
Net amount of assets and liabilities in the balance sheets	14,251	138
Provision for retirement benefits	14,251	138
Net amount of assets and liabilities in the balance sheets	14,251	138

(iv) Component of retirement benefit expense

	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Service cost	¥ 461	\$ 4
Interest cost	213	2
Expected return on plans assets	(95)	(0)
Realized Actuarial loss	355	3
Amortization of prior service cost	(1,680)	(16)
Retirement benefit expense	(745)	(7)

Note 1. Employee contributions to pension funds have been deducted from the service cost.

2. As a result of having an approval on April 1, 2013 from the Minister of Health, Labour and Welfare for an exemption from the obligations to pay benefits for future employee services related to the substitutional portion of the pension fund, prior service costs of ¥927 million (\$9 million) have been recognized as expenses in the fiscal year ended March 31, 2014. In addition, due to the amendment to the regulations on retirement allowance made effective December 20, 2013, prior service costs of ¥753 million (\$7 million) have been recognized as expenses during the fiscal year ended March 31, 2014.

(v) Plan assets

① Major components of Plan assets

Percentages of components to the total are as follows;

Debt securities	40%
Stocks	45%
General account of life insurance company	11%
Cash and due from banks	4%
Total	100%

② Method of determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined based on the current and projected pension asset allocations as well as on the current and future rates of return expected from various assets that are components of plan assets.

(vi) Principal assumptions used

Principal assumptions used in actuarial calculations for the fiscal year ended March 31, 2014

	March 31, 2014
Discount rate	1.1%
	March 31, 2014
Expected rate of return on plan assets	2.0%

(c) Defined contribution plan

JBIC does not have a defined contribution plan.

20. 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).

21. 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 its operations by creating relevant accounts for each of the operations set forth in the JBIC Act and other laws and regulations and had defined its Reportable Segments to be JBIC Operations and Financial Operations for Facilitating the Realignment of the United States Forces in Japan. However, as of September 30, 2012, JBIC terminated the Financial Operations for Facilitating the Realignment of the United States Forces in Japan.

Therefore, JBIC has changed to a single reportable segment comprised of loan, guarantee and equity participation operations.

(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 income.

(c) Segment information by reportable segments.

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

(In 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 and amortization	1,018	0	1,018	—	1,018
Interest income	167,947	—	167,947	—	167,947
Interest expenses	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.

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

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

Information has been omitted as JBIC has a single reportable segment comprised of loan, guarantee and equity participation operations.

(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 “21 (c). Segment information by reportable segments” for information about Services.

(ii) Information about geographical areas

① Ordinary income:

(In 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.

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 equipment on the balance sheets 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.

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(i) Information about services

The information about services is omitted since ordinary income from outside customers in relation to the loan, guarantee and equity participation operations is more than 90% of ordinary income on the Statement of Operation.

(ii) Information about geographical areas

① Ordinary income:

(In millions of yen)

	Japan	Asia/Oceania	Europe/ Middle East/Africa	North America/ Latin America	Total
¥	42,639	¥ 74,722	¥ 61,188	¥ 47,549	¥ 226,100

(In millions of U.S. dollars)

	Japan	Asia/Oceania	Europe/ Middle East/Africa	North America/ Latin America	Total
\$	414	\$ 726	\$ 595	\$ 462	\$ 2,197

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

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 equipment on the balance sheets 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.

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

Not applicable

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

Not applicable

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

Not applicable

22. Profit and loss on equity method

(a) Affiliates

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Investment in affiliates	¥ 70,822	¥ 82,666	\$ 803
Investment in affiliates (equity method)	70,822	82,666	803
Profit of Investment in affiliates (equity method)	—	—	—

(b) Special purpose entities

Not applicable

23. Related-party transactions

Related party transactions in the fiscal years ended March 31, 2013 and March 31, 2014 are as follows;

(a) Transactions with parent company and major shareholder companies

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

(In millions of yen)

	Corporate name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relation with related parties	Transactions	Amounts of transactions (Note 5)	Items	Balance as of March 31, 2013 (Note 5)
Principal shareholder	Ministry of Finance (Minister of Finance) (Note 1)	Chiyoda-ku, Tokyo	—	Administration for policy based financing	100 (Direct)	Receipt of funds, 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 ministries and agencies other than the Ministry of Finance are as follows;

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

- The underwriting of capital increase represents the increase in capital through shareholder allocation by JBIC at an allocation amount of ¥1 per share.
- 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.
- No guarantee fee has been paid for the guarantee of bonds.
- Figures in the table above do not include consumption taxes.

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(In millions of yen)

	Corporate name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relation with related parties	Transactions	Amounts of transactions (Note 3)	Items	Balance as of March 31, 2014 (Note 3)
Principal shareholder	Ministry of Finance (Minister of Finance)	Chiyoda-ku, Tokyo	—	Administration for policy based financing	100 (Direct)	Receipt of funds, etc.	Receipt of funds (Note 1)	¥ 4,999,140	Borrowings	¥ 8,407,707
							Repayment of borrowing	4,226,036	—	—
							Payment of interest on borrowings	57,187	Accrued expenses	15,546
							Guarantee for corporate bonds (Note 2)	2,141,442	—	—

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(In millions of U.S. dollars)

	Corporate name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relation with related parties	Transactions	Amounts of transactions (Note 3)	Items	Balance as of March 31, 2014 (Note 3)
Principal shareholder	Ministry of Finance (Minister of Finance)	Chiyoda-ku, Tokyo	—	Administration for policy based financing	100 (Direct)	Receipt of funds, etc.	Receipt of funds (Note 1)	\$ 48,573	Borrowings	\$ 81,692
							Repayment of borrowing	41,061	—	—
							Payment of interest on borrowings	556	Accrued expenses	151
							Guarantee for corporate bonds (Note 2)	20,807	—	—

Note 1. 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.

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

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

(b) Transactions with fellow subsidiaries and affiliates' subsidiaries

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

(In millions of yen)

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

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(In millions of yen)

	Corporate name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relation with related parties	Transactions	Amounts of transactions (Note 1, 4)	Items	Balance as of March 31, 2014
Companies that had the majority of their voting rights held by principal shareholders	Japan International Cooperation Agency	Chiyoda-ku, Tokyo	¥ 7,832,098	Official development assistance	None	Joint obligor	Joint obligations	¥ 674,595 (Note 1, 4)	—	—
	Japan Finance Corporation (Note 3)	Chiyoda-ku, Tokyo	3,709,538	Finance	None	Joint obligor	Joint obligations	1,147,740 (Note 2, 4)	—	—

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(In millions of U.S. dollars)

	Corporate name	Location	Capital	Business	Business Ratio to Total Voting Rights (%)	Relation with related parties	Transactions	Amounts of transactions	Items	Balance as of March 31, 2014
Companies that had the majority of their voting rights held by principal shareholders	Japan International Cooperation Agency	Chiyoda-ku, Tokyo	\$ 76,099	Official development assistance	None	Joint obligor	Joint obligations	\$ 6,555 (Note 1, 4)	—	—
	Japan Finance Corporation (Note 3)	Chiyoda-ku, Tokyo	36,043	Finance	None	Joint obligor	Joint obligations	11,152 (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 ¥780,000 million (\$7,579 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.

24. Amounts per share

Amounts per share as of the fiscal years ended March 31, 2013 and March 31, 2014 are calculated as follows:

	March 31, 2013 (In yen)	March 31, 2014 (In yen)	March 31, 2014 (In U.S. dollars)
Net Assets per share of common stock	¥ 1.72	¥ 1.72	\$ 0.02
Net income per share of common stock	0.04	0.06	0.00

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.

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Net income	¥ 63,585	¥ 91,366	\$ 888
Amount not attribute to common stock	—	—	—
Net income related to common stock	63,585	91,366	888
Average outstanding shares of common stock (during the period)	1,291,756,164 thousands of shares	1,360,000,000 thousands of shares	

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

	March 31, 2013 (In millions of yen)	March 31, 2014 (In millions of yen)	March 31, 2014 (In millions of U.S. dollars)
Net Assets	¥ 2,346,738	¥ 2,341,312	\$ 22,749
Deductions from net assets	—	—	—
Net Assets related to common stock	2,346,738	2,341,312	22,749
Year-end outstanding shares of common stock on which net assets per share was calculated	1,360,000,000 thousands of shares	1,360,000,000 thousands of shares	

25. Subsequent Events

JBIC resolved at the Board of Director's meeting held on June 3, 2014 to issue new share on June 27, 2014 through an allotment to the Ministry of Finance (Minister of Finance), who is the underwriter.

Overview of issuance of new shares:

Type and number of shares to be issued	31,000,000,000 shares of common stock
Issuing price	¥1 per share (\$0)
Total amount of issuance	¥31,000,000,000 (\$301 million)
Issue price to be transferred to capital	¥1 per share (\$0)
Issue price to be transferred to regal capital surplus	¥0 per share (\$0)
Total issue amount to be transferred to capital	¥31,000,000,000 (\$301 million)
Total issue amount to be transferred to regal capital surplus	¥0 (\$0)
Payment due date	June 27, 2014
Purpose	Funds to fully deploy the facility for promoting trades with Africa

26. Fixed assets

Fixed assets as of March 31, 2014 are as follows;

(In millions of yen)

Class of asset	Balance at the beginning of current period	Increase during the current period	Decrease during the current period	Balance at the end of current period	Accumulated depreciation	Depreciation	Net fixed assets
Property, plant and equipment							
Buildings	¥ 3,356	¥ 207	¥ 9	¥ 3,554	¥ 377	¥ 197	¥ 3,176
Land	24,694	—	—	24,694	—	—	24,694
Lease assets	54	4	14	44	13	11	31
Construction in progress	5	296	302	—	—	—	—
Other	403	562	3	962	307	206	655
Total property, plant and equipment	¥ 28,515	¥ 1,071	¥ 329	¥ 29,256	¥ 698	¥ 414	¥ 28,558
Intangible assets							
Software	¥ 1,954	¥ 1,039	¥ 15	¥ 2,978	¥ 1,416	¥ 818	¥ 1,561
Lease assets	107	—	107	—	—	11	—
Total intangible assets	¥ 2,061	¥ 1,039	¥ 122	¥ 2,978	¥ 1,416	¥ 830	¥ 1,561

(In millions of U.S. dollars)

Class of asset	Balance at the beginning of current period	Increase during the current period	Decrease during the current period	Balance at the end of current period	Accumulated depreciation	Depreciation	Net fixed assets
Property, plant and equipment							
Buildings	\$ 33	\$ 2	\$ 0	\$ 35	\$ 4	\$ 2	\$ 31
Land	240	—	—	240	—	—	240
Lease assets	0	0	0	0	0	0	0
Construction in progress	0	3	3	—	—	—	—
Other	4	5	0	9	3	2	6
Total property, plant and equipment	\$ 277	\$ 10	\$ 3	\$ 284	\$ 7	\$ 4	\$ 277
Intangible assets							
Software	\$ 19	\$ 10	\$ 0	\$ 29	\$ 14	\$ 8	\$ 15
Lease assets	1	—	1	—	—	0	—
Total intangible assets	\$ 20	\$ 10	\$ 1	\$ 29	\$ 14	\$ 8	\$ 15

27. Bonds payable

Major components of bonds payable as of March 31, 2014 are as follows;

(In 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 6th–8th, 13th, 17th	December 2, 2003 – June 18, 2008	¥ 399,928 (USD 2,648,972,000) (EUR 1,249,006,000)	¥ 224,533 [157,671] (USD 1,149,576,000) [USD 499,920,000] (EUR 749,871,000) [EUR 749,871,000]	4.250~ 5.250	General collateral	June 18, 2013 – March 23, 2016	*1
Government guaranteed JFC (JBIC) foreign bonds 3rd, 5–9th	June 2, 2010 – February 7, 2012	892,323 (USD 9,487,752,000)	976,878 [128,591] (USD 9,491,631,000) [USD 1,249,435,000]	1.875~ 2.875	General collateral	February 2, 2015 – February 7, 2019	*2
Government guaranteed JBIC foreign bonds 1st–7th	July 19, 2012 – March 6, 2014	233,799 (USD 1,993,929,000) (CAD 499,791,000)	940,029 (USD 7,975,922,000) (CAD 499,833,000) (GBP 423,666,000)	0.596~ 3.375	General collateral	July 19, 2017 – July 31, 2023	
JBIC FILP Agency Bonds 10th, 12th, 13th, 16th, 18th, 19th, 21st–23rd, 25th, 27th, 29th, 30th	February 6, 2004 – May 29, 2008	519,920	399,943 [49,997]	1.340~ 2.090	General collateral	December 20, 2013 – December 19, 2025	*1
JFC FILP Agency Bonds 3rd, 7th, 12th, 17th	October 29, 2009 – May 9, 2011	169,990	169,992 [50,000]	0.421~ 1.430	General collateral	December 19, 2014 – September 20, 2019	*2
Total	—	¥ 2,215,962	¥ 2,711,377	—	—	—	—

(In millions of U.S. dollars)

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 6th–8th, 13th, 17th	December 2, 2003 – June 18, 2008	\$ 3,886 (USD 2,648,972,000) (EUR 1,249,006,000)	\$ 2,182 [1,532] (USD 1,149,576,000) [USD 499,920,000] (EUR 749,871,000) [EUR 749,871,000]	4.250~ 5.250	General collateral	June 18, 2013 – March 23, 2016	*1
Government guaranteed JFC (JBIC) foreign bonds 3rd, 5–9th	June 2, 2010 – February 7, 2012	8,670 (USD 9,487,752,000)	9,492 [1,249] (USD 9,491,631,000) [USD 1,249,435,000]	1.875~ 2.875	General collateral	February 2, 2015 – February 7, 2019	*2
Government guaranteed JBIC foreign bonds 1st–7th	July 19, 2012 – March 6, 2014	2,272 (USD 1,993,929,000) (CAD 499,791,000)	9,134 (USD 7,975,922,000) (CAD 499,833,000) (GBP 423,666,000)	0.596~ 3.375	General collateral	July 19, 2017 – July 31, 2023	
JBIC bonds 10th, 12th, 13th, 16th, 18th, 19th, 21st–23rd, 25th, 27th, 29th, 30th	February 6, 2004 – May 29, 2008	5,052	3,886 [486]	1.340~ 2.090	General collateral	December 20, 2013 – December 19, 2025	*1
JFC corporate bonds 3rd, 7th, 12th, 17th	October 29, 2009 – May 9, 2011	1,651	1,651 [486]	0.421~ 1.430	General collateral	December 19, 2014 – September 20, 2019	*2
Total	—	\$ 21,531	\$ 26,345	—	—	—	—

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 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, 2014 is as follows:

(In millions of yen)					
	Within 1 year	After 1 year but within 2 years	After 2 year but within 3 years	After 3 year but within 4 years	After 4 year but within 5 years
Amount	¥ 386,347	¥ 575,658	¥ 461,680	¥ 352,425	¥ 663,250

(In millions of U.S. dollars)					
	Within 1 year	After 1 year but within 2 years	After 2 year but within 3 years	After 3 year but within 4 years	After 4 year but within 5 years
Amount	\$ 3,754	\$ 5,593	\$ 4,486	\$ 3,424	\$ 6,444

28. Borrowings

Borrowings as of March 31, 2014 are as follows;

	Balance at the beginning of current period (In millions of yen)	Balance at the end of current period (In millions of yen)	Balance at the end of current period (In millions of U.S. dollars)	Average interest rate (%)	Due date of payment
Borrowed money	¥ 7,234,598	¥ 8,407,707	\$ 81,692	0.62	—
Borrowings	7,234,598	8,407,707	81,692	0.62	April 2014 – November 2023
Lease obligation (Due within one year)	23	10	0	—	—
Lease obligation (Due after one year)	35	27	0	—	March 2018
Other interest-bearing liabilities	105,240	63,140	613	0.04	—
Cash collateral received for financial instruments	105,240	63,140	613	0.04	—

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.

- As for the lease obligation, there is no average lease rate since the short-cut method is applied for these transactions.
- There is no fixed maturity date for the repayment of cash collateral received for financial instruments.
- Borrowed money and lease obligation maturities for the next five years as of March 31, 2014 are as follows;

(In millions of yen)					
	Within 1 year	After 1 year but within 2 years	After 2 year but within 3 years	After 3 year but within 4 years	After 4 year but within 5 years
Borrowings	¥ 966,128	¥ 1,027,076	¥ 681,156	¥ 1,047,388	¥ 3,977,258
Lease obligations	10	10	10	6	—

(In millions of U.S. dollars)					
	Within 1 year	After 1 year but within 2 years	After 2 year but within 3 years	After 3 year but within 4 years	After 4 year but within 5 years
Borrowings	\$ 9,387	\$ 9,979	\$ 6,618	\$ 10,177	\$ 38,644
Lease obligations	0	0	0	0	—

29. Reserves

Reserves as of March 31, 2014 are as follows;

(In millions of yen)

	Balance at the beginning of current period	Increase during the fiscal year	Decrease during the fiscal year (use for purpose)	Decrease during the fiscal year (others)	Balance at the end of current period
Allowance for loan losses	¥ 138,891	¥ 42,584	¥ —	¥ 52,590	¥ 128,885
General allowance for loan losses	32,612	39,616	—	32,612	39,616
Specific allowance for loan losses	86,387	—	—	86	86,300
Allowance for possible losses on specific overseas loans	19,891	2,968	—	19,891	2,968
Provision for bonuses	445	483	445	—	483
Provision for directors' bonuses	5	5	5	—	5
Provision for directors' retirement benefits	29	6	15	—	20
Total	¥ 139,372	¥ 43,080	¥ 466	¥ 52,590	¥ 129,395

(In millions of U.S. dollars)

	Balance at the beginning of current period	Increase during the fiscal year	Decrease during the fiscal year (use for purpose)	Decrease during the fiscal year (others)	Balance at the end of current period
Allowance for loan losses	\$ 1,350	\$ 413	\$ —	\$ 511	\$ 1,252
General allowance for loan losses	317	385	—	317	385
Specific allowance for loan losses	839	—	—	0	839
Allowance for possible losses on specific overseas loans	194	28	—	194	28
Provision for bonuses	4	5	4	—	5
Provision for directors' bonuses	0	0	0	—	0
Provision for directors' retirement benefits	0	0	0	—	0
Total	\$ 1,354	\$ 418	\$ 4	\$ 511	\$ 1,257

Note The main factors in the decrease during the fiscal year 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

30. Asset Retirement Obligation

Not applicable

31. Components of major assets and liabilities

Components of major assets and liabilities as of March 31, 2014 are as follows:

(a) Assets:

(i) Due from banks:

Deposits with Bank of Japan (¥42,366 million (\$412 million)) and other banks (¥680,822 million (\$6,616 million))

(ii) Other securities:

Foreign securities (¥227,201 million (\$2,208 million))

(iii) Prepaid expenses:

General and administrative expenses (¥317 million (\$3 million))

(iv) Accrued income:

Accrued interest on loans (¥34,737 million (\$338 million)), and others

(v) Other:

Guarantees other (¥139 million (\$1 million)) and suspense payments (¥131 million (\$1 million))

(b) Liabilities

(i) Accrued expenses:

Accrued interest on borrowings and rediscounts (¥15,546 million (\$151 million)), accrued interest on bonds (¥13,167 million (\$128 million)), and others

(ii) Unearned revenue:

Guarantee commission (¥51,975 million (\$505 million)), and others

(iii) Other liabilities

Suspense receipts (¥170 million (\$2 million)), and others

2. Composition of Liabilities and Net Assets

(Unit: millions of yen, %)

	March 31, 2013		March 31, 2014	
	Amount	% (Note)	Amount	% (Note)
Liabilities	12,083,506	83.7	14,004,734	85.7
Borrowed Money	7,234,598	50.1	8,407,707	51.4
Bonds Payable	2,215,962	15.4	2,711,377	16.6
Acceptances and Guarantees	2,400,699	16.6	2,422,658	14.8
Other	232,247	1.6	462,990	2.8
Net Assets	2,346,738	16.3	2,341,312	14.3
Capital Stock	1,360,000	9.4	1,360,000	8.3
Retained Earnings	851,685	5.9	911,366	5.6
Valuation Difference on Available-for-sale Securities	2,221	0.0	5,472	0.0
Deferred Gains or Losses on Hedges	132,831	0.9	64,472	0.4
Total Liabilities and Net Assets	14,430,245	100	16,346,047	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 which are calculated in accordance with Basel II framework (the standardized approach/International Financial Reporting Standards) are set in the table below.

(Unit: millions of yen)

Core Capital (Tier I)	(A)	2,231,156
Supplementary Capital (Tier II)	(B)	39,616
Exclusion	(C)	—
Total Capital (A)+(B)–(C)	(D)	2,270,772
Risk Assets, etc.	(E)	12,632,451
Total Capital Ratio (D)/(E)		17.98%

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			Fiscal Year Ended March 31, 2014		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-earning Assets	9,908,559	167,947	1.69	13,126,752	181,143	1.38
Loans and Bills Discounted	8,630,420	132,408	1.53	11,864,173	149,769	1.26
Due from Banks	461,807	1,232	0.27	640,483	1,623	0.25
Interest-bearing Liabilities	8,384,335	119,510	1.43	10,731,675	115,677	1.08
Borrowed Money	5,874,376	63,797	1.09	8,161,468	57,187	0.70
Bonds Payable	2,222,932	55,476	2.50	2,487,554	58,430	2.35

4. Breakdown of Operating Expenses

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2013	Fiscal Year Ended March 31, 2014
Salaries and Other Compensations	4,685	4,763
Expenses for Retirement Benefits	3,051	(745)
Welfare Benefits	545	639
Amortization of Property and Equipment	1,018	1,245
Leasing on Land, Buildings and Machinery	184	163
Building Maintenance	229	77
Supplies	202	328
Utilities	94	107
Traveling Expenses	1,270	1,297
Communications	92	109
Advertising Expenses	3	2
Fees, Donations and Social Expenses	14	13
Taxes	298	313
Other	5,859	6,636
Total	17,551	14,952

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

(Unit: millions of yen)

	March 31, 2013	March 31, 2014
Due from Banks in Japanese Yen	310,000	180,000
Due from Banks in Foreign Currencies	425,707	437,086
Receivables under Resale Agreements	284,902	202,733
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, 2014; 100 millions of yen)

	Contract Amounts / Notional Amounts	Credit Risk Amounts	Market Value
Interest Rate Swaps	29,621	708	133
Currency Swaps	48,665	4,324	(2,438)
Forward Exchange Contracts	17	0	0
Other Derivatives	—	—	—
Credit Risk Reductions through Netting		(3,026)	
Total	78,304	2,006	(2,305)

(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	Fiscal Year Ended March 31, 2014
(A)–(B)	0.27	0.30
Yields on Interest-earning Assets (A)	1.70	1.38
Costs of Interest-bearing Liabilities (B)	1.43	1.08

(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 current account deposit) + Cash collateral paid for financial instruments

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 + Cash collateral received for financial instruments

8. Loans Outstanding per Employee

(Unit: millions of yen)

March 31, 2013	March 31, 2014
19,692	23,923

9. Loans Outstanding by Industry

(Unit: millions of yen)

Industry	March 31, 2013		March 31, 2014	
	Number of Loans	Balance	Number of Loans	Balance
Manufacturing	91	297,487	90	324,494
Mining and Quarrying of Stone and Gravel	10	280,876	9	314,828
Construction	2	2,628	2	1,911
Electricity, Gas, Heat Supply, and Water	5	327,458	6	357,931
Information and Communications	1	1,400	2	221,000
Transport and Postal Services	5	41,636	5	32,537
Wholesale Trade	19	857,525	17	877,287
Finance and Insurance	16	1,901,498	20	2,338,289
Goods Rental and Leasing	7	45,300	3	197,512
Overseas Yen Loan and Domestic Loans Transferred Overseas	447	6,807,548	479	7,989,608
Total, Including Others	603	10,563,360	633	12,655,401
Loans Outstanding to Small and Medium-sized Enterprises	72	10,447	102	15,847
Loans Outstanding to Mid-tier Enterprises	60	20,524	62	28,876

(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	Fiscal Year Ended March 31, 2014
—	—

11. Assets in Major Foreign Currencies

(Unit: thousands of regarding currency unit)

	March 31, 2013	March 31, 2014
Cash Equivalents in Foreign Currency (US\$)	5,110,297	3,954,743
Cash Equivalents in Foreign Currency (STG£)	17,793	445,717
Cash Equivalents in Foreign Currency (EUR)	10,411	12,824
Cash Equivalents in Foreign Currency (AUD)	0	—
Cash Equivalents in Foreign Currency (THB)	—	0
Cash Equivalents in Foreign Currency (CAD)	192,465	116,897
Investments in Foreign Currency (US\$)	900,047	1,104,649
Equity Investments in Foreign Currency (US\$)	103,588	125,652
Equity Investments in Foreign Currency (EUR)	0	0
Equity Investments in Foreign Currency (CNY)	18,000	65,580
Equity Investments in Foreign Currency (INR)	—	260,000
Equity Investments in Foreign Currency (SGD)	165,999	165,999
Loans in Foreign Currency (US\$)	88,219,328	97,601,044
Loans in Foreign Currency (EUR)	558,771	1,035,388
Loans in Foreign Currency (ZAR)	359,900	756,400
Loans in Foreign Currency (AUD)	330,397	2,930,397
Loans in Foreign Currency (THB)	3,132,900	4,603,900
Loans in Foreign Currency (SDR)	669,180	467,883
Loans in Foreign Currency (CAD)	1,209,770	1,286,635
Loans in Foreign Currency (CNY)	—	75,340
Loans in Foreign Currency (IDR)	230,000,000	386,500,000

12. Administrative Expense Ratio

(Units: %)

	Fiscal Year Ended March 31, 2013	Fiscal Year Ended March 31, 2014
Administrative Expense Ratio	0.16	0.10

(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, 2014

(Unit: 100 millions of yen)

Maturity	Collection from Loans
1 Year or Less	18,015
1-2 Years	15,114
2-3 Years	10,405
3-4 Years	11,713
4-5 Years	10,960
5-6 Years	10,491
6-7 Years	9,402
7-8 Years	8,120
8-9 Years	6,745
9-10 Years	5,336
11-15 Years	14,884
16-20 Years	3,558
21-25 Years	76
26-30 Years	11
31-35 Years	—
36-40 Years	—
Over 40 Years	—
Total	124,834

(Note) The figures exclude: ¥171,962 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 Foreign Exchange Fund Special Account as of March 31, 2014

(Unit: 100 millions of yen)

Maturity	Repayment of Borrowings
1 Year or Less	9,661
1-2 Years	10,270
2-3 Years	6,811
3-4 Years	10,473
4-5 Years	39,772
5-6 Years	190
6-7 Years	99
7-8 Years	—
8-9 Years	2,047
9-10 Years	4,751
Over 10 Years	—
Total	84,077

Maturity Structure of Bonds and Notes as of March 31, 2014

(Unit: 100 millions of yen)

Maturity	Redemption of Bonds and Notes
1 Year or Less	3,863
1-2 Years	5,756
2-3 Years	4,616
3-4 Years	3,524
4-5 Years	6,632
5-6 Years	600
6-7 Years	928
7-8 Years	—
8-9 Years	—
9-10 Years	1,029
Over 10 Years	200
Total	27,150

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 March, 2014) 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, 2013	Fiscal Year Ended March 31, 2014
Bankrupt Loans	—	—
Non-accrual Loans	96,140	96,366
Past Due Loans (3 months or more)	69,065	75,579
Restructured Loans	79,976	77,386
Total (1)	245,183	249,332
Total Amounts of Loans (2)	10,555,128	12,655,401
(1) / (2) (%)	2.32	1.97

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, 2013	Fiscal Year Ended March 31, 2014
Loans	Bankrupt and Quasi-bankrupt Assets	—	—
	Doubtful Assets	96,140	96,366
	Substandard Loans	149,042	152,965
	Subtotal (1)	245,183	249,332
	Normal Assets	12,744,811	14,865,229
	Total (2)	12,989,995	15,114,562
	(1) / (2) (%)	1.89	1.65

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 ¥215,181 million as of the end of the fiscal year ended March 31, 2014. 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 ¥77,386 million, of which ¥77,386 million represents the original principal.

Corporate Data

Data 3

1	Board of Directors and Auditors	148
2	Organizational Chart	149
3	Overseas Network	150
4	History	151
5	Japan Bank for International Cooperation Act	152
6	Fundamental Policy on Internal Control	157
7	Security Policy	159
8	Privacy Policy	160



1. Board of Directors and Auditors (As of July 1, 2014)

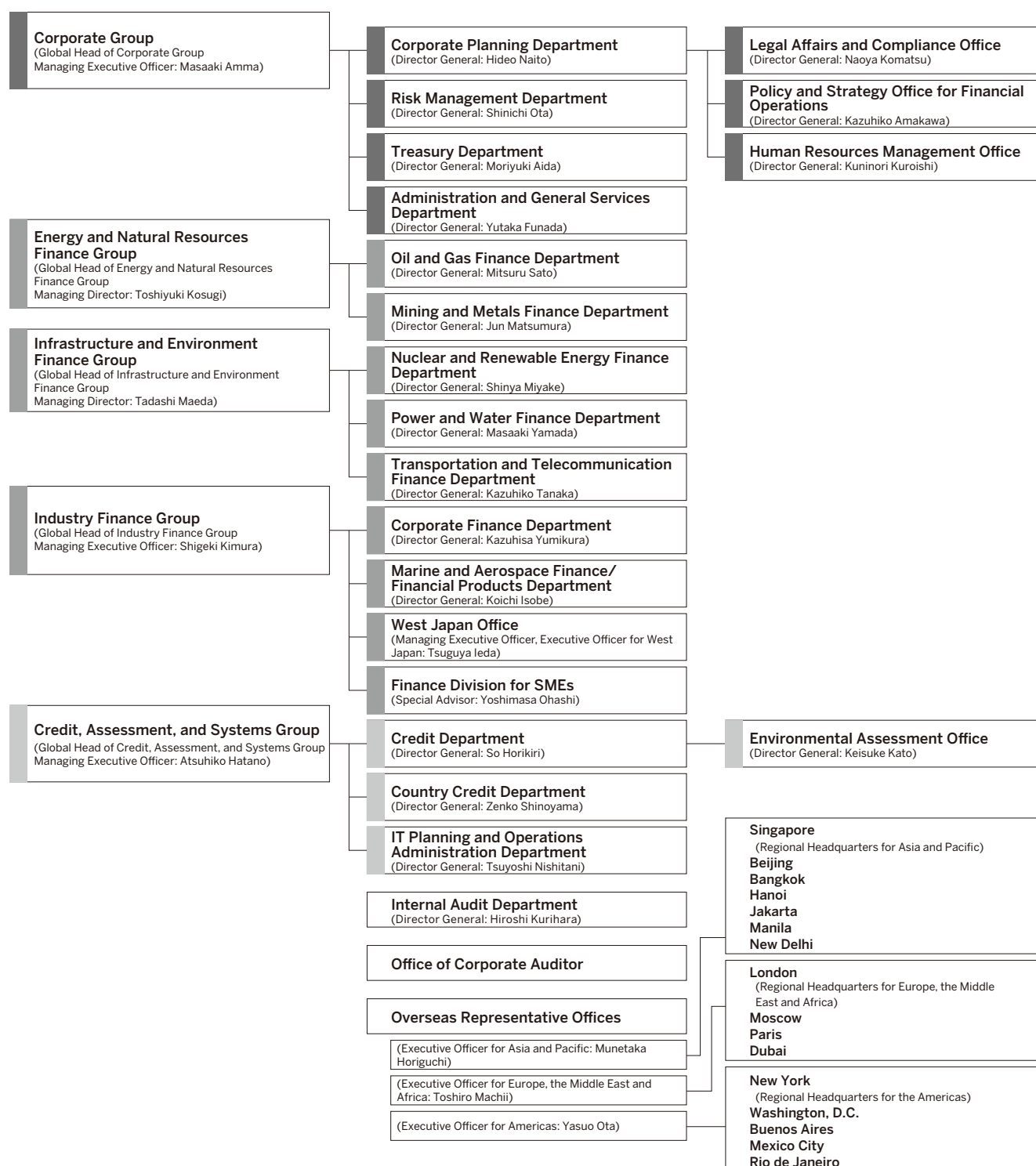
Governor, CEO	Hiroshi WATANABE
Executive Managing Director, COO	Koichi YAJIMA
Senior Managing Director, Global Head of Infrastructure and Environment Finance Group	Tadashi MAEDA
Managing Director, Global Head of Energy and Natural Resources Finance Group	Toshiyuki KOSUGI
Managing Director (Outside Director)	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 October 1, 2014)

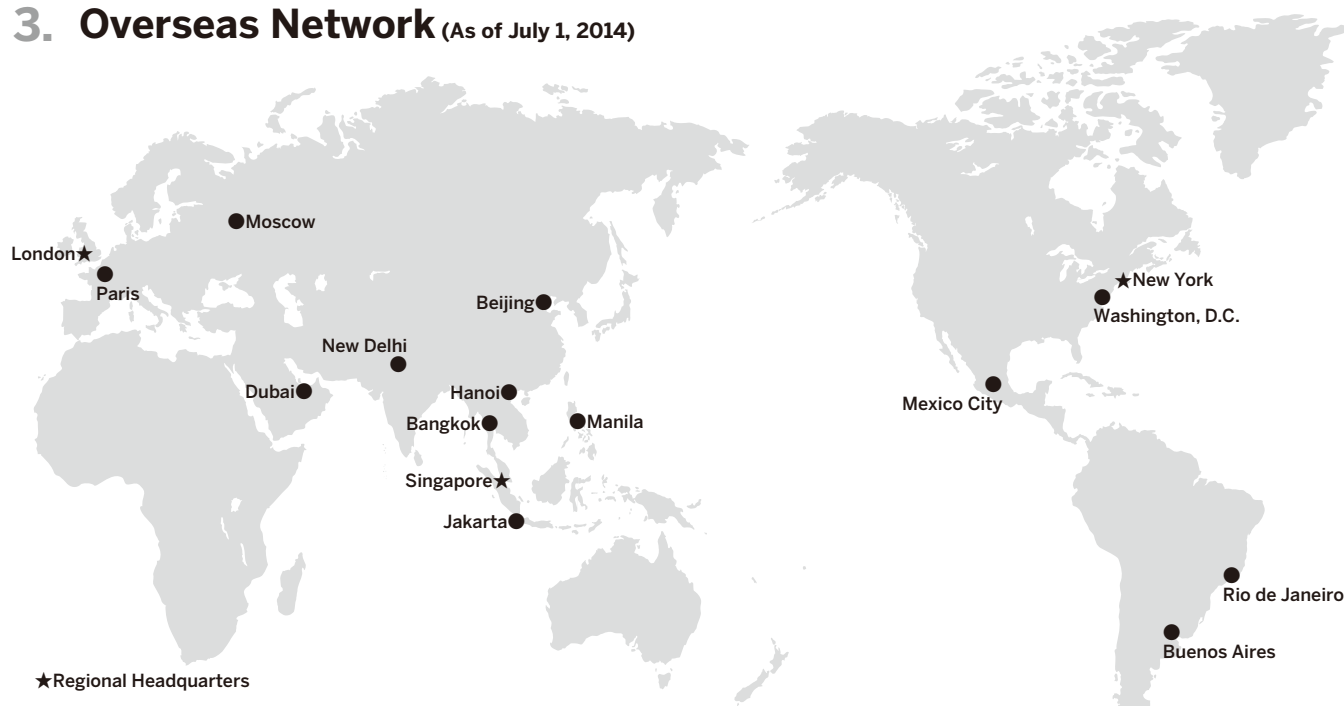
JBIC is constituted by five business groups: three mission/sector-specific finance groups (Energy and Natural Resources Finance Group; Infrastructure and Environment Finance Group; and Industry Finance Group) and the Corporate Group and the Credit, Assessment, and Systems Group which support these finance 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, 2014)



★ REPRESENTATIVE OFFICE IN SINGAPORE

(Regional Headquarters for Asia and Pacific)

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Singapore 048619
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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

1. 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 (hereinafter "the auditor's office staff").
2. When the auditor's office staff concurrently serve in a position other than the auditor's office, JBIC shall secure prior approval of the full-time corporate auditors by making clear each of the following points in writing.
 - (1) The rational reason shall be clearly stated that the auditor's office staff need to concurrently serve in that position.
 - (2) In assisting with the duties of the corporate auditors, the auditor's office staff shall follow the instructions of the corporate auditors

and not the instructions of the position where the auditor's office staff serve concurrently.

- (3) The scope of duties of and instructions to the auditor's office staff in the position other than the auditor's office shall be expressly limited.
- (4) The auditor's office staff shall not share with others the information obtained from performing the duties of the auditor's office while serving in that position.
- (5) The auditor's office staff shall always give priority to the duties of assisting the corporate auditors more than the duties at the office where the staff serve concurrently in order not to hamper the effectiveness of audits by the corporate auditors.
- (6) When the full-time corporate auditors deem it necessary, it is possible for them to withdraw the approval that the auditor's office staff may serve concurrently in any other office.

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

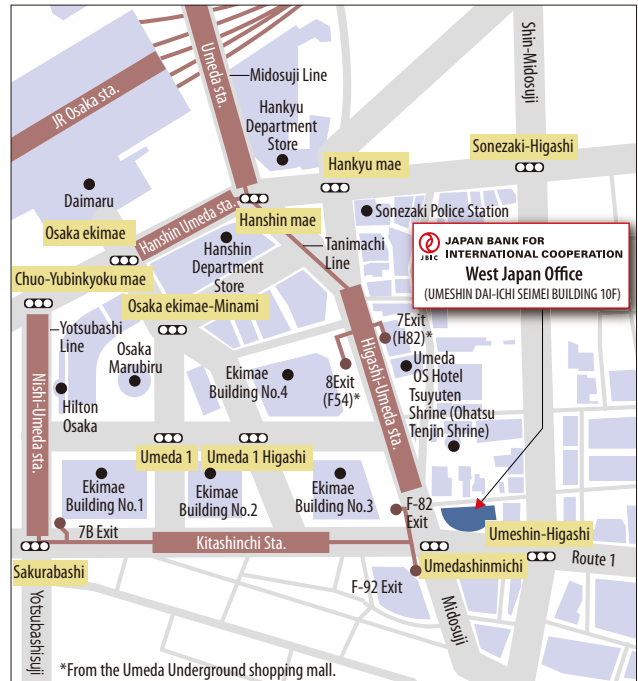
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For further information, please contact

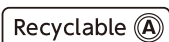
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Annual reports, news release and bulletins, etc. are available on
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Website (URL) <http://www.jbic.go.jp/en/>



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