

2016 Annual Report

日本の力を、世界のために。

Supporting Your Global Challenges



**JAPAN BANK FOR
INTERNATIONAL COOPERATION**

JBIC 2016

Japan Bank for
International Cooperation
Annual Report

1	Profile of JBIC	1
1	Profile	2
2	Interview with the Governor	4
3	Directors, Managing Executive Officers and Corporate Auditors	8
4	Medium-term Business Plan (FY2015–2017)	10
5	Amendment of the Japan Bank for International Cooperation Act	14
6	Outline of Operations in FY2015	16

2	The Environment Surrounding JBIC and Its Challenges	21
1	Energy and Natural Resources Finance Group	22
2	Infrastructure and Environment Finance Group	26
3	Industry Finance Group	30

3	Examples of Business Outcomes in FY2015	35
1	Overview of Business Outcomes by Region	36
2	Examples of Business Outcomes by Region	38
3	Examples of Business Outcomes Relating to Support for Mid-tier Enterprises and SME	47
4	Examples of Business Outcomes Relating to Environment	51
5	Examples of Business Outcomes Relating to Studies, and Collaboration with Overseas Governmental Organizations and International Organizations	53

4	Financial Instruments	55
1	Financial Instruments	56
2	Framework for Supporting Globalization Efforts of Mid-tier Enterprises and SME	66

5	Operational and Administrative Policies	69
1	Corporate Governance	70
2	Risk Management	74
3	Public Information and Disclosure	77

Data 1	Statistics	79
Data 2	Financial Statements	95
Data 3	Corporate Data	149

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 six 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 that of the Japan Bank for International Cooperation.

Profile of JBIC

1 Profile	2
2 Interview with the Governor	4
3 Directors, Managing Executive Officers and Corporate Auditors	8
4 Medium-term Business Plan (FY2015–2017)	10
5 Amendment of the Japan Bank for International Cooperation Act	14
6 Outline of Operations in FY2015	16



The Purpose of JBIC

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

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

Corporate Slogan

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

Corporate Philosophy

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

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

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

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

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

Operational Principles

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

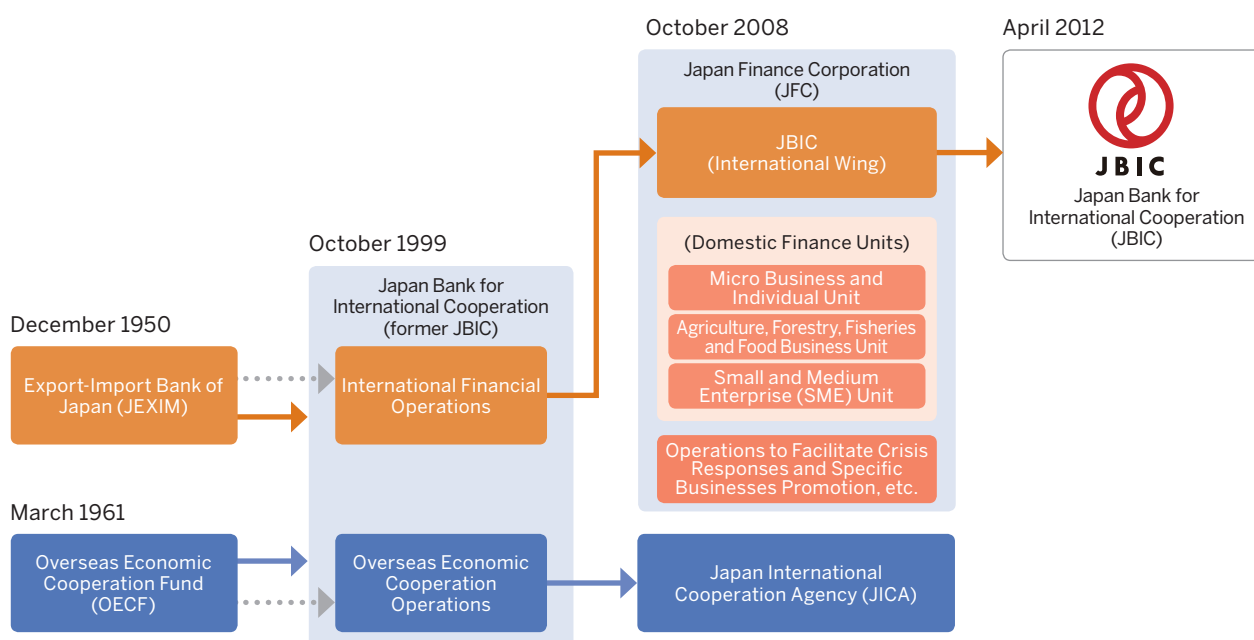
- 1. Supplementing the financial transactions implemented by private-sector financial institutions**
To effectively perform the functions required for policy-based financing, JBIC shall take account of situations where private-sector financial institutions are placed in their international finance activities and supplement their operations.
- 2. Ensuring financial soundness and certainty of repayment**
Pursuant to the JBIC Act, JBIC shall make efforts to maintain the financial soundness of its operations, and when making financial decisions, to conduct adequate screening regarding the outlook for the recovery of funds.
- 3. Maintaining and improving international creditworthiness and confidence**
In order to conduct adequate operations and effective overseas funding operations, JBIC shall maintain and improve the international creditworthiness and confidence gained by JBIC over the years.
- 4. Conducting business operations by drawing on its expertise and initiatives**
JBIC shall conduct operations by drawing on its own expertise and initiatives on international finance.

JBIC Code of Conduct

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

History

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



Profile

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*	¥13,843.9 billion
Outstanding Guarantees*	¥2,464.7 billion

* As of March 31, 2016

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

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

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

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

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

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

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

Akira Kondoh

Governor
Japan Bank for International Cooperation
(JBIC)



Would you briefly explain your objectives as the newly appointed governor?

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

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

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

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

What challenges do you anticipate?

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

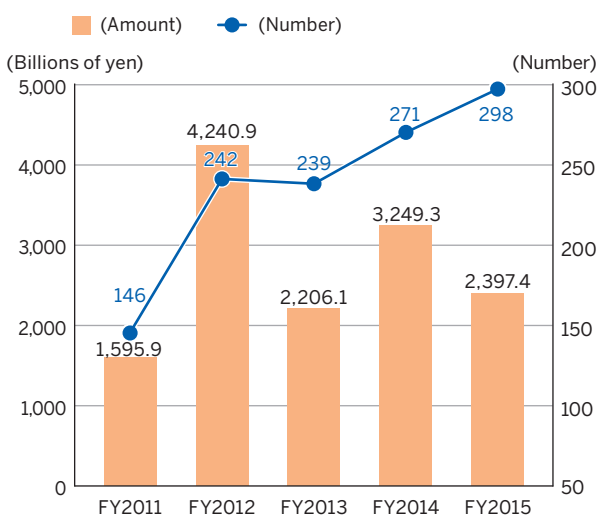
Meanwhile, as demand for infrastructure projects overseas grows, we have significantly increased our risk exposure, in addition to changing the way in which we provide support. Specifically, the May enactment of the Act for Partial Amendment of the Japan Bank for International Cooperation Act has enabled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

Please summarize JBIC's FY2015 performance.

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

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

Loans, Equity Participations and Guarantees (Commitments)



What have been JBIC's major achievements?

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

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

For Japan, which imports most of its natural resources from overseas, securing a stable long-term

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

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

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

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

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

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

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

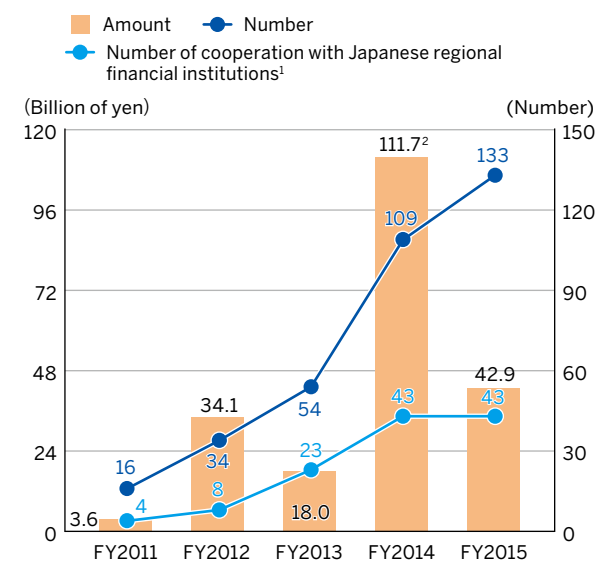
Mid-tier enterprises and SME expressed optimism with the inauguration of the new JBIC in 2012 and, having

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

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

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

Commitments to Mid-tier Enterprises and SME



Notes

1. Includes separate loan agreements based on SME-supporting two-step loans for regional banks.
2. Commitments in FY2014 include loans amounting to approximately ¥75.4 billion to fund the Mizkan Group's acquisition of a pasta sauce business from a Unilever subsidiary in the U.S.

Please summarize JBIC's initiatives for this fiscal year and the future outlook.

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

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

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

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

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

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

I believe that JBIC has two broad responsibilities. First, it must procure a stable, long-term supply of natural resources for Japan. Natural resource prices tend to fluctuate, and for Japan—which depends on overseas



sources for most of its natural resources—securing such resources is an ongoing challenge in which JBIC must continue to be involved.

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

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

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

Directors, Managing Executive Officers and Corporate Auditors

(As of August 1, 2016)



(Back row, from left)

Managing Director
Masaaki Amma

Managing Director
Shinichi Koizumi

(Front row, from left)

CEO, Executive Managing Director
Tadashi Maeda

Governor
Akira Kondoh

COO, Senior Managing Director
Nobumitsu Hayashi



(Back row, from left)

Managing Executive Officer
Shigeki Kimura

Managing Executive Officer
Yasuhiko Yoshida

(Front row, from left)

Managing
Executive Officer
Kazuhiko Amakawa

Managing
Executive Officer
Kenichiro Hayashi

Managing
Executive Officer
Hideo Naito



Corporate Auditor
Tatsuo Igarashi

Corporate Auditor
Yasuo Ota

Corporate Auditor
Yuko Tamai

■ Directors

Governor	Akira Kondoh
CEO, Executive Managing Director	Tadashi Maeda
COO, Senior Managing Director	Nobumitsu Hayashi
Managing Director	Masaaki Amma
Managing Director (Outside Director)	Shinichi Koizumi

■ Managing Executive Officers

Managing Executive Officer Global Head of Corporate Group	Kenichiro Hayashi
Managing Executive Officer Global Head of Energy and Natural Resources Finance Group	Kazuhiko Amakawa
Managing Executive Officer Global Head of Infrastructure and Environment Finance Group	Hideo Naito
Managing Executive Officer Global Head of Industry Finance Group	Shigeki Kimura
Managing Executive Officer Global Head of Credit, Assessment, and Systems Group	Yasuhiko Yoshida

■ Corporate Auditors

Corporate Auditor (Full-time Corporate Auditor)	Yasuo Ota
Corporate Auditor (Outside Corporate Auditor)	Tatsuo Igarashi
Corporate Auditor (Outside Corporate Auditor)	Yuko Tamai

JBIC, since its inception in April 2012, has been proactively supporting Japanese companies' overseas operations, including acquisition of energy and natural resources, infrastructure projects, M&A, as well as overseas business deployment of Japanese mid-tier enterprises and SME, utilizing a diverse array of financial schemes, including involvement in projects from the formation stage and performing risk-assuming functions. As a result, under JBIC's three-year Medium-term Business Plan (FY2012–2014), the loans, equity participations, and guarantees carried out during the period amounted to a cumulative total of ¥9,700 billion.

At present, Japan is grappling with such structural challenges as population decline, a low birth rate, and population aging. Despite these challenges, the country is in the process of breaking free from more than two decades of economic stagnation as it works to regain its dynamism. To put the Japanese economy on a sound growth track and further lift society's level of affluence, it is essential to improve

the productivity of the economy as a whole and strengthen the country's earning power. As one of the keys to achieving this goal, what is called for is the building of a new growth engine for the Japanese economy, particularly through opening up new frontiers. For example, this includes Japanese enterprises taking up the challenge of creating new businesses and the promotion of international project development.

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

Our Goal

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

Our Goal and Key Action Plans

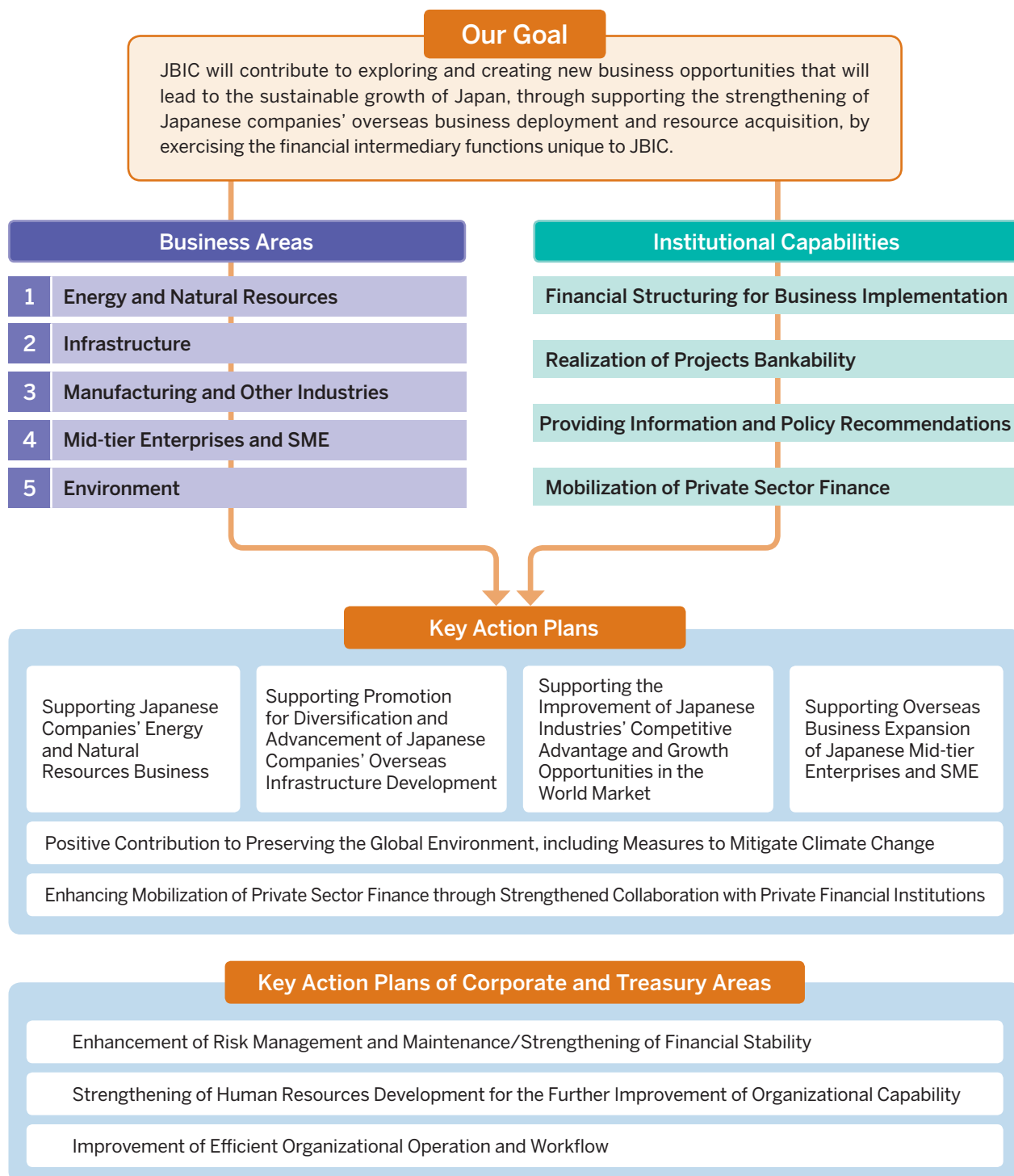
- Established our "Goal" to conduct business more proactively and further contribute toward Japan's sustainable future growth.
- Identified 5 "Business Areas" which JBIC needs to focus on.
- Identified 4 "Institutional Capabilities" to be demonstrated and strengthened, which are essential to better perform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

Key Action Plans

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

In these three business areas, JBIC will emphasize activities with higher difficulty levels such as those that require mid-to-long term project formation.

In these two areas, JBIC will emphasize the whole range of activities of the Key Action Plans.



Details of Key Action Plans*

■ 1. Supporting Japanese Companies' Energy and Natural Resources Business

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

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

1-2 Promoting projects that reduce LNG procurement costs

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

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

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

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

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

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

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

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

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

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

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

■ 4. Supporting Overseas Business Expansion of Japanese Mid-tier Enterprises and SME

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

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

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

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

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

6. Enhancing Mobilization of Private Sector Finance through Strengthened Collaboration with Private Financial Institutions

Further enhancement of private sector finance mobilization

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

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

Amendment of the Japan Bank for International Cooperation Act

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

Following economic growth and rapid urbanization in emerging economies, global demand for infrastructure development is expected to continue expanding. Responding to this trend, the Japanese government announced the "Partnership for Quality Infrastructure." This initiative intends to promote "Quality Infrastructure Investment," referring to infrastructure investment under which life-cycle costs,* safety, resilience against natural

disasters, environmental and social impacts, and contributions to the local society and economy are adequately taken into account.

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

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

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



CEO, Executive Managing Director
Tadashi Maeda

■ Please briefly explain the act and its purpose.

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

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

■ Please describe the principal content of the amendments.

The amendments largely impact three areas. The first area is the Special Operations. Under the account for Special Operations, it is expected to provide deepened support for

Three primary enhancements were made to JBIC's functions by this amendment .

■ **Establishment of Special Operations**

The Operations enable JBIC to take further risks to support overseas infrastructure projects.

■ **Expansion of JBIC's operations in local currency**

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

■ **Improvement of JBIC's financial tools**

JBIC has introduced new financial tools to further support the overseas deployment of Japanese companies.

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

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

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

■ **What do you view as the future challenges?**

I believe that the most important challenge lies in JBIC's risk management framework. Even though types of risks and their impacts vary, no project is completely free of risk. It is, thus, imperative that we understand how to measure, analyze and control risks.

To that end, it is important to participate in project formulation from the early stages, and to manage projects adequately to minimize risks. So, for example, when dealing with railroad projects, JBIC is expected to utilize its status as a public institution to have an intensive discussions with projects' host country

governments regarding their transportation policies, and confirm the importance and priority of projects to be undertaken. Conducting more detailed examinations of a project's feasibility is also of great importance. This entails continuing to introduce more sophisticated analytical methods to eliminate uncertainty associated with, for instance, a ridership risk.* I believe it is vital that JBIC take advantage of the networks and skills it has cultivated through previous projects, and further refine such expertise.

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

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

Operational Highlights

The total amount of commitments JBIC made during FY2015 in loans, guarantees and equity participation was ¥2,397.4 billion, which is 26.2% less than that of FY2014.

The outstanding amount of loans and guarantees as of March 31, 2016, was ¥16,308.6 billion.

The following is a report on JBIC's major operations in each sector during FY2015.

Efforts in the Energy and Natural Resources Sector

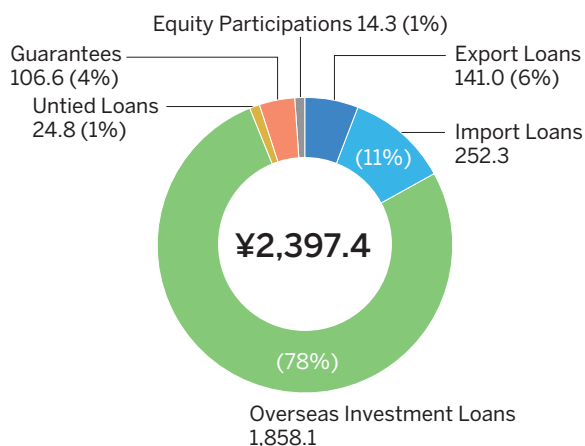
Through the acquisition of upstream resource interests, diversification of supply sources, enhancement of the fuel value chain, and strengthening of relationships with resource-rich countries, JBIC contributes to securing a stable long-term supply of resources.

JBIC provided necessary support to Abu Dhabi National Oil Company (ADNOC) for Japanese companies

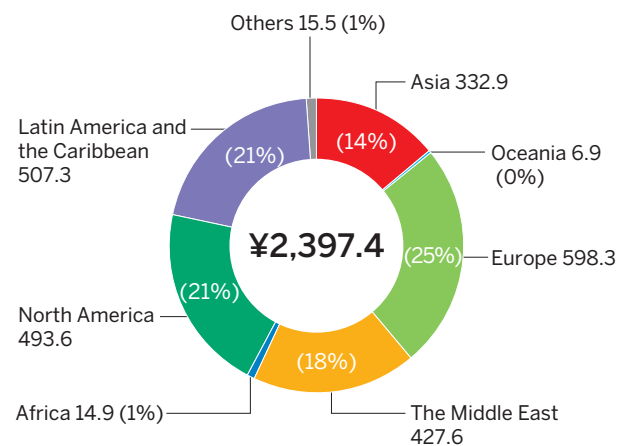
to secure steady imports of crude oil. JBIC also supported the Sakhalin-I Odoptu Field Stage-2 Development Project in Russia, as well as the offshore FPSO¹ project in Brazil, and financed the shipping businesses of LNG tankers. Furthermore, JBIC financed a methanol and dimethyl ether² production project in Trinidad and Tobago, and a titanium sponge production and sales business in Saudi Arabia. The businesses in both countries are being conducted by Japanese companies.

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

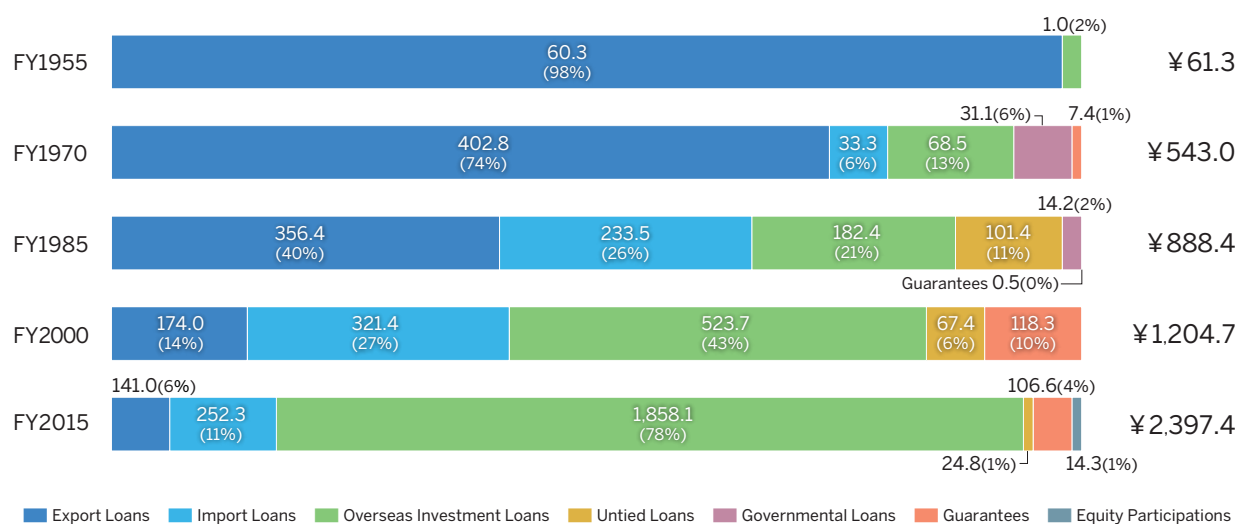
Commitments by Purpose of Financing (FY2015; unit: billions of yen)



Commitments by Region (FY2015; unit: billions of yen)



Changing Composition of Loans, Equity Participations and Guarantees (Commitments) (Unit: billions of yen)



■ Supporting the Overseas Deployment of Infrastructure Business by Japanese Companies

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

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

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

■ Support for Japanese Companies' Strategic Overseas Business Deployment

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

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

■ Supporting Exports by Japanese Companies

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

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

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

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

Mexico by Japanese companies.

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

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

■ Supporting Japanese Companies with Local Currency Loans

JBIC provided 18 local currency loans³ totaling the equivalent of approximately ¥7.4 billion. They included JBIC's first Indian rupee loan to fund the automotive, appliance, commercial, and industrial motors manufacturing and sales businesses in India by Japanese companies; and a Thai baht loan to fund the hygienic products manufacturing and sales business in Thailand.

■ Supporting Issuance of Samurai Bonds

JBIC agreed to provide a guarantee for and to acquire a part of the Samurai bonds (Japanese yen-denominated foreign bonds)⁴ issued by the Indonesian government.

■ Promoting Renewable Energy and Conserving the Global Environment

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

3. In currencies other than JPY, USD and EUR.

4. Samurai bonds are yen-denominated bonds issued by a foreign government or company in the Tokyo bond market.

Operational Results

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

Planned and Actual Lending and Investments

(Unit: billions of yen)

	FY2012		FY2013		FY2014		FY2015	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Export Loans	200.0	143.1	190.0	112.5	200.0	112.0	200.0	148.8
Import Loans and Overseas Investment Loans	1,879.0	2,307.4	1,971.0	2,162.5	1,900.0	2,071.2	1,450.0	1,867.9
Untied Loans	100.0	132.0	50.0	88.5	50.0	64.3	70.0	44.5
Equity Participations	100.0	17.2	100.0	85.4	100.0	30.9	100.0	42.4
Securitization	19.0	—	—	—	—	—	—	—
Total	2,298.0	2,599.8	2,311.0	2,449.0	2,250.0	2,278.6	1,820.0	2,103.8

Financial Results

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

Statement of Operations

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

The Fourth Term for JBIC (FY2015)

Statement of Operations

(April 1, 2015–March 31, 2016; unit: millions of yen)

Accounts	Amounts
Ordinary Income	240,005
Interest Income	213,806
Fees and Commissions	22,091
Other Ordinary Income	141
Other Income	3,965
Ordinary Expenses	197,276
Interest Expenses	123,779
Fees and Commissions Payments	1,653
Other Ordinary Expenses	1,310
General and Administrative Expenses	17,631
Other Expenses	52,901
Ordinary Profit	42,728
Extraordinary Income	43
Net Income	42,772

Balance Sheet

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

Assets		Liabilities and Net Assets	
Accounts	Amounts	Accounts	Amounts
Cash and Due from Banks	1,220,187	Borrowed Money	9,438,450
Securities ^{Note 3}	236,602	Bonds Payable ^{Note 5}	2,668,558
Loans and Bills Discounted ^{Note 4}	13,540,661	Other Liabilities	528,890
Other Assets	256,188	Provision for Bonuses	516
Property, Plant and Equipment ^{Note 6}	27,804	Provision for Directors' Bonuses	6
Intangible Assets	2,737	Provision for Retirement Benefits	7,090
Customers' Liabilities for Acceptances and Guarantees	2,464,703	Provision for Directors' Retirement Benefits	39
Allowance for Loan Losses	(168,262)	Acceptances and Guarantees	2,464,703
		Total Liabilities	15,108,255
		Capital Stock	1,391,000
		Retained Earnings	972,140
		Total Shareholders' Equity	2,363,140
		Valuation Difference on Available-for-sale Securities	4,303
		Deferred Gains or Losses on Hedges	104,923
		Total Valuation and Translation Adjustments	109,226
		Total Net Assets	2,472,367
Total Assets	17,580,622	Total Liabilities and Net Assets	17,580,622

Note: See pages 105 to 106 for details of Notes 3 to 6.

the other hand, JBIC recorded ¥197.2 billion in Ordinary Expenses as a result of posting ¥123.7 billion in funding costs, such as interest expenses. Therefore, Ordinary Profit was ¥42.7 billion, and Net Income totaled ¥42.7 billion, which included Extraordinary Income.

■ Balance Sheet

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

Total Liabilities was ¥15,108.2 billion. This was due in part to Bonds Payable (declined by ¥380.9 billion to ¥2,668.5 billion compared with FY2014) as the amount of redemptions exceeded new issuances, and a reduced yen-equivalent value of foreign bonds because of the yen's appreciation.

Total Net Assets was ¥2,472.3 billion on Net Income of ¥42.7 billion.

Funding Sources

JBIC finances its operations through various sources, including borrowings from the Fiscal Investment and Loan Program (FILP) Fiscal Loan, Government-Guaranteed Foreign Bond issuance and FILP Agency Bond issuance, capital contributions from the government, and borrowings from the Foreign Exchange Fund Special Account.

As JBIC provides long-term financing, its operations are financed by long-term funds to match maturities

between funding and lending instruments.

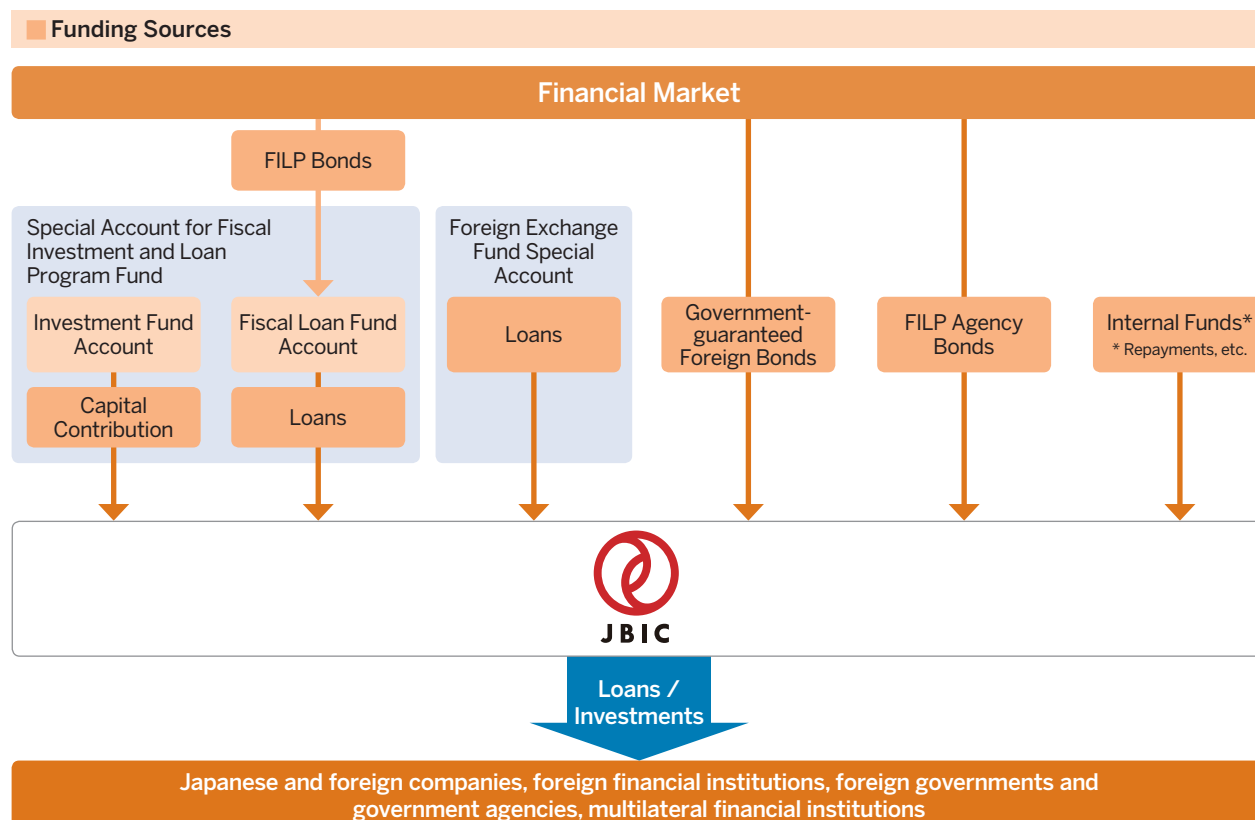
Borrowings from FILP Fiscal Loan, Government-guaranteed Foreign Bond issuance, capital contributions from the government, etc., are included in the national budget (either as an item in the General Account budget or the Special Account budget), and requests for them are submitted to the Diet for approval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

Funding Sources: Actual and Planned

(Unit: billions of yen)

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

* Figures for bonds are indicated at face value.



■ Government-guaranteed Bonds

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

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

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

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

■ FILP Agency Bonds

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

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

Rating & Investment Information, Inc (R&I): AA+
 Japan Credit Rating Agency, Ltd. (JCR): AAA
 Moody's: A1
 Standard & Poor's: A+

The Environment Surrounding JBIC and Its Challenges

- 1 Energy and Natural Resources Finance Group.....22
- 2 Infrastructure and Environment Finance Group.....26
- 3 Industry Finance Group.....30





A Message from the Global Head of the Group

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

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

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

Kazuhiko Amakawa

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

Business Environment and Priority Issues

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

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

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

that Japan keeps the medium and long-term purchase prices of LNG in check by diversifying the pricing system for imported LNG.

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

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

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

JBIC's Activities

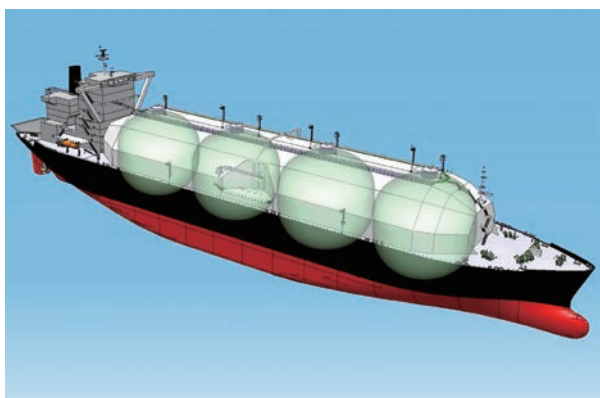
During FY2015, JBIC took on the following efforts to address the issue of securing a stable supply of energy and mineral resources from overseas.

Oil and Natural Gas

By providing the necessary funds—through project finance¹—for shipping business of LNG carriers to be used for transporting LNG from the U.S. Cameron and the Freeport LNG Projects to Japan, JBIC has supported both projects, the first projects to export LNG based on long-term contracts from the U.S. mainland to Japan.

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

JBIC will strengthen ties with countries that are vital for Japan's resource strategy, and will make available financial support to secure energy resources and a stable energy supply. In FY2015, JBIC provided the necessary funds for Japanese companies to secure a long-term, steady supply of crude oil from the Emirate of Abu Dhabi,



LNG carriers to transport gas from the U.S. Freeport LNG Project.
Source: Artist's rendition.

one of the United Arab Emirates (UAE), and funding to Russian Sakhalin-I Odoptu Field Stage-2 development. Approximately 60% of the oil field concession rights owned by Japanese companies in Abu Dhabi are scheduled to expire in 2018, and JBIC's funding will indirectly support the renewal of the rights for these concessions. Further, the Japanese company participating in the Sakhalin-I project is entitled to receive a quantity of crude oil produced from the project in proportion to its participating interest. It is expected that this crude oil will be sold primarily to Japan.

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

Turning to the Caribbean, JBIC has provided a project financing loan to support a joint venture in the Republic of Trinidad and Tobago. The company will produce methanol and dimethyl ether,² two raw materials derived from natural gas. Methanol is used as a gasoline additive, fuel for fuel cells, and raw material in chemical products, such as adhesive agents and synthetic resins. Since Japan depends entirely on imported methanol, it is vital that its procurement sources be diversified. The project is expected to result in expanding and diversifying those methanol production bases in which Japanese companies invest, and securing a stable supply of energy resources for Japan.



Production of methanol and dimethyl ether in Trinidad and Tobago

1. Project finance is a financing scheme in which repayments are made solely from cash flows generated by a project and secured only by project assets.
2. Dimethyl ether can be used as a substitute for LPG or diesel in automobiles, or for power generation. The gas has been receiving a significant amount of attention as a next-generation source of clean energy.

■ Mineral Resources

JBIC supports the overseas business deployment of Japanese companies in the steel industry, and has financed Japanese companies in Indonesia that manufacture and sell steel products for construction and automotive steel sheets. Given that demand for these products is expected to expand, driven by the country's economic growth, JBIC supports the expansion of Japanese companies' sales bases, and endeavors to contribute to maintaining and strengthening their global competitiveness. JBIC has also provided a loan to finance Japanese companies' joint venture business of manufacturing and sales of large-diameter welded steel pipes for oil and gas pipelines in the UAE. JBIC expects that, by producing high-quality steel pipes for pipelines locally, Japanese companies will enhance their ability to respond to customer needs and improve cost competitiveness in the Middle East, the world's leading producer of oil and natural gas.



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

■ Strengthening Ties with Resource-rich Countries

To secure stable supplies of natural resources, it is necessary to strengthen relationships with the countries and major companies supplying the resources. Leveraging



Manufacturing and sales business of large-diameter welded steel pipes for oil/gas pipelines in the UAE

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

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

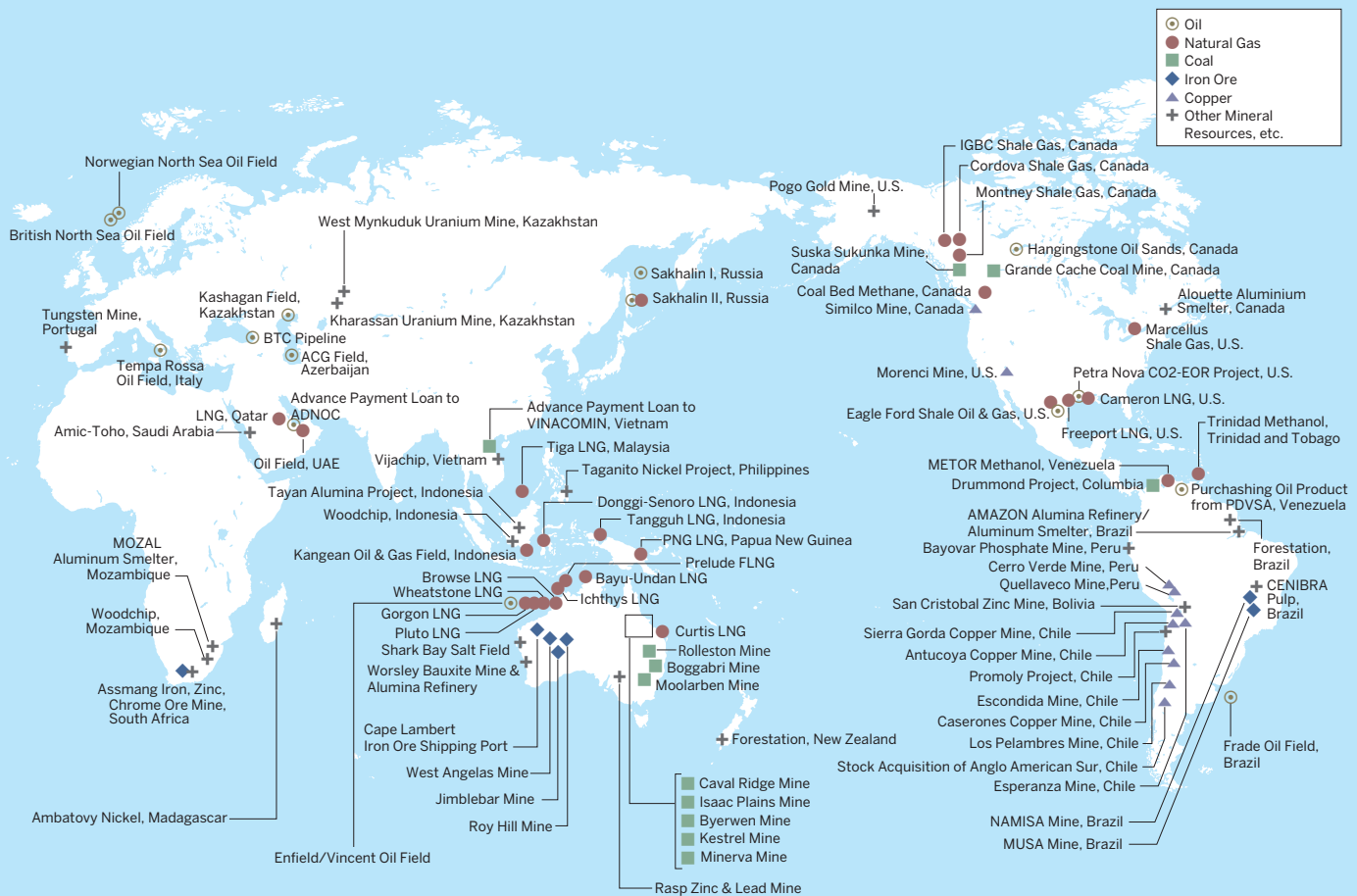


Signing of an MOU with ADNOC to cooperate in the oil and gas sectors.

■ Looking Ahead

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

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



to the securing of a stable supply of natural resources.

To enable Japan to diversify its procurement sources, JBIC is willing to support natural resource development projects in connection with the interests and transactions of Japanese companies, particularly those in Africa which is viewed as the last frontier for natural resources. Non-African countries have started investing in those projects. As acknowledged at the Tokyo International Conference on African Development (TICAD), natural resource development projects in Africa help support African countries' economies. They create domestic employment where the project is implemented, facilitate foreign currency inflows, and promote related infrastructure and industry development.

LNG production currently outstrips demand, and uncertainty lingers regarding future demand. In response, Japanese electric and gas companies are seeking to diversify their LNG procurement sources and the pricing system for LNG transactions, and to withdraw from destination clauses to realize the liquidity and flexibility of the transaction.

In addition to the previously mentioned Cameron and Freeport LNG projects in the U.S., there are also plans for shale gas-based LNG projects in other parts of North America which will be exported to Japan and other

Asian countries. Since the projects are expected to satisfy the needs of the Japanese electric and gas companies mentioned above, JBIC will proactively consider support for these projects.

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

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

2 Infrastructure and Environment Finance Group



A Message from the Global Head of the Group

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

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

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

Hideo Naito

Managing Executive Officer
Global Head of Infrastructure and Environment Finance Group

Business Environment and Priority Issues

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

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

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

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

With this in mind, the Japanese government set up three strategic policies: (1) the Japan Revitalization Strategy, endorsed by the Cabinet in June 2013, and revised in June 2016; (2) the Infrastructure Systems



Participation by a Japanese company in a natural gas-fired combined cycle power plant project and desalination project in Qatar

Export Strategy, adopted in May 2013 at the Ministerial Meeting on Strategy Relating Infrastructure Export and Economic Cooperation, and revised in May 2016; and (3) the Basic Policy on Economic and Fiscal Management and Reform, endorsed by the Cabinet in June 2013, and revised in June 2016.

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

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

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



The export of infrastructure systems generates various

The Infrastructure Systems Export Strategy divides

27



Participation by a Japanese company in a geothermal power generation project in Iceland
© Mr. Hreinn Hjartason

emerging-market countries targeted for overseas infrastructure development into three groups: (1) China and ASEAN; (2) Southwest Asia, the Middle East, Russia, the Commonwealth of Independent States (CIS), as well as Central and South America; and (3) Africa. Designating China and ASEAN as top-priority regions, the strategy states that Japan will encourage the introduction of high-quality and robust infrastructure systems that lead to greater connectivity within the ASEAN region.

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

■ Three Challenges Japanese Companies Face in Overseas Infrastructure Projects

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

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

parts in cooperation with foreign companies.

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

The third challenge is best represented by infrastructure projects in emerging and developing countries, in which there are cases where the system places excessive risks on project owners. These risks include inadequacies in the legal system related to the responsibilities of local governments and state-owned companies in electricity purchase agreements, and insufficient compensation by the local government regarding ridership risks³ in transportation projects. Furthermore, for construction projects that involve several governments agencies or occur in several local governments, it is not uncommon for the central government to lack the ability to coordinate related parties and monitor the project. Under these conditions, it has to be said that, when looked at from the perspective of a private-sector company considering participating in the project, the feasibility of the project scheme is extremely low, which makes it difficult to obtain private investment for the project.

In these situations, the expected approach is for the public and private sectors to have an extensive exchange of opinions and to form a partnership from the early stages of the project, so that the project will be feasible in the eyes of both parties. By engaging in activities of the host country government as early as the project formulation phase (the early stage when the business plan and risk distribution are proposed by the government) through, for example, creating a company to facilitate project formulation or regular dialogues with the host country government, the Japanese side will be able to offer appropriate support to the host country government in such aspects as the project's basic scheme, as well as its implementation and management. It will also allow the adoption of bidding criteria covering all aspects of the project, including life-cycle costs.⁴ These actions will, in turn, increase the probability of developing highly feasible projects that meet the realities and needs of all participants.

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

4. Life-cycle cost is the sum of all costs throughout a project—including those of maintenance, final dismantling, and disposal—not only for planning, design, and construction, or other costs that emerge in the initial phase of a project.

■ Support for Export of Infrastructure Systems

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

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

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

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

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

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

■ JBIC's Commitment to Preserving the Global Environment

Achieving economic development compatible with



Participation by a Japanese company in a offshore wind power generation project in the Netherlands

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

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

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

In addition to supporting the business activities by Japanese companies, JBIC will continue to provide financial support for efforts aimed at global environmental preservation by making most of the GREEN operations.



A Message from the Global Head of the Group

The Industry Finance Group focuses primarily on maintaining and strengthening the international competitiveness of various industries in Japan through wide-ranging methods of financing. The Group comprises the Corporate Finance Department, Finance Office for SME, the Marine and Aerospace Finance Department, and the West Japan Office.

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

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

Shigeki Kimura

Managing Executive Officer
Global Head of Industry Finance Group

Business Environment and Priority Issues

Japanese Companies Targeting Larger M&A

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

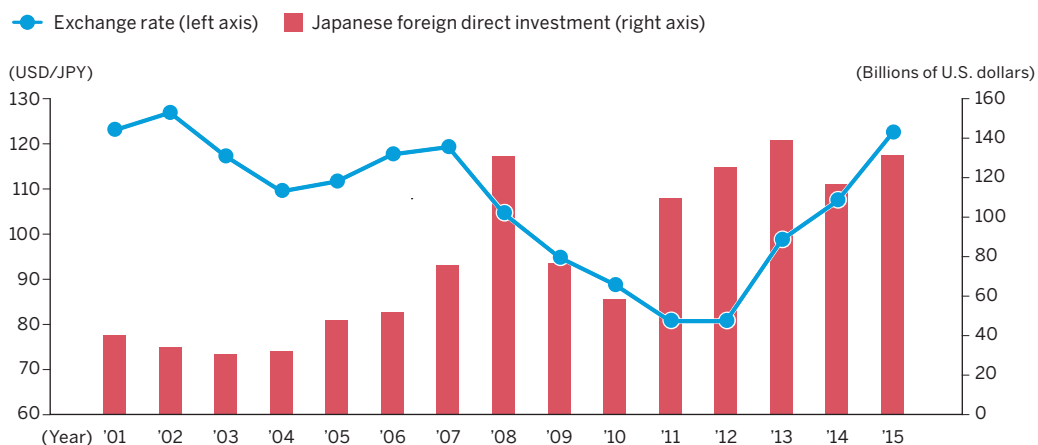
Amid steady direct investment overseas by Japanese companies, their overseas M&A have surged since 2009, on the back of declining acquisition prices due to the

strong yen. This level of activity has continued, irrespective of subsequent forex trends. The RECOF Corporation M&A database has recorded an ongoing rise in M&A: from 519 in 2012 to 561 in 2015.

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

While 20% of M&A held by Japanese companies

Figure 1. Value of Japanese Foreign Direct Investment



Source: Bank of Japan (exchange rate).
UNCTAD (Japanese Foreign Direct Investment).

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

■ Stagnant Exports from Japan

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

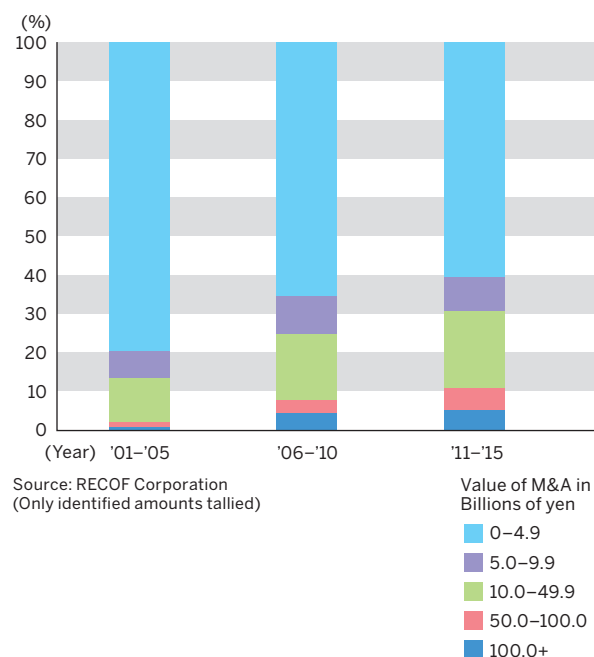
From 2012 to 2015, Japan's export transactions gradually declined in dollar terms, despite the continued yen depreciation, falling 9.4% year-on-year to \$624.9 billion (Figure 3). According to the UN Conference on Trade and Development (UNCTAD), Japan's sluggish exports can be attributed to external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

■ Boosting Overseas Business for Mid-tier Enterprises and SME

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

According to the FY2015 *Survey Report on Overseas Business Operations by Japanese Manufacturing Companies*, the 27th such study, companies that intended to "strengthen/expand" overseas operations over the medium-term declined slightly to 80.5%. On the

Figure 2. Ratio of Overseas M&A by Japanese Companies by Value



other hand, the number of mid-tier enterprises and SME with the same response has steadily risen since 2012 and is now at 75.2% (Figure 4).

Diversification has been seen in the mid-tier enterprises and SME willing to take on the challenge of going overseas, the countries they target, and their funding needs. Nevertheless, the two types of tier enterprises tend to face greater constraints than larger companies on various fronts, such as fund procurement and information gathering for the operation of overseas businesses. It is, therefore, incumbent on us to further enhance the support provided to these companies.

Figure 3. Global and Japanese Export Value

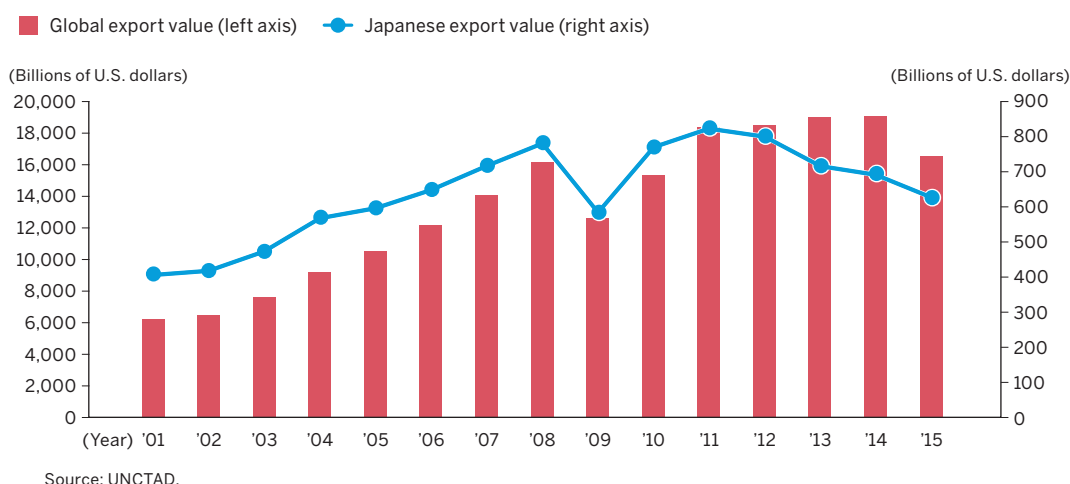
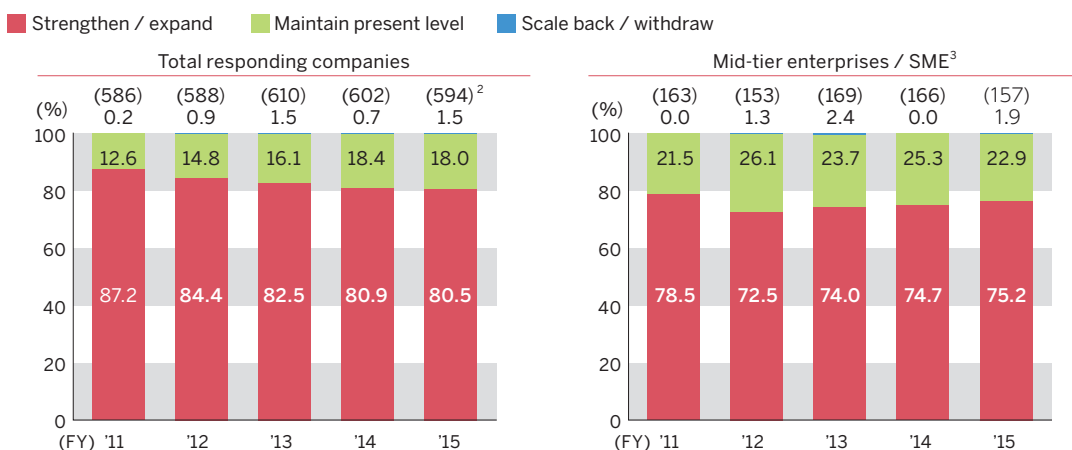


Figure 4. Medium-term Prospects (Next Three Years, or so) for Overseas Operations¹**Notes**

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/SME are companies whose paid-in capital is less than 1 billion Japanese yen.

Source: Results of the JBIC FY2015 Survey Report on Overseas Business Operations by Japanese Manufacturing Companies.

JBIC's Activities**■ Supporting Overseas Business Expansion using Various Instruments**

JBIC supports the overseas M&A activities of Japanese companies, overseas infrastructure, and natural resource-related projects. In particular, JBIC's Industry Finance Group provides a flexible form of long-term funding required for the M&A activities of Japanese companies targeting overseas companies in various fields, including the food, beverages, human resource dispatch, finance, chemical, iron casting, media, and IT industries.

Furthermore, JBIC provided project financing for a long-term, floating production, storage, and offloading (FPSO) system chartering service project to develop oil fields, and a loan for a satellite communications project

in which a Japanese company was participating; and also helped Japanese companies procure funds in the currency of the countries in which they operate. This includes Mexican peso-denominated and Indian rupee-denominated loans, the latter being a first for JBIC.

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

■ Supporting Japanese Exports, Overseas Businesses

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

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



JBIC signed an MOU to strengthen its relationship with Japanese company and leading local company to invest in a petrochemicals business.



Export financing is used for offshore support vessels built by Japanese companies.

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

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

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

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

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

JBIC Head Office and the West Japan Office, as well as overseas representatives.



The MOU with Mexican states will support Japanese mid-tier enterprises and SME.

■ Meeting the needs of Japanese companies

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

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

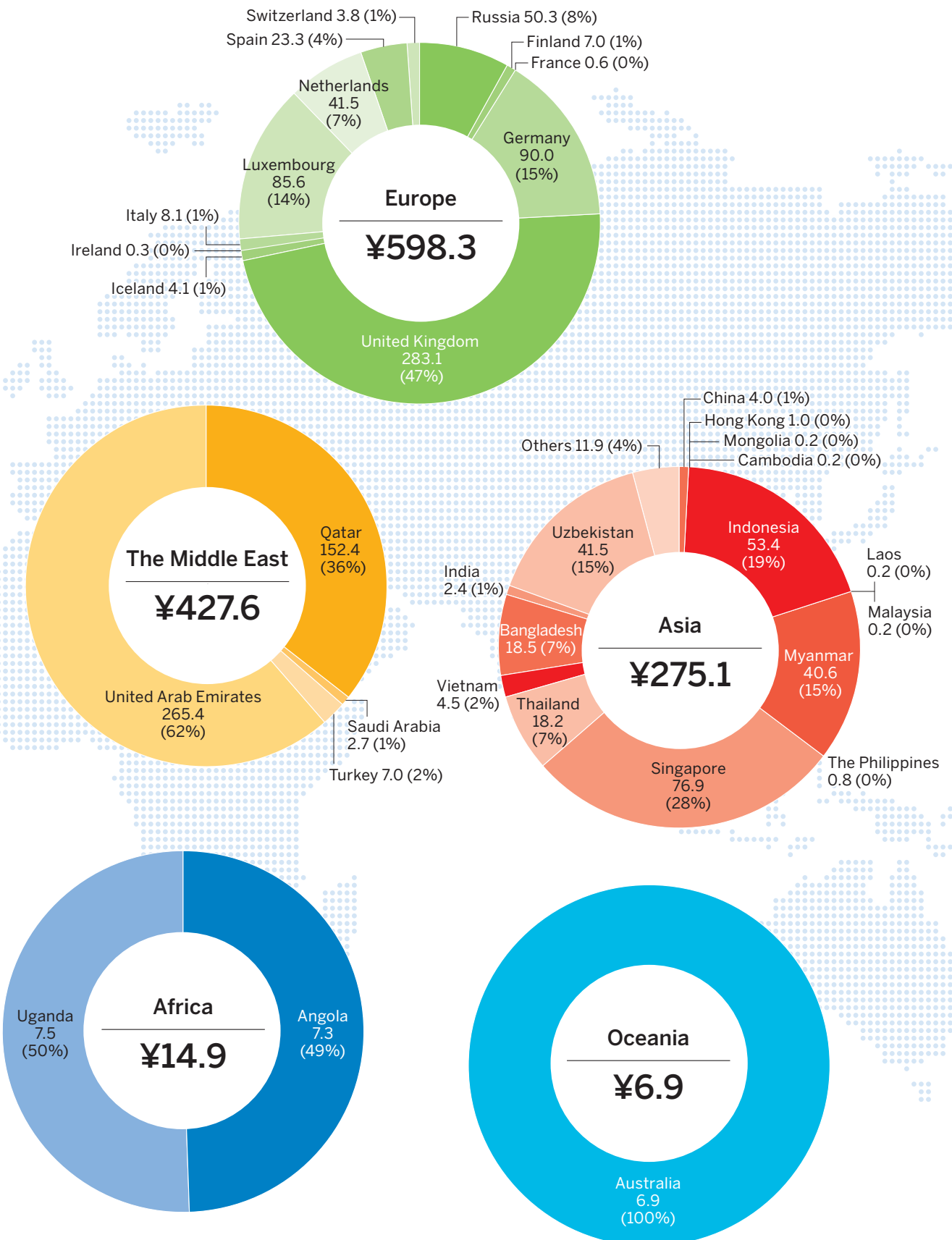
Through the Industry Finance Group, JBIC will utilize these financing instruments to deepen its support for Japanese companies and, in order to contribute to the exploration and creation of new business opportunities that lead to sustainable growth for Japan, connect Japan to the world by accurately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

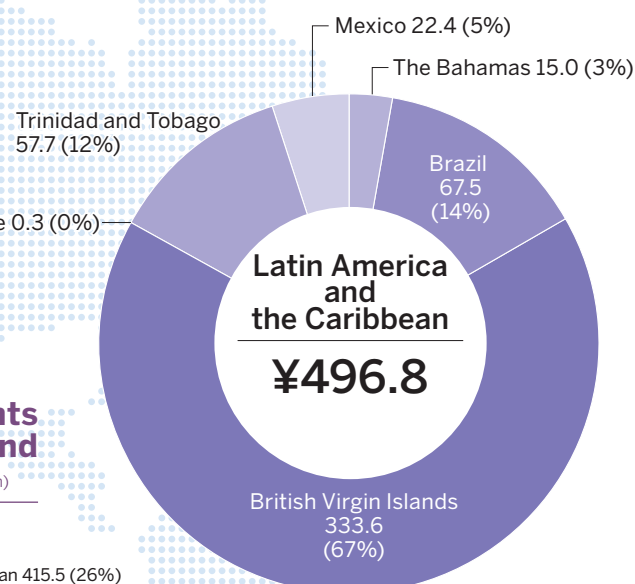
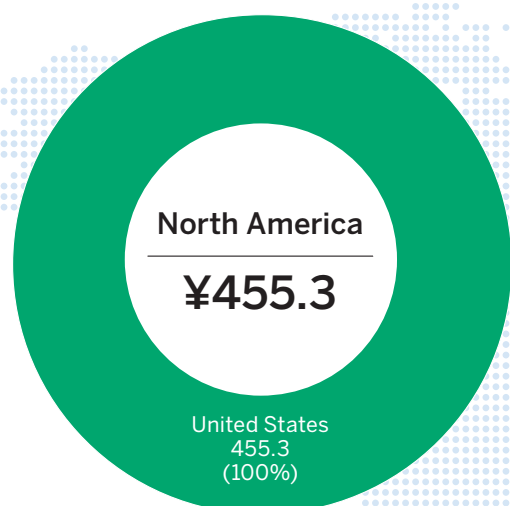
Examples of Business Outcomes in FY2015

- 1** Overview of Business Outcomes by Region 36
- 2** Examples of Business Outcomes by Region 38
- 3** Examples of Business Outcomes Relating to Support for Mid-tier Enterprises and SME 47
- 4** Examples of Business Outcomes Relating to Environment 51
- 5** Examples of Business Outcomes Relating to Studies, and Collaboration with Overseas Governmental Organizations and International Organizations 53

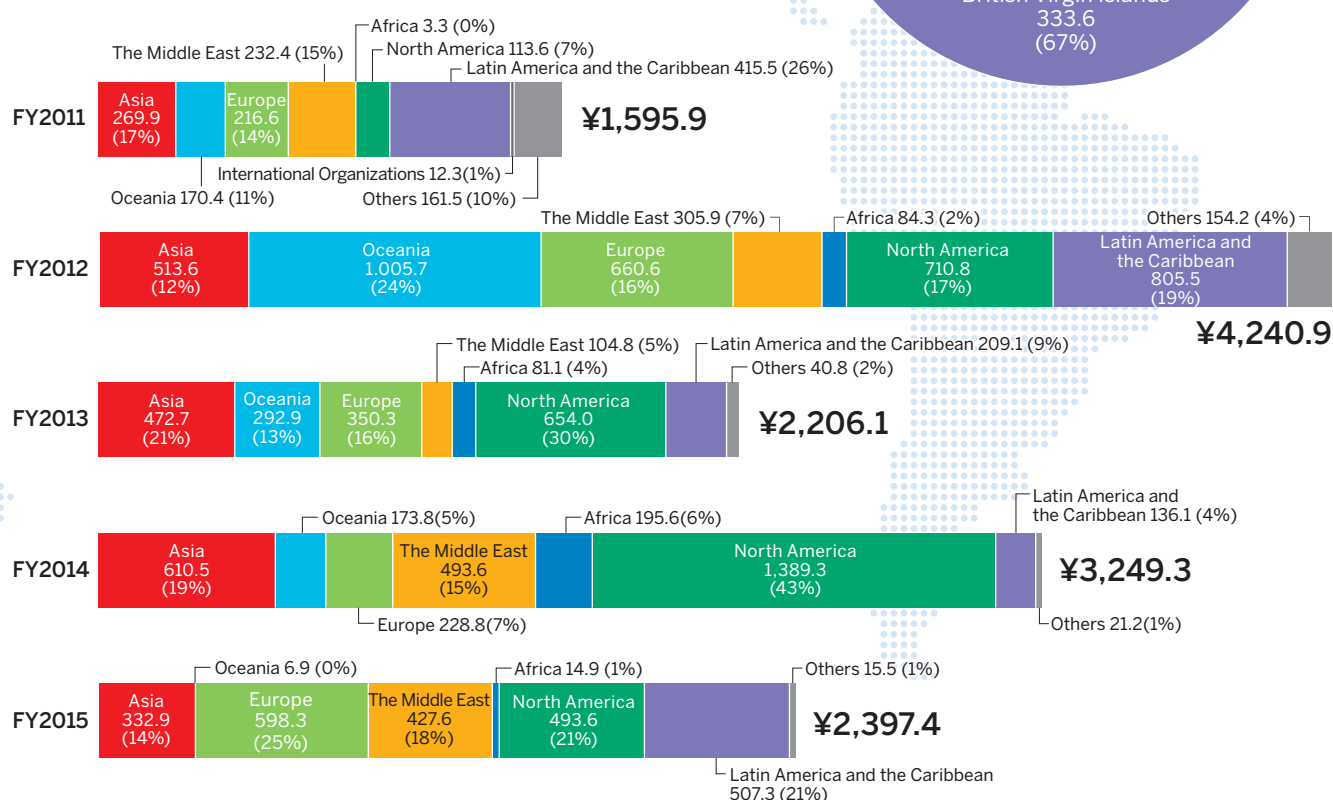


Geographical Distribution of Loan and Equity Participation Commitments (FY2015; unit: billions of yen)





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



Asia



China

Loan for Organic Solvent Purification and Sales Business

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

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

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



Suzhou Refine, a group company of Nippon Refine.



Mongolia

Individual Agreement Related to the Export of Mining Equipment

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

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

The governments of Japan and Mongolia signed the "Agreement between Japan and Mongolia for an Economic Partnership" in February 2015, which is expected to further vitalize the two countries' economies in a wide range of fields and facilitate trade and investment between the two countries. In addition, the "ERCH Initiative Plus"¹ was agreed by the two countries' leaders to promote financing utilizing this credit line in accordance with measures in both countries.



Indonesia

Loan for the Manufacturing and Sales Business of Automotive Steel Sheets

Supporting Japanese steel industry's overseas business deployment

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



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



Myanmar

Shareholders Agreement for Equity Participation in Dawei SEZ Development Company

Supporting infrastructure project participation by Japanese companies

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

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

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



The Philippines

Loan for the Manufacture and Sales Business of Medical Device

Supporting overseas business deployment of mid-tier enterprises and SME

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



Singapore

Supporting the Export of Multipurpose Vessels Built in Japanese Shipyards

Supporting exports from Japan utilizing buyer's credit for the export of ships

JBIC concluded buyer's credit agreements with IMC Holdings Limited (IMC) Group, a major shipping operator in Singapore, to fund the purchase of four multipurpose vessels. Based in Singapore, IMC is one of the major integrated shipping operators in Asia. These loans are intended to finance IMC's purchase of a total of four vessels, comprising two 64,400 DWT² and two 64,300 DWT multipurpose vessels, to be built by Oshima Shipbuilding Co., Ltd., a Japanese shipbuilding company. These loans are intended to support the export of ships built in a Japanese shipyard that performs a significant role in the regional economy and associated industries, including mid-tier enterprises and SME.



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

Asia



Thailand

Loans for the Manufacture and Sales Business of Cosmetics Containers

Supporting overseas business deployment of mid-tier enterprises and SME

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

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



Vietnam

Loan for Refrigerated Warehouse Business

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

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



Bangladesh

Buyer's Credit for Bangladesh Power Development Board

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

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

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



India

Loan for Manufacture and Sales Business of Engine Valves

Supporting overseas business deployment of Japanese automotive parts industry with local currency loan

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

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



Asian countries

Support for Japanese Company Business Deployment in Asia

Equity participation in fund that invests in companies in Asia

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

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

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

Europe



Netherlands

Project Financing for Offshore Wind Power Generation Project

Supporting participation of Japanese company in renewable energy project creating sustainable environmental value

JBIC concluded a loan agreement with Clusius C.V. (CLUSIUS), a limited partnership in the Netherlands invested in by Mitsubishi Corporation (MC) providing project financing¹ for an offshore wind power generation project. The loan is intended to provide the long-term financing that is necessary for CLUSIUS, jointly established by MC and Dutch power and energy company Eneco Holding N.V. (Eneco) to operate the Luchterduinen (Q10) offshore wind farm and sell the generated electricity to Eneco Energy Trade B.V.² over a period of 20 years.³ This project is in line with the Japanese government's "Infrastructure Systems Export Strategy" and the initiative "Actions for Cool Earth: ACE 2.0," which promotes the advancement of low-carbon technologies.



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

2. Eneco Energy Trade B.V. is a wholly owned subsidiary of Eneco Holding N.V., one of the largest Dutch power and energy companies.

3. MHI Vestas Offshore Wind The Netherlands B.V., the supplier of wind power generation equipment for this project, is wholly owned by MHI Vestas Offshore Wind A/S, a Danish company. JBIC has provided financing for the establishment of the Danish company, which is invested in by Mitsubishi Heavy Industries, Ltd.

The Middle East



Qatar

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

Supporting Japanese companies' participation in overseas IWPP project

JBIC concluded a project finance loan agreement with Umm Al Houl Power (UHP) of Qatar for the Facility D IWPP⁴ project. UHP was established by Mitsubishi Corporation (MC) and Tokyo Electric Power Company, Incorporated (TEPCO) together with Qatar Petroleum, Qatar Electricity & Water Company Q.S.C., and the Qatar Foundation for Education, Science and Community Development. This project involves the construction, ownership, and operation of a natural gas-fired combined cycle power plant (capacity: approximately 2,400 MW) and a desalination plant (capacity: approximately 590 thousand cubic meters per day) under the BOOT⁵ in Qatar, where demand for electric power and water has been increasing due to rapid population growth and economic development. The electricity and water generated by the project will be sold to Qatar General Electricity and Water Corporation for 25 years after the completion of the plants.



United Arab Emirates

JBIC Signs MOU with Abu Dhabi National Oil Company

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

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

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

The UAE is vital to Japan's energy resource strategy because the UAE allows the entry of foreign oil companies to operate on the basis of concession agreements regarding oil fields. The strengthening of this relationship through the MOU is in line with Japan's energy resource policies targeting an increase in the self-development ratio⁶ of oil and natural gas to 40% or more by 2030 under the "Basic Energy Plan."



United Arab Emirates

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

Supporting overseas business deployment by Japanese companies

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



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

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

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

Africa



Angola

Export Credit Line for Development Bank of Angola

Supporting export of high-quality communications infrastructure equipment to Africa

JBIC concluded a loan agreement in buyer's credit (export loan) with Banco de Desenvolvimento de Angola (BDA), the state-owned development bank of Angola. The loan is intended to provide part of the financing, through BDA, necessary for Angola Cables S.A.,¹ an Angolan telecom operator, to construct a complete optical submarine cable system, measuring a total length of approximately 6,200 km, for a project directly connecting Angola and Brazil. This project will lay the world's first optical submarine cable across the South Atlantic, directly linking the African continent to South America, manufactured and laid by NEC Corporation (NEC) and its subcontractors, applying the latest technologies with the world's highest standards in data transmission capacity, connectivity, and amplification.

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

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

North America



United States

Project Financing for Shipping Business of LNG Tankers for Freeport LNG Project

Support for strengthening LNG value chain to ensure long-term and stable LNG supplies

JBIC concluded two loan agreements in project financing with a special purpose company (SPC) funded 50% by CHUBU Electric Power Co., Inc. (Chubu Electric) and 50% by Nippon Yusen Kabushiki Kaisha (NYK LINE) together with two loan agreements with an SPC funded 50% by Chubu Electric and 50% by Mitsui O.S.K. Lines, Ltd.² These loans are intended to finance the shipping business of liquefied natural gas (LNG) tankers by both SPC. These LNG tankers are scheduled to be used mainly for transporting LNG produced by the U.S. Freeport LNG Project in which Chubu Electric² participates. These loans support the efforts of Japanese companies to strengthen their energy value-chains, from participating in LNG projects through transporting LNG.



United States

Project Financing for Shipping Business of LNG Tankers for Cameron LNG Project

Support for securing long-term LNG supplies

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

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



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

Latin America and the Caribbean



Trinidad and Tobago

Project Financing for Methanol and Dimethyl Ether Production Plant

Contributing to strengthening relationships with resource-rich countries and securing energy resources

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



Mexico

Loan for the Manufacture and Sales Business of Automobile Parts

Supporting overseas business deployment by Japanese companies

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



Mexico

MOU for Business Cooperation with Four Mexican State Governments

Supporting the deployment of Japanese mid-tier enterprises and SME

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

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



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

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

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

China

EPOCH CO., LTD.

Manufacturing and Sales Business of Toys

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



China

HASO Ltd.

Production and Sales Business of Hygiene and Cleaning Products

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



Indonesia

YUTAKA INDUSTRY CO., LTD.

Automotive Parts Manufacturing and Sales Business

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



Indonesia

BOLTZ Corporation Limited

Automobile and Motorcycle Fastenings Manufacturing and Sales Business

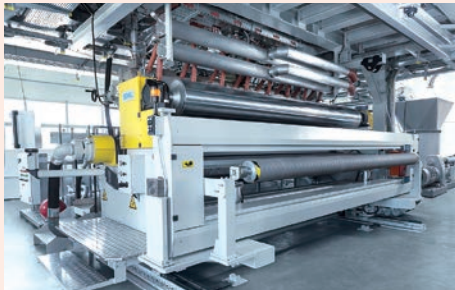
BOLTZ manufactures and sells fastenings, such as high-strength bolts and piston pins, for automotive parts, including engines, steering wheels, and transmissions. BOLTZ established PT. BOLTZ INDONESIA (PT. BZI) in Indonesia, where demand for automobiles and motorcycles is expected to increase. BOLTZ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



Malaysia**HIROYUKI CO., LTD.**

Manufacturing and Sales Business of Packaging Products

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

**The Philippines****MARUYONE CO., LTD.**

Fishing Tackle Manufacturing and Sales Business

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

**The Philippines****Goto Denshi Co., Ltd.**

Electronic Component Manufacturing and Sales Business

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

**Thailand****Saraya Co., Ltd.**

Health and Sanitation Products Manufacturing and Sales Business

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



Thailand**KAIHARA CORPORATION**

Denim Fabric Manufacturing and Sales Business

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

**Thailand****Nagoyashokuryo Co., Ltd.**

Rice-related Products Production and Sales Business

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

**Vietnam****NAKAGAWA MFG. CO., LTD.**

Label Paper Production and Sales Business

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

**Vietnam****YOTSUGI CO., LTD.**

Insulating Equipment Production and Sales Business

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



India

Fuji Concrete Industry Co., Ltd. Toyota Kohki Co., Ltd.

Concrete Products Manufacturing and Sales Business

FUJI CONCRETE INDUSTRY and TOYOTA KOHKI are engaged in the manufacturing and sales of concrete products and molds for concrete products, respectively. Based on an expected increase in demand for infrastructure investments against the backdrop of economic growth in India, the companies jointly established Fuji Silvertch Concrete Private Limited (FSC)¹ in India as a joint venture with an Indian company. FSC manufactures and sells pre-cast concrete products² used in various infrastructure projects. JBIC provided FSC with funds necessary for concrete products manufacturing and sales business.



Mexico

GOHSYU CORPORATION

Forged Automotive Parts Manufacturing and Sales Business

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

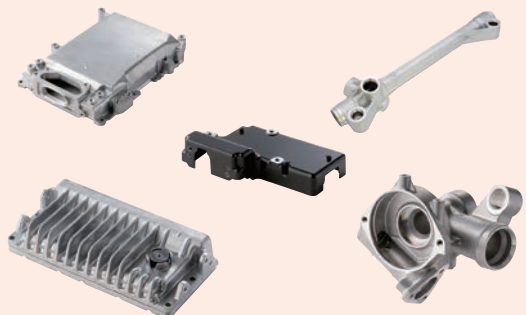


Mexico

MINO Industry Co., Ltd.

Die-cast Aluminum Parts Manufacturing and Sales Business

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



Mexico

SURTECKARIYA Co., Ltd.

Automotive Parts Surface Treatment Business

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



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

4 Examples of Business Outcomes Relating to Environment

Supporting Environmental Conservation and Improvement Projects

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

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

eco-city projects that aim to realize environmentally sustainable cities.

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

Supporting the Export of Geothermal Power Generation Plant Facilities to Iceland

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

Iceland supplies most of its domestic electricity by renewable energy. Furthermore, with its competitive cost power supplies, the country actively attracts foreign

enterprises in power-intensive industries. The project is expected to increase business opportunities for Japanese companies, who boast advanced technologies and hold approximately 70% of the global market share of turbines for geothermal power generation.



© Mr. Hreinn Hjartason

Supporting Export of Geothermal Power Generation Equipment to Turkey

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

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

Supporting Renewable Energy and Energy Efficiency Projects in Mexico

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

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

by the Japanese government in November 2015, "Actions for Cool Earth: ACE2.0."



Partnerships and Knowledge Sharing in the Environmental Sector

Amid growing expectations for the implementation of environment-related projects towards global environmental conservation and a low-carbon society in various parts of the world, JBIC supports Japanese overseas business deployment as well as efforts being made by foreign governments in this field, not only through financing but also by sharing information and

providing knowledge through activities such as holding seminars and participating in relevant events. JBIC also simultaneously forms close partnerships with foreign governments and government agencies, domestic prefectural and municipal governments, and other stakeholders both in Japan and abroad.

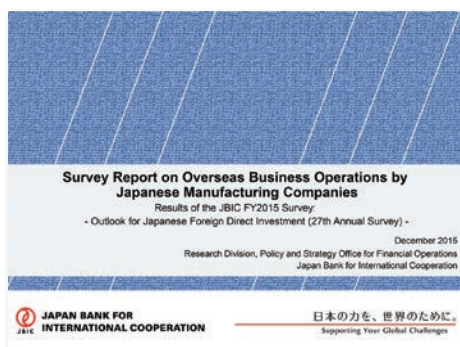
* This loan follows similar loans made to BANCOMEXT in October 2011 and July 2014.

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

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

■ Survey Report on Overseas Business Operations by Japanese Manufacturing Companies

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



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

■ Collaboration with Overseas Governmental Organizations and International Organizations

In April 2015, JBIC hosted a task force meeting with the Indonesian government on macroeconomic issues under a framework for financial policy dialogue that has been in place since August 2010. This recent meeting, which focused on “The Present Status and Issues of Indonesia's Bond Market,” was held after having come to the recognition that it is critical to strengthen financial functions for Indonesia's economy to sustain growth. The Indonesian delegation began with a presentation from

members of the Indonesian Ministry of National Development Planning on economic growth targets, necessary investment and financing for such investment, then from Bank Indonesia (central bank of Indonesia) on the status of initiatives and issues that they face as they seek to strengthen the financial system. From the Japan side, specialists from participating institutions gave presentations on the trade settlement characteristics of Japanese companies in Indonesia and other ASEAN countries, and issues when deepening the financial system. JBIC explained the possibilities of utilizing crowdfunding for public investment as an example of financial products linked to business. The subsequent general discussion resulted in a consensus among participants that financing will play a major role in stimulating the investment vital for Indonesia's economic growth, and that joint cooperation and action in carrying out the policies among the relevant government ministries will be in need to secure this financing.

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



From left: JBIC Executive Managing Director, COO, Koichi Yajima; UK Secretary of State for Foreign and Commonwealth Affairs, the Rt Hon Philip Hammond MP; JBIC Governor, CEO, Hiroshi Watanabe; British Ambassador to Japan, H.E. Mr. Tim Hitchens; and JBIC Senior Managing Director, Tadashi Maeda (Note: The above titles are as of the time of the meeting.)

In February 2016, JBIC held a discussion with young researchers from The Brookings Institution, a renowned think tank in the U.S., on the overseas business expansion

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

■ Collaboration with Universities

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

Under the title, "The 3 R's in Islamic Project Finance: its relevance under *Maqasid al-Shari'ah*," JBIC explained,



JBIC presentation at the Third IIUM-Kyoto University Research Colloquium

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

■ Collaboration with private-sector financial institutions

JBIC held its "JBIC Project Finance Seminar" (three two-day sessions), starting in February 2015, for regional banks. In this seminar, JBIC staff in charge of project finance gave lectures on the following subjects:

1. Fundamentals of project finance: risk analysis and risk control techniques,
2. Practice of project finance: project finance agreements and project management, and
3. Case studies: examples of JBIC's projects.



JBIC Project Finance Seminar

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

Financial Instruments

- 1** Financial Instruments 56
- 2** Framework for Supporting Globalization Efforts of
Mid-tier Enterprises and SME 66



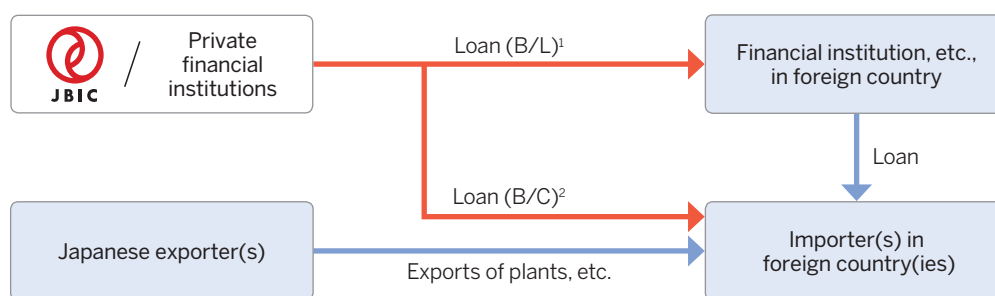
1 Financial Instruments

Export Loans

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

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

* Eligible Sectors of Export Loans in Developed Countries (as of October 1, 2016)
[Integrated Infrastructure System Projects]
Railways (high-speed, inter-city projects and projects in major cities), road business, water business, biomass fuel production, renewable energy power generation, nuclear power generation, power transformation, transmission and distribution, highly efficient coal-fired power generation, coal gasification, carbon capture and storage (CCS), highly efficient gas-fired power generation, petrochemical production, waste incineration and waste to energy, smart grid
[Other Export Transactions]
Ships, satellites, aircraft, medical positron beam therapy equipment



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

Supporting Export of Vessels Built by Japanese Shipbuilder



JBIC concluded buyer's credit agreements with Teekay Offshore Partners L.P. (Teekay Offshore), a core subsidiary of Teekay Corporation, an international shipping company with its principal operating office in Canada, to purchase four anchor handling tug (AHT)¹ vessels. Based in Canada, Teekay Offshore is one of the world's leading providers of

offshore logistics and production services with a world-class fleet of shuttle tankers,² floating production storage and offloading³ (FPSO) units and floating storage and offtake⁴ (FSO) units. The loans are intended to finance the purchase of four AHT vessels with 300 tons BP⁵ pulling capacity, to be built by Niigata Shipbuilding & Repair, INC., a Japanese shipbuilder.

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

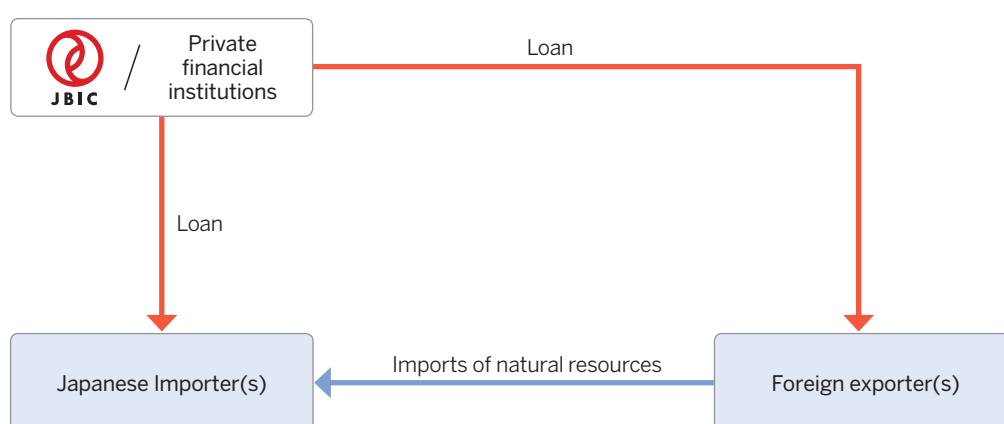
Import Loans

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

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

■ Products Eligible for Import Loans (Natural Resources)

Oil, petroleum gas, LNG, coal, uranium, metallic ores, metals, mineral phosphate, fluorite, salt, lumber, wood chips, pulp and other materials.



Securing Long-term Supply of Crude Oil

JBIC concluded a loan agreement with Abu Dhabi National Oil Company (ADNOC) in the United Arab Emirates (UAE). The UAE is vital to Japan's energy resource strategy as it has been a stable source of crude oil for more than 30 years, and because the UAE allows foreign oil companies to acquire and develop oil fields on the basis of concession agreements. ADNOC,

a state-run oil company wholly owned by the Abu Dhabi government, conducts oil and gas business in the Emirate of Abu Dhabi, which produces most of the oil and gas in the UAE. This is the fourth time JBIC has provided funding to ADNOC with the aim of securing a long-term oil supply for Japan.

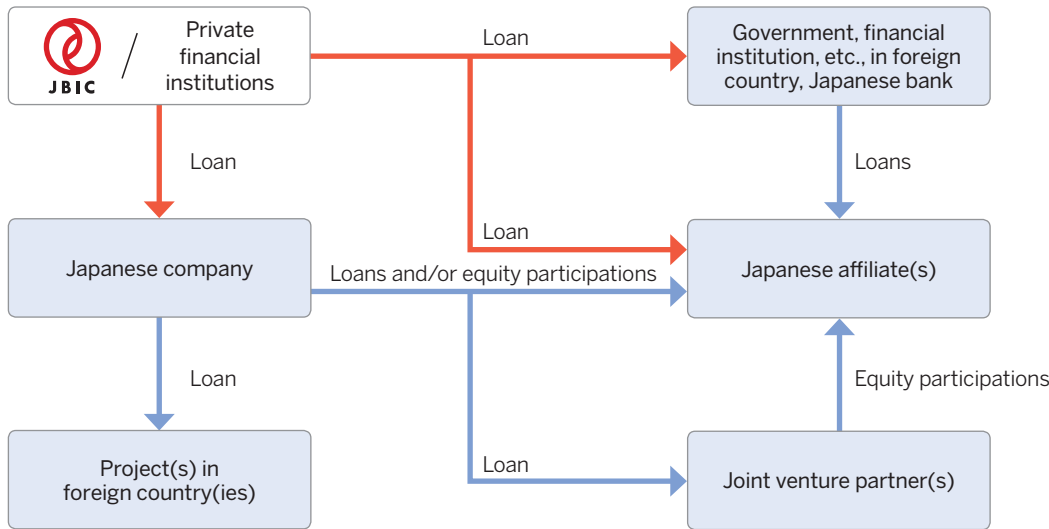
Overseas Investment Loans

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

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

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

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



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



JBIC concluded a loan agreement with SUN ACE BRASIL INDUSTRIA QUIMICA E COMERCIO LTDA. (SABI), a Brazilian subsidiary of SUN ACE CORPORATION. SUN ACE has been conducting the production and sales of industrial chemical products, including polyvinyl chloride stabilizer, since its establishment in 1940. Since its advancement into Singapore in 1980, it has been expanding the

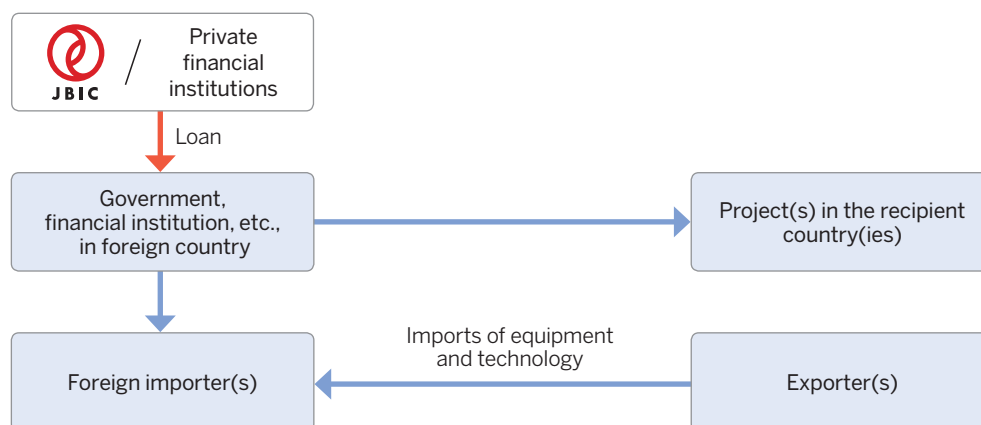
business, such as by setting up production and sales bases around the globe. With an expectation that demand for industrial chemical products will remain steady in Brazil, SUN ACE plans to expand its business. This loan is intended to finance the polyvinyl chloride stabilizers production and sales business of SABI. The funds will be used for the construction of its production plant.

Untied Loans

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

Capital procured from untied loans is used to: secure

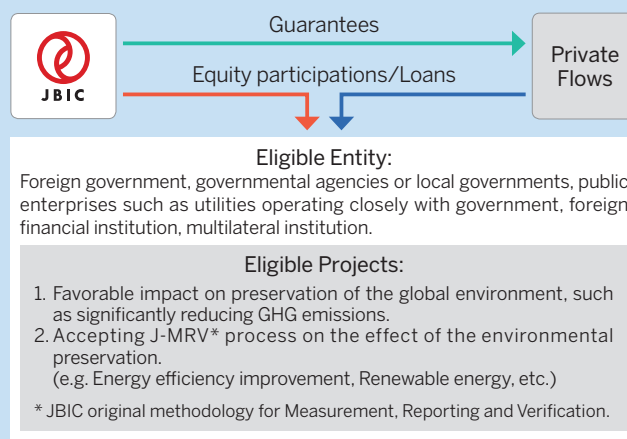
stable supplies of energy and mineral resources for Japan; promote business activities of Japanese companies; maintain and expand trade and direct investment from Japan; finance projects having significant effects on global environmental preservation; and finance projects maintaining order in international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



GREEN Operations

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

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



Fourth Credit Line for BNDES under GREEN Operations



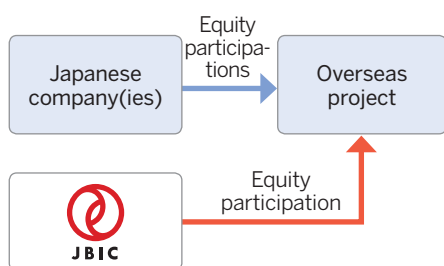
JBIC concluded a loan agreement to set up a credit line with Banco Nacional de Desenvolvimento Econômico e Social (BNDES), Brazilian Development Bank. This credit line is intended to finance, through BNDES, environment-related projects focusing on renewable energy in Brazil, including wind and biomass power

generation projects, as part of operations under GREEN operations. This is the fourth time JBIC has provided funding to BNDES. This loan is expected to help reduce GHG in Brazil as well as provide opportunities to propagate Japanese advanced environmental technologies.

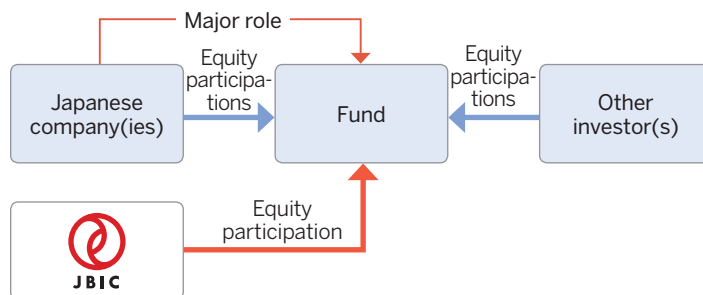
Equity Participations

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

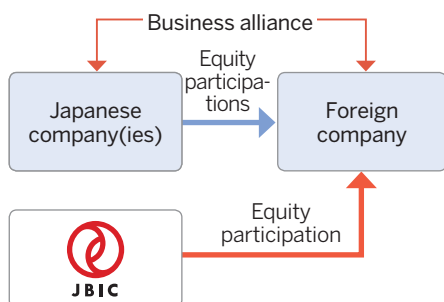
■ Japanese companies make equity participations in an overseas project



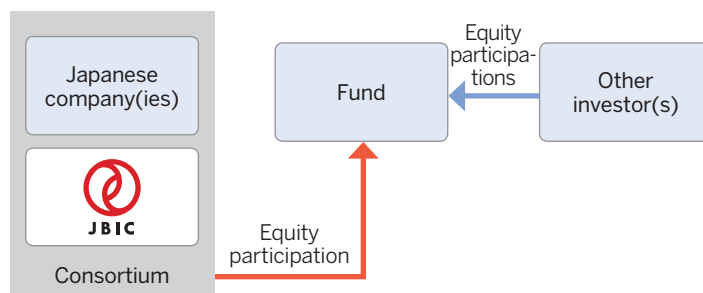
■ Japanese companies participate in a fund (and perform such major role as general partner in their management and investment decisions)



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



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



Equity Participation in TJOC's Petrochemicals Business in Taiwan



JBIC signed a shareholders' agreement on the subscription of preferred shares with KH Neochem Co., Ltd. (KH Neochem) to participate in Taiwan-Japan Oxo Chemical Industries Inc. (TJOC), a Taiwanese company jointly established by KH Neochem, CPC Corporation, Taiwan (CPC) and Mega International Commercial

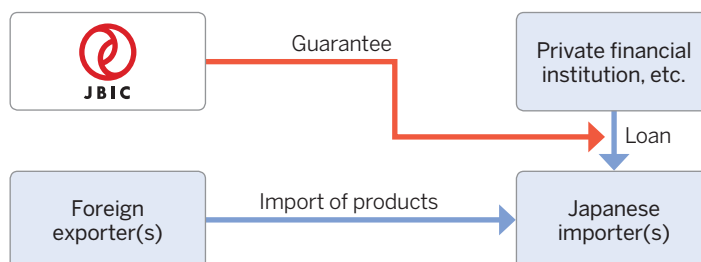
Bank. This transaction is intended to support the production and sales of isononyl alcohol (INA) by TJOC, which is the KH Neochem's first overseas production base, from the early stage utilizing its function of equity participation.

Guarantees

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

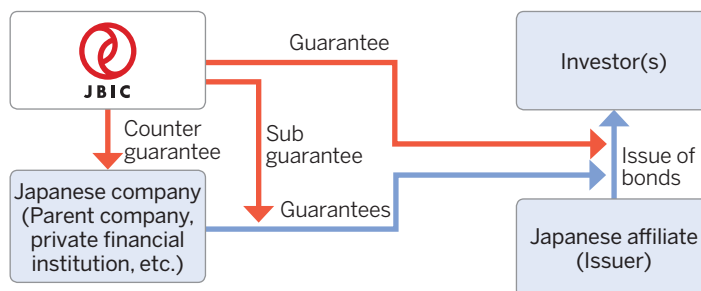
■ Guarantees for Imports of Manufactured Products

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



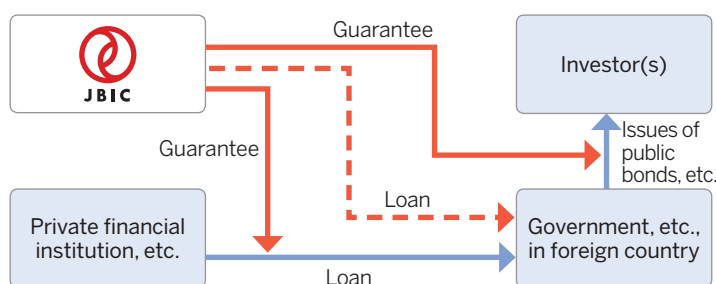
■ Guarantees for Corporate Bonds Issued by Japanese Affiliates

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



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

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



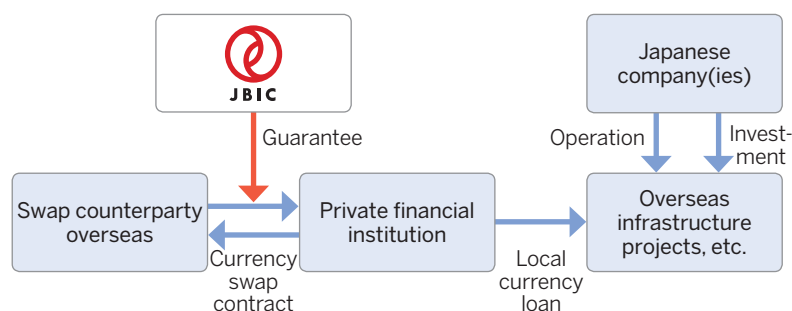
Providing Guarantees for Loan of Private Financial Institutions for Importing Aircraft

JBIC concluded guarantee agreements for the principal and interests of loans from private financial institutions to fund the import of aircraft by ANA HOLDINGS INC. and Japan Airlines Co., Ltd. (JAL). The agreements not only help the ANA Group and JAL to borrow the necessary funds from private financial institutions to import aircraft (operated by the ANA

Group and JAL) from the U.S.-based Boeing Company, but also contribute to maintaining and strengthening the international competitiveness of Japan's aviation industry. As Japan's policy-based financial institution, JBIC will continue to provide financial support for the import of aircraft, which are indispensable for the lives of Japanese people.

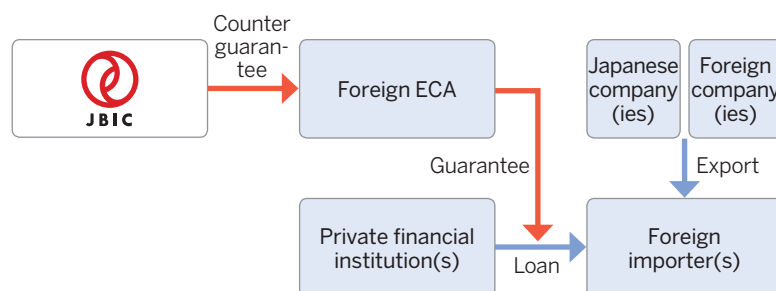
■ Guarantees for Currency Swaps

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



■ Counter Guarantees for Export Credits

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



Loan and Guarantee for Sales Financing Business of Automobile in Taiwan

JBIC concluded a loan agreement with Taiwanese company Hotai Finance Co., Ltd. (HFC) and provided a partial guarantee on the co-financed portion by private financial institutions. This loan is intended to finance part of the necessary funds for the sales financing business of Toyota and Lexus brands automobiles by HFC in Taiwan. Taiwan's automobile market is growing backed by the country's steady economic growth, and continues to be an important market for Japanese

automobile manufacturers that have a large presence there. In recent years, non-Japanese automobile manufacturers have been expanding their market shares in the Taiwanese automobile market, and the loan has become a strategically important tool for automobile manufacturers. This loan will financially support the overseas business deployment of Japanese automobile manufacturers.

Guarantee and Partial Acquisition of Privately Placed Samurai Bonds Issued by the Government of Indonesia (GOI)

JBIC signed a set of agreements to provide a guarantee for a portion of a bond issue in the Japanese bond market (Samurai bonds¹) by the GOI and acquired a part of the remaining issue without guarantee.² JBIC had previously concluded three similar guarantees for Samurai bond issues by the GOI. This issuance without guarantee was made possible due to the increased appetite of investors for GOI (issuer) bonds in the Tokyo bond market. JBIC's

support of Samurai bond issues in the Tokyo market by foreign issuers is expected to contribute to offering a broad range of investment opportunities to Japanese investors and help increase activity in the Samurai bond market.

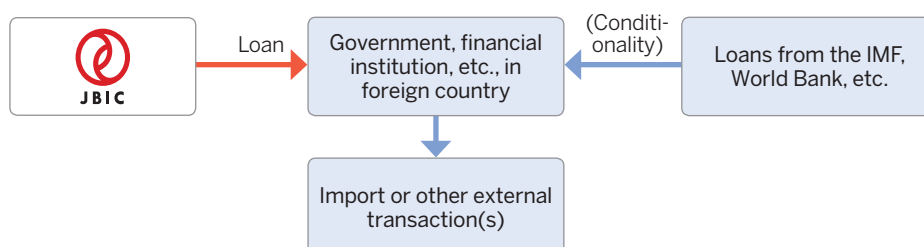
1. Samurai bonds are yen-denominated bonds issued by a foreign government or company in the Tokyo bond market.
2. This project is based on the Guarantee and Acquisition toward Tokyo market Enhancement (GATE) facility.

Bridge Loans

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

JBIC provided bridge loans (short-term bridging

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



Acquisition of Loan Assets and Public and Corporate Bonds

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

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

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

Research and Studies

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

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

Research and studies are conducted in the following sequence.

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

Securitization and other financial instruments

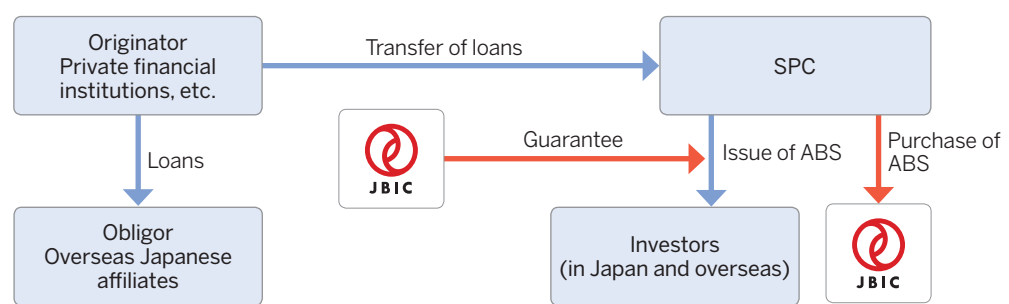
JBIC provides support for securitization and an increase in liquidity in order to complement and encourage the activities of private financial institutions.

1. Securitization (Guarantees)

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

2. Securitization (Acquisition of Securities)

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

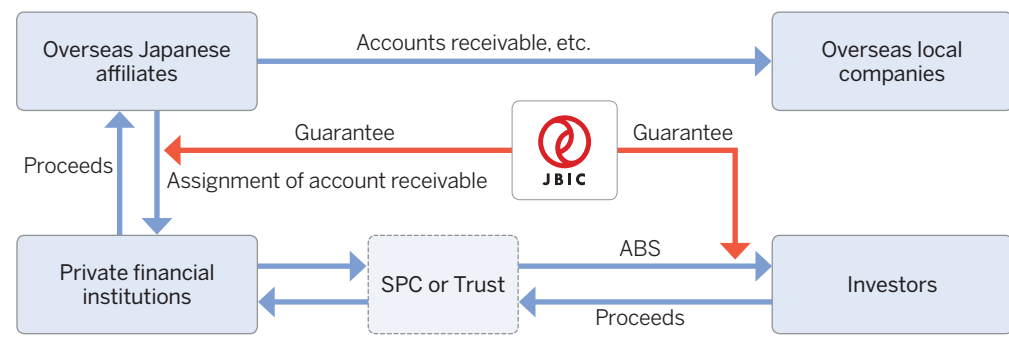


The above diagram depicts a scheme where SPC are used, but the clients can also use schemes where trusts are used or JBIC acquires or provides guarantees for assets backed by securitization.

3. Securitization and Liquidation of Receivables

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

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



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

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

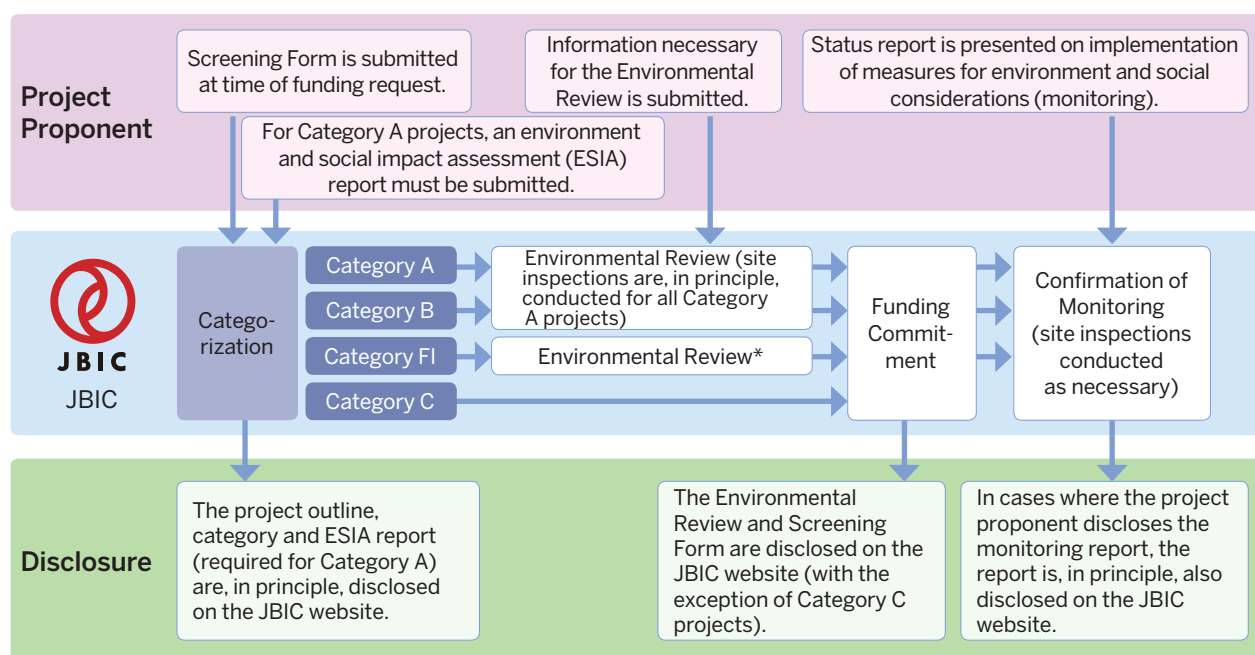
In conducting these operations, JBIC confirms whether the borrower has made appropriate consideration for local communities and the natural environment in all the JBIC financed projects based on the “Japan Bank for International Cooperation Guidelines

for Confirmation of Environmental and Social Considerations” (Environmental Guidelines).

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

■ 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.



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

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.

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

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

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

Commitments for SME

	FY2012	FY2013	FY2014	FY2015
Number	34	54	109	133
Amount	¥34.1 billion	¥18.0 billion	¥111.7 billion	¥42.9 billion

Support for the Overseas Deployment of SME

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

JBIC implements the following six measures in order to support the overseas business deployment of SME.

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

Cooperation with Japanese Regional Financial Institutions

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

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

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



Mexico Investment Seminar in Nagoya

Cooperation with Local Financial Institutions in Developing Countries

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

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

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

In order to support the expansion of such SME into Mexico through proactive utilization of the Japan desks

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



JBIC signed an MOU with the State of Jalisco in Mexico.

■ Providing Local Currency-denominated Loans

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



Providing funds denominated in the Thai baht for the machinery and equipment assembly and installation business of a subsidiary of Sun Engineering Co., Ltd. in Chonburi Province, Thailand.

■ Information Services, Seminars, etc.

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

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

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

■ Seminars for SME

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

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



Seminars for mid-tier enterprises and SME in Tokyo

Operational and Administrative Policies

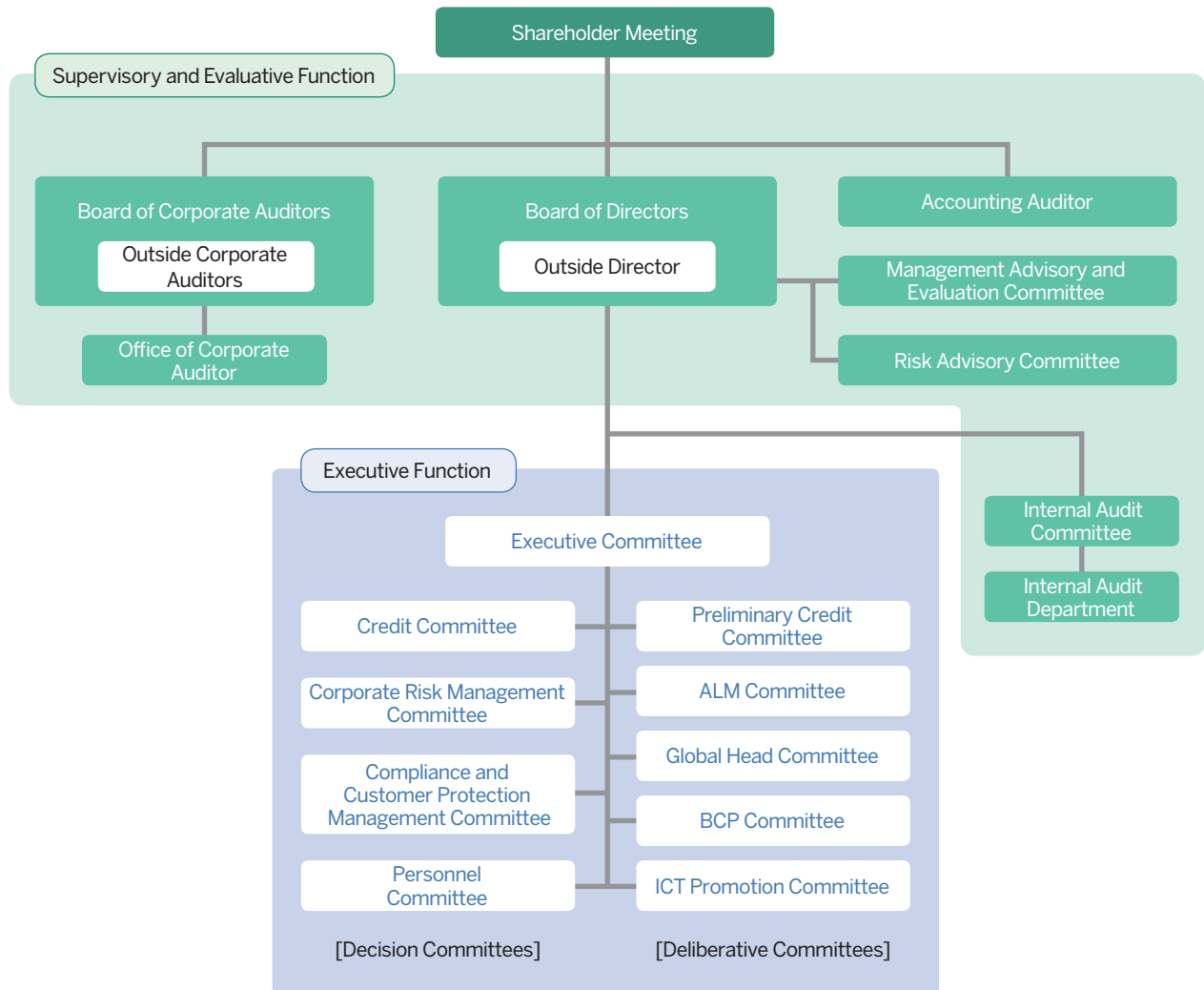
1 Corporate Governance	70
2 Risk Management	74
3 Public Information and Disclosure	77



■ Fundamental Approach to Corporate Governance

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

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



■ Involvement of Japanese Government

As JBIC has its shares wholly owned by the Government of Japan, it is subject to the control of the Japanese government, its sole shareholder. Additionally, it is subject to the national budget passed in the Diet, inspections by the Board of Audit of Japan, by the Competent Minister and by the Financial Services Agency whose inspection is delegated by the Competent Minister.

■ Supervisory and Evaluation Function and the Conduct of JBIC Operations

To strengthen the supervisory and evaluative function of the Board of Directors as well as conduct speedy and flexible operations, JBIC has established, in addition to the Board of Directors, the Board of Corporate Auditors and other organs required by the Companies Act, the

Management Advisory and Evaluation Committee, the Risk Advisory Committee, the Internal Audit Committee and the Executive Committee. Furthermore, a variety of committees were set up by the Executive Committee that delegated specific tasks to them.

(1) Board of Directors

The Board of Directors consists of 5 members, of which one member is an outside director as set forth in the Companies Act. The external director supervises the conduct of JBIC operations from the point of view of a corporate outsider, apart from representative directors of JBIC. In addition, he contributes to improving the governance of JBIC as a member of the Management Advisory and Evaluation Committee as well as the Risk Advisory Committee.

(2) Board of Corporate Auditors

The Board of Corporate Auditors consists of 3 auditors, of which two are outside corporate auditors, as set forth in the Companies Act. Outside corporate auditors contribute to improving the governance structure of JBIC, as they cooperate with the full-time auditor in auditing the conduct of its operations. As a section helping them execute their responsibilities, there is the Office of Corporate Auditor.

(3) Management Advisory and Evaluation Committee

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

(4) Risk Advisory Committee

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

(5) Internal Audit Committee

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

(6) Executive Committee

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

(i) Credit Committee

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

(ii) Corporate Risk Management Committee

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

(iii) Compliance and Customer Protection Management Committee

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

(iv) Personnel Committee

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

(v) Preliminary Credit Committee

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

(vi) ALM Committee

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

(vii) Global Head Committee

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

List of Members of the Management Advisory and Evaluation Committee

Name	Occupation
Shujiro Urata	Professor, Graduate School of Asia-Pacific Studies, Waseda University
Shinichi Koizumi	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.
Sumihiko Yoshie	Executive Auditor of Government Pension Investment Fund, Japan (former Representative Director and President of NIPPON STEEL & SUMIKIN INSURANCE SERVICE, INC.)

(Listed in the order of 50 character kana syllabary, name listed without honorifics)

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
Shinichi Koizumi	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.

(Listed in the order of 50 character kana syllabary, name listed without honorifics)

(viii) BCP Committee

The BCP Committee makes deliberations concerning enhancement of JBIC's business continuity plan (BCP) to be carried out upon the occurrence of large-scale disasters, as delegated by the Executive Committee.

(ix) ICT Promotion Committee

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

■ Mission-/Sector-Specific Group Structure

JBIC reconstituted its organization and adopted a mission-/sector-specific group structure. Its objective is to strengthen the capacity to formulate projects by bringing together know-how and expertise in each sector and area, thereby facilitating JBIC to perform the functions in its mission more flexibly and strategically.

Specifically, Corporate Group; Energy and Natural Resources Finance Group; Infrastructure and Environment Finance Group; Industry Finance Group; and Credit,

Assessment, and Systems Group were set up, with each Group having departments with special expertise.

For each Group, the responsible board member is appointed, and the Managing Director or a Managing Executive Officer performs as Global Head of each Group. Each Group is managed in an integral manner under the Global Head of the Group in an effort to conduct speedy, flexible and efficient operations.

Members of Board of Directors

Governor	Akira Kondoh
CEO, Executive Managing Director	Tadashi Maeda
COO, Senior Managing Director	Nobumitsu Hayashi
Managing Director	Masaaki Amma
Managing Director (Outside Director)	Shinichi Koizumi

Managing Executive Officers

Global Head of Corporate Group	Kenichiro Hayashi	Corporate Group
Global Head of Energy and Natural Resources Finance Group	Kazuhiko Amakawa	Energy and Natural Resources Finance Group
Global Head of Infrastructure and Environment Finance Group	Hideo Naito	Infrastructure and Environment Finance Group
Global Head of Industry Finance Group	Shigeki Kimura	Industry Finance Group
Global Head of Credit, Assessment, and Systems Group	Yasuhiko Yoshida	Credit, Assessment, and Systems Group

■ Member of Board of Directors □ Member of Internal Audit Committee □ Member of Executive Committee

■ Fundamental Policy on Internal Control

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

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

■ Maintenance and Control of Information Assets

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

■ Compliance

JBIC has set forth in its Code of Conduct to “Maintain high ethical standards and a law-abiding spirit. Observe our moral code as a JBIC member at all times.” Its management and staff members are keenly aware of the public missions and social responsibilities called for in the international community and in civil society. It is also well recognized that any act in violation of laws, regulations or rules by its management and staff will lead to denigrating confidence in JBIC as a whole and have a materially adverse effect on its operations. Attentive to these needs, JBIC is constantly striving toward compliance and operational integrity.

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

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

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

In addition to the reporting procedures in its ordinary

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

■ Protection of Private Information

JBIC has drawn up and disclosed its Privacy Policy (see page 164) which stipulates appropriate management of private information held by JBIC pursuant to the provisions of the Act on the Protection of Personal Information Held by Independent Administrative Agencies, etc.

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

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

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

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

Credit Risk

Credit risk refers to the potential loss from a decline or loss of the value of credit assets due to deterioration in the financial conditions of a debtor. This risk is inherent in JBIC's operations as it primarily engages in lending activities. Credit risk exposure to JBIC may be classified into: sovereign risk, which involves financing foreign governments; corporate risk, which involves financing business firms; project risk, which occurs when a project financed in project financing—a financing structure in which a loan is primarily secured on the cash flow generated from the project—fails to generate the planned cash flow; and country risk, which involves financing foreign firms as well as projects located in foreign countries (a risk added to corporate risk and project risk arising from the country where the debtor resides and the project is located). Given the very nature of financial support JBIC provides for promoting overseas development and securement of strategically important resources to Japan, for maintaining and improving the international competitiveness of Japanese industries, and for promoting the overseas business for preserving the global environment, such as preventing global warming, JBIC frequently extends loans to foreign governments, government agencies and companies. Therefore, sovereign and country risks account for a considerable share of the credit risks accompanying JBIC's operations.

■ Managing Credit Risk

The cornerstone of credit risk management at JBIC is the evaluation of an individual borrower's creditworthiness in the process leading to credit approval. When a new loan application is being processed, the relevant finance

department and the Credit Department collect and analyze information on the borrower. The overseas representative offices also play a part in collecting information on foreign governments and companies. It is based on this information and its analysis that credit appraisal takes place, with checks and balances at work between these different departments throughout this process, leading to the final decision by management.

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

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

■ Internal Credit Rating

JBIC has established an internal credit rating system which covers, in principle, all the borrowers. Internal

credit ratings are the cornerstone of credit risk management, being used for conducting individual credit appraisals and quantifying credit risks.

■ Internal Assessment of Asset Portfolio

Japanese private financial institutions undertake the internal assessment of asset portfolios in accordance with *Inspection Manual for Deposit-Taking Institutions* (the "Financial Inspection Manual") of Japan's Financial Services Agency. JBIC is similarly undertaking the internal assessment of its loan portfolio, based on the Financial Inspection Manual so that the characteristics of its loan assets will be accurately reflected on its assessment. In this process, the first-stage assessment is conducted by the relevant financing departments, while the second-stage assessment is conducted by the Credit Department and the Country Credit Department, which is then inspected by the Audit Department. The results of internal assessment conducted on the portfolio are not only used internally for the continuous reviews of the loan portfolio but are also reflected in the disclosure of asset quality to enhance the transparency of JBIC's financial position.

■ Quantifying Credit Risk

In addition to individual credit risk management, JBIC is working on quantifying credit risks with a view to evaluating the risk of the overall loan portfolio. To quantify credit risks, it is important to take into account the characteristics of JBIC's loan portfolio, which holds a significant proportion of long-term loans and loans involving sovereign and country risks. Also to be taken into account are mechanisms for securing assets, such as the Paris Club¹ a unique framework for debt management by official creditor countries. The credit risk quantification model incorporating these factors measures credit risks and is utilized for internal control.

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

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, 2016.

Credit Risk of Derivatives, etc.

(As of March 31, 2016; unit: 100 million yen)

	Contract Amounts / Notional Amounts	Credit Risk Amounts
Interest Rate Swaps	33,339	1,012
Currency Swaps	40,823	3,881
Forward Exchange Contracts	3	0
Other Derivatives	—	—
Credit Risk Reductions through Netting		(3,312)
Total	74,166	1,580

"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 a transaction with it.

◆ **Market Risk**

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

Liquidity Risk

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

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

Operational Risks

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

■ **Administrative Risk**

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

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

■ **Computer System Risk**

Computer system risk refers to the potential loss from a breakdown or malfunction in computer systems as well as from their misuse. JBIC has been minimizing computer system risk by increasing readiness to respond effectively to emergency situations. Specifically, (a) measures have been taken to prevent system malfunctions and leakage of client information; and (b) contingency plans have been prepared to respond to system malfunctions caused by accidents and other causes, and disaster-response drills have been conducted.

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

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

Publications

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

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



JBIC Today



JBIC's Activities for Environmental Sustainability (2015)

Website

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

Information Dissemination for the Media

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

Disseminating Information from Overseas Representative Offices

JBIC's overseas representative offices are actively contributing reports and articles to the news media to provide information, such as political, economic, and business trends in overseas development, etc.



JBIC website

Promoting International Exchange

Since 1976, JBIC has held annual JBIC Seminars in Japan to promote mutual understanding with its overseas business partners and relevant organizations by inviting officials from foreign governments, government agencies, private companies, financial institutions, etc. The cumulative number of seminar participants is approximately 660 so far.



Participants at a JBIC Seminar

Participating in Various Events

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

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

In July 2015, JBIC gave a lecture to students of the Economics Special Lecture II (a course of Commerce and Trade Policy), Course at Department of Economics of

Osaka University of Economics, based on the theme "Overseas Business Support by Policy-based Finance."



JBIC lecture at Department of Economics of Osaka University of Economics



Eco-Products 2015

Disclosure

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

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/

1 Overview	80
(1) Commitments	80
A. Commitments by Purpose of Financing	80
B. Commitments by Region (Loans, Equity Participations and Guarantees)	80
(2) Disbursements	81
(3) Repayments	81
(4) Outstandings	81
2 Commitments	82
(1) Export Loans by Industry	82
(2) Natural Resource Loans by Item	82
(3) Overseas Investment Loans by Industry (Excluding Natural Resource Loans)	83
(4) Commitments to Mid-tier Enterprises and SMEs to Support their Overseas Business Activities	83
(5) Guarantee Commitments by Purpose	83
(6) Loan and Guarantee Commitments by Region	84
A. Export Loan Commitments by Region	84
B. Import Loan Commitments by Region	84
C. Overseas Investment Loan Commitments by Region	84
D. Untied Loan Commitments by Region	85
E. Guarantee Commitments by Region	85
F. Equity Participations by Region	85
(7) Geographical Distribution of Loan and Equity Participation Commitments	86
3 Outstandings	89
(1) Outstandings by Purpose of Financing	89
(2) Guarantee Outstandings by Purpose	89
(3) Geographical Distribution of Loan and Equity Participation Outstandings	90
4 Others	92
(1) Major Buyer's Credit and Bank-to-bank Loan Commitments	92
(2) Untied Loan Commitments	92
(3) Debt Rescheduling Based on Paris Club Agreements	92
5 Standard Loan Conditions	93
6 Breakdown of Countries and Regions	94

(1) Commitments

A. Commitments by Purpose of Financing

(Unit: billions of yen, %)

	FY2011			FY2012			FY2013			FY2014			FY2015		
	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share
Loans															
Export Loans	40	207.9	13	40	126.6	3	33	126.2	6	49	406.4	13	22	141.0	6
Shipping	20	62.6	4	15	23.0	1	15	34.7	2	24	24.3	1	9	33.6	1
Plant	20	145.3	9	25	103.6	2	18	91.5	4	24	381.8	12	13	107.3	4
Technical Services	—	—	—	—	—	—	—	—	—	1	0.2	0	—	—	—
Import Loans	3	172.6	11	4	304.3	7	5	56.2	3	—	—	—	1	252.3	11
Natural Resources	3	172.6	11	4	304.3	7	5	56.2	3	—	—	—	1	252.3	11
Overseas Investment Loans	84	962.0	60	157	3,138.5	74	167	1,671.0	76	197	2,451.0	75	260	1,858.1	78
Natural Resources	26	607.9	38	39	1,784.2	42	18	594.7	27	20	1,059.1	33	11	236.9	10
Others	58	354.0	22	118	1,354.3	32	149	1,076.2	49	177	1,391.9	43	249	1,621.1	68
Untied Loans	3	23.2	1	10	210.5	5	7	46.0	2	5	46.7	1	4	24.8	1
Bridge Loans	—	—	—	2	83.2	2	—	—	—	—	—	—	—	—	—
Sub Total	130	1,365.7	86	213	3,863.3	91	212	1,899.6	86	251	2,904.2	89	287	2,276.3	95
Guarantees	15	228.5	14	21	303.2	7	20	2,09.1	9	15	312.3	10	7	106.6	4
Equity Participations	1	1.5	0	8	74.3	2	7	97.4	4	5	32.8	1	4	14.3	1
Total	146	1,595.9	100	242	4,240.9	100	239	2,206.1	100	271	3,249.3	100	298	2,397.4	100

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

(Unit: billions of yen, %)

	FY2011			FY2012			FY2013			FY2014			FY2015		
	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share
Asia	65	269.9	17	86	513.6	12	108	472.7	21	162	610.5	19	150	332.9	14
Oceania	12	170.4	11	17	1,005.7	24	12	292.9	13	6	173.8	5	2	6.9	0
Europe	15	216.6	14	33	660.6	16	21	350.3	16	17	228.8	7	57	598.3	25
The Middle East	8	232.4	15	12	305.9	7	9	104.8	5	14	493.6	15	9	427.6	18
Africa	3	3.3	0	7	84.3	2	5	81.1	4	7	195.6	6	2	14.9	1
North America	11	113.6	7	35	710.8	17	43	654.0	30	45	1,389.3	43	38	493.6	21
Latin America and the Caribbean	26	415.5	26	43	805.5	19	36	209.1	9	18	136.1	4	37	507.3	21
International Organizations, etc.	3	12.3	1	—	—	—	—	—	—	—	—	—	—	—	—
Others	3	161.5	10	9	154.2	4	5	40.8	2	2	21.2	1	3	15.5	1
Total	146	1,595.9	100	242	4,240.9	100	239	2,206.1	100	271	3,249.3	100	298	2,397.4	100

(2) Disbursements

(Unit: billions of yen, %)

	FY2011		FY2012		FY2013		FY2014		FY2015	
	Total	Share	Total	Share	Total	Share	Total	Share	Total	Share
Loans										
Export Loans	73.9	5	143.1	5	112.5	4	112.0	4	148.8	7
Import Loans	212.2	15	162.7	6	234.5	9	21.8	1	27.6	1
Overseas Investment Loans	700.7	50	21,44.6	75	1,928.0	73	2,049.4	79	1,840.3	82
Untied Loans	103.2	7	52.2	2	88.5	3	64.3	2	44.5	2
Bridge Loans	—	—	79.7	3	—	—	—	—	—	—
Sub Total	1,090.2	77	2,582.5	90	2,363.6	90	2,247.6	87	2,061.3	92
Guarantees	310.8	22	270.6	9	178.7	7	303.2	12	134.3	6
Equity Participations	7.3	1	17.2	1	85.4	3	30.9	1	42.4	2
Total	1,408.4	100	2,870.4	100	2,627.8	100	2,581.8	100	2,238.2	100

(3) Repayments

(Unit: billions of yen, %)

	FY2011		FY2012		FY2013		FY2014		FY2015	
	Total	Share	Total	Share	Total	Share	Total	Share	Total	Share
Loans										
Export Loans	125.3	8	112.4	7	106.3	8	104.8	4	95.5	4
Import Loans	252.4	15	147.4	10	170.1	13	138.4	6	154.3	6
Overseas Investment Loans	711.7	43	707.1	46	668.1	50	1,795.6	73	1,760.7	72
Untied Loans	192.4	12	161.6	11	173.5	13	158.2	6	151.7	6
Bridge Loans	—	—	79.7	5	—	—	—	—	—	—
Governmental Loans	3.1	0	2.9	0	2.9	0	2.6	0	2.5	0
Sub Total	1,285.2	78	1,211.3	79	1,121.1	84	2,199.8	90	2,164.9	89
Guarantees	362.6	22	318.1	21	204.9	15	238.2	10	205.5	8
Equity Participations	6.1	0	3.0	0	5.0	0	12.4	1	64.5	3
Total	1,653.9	100	1,532.4	100	1,331.1	100	2,450.6	100	2,435.0	100

(Note) Prepayments in FY2014 and 2015 amounted to ¥247.0 billion and ¥385.1 billion, respectively.

(4) Outstandings

(Unit: billions of yen, %)

	FY2011		FY2012		FY2013		FY2014		FY2015	
	Total	Share	Total	Share	Total	Share	Total	Share	Total	Share
Loans										
Export Loans	642.9	6	710.3	5	740.6	5	812.4	5	844.7	5
Import Loans	584.4	6	630.2	5	731.6	5	661.6	4	525.7	3
Overseas Investment Loans	5,762.9	55	8,165.9	62	10,183.9	67	11,970.5	69	11,342.0	70
Untied Loans	1,086.3	10	1,035.8	8	998.8	7	988.8	6	901.8	6
Governmental Loans	45.6	0	42.6	0	39.7	0	37.1	0	34.6	0
Sub Total	8,122.3	77	10,585.1	81	12,694.9	83	14,470.6	84	13,649.0	84
Guarantees	2,378.3	22	2,400.6	18	2,422.6	16	2,572.3	15	2,464.7	15
Equity Participations	70.3	1	100.1	1	187.0	1	222.3	1	194.9	1
Total	10,571.0	100	13,086.0	100	15,304.6	100	17,265.3	100	16,308.6	100

2 Commitments

(1) Export Loans by Industry

(Unit: billions of yen, %)

	FY2014			FY2015		
	Number	Total	Share	Number	Total	Share
Shipping	24	24.3	6	9	33.6	24
Electrical Machinery	8	102.9	25	6	45.7	32
Telecommunication Equipment	1	4.4	1	1	7.3	5
Other Industrial Machinery and Equipment, etc.	14	272.2	67	6	54.3	38
Civil Engineering and Contractors	1	3.0	1	5	12.7	9
Chemical Facilities	3	122.5	30	1	41.5	29
Oil and Natural Gas Facilities	5	143.4	35	—	—	—
Iron and Non-ferrous Metals Manufacturing Facilities	4	1.6	0	—	—	—
Others	1	1.5	0	—	—	—
Technical Services	1	0.2	0	—	—	—
Others	1	2.1	1	—	—	—
Total	49	406.4	100	22	141.0	100

(2) Natural Resource Loans by Item

(Unit: billions of yen, %)

	FY2014			FY2015		
	Number	Total	Share	Number	Total	Share
Energy Resources	16	992.7	94	11	486.5	99
Petroleum	6	155.8	15	3	332.7	68
Natural Gas	10	836.9	79	8	153.7	31
Other Resources	4	66.3	6	—	—	—
Iron Ore	1	26.4	2	—	—	—
Copper Ore and Concentrate	1	39.7	4	—	—	—
Wood, Wood Chips and Pulp	2	0.1	0	—	—	—
Others	—	—	—	1	2.7	1
Total	20	1,059.1	100	12	489.2	100

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

(Unit: billions of yen, %)

	FY2014			FY2015		
	Number	Total	Share	Number	Total	Share
Manufacturing Industry	101	372.3	27	124	60.8	4
Food	5	0.6	0	1	0.0	0
Textiles	3	4.0	0	6	3.7	0
Lumber and Pulp	—	—	—	2	0.2	0
Chemicals	4	59.3	4	4	1.7	0
Petroleum and Coal Products	2	238.0	17	—	—	—
Ceramics, Stone and Clay	—	—	—	1	0.2	0
Iron and Non-ferrous Metal Products	24	25.5	2	29	27.7	2
Machinery	1	0.2	0	—	—	—
Electrical Machinery	2	0.1	0	3	1.0	0
Transport Equipment	42	39.0	3	47	21.3	1
Other Manufacturing Industries	18	5.1	0	31	4.6	0
Construction	—	—	—	1	0.1	0
Electric, Gas and Heat Supply and Water Service	7	164.8	12	2	182.5	11
Telecommunications	—	—	—	1	7.1	0
Transport and Postal Services	1	147.9	11	1	1.0	0
Commerce	2	0.5	0	2	0.5	0
Service Industry	2	3.0	0	—	—	—
Others^(Note)	64	703.2	51	118	1,368.8	84
Total	177	1,391.9	100	249	1,621.1	100

(Note) "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)

	FY2014		FY2015	
	Number of Projects	Amount	Number of Projects	Amount
Loans to SMEs and Mid-tier Enterprises	109	111.7	133	42.9

(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, %)

	FY2014			FY2015		
	Number	Total	Share	Number	Total	Share
Guarantee for Samurai Bonds	3	170.0	54	1	55.0	52
Guarantee for Import of Aircrafts	6	88.5	28	3	38.3	36
Guarantee for Others	6	53.7	17	3	13.3	13
Total	15	312.3	100	7	106.6	100

(6) Loan and Guarantee Commitments by Region

A. Export Loan Commitments by Region

(Unit: billions of yen, %)

	FY2014			FY2015		
	Number	Total	Share	Number	Total	Share
Asia	37	342.2	84	9	89.3	63
East Asia	16	15.5	4	1	0.2	0
Southeast Asia	7	76.0	19	6	29.0	21
South Asia	8	45.3	11	1	18.5	13
Central Asia and the Caucasus	6	205.1	50	1	41.5	29
Europe	3	3.7	1	5	15.6	11
Central and Eastern Europe and Russia	1	1.3	0	—	—	—
Western Europe	2	2.3	1	5	15.6	11
The Middle East	2	32.9	8	4	6.0	4
Africa	2	22.4	6	2	14.9	11
Northern Africa	1	1.5	0	—	—	—
Sub-Saharan Africa	1	20.8	5	2	14.9	11
Latin America and the Caribbean	5	5.1	1	2	15.1	11
Total	49	406.4	100	22	141.0	100

B. Import Loan Commitments by Region

(Unit: billions of yen, %)

	FY2014			FY2015		
	Number	Total	Share	Number	Total	Share
The Middle East	—	—	—	1	252.3	100
Total	—	—	—	1	252.3	100

C. Overseas Investment Loan Commitments by Region

(Unit: billions of yen, %)

	FY2014			FY2015		
	Number	Total	Share	Number	Total	Share
Asia	121	234.8	10	135	166.7	9
East Asia	19	28.4	1	15	11.0	1
Southeast Asia	91	182.1	7	114	153.2	8
South Asia	11	24.2	1	6	2.4	0
Oceania	6	173.8	7	2	6.9	0
Europe	14	225.0	9	52	582.7	31
Central and Eastern Europe and Russia	—	—	—	1	50.3	3
Western Europe	14	225.0	9	51	532.3	29
The Middle East	7	326.8	13	4	169.2	9
Africa	2	95.0	4	—	—	—
Northern Africa	2	95.0	4	—	—	—
North America	38	1,291.0	53	35	455.3	25
Latin America and the Caribbean	9	104.4	4	31	469.9	25
Others	—	—	—	1	7.1	0
Total	197	2,451.0	100	260	1,858.1	100

D. Untied Loan Commitments by Region

(Unit: billions of yen, %)

	FY2014			FY2015		
	Number	Total	Share	Number	Total	Share
Asia	—	—	—	2	13.1	53
Southeast Asia	—	—	—	2	13.1	53
The Middle East	2	17.8	38	—	—	—
Africa	1	14.8	32	—	—	—
Sub-Saharan Africa	1	14.8	32	—	—	—
Latin America and the Caribbean	2	14.0	30	2	11.7	47
Total	5	46.7	100	4	24.8	100

E. Guarantee Commitments by Region

(Unit: billions of yen, %)

	FY2014			FY2015		
	Number	Total	Share	Number	Total	Share
Asia	2	31.6	10	2	57.7	54
East Asia	—	—	—	1	2.7	3
Southeast Asia	1	11.6	4	1	55.0	52
South Asia	1	20.0	6	—	—	—
The Middle East	3	116.0	37	—	—	—
Africa	2	63.3	20	—	—	—
Northern Africa	1	50.0	16	—	—	—
Sub-Saharan Africa	1	13.3	4	—	—	—
North America	6	88.5	28	3	38.3	36
Latin America and the Caribbean	2	12.6	4	2	10.5	10
Total	15	312.3	100	7	106.6	100

F. Equity Participations by Region

(Unit: billions of yen, %)

	FY2014			FY2015		
	Number	Total	Share	Number	Total	Share
Asia	2	1.8	6	2	5.9	42
East Asia	—	—	—	1	5.9	41
Southeast Asia	1	0.7	2	1	0.0	0
South Asia	1	1.1	3	—	—	—
North America	1	9.7	30	—	—	—
Others	2	21.2	65	2	8.3	58
Total	5	32.8	100	4	14.3	100

(7) Geographical Distribution of Loan and Equity Participation Commitments

(Unit: billions of yen)

Region / Country			FY2014		FY2015		Accumulated	
			Number	Total	Number	Total	Number	Total
Asia	East Asia	China	13	25.6	12	4.0	1,550	3,901.1
		Hong Kong	21	18.1	2	1.0	295	318.1
		Republic of Korea					699	1,285.4
		Mongolia			1	0.2	2	4.4
		Others	1	0.2	2	11.9	1,029	516.4
		Sub Total	35	43.9	17	17.2	3,575	6,025.6
	Southeast Asia	Brunei Darussalam					4	45.1
		Cambodia			2	0.2	2	0.2
		Indonesia	28	137.9	38	53.4	1,553	5,714.1
		Laos	4	24.1	1	0.2	5	24.3
		Malaysia	3	1.7	1	0.2	598	1,317.9
		Myanmar	1	0.7	3	40.6	60	185.8
		the Philippines	3	1.1	5	0.8	821	1,755.3
		Singapore	4	4.4	10	76.9	481	856.7
		Thailand	31	15.0	40	18.2	2,542	2,759.0
		Vietnam	25	73.6	23	4.5	178	470.6
		Others					36	213.9
		Sub Total	99	258.9	123	195.4	6,280	13,343.4
	South Asia	Bangladesh			1	18.5	8	41.5
		India	18	67.7	6	2.4	856	1,291.6
		Pakistan					290	298.3
		Sri Lanka	2	3.0			61	67.9
		Others					17	3.6
		Sub Total	20	70.7	7	21.0	1,232	1,703.1
	Central Asia and the Caucasus	Kazakhstan					25	301.8
		Turkmenistan	5	200.7			13	284.9
		Uzbekistan	1	4.4	1	41.5	14	106.6
		Others					8	195.0
		Sub Total	6	205.1	1	41.5	60	888.4
	Total		160	578.8	148	275.1	11,147	21,960.6
Oceania		Australia	4	138.1	2	6.9	871	3,204.1
		New Zealand	2	35.6			147	176.8
		Papua New Guinea					56	267.2
		Others					52	27.0
		Total	6	173.8	2	6.9	1,126	3,675.2

(Unit: billions of yen)

Region / Country			FY2014		FY2015		Accumulated	
			Number	Total	Number	Total	Number	Total
Europe	Central and Eastern Europe and Russia	Belarus					3	5.6
		Bulgaria					117	134.4
		Moldova					1	5.3
		Romania					142	95.2
		Russia	1	1.3	1	50.3	118	1,602.3
		Ukraine					11	41.3
		Others					879	2,134.9
		Sub Total	1	1.3	1	50.3	1,271	4,019.2
	Western Europe	Cyprus					18	17.4
		Denmark					57	78.9
		Finland			7	7.0	22	24.2
		France			1	0.6	310	642.3
		Germany	7	13.1	11	90.0	283	367.5
		United Kingdom	3	178.7	16	283.1	543	2,018.5
		Iceland			1	4.1	5	8.2
		Ireland	6	35.5	1	0.3	47	338.6
		Italy			3	8.1	48	174.3
		Luxembourg			5	85.6	9	120.5
		Malta					3	11.9
		Netherlands			5	41.5	100	438.0
		Norway					248	456.2
		Portugal					46	37.5
		Spain			5	23.3	66	129.0
		Sweden					58	144.8
		Isle of Man					5	5.9
		Switzerland			1	3.8	86	105.0
		Others					607	657.7
		Sub Total	16	227.4	56	547.9	2,561	5,777.4
		Total	17	228.8	57	598.3	3,832	9,796.6
The Middle East		Bahrain					6	110.4
		Iran					199	1,026.8
		Iraq					21	219.9
		Jordan	1	9.2			29	89.1
		Kuwait					23	203.9
		Oman					28	296.4
		Qatar			1	152.4	37	891.1
		Saudi Arabia	3	295.8	1	2.7	81	1,001.8
		Turkey	7	72.5	5	7.0	194	700.6
		United Arab Emirates			2	265.4	68	1,726.7
		Yemen					11	35.8
		Others					106	212.0
		Total	11	377.6	9	427.6	803	6,515.0

(Unit: billions of yen)

Region / Country			FY2014		FY2015		Accumulated	
			Number	Total	Number	Total	Number	Total
Africa	Northern Africa	Algeria					345	971.8
		Egypt					183	240.5
		Morocco	3	96.5			10	145.0
		Others					22	108.1
		Sub Total	3	96.5			560	1,465.5
	Sub-Saharan Africa	Angola			1	7.3	30	100.8
		Equatorial Guinea					2	17.1
		Gabon					20	33.5
		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	14.8			115	328.5
		Tanzania	1	20.8			21	32.2
		Uganda			1	7.5	7	8.7
		Others					183	162.4
		Sub Total	2	35.7	2	14.9	1,806	2,678.8
		Total	5	132.3	2	14.9	2,366	4,144.4
		North America	Canada	2	50.6			327
	United States		37	1,250.1	35	455.3	2,663	8,262.0
	Total		39	1,300.8	35	455.3	2,990	9,025.2
	Latin America and the Caribbean	Argentina					272	564.0
		the Bahamas			1	15.0	22	67.7
		Bolivia					32	65.9
Brazil		2	66.4	12	67.5	1,955	3,265.3	
British Virgin Islands				1	333.6	4	345.0	
Cayman Islands						5	97.3	
Chile				1	0.3	160	1,334.6	
Colombia						122	276.2	
Ecuador						32	79.1	
El Salvador						35	15.0	
Jamaica						2	3.5	
Panama		2	1.9			288	418.8	
Paraguay		1	2.3			16	12.8	
Peru		1	39.7			113	487.5	
Trinidad and Tobago				1	57.7	8	83.9	
Mexico		10	13.0	19	22.4	836	2,231.9	
Venezuela						81	661.8	
Others						181	212.0	
Total		16	123.5	35	496.8	4,164	10,223.1	
International Organizations, etc.		Total				56	1,208.0	
Others ^(Note)		Total	2	21.2	3	15.5	111	1,951.9
Grand Total			256	2,937.0	291	2,290.7	26,595	68,500.5

(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, %)

	FY2014		FY2015	
	Total	Share	Total	Share
Loans				
Export Loans	812.4	5	844.7	5
Shipping	152.9	1	157.9	1
Plant	659.4	4	686.5	4
Technical Service	0.1	0	0.2	0
Import Loans	661.6	4	525.7	3
Natural Resources	654.7	4	521.5	3
Manufactured Goods & Technologies	6.8	0	4.1	0
Overseas Investment Loans	11,970.5	69	11,342.0	70
Natural Resources	5,837.3	34	5,353.6	33
Others	6,133.1	36	5,988.4	37
Untied Loans	988.8	6	901.8	6
Governmental Loans	37.1	0	34.6	0
Sub Total	14,470.6	84	13,649.0	84
Guarantees	2,572.3	15	2,464.7	15
Equity Participations	222.3	1	194.9	1
Total	17,265.3	100	16,308.6	100

(2) Guarantee Outstandings by Purpose

(Unit: billions of yen, %)

	FY2014		FY2015	
	Total	Share	Total	Share
Guarantee for Samurai Bonds	1,368.9	53	1,423.9	58
Guarantee for Import of Aircrafts	465.2	18	428.2	17
Guarantee for Others	738.1	29	612.5	25
Total	2,572.3	100	2,464.7	100

(3) Geographical Distribution of Loan and Equity Participation Outstandings

(As of March 31, 2016; billions of yen)

Region / Country			Number	Total
Asia	East Asia	China	106	112.5
		Hong Kong	19	14.6
		Republic of Korea	9	21.9
		Mongolia	1	0.2
		Others	8	47.6
		Sub Total	143	196.9
		Southeast Asia	Brunei Darussalam	1
	Cambodia		2	0.1
	Indonesia		144	646.7
	Laos		5	14.7
	Malaysia		20	65.6
	Myanmar		2	37.8
	the Philippines		19	237.3
	Singapore		33	171.1
	Thailand		124	182.3
	Vietnam		82	214.0
	Sub Total		432	1,584.6
	South Asia	India	91	222.3
		Pakistan	3	55.6
		Sri Lanka	4	3.8
		Sub Total	98	281.8
	Central Asia and the Caucasus	Kazakhstan	10	194.0
		Turkmenistan	7	42.3
		Sub Total	17	236.3
Total		690	2,299.8	
Oceania	Australia	70	1,804.9	
	New Zealand	4	34.4	
	Papua New Guinea	6	278.2	
	Total	80	2,117.6	
Europe	Central and Eastern Europe and Russia	Bulgaria	5	8.6
		Serbia	2	2.9
		Moldova	1	0.9
		Romania	1	0.1
		Russia	24	436.3
		Sub Total	33	449.0
	Western Europe	Cyprus	4	5.7
		Denmark	1	15.3
		France	5	163.3
		Germany	28	122.3
		United Kingdom	31	479.0
		Ireland	9	339.8
		Italy	4	83.1
		Luxembourg	8	107.3
		Malta	3	16.1
		Netherlands	6	103.3
		Norway	2	7.4
		Spain	6	54.2
		Sweden	4	59.3
		Isle of Man	5	6.5
		Switzerland	5	50.7
		Sub Total	121	1,614.1
		Total	154	2,063.2

(As of March 31, 2016; billions of yen)

Region / Country		Number	Total
The Middle East	Bahrain	1	46.4
	Iran	8	58.3
	Iraq	1	13.4
	Jordan	2	12.5
	Kuwait	1	62.8
	Oman	10	146.7
	Qatar	5	358.9
	Saudi Arabia	10	496.2
	Turkey	30	64.8
	United Arab Emirates	6	458.8
	Yemen	2	15.1
	Total	76	1,734.2
Africa	Northern Africa	Algeria	19.3
		Egypt	56.9
		Morocco	30.8
		Sub Total	107.1
	Sub-Saharan Africa	Angola	58.6
		Equatorial Guinea	5.7
		Gabon	0.3
		Kenya	0.2
		Liberia	1.7
		Madagascar	87.1
		Niger	1.1
		Nigeria	16.9
		Seychelles	0.5
		South Africa	41.2
		Uganda	0.0
		Sub Total	213.8
		Total	320.9
	North America	Canada	268.5
		United States	2,060.3
		Total	2,328.9
Latin America and the Caribbean	Argentina	135.3	
	the Bahamas	27.0	
	Bolivia	19.3	
	Brazil	636.8	
	Cayman Islands	25.9	
	Chile	877.3	
	Colombia	56.0	
	Ecuador	0.2	
	Panama	68.4	
	Paraguay	2.2	
	Peru	68.0	
	Mexico	243.1	
	Venezuela	245.3	
	Total	187	2,405.5
International Organizations, etc.		Total	41.0
Others ^(Note)		Total	532.4
Grand Total		1,414	13,843.9

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

4 Others

(1) Major Buyer's Credit and Bank-to-bank Loan Commitments (FY2015)

Country	Project/Transaction	Borrower	Amount
Uganda	Export of road construction machinery	Government of Uganda	¥ 7.5 billion
Uzbekistan	Export of fertilizer plant facility	Joint-Stock Commercial Bank ASAKA	¥ 41.5 billion
Bangladesh	Export of facilities for gas-fired combined cycle power plant	Bangladesh Power Development Board	¥ 18.5 billion
Indonesia	Export of facilities for ultra-supercritical coal-fired power plant	PT PLN (Persero)	¥ 9.8 billion
Indonesia	Export of facilities for ultra-supercritical coal-fired power plant	PT PLN (Persero)	US\$ 107 million
Angola	Export of optical submarine cable system	Banco de Desenvolvimento de Angola	US\$ 65.8 million

(Note) A buyer's credit and bank loan are loan facilities directly extended to a foreign importer (buyer) or financial institution to finance imports of equipment and technologies from Japan. A buyer's credit is extended to an importer, while a bank loan is extended to a financial institution.

(2) Untied Loan Commitments (FY2015)

Country	Project/Transaction	Borrower	Amount
Brazil	Renewable energy projects (GREEN)	Banco Nacional de Desenvolvimento Econômico e Social	US\$ 50 million ^(Note)
Mexico	Renewable energy and energy efficiency projects (GREEN)	Banco Nacional de Comercio Exterior, S.N.C.	US\$ 50 million ^(Note)
Indonesia	Partial acquisition of privately placed Samurai bonds (GATE)	Government of Indonesia	—
Indonesia	Partial acquisition of privately placed Samurai bonds (GATE)	Government of Indonesia	—

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

(3) Debt Rescheduling Based on Paris Club Agreements (FY2015)

Country	Date of Paris Club Agreement	Date JBIC signed Rescheduling Agreement	Rescheduled Amount
Argentina	2014.5.29	2015.9.16	¥ 153.5 billion

(Note) The Paris Club is an informal group of official creditors whose role is to find coordinated and sustainable solutions to the payment difficulties experienced by debtor nations. Since the first meeting took place in 1956 to resolve the debt problem of Argentina, the meeting has been held in Paris, with the French Treasury acting as its secretariat. Hence, it has come to be called the Paris Club. This table lists all the debt rescheduling agreements JBIC signed with debtor countries during FY2015 based on inter-governmental agreements at the Paris Club.

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 August 15, 2016)

Type of Loans	Type of Loans ⁽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"> • 0.66% (Repayment period 5yrs or less) • 0.66% (Repayment period over 5yrs to 8.5yrs) • 0.63% (Repayment period over 8.5yrs) ■ Fixed at tenders⁽³⁾⁽⁸⁾ <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 yen⁽⁴⁾ <ul style="list-style-type: none"> • 0.425%⁽⁶⁾⁽⁷⁾ ■ Foreign Currency⁽⁵⁾ <ul style="list-style-type: none"> • LIBOR+0.500%⁽⁶⁾⁽⁷⁾ 	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. Risk premium is added based on the OECD Arrangement.
 8. 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.

(As of July 1, 2016)

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, Niue
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, Guernsey, Jersey
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, 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), East African Development Bank (EADB), Eastern and Southern African Trade and Development Bank (PTA Bank), African Export-Import Bank (Afreximbank), Islamic Development Bank (IsDB), European Investment Bank (EIB), Caribbean Development Bank (CDB), etc.
Others		Two-step loans to regional financial institutions in Japan and loans for crossborder projects, etc.

Financial Statements

1	Statutory Financial Statements	96
	Balance Sheets	96
	Statements of Operations	98
	Statements of Changes in Net Assets	99
	Statements of Cash Flows	102
	Notes to Financial Statements	103
2	Composition of Liabilities and Net Assets	129
3	The Average Balance of Interest-earning Assets and Interest-bearing Liabilities, Interest and Earning Yields	129
4	Breakdown of Operating Expenses	130
5	Balance of Due from Banks, Receivables under Resale Agreements and Securities —Application of Surplus Funds	130
6	Information on Derivative Transactions	131
7	Yield / Interest Rate	132
8	Loans Outstanding per Employee	132
9	Loans Outstanding by Industry	132
10	Write-off of Loans	133
11	Assets in Major Foreign Currencies	133
12	Administrative Expense Ratio	134
13	Balance of Loans / Borrowings, Bonds and Notes by Maturity	134
14	Information on the Quality of Assets	135
	Financial Statements in Accordance with International Financial Reporting Standards (IFRS) for Reference Only	137

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.

FY 2015 financial statements for the period of April 1, 2015, to March 31, 2016, 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, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Assets:			
Cash and due from banks	¥ 850,496	¥ 1,220,187	\$ 10,829
Cash	0	0	0
Due from banks	850,496	1,220,187	10,829
Securities Note 3	261,786	236,602	2,100
Other securities	261,786	236,602	2,100
Loans and bills discounted Notes 4	14,432,949	13,540,661	120,169
Loans on deeds	14,432,949	13,540,661	120,169
Other assets	430,297	256,188	2,274
Prepaid expenses	520	521	5
Accrued income	45,331	49,807	442
Derivatives other than for trading-assets	18,913	43,357	385
Cash collateral paid for financial instruments	365,250	162,230	1,440
Other	282	273	2
Property, plant and equipment Note 6	28,295	27,804	247
Buildings	3,040	2,882	26
Land	24,664	24,427	217
Lease assets	22	13	0
Construction in progress	—	34	0
Other	567	446	4
Intangible assets	3,154	2,737	24
Software	3,154	2,737	24
Customers' liabilities for acceptances and guarantees	2,572,328	2,464,703	21,873
Allowance for loan losses	(115,492)	(168,262)	(1,493)
Total assets	¥ 18,463,816	¥ 17,580,622	\$ 156,023

	March 31, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Liabilities:			
Borrowed money	¥ 9,425,316	¥ 9,438,450	\$ 83,763
Borrowings	9,425,316	9,438,450	83,763
Bonds payable	Note 5 3,049,490	2,668,558	23,683
Other liabilities	949,227	528,890	4,694
Accrued expenses	27,645	31,815	282
Unearned revenue	63,934	57,888	514
Derivatives other than for trading-assets	833,744	375,363	3,331
Cash collateral received for financial instruments	12,750	63,380	562
Lease obligations	31	16	0
Other	11,121	426	5
Provision for bonuses	500	516	5
Provision for directors' bonuses	6	6	0
Provision for retirement benefits	6,395	7,090	63
Provision for directors' retirement benefits	30	39	0
Acceptances and guarantees	2,572,328	2,464,703	21,873
Total liabilities	¥ 16,003,296	¥ 15,108,255	\$ 134,081
Net assets:			
Capital stock	¥ 1,391,000	¥ 1,391,000	\$ 12,345
Retained earnings	993,053	972,140	8,628
Legal retained earnings	865,683	929,368	8,248
Other retained earnings	127,369	42,772	380
Retained earnings brought forward	127,369	42,772	380
Total shareholders' equity	2,384,053	2,363,140	20,973
Valuation difference on available-for-sale securities	12,786	4,303	38
Deferred gains or losses on hedges	63,681	104,923	931
Total valuation and translation adjustments	76,467	109,226	969
Total net assets	¥ 2,460,520	¥ 2,472,367	\$ 21,942
Total liabilities and net assets	¥ 18,463,816	¥ 17,580,622	\$ 156,023

Statements of Operations

	March 31, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Ordinary income:	¥ 257,252	¥ 240,005	\$ 2,130
Interest income	192,973	213,806	1,897
Interest on loans and discounts	166,130	196,859	1,747
Interest and dividends on securities	2,030	2,682	24
Interest on receivables under resale agreements	59	7	0
Interest on deposits with banks	1,479	2,787	25
Interest on interest swaps	23,116	11,250	100
Other interest income	156	219	1
Fees and Commissions	35,901	22,091	196
Other fees and commissions	35,901	22,091	196
Other ordinary income	4,100	141	1
Gain on foreign exchange transactions	3,856	117	1
Other	244	23	0
Other income	24,276	3,965	36
Reversal of allowance for loan losses	13,392	—	—
Recoveries of written-off claims	101	0	0
Gain on sales of stocks and other securities	0	1,890	17
Gain on investments in partnerships	10,633	1,914	17
Other	148	160	2
Ordinary expenses:	136,755	197,276	1,751
Interest expenses	116,076	123,779	1,099
Interest on borrowings and rediscounts	50,488	57,339	509
Interest on bonds	65,567	66,429	590
Other interest expenses	20	10	0
Fees and commissions payments	2,088	1,653	15
Other fees and commissions	2,088	1,653	15
Other ordinary expenses	1,585	1,310	12
Amortization of bond issuance cost	659	729	6
Expenses on derivatives other than for trading or hedging	520	145	1
Other	405	434	5
General and administrative expenses	17,004	17,631	156
Other expenses	—	52,901	469
Provision of allowance for loan losses	—	52,770	468
Loss on sales of stocks and other securities	—	130	1
Ordinary profit	120,496	42,728	379
Extraordinary income	5,707	43	1
Gain on disposal of noncurrent assets	9	43	1
Gain on transfer of benefit obligation relating to welfare pension fund	5,698	—	—
Extraordinary loss	16	—	—
Loss on disposal of noncurrent assets	16	—	—
Net income	¥ 126,187	¥ 42,772	\$ 380

■ Statements of Changes in Net Assets

From April 1, 2014 to March 31, 2015

(In millions of yen)

(in millions of yen)

	Shareholders' equity				
	Capital stock	Retained earnings			Total shareholders' equity
		Legal retained earnings	Other retained earnings	Total retained earnings	
			Retained earnings brought forward		
Balance at the beginning of current period	¥ 1,360,000	¥ 820,000	¥ 91,366	¥ 911,366	¥ 2,271,366
Cumulative effects of changes in accounting policies			1,182	1,182	1,182
Restated balance	1,360,000	820,000	92,549	912,549	2,272,549
Changes of items during the period					
Issuance of new shares	31,000				31,000
Provision of legal retained earnings		45,683	(45,683)	—	—
Payment to national treasury			(45,683)	(45,683)	(45,683)
Net income			126,187	126,187	126,187
Net changes of items other than shareholders' equity					
Total changes of items during the period	31,000	45,683	34,820	80,504	111,504
Balance at the end of current period	¥ 1,391,000	¥ 865,683	¥ 127,369	¥ 993,053	¥ 2,384,053

(In millions of yen)

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	¥ 5,472	¥ 64,472	¥ 69,945	¥ 2,341,312
Cumulative effects of changes in accounting policies				1,182
Restated balance	5,472	64,472	69,945	2,342,494
Changes of items during the period				
Issuance of new shares				31,000
Provision of legal retained earnings				—
Payment to national treasury				(45,683)
Net income				126,187
Net changes of items other than shareholders' equity	7,313	(791)	6,521	6,521
Total changes of items during the period	7,313	(791)	6,521	118,026
Balance at the end of current period	¥ 12,786	¥ 63,681	¥ 76,467	¥ 2,460,520

From April 1, 2015 to March 31, 2016

(In millions of yen)

	Shareholders' equity				
	Capital stock	Retained earnings			Total shareholders' equity
		Legal retained earnings	Other retained earnings	Total retained earnings	
			Retained earnings brought forward		
Balance at the beginning of current period	¥ 1,391,000	¥ 865,683	¥ 127,369	¥ 993,053	¥ 2,384,053
Changes of items during the period					
Provision of legal retained earnings		63,684	(63,684)	—	—
Payment to national treasury			(63,684)	(63,684)	(63,684)
Net income			42,772	42,772	42,772
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	63,684	(84,597)	(20,912)	(20,912)
Balance at the end of current period	¥ 1,391,000	¥ 929,368	¥ 42,772	¥ 972,140	¥ 2,363,140

(In millions of yen)

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	¥ 12,786	¥ 63,681	¥ 76,467	¥ 2,460,520
Changes of items during the period				
Provision of legal retained earnings				—
Payment to national treasury				(63,684)
Net income				42,772
Net changes of items other than shareholders' equity	(8,482)	41,242	32,759	32,759
Total changes of items during the period	(8,482)	41,242	32,759	11,846
Balance at the end of current period	¥ 4,303	¥ 104,923	¥ 109,226	¥ 2,472,367

From April 1, 2015 to March 31, 2016

(In millions of U.S. dollars)

(in millions of U.S. dollars)

	Shareholders' equity				
	Capital stock	Retained earnings			Total shareholders' equity
		Legal retained earnings	Other retained earnings	Total retained earnings	
			Retained earnings brought forward		
Balance at the beginning of current period	\$ 12,345	\$ 7,683	\$ 1,130	\$ 8,813	\$ 21,158
Changes of items during the period					
Provision of legal retained earnings		565	(565)	—	—
Payment to national treasury			(565)	(565)	(565)
Net income			380	380	380
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	565	(750)	(185)	(185)
Balance at the end of current period	\$ 12,345	\$ 8,248	\$ 380	\$ 8,628	\$ 20,973

(In millions of U.S. dollars)

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	\$ 113	\$ 565	\$ 678	\$ 21,836
Changes of items during the period				
Provision of legal retained earnings				—
Payment to national treasury				(565)
Net income				380
Net changes of items other than shareholders' equity	(75)	366	291	291
Total changes of items during the period	(75)	366	291	106
Balance at the end of current period	\$ 38	\$ 931	\$ 969	\$ 21,942

Statements of Cash Flows

	March 31, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Cash flow from operating activities			
Net income	¥ 126,187	¥ 42,772	\$ 380
Depreciation and amortization	1,356	1,302	12
Increase (decrease) in allowance for loan losses	(13,392)	52,770	468
Increase (decrease) in provision for bonuses	17	15	0
Increase (decrease) in provision for directors' bonuses	0	0	0
Increase (decrease) in provision for retirement benefits	(6,673)	695	6
Increase (decrease) in provision for directors' retirement benefits	9	8	0
Gain on fund management	(192,973)	(213,806)	(1,897)
Financing expenses	116,076	123,779	1,099
Loss (gain) related to securities	(10,633)	(3,674)	(33)
Loss (gain) on disposal of noncurrent assets	7	(43)	(0)
Net decrease (increase) in loans and bills discounted	(1,777,548)	892,288	7,919
Net increase (decrease) in borrowed money	1,017,608	13,134	117
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	(129,022)	305,251	2,709
Net decrease (increase) in receivables under resale agreements	202,733	—	—
Increase (decrease) in straight bonds-issuance and redemption	336,800	(382,533)	(3,395)
Proceeds from fund management	186,808	206,938	1,837
Payments for finance	(116,172)	(118,022)	(1,047)
Other	291,148	(204,123)	(1,814)
Subtotal	32,337	716,752	6,361
Net cash provided by (used in) operating activities	32,337	716,752	6,361
Cash flow from investing activities			
Purchase of securities	(30,927)	(55,554)	(493)
Proceeds from sales of securities	12,472	67,401	598
Proceeds from redemption of securities	1,816	10,409	92
Purchase of property, plant and equipment	(244)	(183)	(2)
Proceeds from sales of property, plant and equipment	51	332	3
Purchase of intangible assets	(2,525)	(516)	(4)
Net cash provided by (used in) investing activities	(19,356)	21,888	194
Cash flow from financing activities			
Proceeds from issuance of common stock	31,000	—	—
Repayments of lease obligations	(12)	(13)	(0)
Payment to national treasury	(45,683)	(63,684)	(565)
Net cash provided by (used in) financing activities	(14,695)	(63,698)	(565)
Effect of exchange rate change on cash and cash equivalents	—	—	—
Net increase (decrease) in cash and cash equivalents	(1,715)	674,942	5,990
Cash and cash equivalents at beginning of period	42,367	40,651	361
Cash and cash equivalents at end of period Note 11	¥ 40,651	¥ 715,594	\$ 6,351

■ 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 ¥112.68=\$1.00, the foreign exchange rate on March 31, 2016, 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 (Act No. 25 of 1948), are recognized at an amount equivalent to JBIC's percentage share of the net assets of such partnerships, based upon the most recent financial statements available depending on the report date stipulated in the partnership agreement.

(b) Valuation method for derivative financial instruments

Derivative financial instruments are carried at fair value.

(c) Depreciation basis for fixed assets

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

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

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

Buildings: 3 years to 50 years

Other: 2 years to 35 years

(ii) Intangible assets (except for lease assets)

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

Bond issuance cost is 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

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, 2016. (There were no accumulated write-offs as of March 31, 2015.)

(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.

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

In calculating the projected benefit obligation, the estimated amount of retirement benefit payments is attributed to the period up to the end of the fiscal year based on the benefit formula.

(ii) Accounting for actuarial gains or losses and prior service costs

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

(j) Provision for directors' retirement benefits

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

(k) Accounting for hedges of interest rate risk

(i) Hedge accounting

The deferral method is applied 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 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 of July 29, 2002.

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 Statements of Cash Flows consists of cash on hand and Deposit with the Bank of Japan in "Cash and due from banks" in the balance sheets.

3. Equities securities of or investments in affiliates

	March 31, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Equities securities	¥ 2,061	¥ 2,061	\$ 18
Investments in affiliates	83,251	82,439	732

4. Loans

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

	March 31, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Bankrupt loans	¥ —	¥ —	\$ —
Non-accrual loans	120,482	111,407	989

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

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

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

	March 31, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Loans with interest or principal repayments three months or more in arrears	¥ 35,945	¥ 44,719	\$ 397

"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, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Restructured loans	¥ 73,770	¥ 98,714	\$ 876

"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, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Total amount	¥ 230,198	¥ 254,840	\$ 2,262

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

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

	March 31, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Balance of unpaid loans	¥ 3,126,981	¥ 2,884,178	\$ 25,596

5. 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, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Bonds payable	¥ 3,049,490	¥ 2,668,558	\$ 23,683

6. Accumulated depreciation of fixed assets

	March 31, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Accumulated depreciation	¥ 1,140	¥ 1,507	\$ 13

7. Contingent liabilities

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, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
	¥ 710,000	¥ 450,000	\$ 3,994

8. Appropriation of retained earnings

JBIC is subject to restrictions on its appropriation of retained earnings 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 the amount of retained earnings brought forward becomes zero.

9. Income on transactions with affiliates

Income on transactions with affiliates is as follows:

	March 31, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Gain on investments in partnerships	¥ 13,405	¥ 436	\$ 4

10. Changes in Net Assets

(a) Issued shares and treasury stocks

For the fiscal year ended March 31, 2015, type and number of issued shares and treasury stocks are as follows;

(unit: thousands of shares)

Types	The number of shares at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	The number of shares at the end of the fiscal year	Remarks
Issued shares					
Common stocks	1,360,000,000	31,000,000	—	1,391,000,000	(Note)
Classified stock	—	—	—	—	
Total	1,360,000,000	31,000,000	—	1,391,000,000	(Note)
Treasury stock					
Common stocks	—	—	—	—	
Classified stock	—	—	—	—	
Total	—	—	—	—	

(Note) The increase is due to the issuance of 31,000,000 thousand common shares.

For the fiscal year ended March 31, 2016, type and number of issued shares and treasury stocks are as follows;

(unit: thousands of shares)

Types	The number of shares at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	The number of shares at the end of the fiscal year	Remarks
Issued shares					
Common stocks	1,391,000,000	—	—	1,391,000,000	
Classified stock	—	—	—	—	
Total	1,391,000,000	—	—	1,391,000,000	
Treasury stock					
Common stocks	—	—	—	—	
Classified stock	—	—	—	—	
Total	—	—	—	—	

11. Cash Flows

"Cash and cash equivalents" in the Statements of Cash Flows as of March 31, 2015 and 2016 reconciles to cash and due from banks in the balance sheets as follows:

	March 31, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Cash and due from banks	¥ 850,496	¥ 1,220,187	\$ 10,829
Time deposits and others	(809,845)	(504,593)	(4,478)
Cash and cash equivalents	¥ 40,651	¥ 715,594	\$ 6,351

12. Lease Transactions

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: Not applicable

(ii) Depreciation of lease assets

Depreciation of lease assets is calculated under the method as set forth in Note 2 (c).

13. 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 primarily 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 items) will fluctuate and losses will be incurred, or profits derived from assets and liabilities (including off-balance sheet items) 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 by using fixed-rate loans. However, swaps are used to hedge interest rate risk for portions of loans that are thought to have high exposures to interest rate fluctuations. 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 book and does not have financial instruments in a trading book. While in principle JBIC holds derivatives only for hedging purposes, stated previously, market risk is measured in order to, including but not limited to, assess potential risks. The following represents an overview of the market risk exposure in the current fiscal year. Conventionally, JBIC had measured market risk (value at risk, or "VaR") by simply aggregating interest rate VaR and exchange rate VaR. In conjunction with further refinements of risk measurement methods, effective as of the year ended March 31, 2016, JBIC measures market risk (VaR) by taking into account the diversified effects of interest rate risk and foreign exchange risk.

a. Market risk (VaR) (end of this fiscal year)

	March 31, 2016 (In billions of yen)	March 31, 2016 (In billions of U.S. dollars)
¥	144.6	\$ 1.3

b. Market risk (VaR) measurement model

Historical model (Confidence Interval: 99%, Holding period: 1 year, 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 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, 2015 and March 31, 2016 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, 2015

(In millions of yen)

	Amount on balance sheet		Fair value		Difference
(1) Cash and due from banks	¥	850,496	¥	850,496	¥ —
(2) Securities					
Available-for-sale securities		39,393		39,393	—
(3) Loans and bills discounted		14,432,949			
Allowance for loan losses (*1)		(113,503)			
		14,319,445		14,383,432	63,986
(4) Cash collateral paid for financial instruments		365,250		365,250	—
Total assets		15,574,586		15,638,572	63,986
(1) Borrowings		9,425,316		9,502,290	76,974
(2) Bonds payable		3,049,490		3,128,010	78,520
(3) Cash collateral received for financial instruments		12,750		12,750	—
Total liabilities		12,487,556		12,643,050	155,494
Derivative transactions (*2)					
Derivative transactions not qualifying for hedge accounting		—		—	—
Derivative transactions qualifying for hedge accounting		(814,830)		(814,830)	—
Total derivative transactions	¥	(814,830)	¥	(814,830)	¥ —

(*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.

As of March 31, 2016

(In millions of yen)

	Amount on balance sheet	Fair value	Difference
(1) Cash and due from banks	¥ 1,220,187	¥ 1,220,187	¥ —
(2) Securities			
Available-for-sale securities	41,697	41,697	—
(3) Loans and bills discounted	13,540,661		
Allowance for loan losses (*1)	(160,868)		
	13,379,792	13,483,425	103,633
(4) Cash collateral paid for financial instruments	162,230	162,230	—
Total assets	14,803,907	14,907,541	103,633
(1) Borrowings	9,438,450	9,536,939	98,488
(2) Bonds payable	2,668,558	2,721,958	53,399
(3) Cash collateral received for financial instruments	63,380	63,380	—
Total liabilities	12,170,388	12,322,277	151,888
Derivative transactions (*2)			
Derivative transactions not qualifying for hedge accounting	—	—	—
Derivative transactions qualifying for hedge accounting	(332,006)	(332,006)	—
Total derivative transactions	¥ (332,006)	¥ (332,006)	¥ —

As of March 31, 2016

(In millions of U.S. dollars)

	Amount on balance sheet	Fair value	Difference
(1) Cash and due from banks	\$ 10,829	\$ 10,829	\$ —
(2) Securities			
Available-for-sale securities	370	370	—
(3) Loans and bills discounted	120,169		
Allowance for loan losses (*1)	(1,428)		
	118,741	119,661	920
(4) Cash collateral paid for financial instruments	1,440	1,440	—
Total assets	131,380	132,300	920
(1) Borrowings	83,763	84,637	874
(2) Bonds payable	23,683	24,157	474
(3) Cash collateral received for financial instruments	562	562	—
Total liabilities	108,008	109,356	1,348
Derivative transactions (*2)			
Derivative transactions not qualifying for hedge accounting	—	—	—
Derivative transactions qualifying for hedge accounting	(2,946)	(2,946)	—
Total derivative transactions	\$ (2,946)	\$ (2,946)	\$ —

(*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) 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.
- (3) 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.

(4) 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, (2) Securities."

Classification

	March 31, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
1) Unlisted stocks (subsidiaries and affiliates) (*1)	¥ 2,061	¥ 2,061	\$ 18
2) Unlisted stocks (other than subsidiaries and affiliates) (*1)	114,893	68,998	612
3) Partnership investments (subsidiaries and affiliates) (*2)	83,251	82,439	732
4) Partnership investments (other than subsidiaries and affiliates) (*2)	22,186	41,404	368
Total	¥ 222,392	¥ 194,904	\$ 1,730

(*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, 2015

(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)	¥ 850,496	¥ —	¥ —	¥ —	¥ —	¥ —
Securities						
Available-for-sale securities	10,417	14,401	13,900	—	2	—
Loans and bills discounted (*2)	1,740,690	2,654,313	2,737,387	2,307,041	2,788,346	2,048,300
Total	¥ 2,601,604	¥ 2,668,715	¥ 2,751,287	¥ 2,307,041	¥ 2,788,349	¥ 2,048,300

(*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 ¥156,869 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.

March 31, 2016

(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)	¥ 1,220,187	¥ —	¥ —	¥ —	¥ —	—
Securities						
Available-for-sale securities	1,408	25,400	14,500	2	—	—
Loans and bills discounted (*2)	1,197,980	2,762,518	2,923,967	2,241,679	2,405,068	1,827,328
Total	¥ 2,419,576	¥ 2,787,918	¥ 2,938,467	¥ 2,241,682	¥ 2,405,068	¥ 1,827,328

March 31, 2016

(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)	\$ 10,829	\$ —	\$ —	\$ —	\$ —	—
Securities						
Available-for-sale securities	12	225	129	0	—	—
Loans and bills discounted (*2)	10,632	24,517	25,949	19,894	21,344	16,217
Total	\$ 21,473	\$ 24,742	\$ 26,078	\$ 19,894	\$ 21,344	\$ 16,217

(*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 ¥182,118 million (\$1.616 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, 2015

(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	¥ 1,075,048	¥ 1,773,123	¥ 5,647,744	¥ 138,800	¥ 790,600	¥ —
Bond payable	638,620	918,410	1,021,317	95,679	360,510	20,000
Total	¥ 1,713,669	¥ 2,691,533	¥ 6,669,061	¥ 234,479	¥ 1,151,110	¥ 20,000

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

March 31, 2016

(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	¥ 681,156	¥ 5,129,598	¥ 2,487,995	¥ 430,800	¥ 708,900	¥ —
Bond payable	500,720	1,093,005	440,516	—	639,740	—
Total	¥ 1,181,876	¥ 6,222,603	¥ 2,928,511	¥ 430,800	¥ 1,348,640	¥ —

March 31, 2016

(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	\$ 6,045	\$ 45,524	\$ 22,080	\$ 3,823	\$ 6,291	\$ —
Bond payable	4,444	9,700	3,910	—	5,678	—
Total	\$ 10,489	\$ 55,224	\$ 25,990	\$ 3,823	\$ 11,969	\$ —

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

14. 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, 2015

(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	38,582	36,881	1,701
Subtotal		38,582	36,881	1,701
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	243,560	243,561	(0)
Subtotal		243,560	243,561	(0)
Total		¥ 282,143	¥ 280,442	¥ 1,701

March 31, 2016

(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	28,771	28,045	726
Subtotal		28,771	28,045	726
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	52,925	53,100	(174)
Subtotal		52,925	53,100	(174)
Total		¥ 81,697	¥ 81,145	¥ 552

March 31, 2016

(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	255	249	6
Subtotal		255	249	6
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	470	471	(1)
Subtotal		470	471	(1)
Total		\$ 725	\$ 720	\$ 5

(d) Held-to-maturity debt securities sold during the fiscal years ended March 31, 2015 and March 31, 2016

Not applicable

- (e) Available-for-sale securities sold
Fiscal year ended March 31, 2015
Description omitted due to immateriality

Fiscal year ended March 31, 2016

(In millions of yen)

	Amount of sales	Total gain on sales	Total loss on sales
Stocks	—	—	—
Debt securities	—	—	—
Japanese government bonds	—	—	—
Corporate bonds	—	—	—
Other	¥ 62,577	¥ 1,890	¥ 130
Total	¥ 62,577	¥ 1,890	¥ 130

Fiscal year ended March 31, 2016

(In millions of U.S. dollars)

	Amount of sales	Total gain on sales	Total loss on sales
Stocks	—	—	—
Debt securities	—	—	—
Japanese government bonds	—	—	—
Corporate bonds	—	—	—
Other	\$ 555	\$ 17	\$ 1
Total	\$ 555	\$ 17	\$ 1

- (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, 2015

(In millions of yen)

Valuation difference	¥ 12,786
Available-for-sale securities (*)	12,786
Other money held in trust	—
Valuation difference on available-for-sale securities	12,786

(*) "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, 2016

(In millions of yen)

Valuation difference	¥ 4,303
Available-for-sale securities (*)	4,303
Other money held in trust	—
Valuation difference on available-for-sale securities	4,303

Fiscal year ended March 31, 2016

(In millions of U.S. dollars)

Valuation difference	\$ 38
Available-for-sale securities (*)	38
Other money held in trust	—
Valuation difference on available-for-sale securities	38

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

15. Derivative transactions

Notes to derivative transactions in the fiscal years ended March 31, 2015 and March 31, 2016 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, 2015

(In millions of yen)

Hedge accounting	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		¥ 2,738,401	¥ 2,149,781	¥ 59,672
	Receive/floating and pay/fixed		618,553	612,141	(51,748)
	Receive/floating and pay/floating		28,098	15,374	17
Total			¥ —	¥ —	¥ 7,941

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

Fiscal year ended March 31, 2016

(In millions of yen)

Hedge accounting	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		¥ 2,413,837	¥ 1,963,117	¥ 71,551
	Receive/floating and pay/fixed		660,583	655,321	(68,132)
	Receive/floating and pay/floating		8,450	8,450	9
Total			¥ —	¥ —	¥ 3,428

Fiscal year ended March 31, 2016

(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	Interest rate swap	Loans and bills discounted			
		Borrowings			
		Corporate bonds			
	Receive/fixed and pay/floating		\$ 21,422	\$ 17,422	\$ 635
	Receive/floating and pay/fixed		5,862	5,816	(605)
	Receive/floating and pay/floating		75	75	0
Total			\$ —	\$ —	\$ 30

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

(ii) Currency-related transactions

Fiscal year ended March 31, 2015

(In millions of yen)

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	¥ 5,122,066	¥ 4,085,292	¥ (822,773)
		Borrowings			
		Corporate bonds			
	Forward foreign exchange contracts	Loans and bills discounted			
	Sell		1	—	0
	Buy		178	—	1
	Total		¥ —	¥ —	¥ (822,772)

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 of July 29, 2002).

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

Fiscal year ended March 31, 2016

(In millions of yen)

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	¥ 4,082,376	¥ 3,206,901	¥ (335,430)
		Borrowings			
		Corporate bonds			
	Forward foreign exchange contracts	Loans and bills discounted			
	Sell		40	—	0
	Buy		312	—	(3)
	Total		¥ —	¥ —	¥ (335,434)

Fiscal year ended March 31, 2016

(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	\$ 36,230	\$ 28,460	\$ (2,977)
		Borrowings			
		Corporate bonds			
	Forward foreign exchange contracts	Loans and bills discounted			
	Sell		0	—	0
	Buy		3	—	(0)
	Total		\$ —	\$ —	\$ (2,977)

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 of July 29, 2002).

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

16. Retirement benefits

(a) Overview of retirement benefit plans

JBIC abolished the welfare pension fund plan effective October 1, 2014 and has established a defined benefit corporate pension plan and a defined contribution pension plan.

JBIC has a defined benefit pension plan comprised of a corporate pension plan (transferred from a welfare

pension fund plan effective October 1, 2014) and a lump-sum severance indemnity plan. Although JBIC's corporate pension plan is a multi-employer plan, the amount of the pension assets corresponding to its own contribution can be reasonably calculated based on the ratio of the projected benefit obligations, and the related notes are included in the following notes related to the defined benefit pension plan.

Under the corporate pension 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 benefits based on salary and service period. In addition, JBIC has established a defined contribution-type retirement benefit plan effective October 1, 2014.

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 amounts in respect of the part of the welfare pension fund it manages for the government. Subsequently on October 1, 2014, JBIC has been authorized to transfer to the government the past substitutional portion of the aforesaid fund.

(b) Defined benefit pension plan

(i) The changes in the projected benefit obligation are as follows:

	March 31, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Projected benefit obligation at the beginning of the fiscal year	¥ 19,483	¥ 13,327	\$ 118
Cumulative effects of changes in accounting policy	(1,202)	—	—
Restated balance	18,281	—	—
Service cost (Note)	433	458	4
Interest cost	195	74	1
Actuarial losses	985	1,008	9
Retirement benefit paid	(631)	(821)	(7)
Prior service costs	(271)	—	—
Decrease associated with the transfer of the amount of welfare pension fund previously managed for the government	(5,678)	—	—
Other	13	—	—
Projected benefit obligation at the end of the fiscal year	¥ 13,327	¥ 14,046	\$ 125

(Note) Employee contributions to the welfare pension fund and corporation pension fund plans have been deducted from the service costs.

(ii) The changes in the plan assets are as follows:

	March 31, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Pension assets at the beginning of the fiscal year	¥ 5,231	¥ 6,932	\$ 62
Cumulative effects of changes in accounting policy	(19)	—	—
Restated balance	5,211	—	—
Expected return on plans assets	97	105	1
Actuarial gains	373	17	0
Contribution by the company	1,576	117	1
Retirement benefit paid	(340)	(216)	(2)
Other	13	—	—
Pension assets at the end of the fiscal year	¥ 6,932	¥ 6,956	\$ 62

(iii) Reconciliation of the projected benefit obligation and plan assets and provision for retirement benefits in the balance sheets

	March 31, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Funded projected obligation	¥ 8,329	¥ 9,013	\$ 80
Fair value of plans assets	(6,932)	(6,956)	(62)
	1,396	2,057	18
Unfunded Projected benefit obligation	4,998	5033	45
Unfunded pension obligation	6,395	7090	63
Unrecognized Actuarial gains or losses	—	—	—
Unrecognized prior service costs	—	—	—
Net amount of assets and liabilities in the balance sheets	6,395	7,090	63
Provision for retirement benefits	6,395	7,090	63
Net amount of assets and liabilities in the balance sheets	¥ 6,395	¥ 7,090	\$ 63

(iv) Component of retirement benefit expense

	March 31, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Service cost (Note 1)	¥ 433	¥ 458	\$ 4
Interest cost	195	74	1
Expected return on plans assets	(97)	(105)	(1)
Realized Actuarial loss	631	991	9
Amortization of prior service cost (Note 2)	(271)	—	—
Retirement benefit expense	891	1,418	13
Decrease associated with the transfer of the amount of welfare pension fund previously managed for the government (Note 3)	¥ (5,698)	¥ —	\$ —

Note 1. Employee contributions to the welfare pension fund and corporation pension fund plans have been deducted from the service cost.

2. Due to the abolishment of the welfare pension fund plan and the establishment of the defined benefit corporate pension plan effective October 1, 2014, prior service costs of ¥271 million have been recognized as credit to expenses during the fiscal year ended March 31, 2015.

3. Recorded as a component of extraordinary income.

(v) Plan assets

① Major components of Plan assets

Percentages of components to the total are as follows;

	March 31, 2015	March 31, 2016
Debt securities	38%	39%
Stocks	13%	12%
General account of life insurance company	8%	8%
Cash and due from banks	41%	41%
Total	100%	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

	March 31, 2015	March 31, 2016
Discount rate	0.70%	0.16%
Expected rate of return on plan assets	2.50%	2.50%
Expected rate of increase in salary	3.91%	3.91%

(c) Defined contribution plan

JBIC established a defined contribution-type retirement benefit plan effective October 1, 2014. The amount of contribution required to be made to the defined contribution plan was ¥12 million for the fiscal year ended March 31, 2015 and ¥24 million (\$0 million) for the fiscal year ended March 31, 2016.

17. 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 of 1965).

18. Segment Information

(a) Segment summary

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

(b) Related information

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(i) Information about services

Information about services has been omitted as ordinary income from outside customers in relation to loan, guarantee and equity participation operations comprises more than 90% of the ordinary income on the Statements of Operations.

(ii) Information about geographical areas

① Ordinary income:

(In millions of yen)

Japan		Asia/Oceania Australia (excluding Australia)		Europe/ Middle East/Africa		North America/ Latin America		Total			
¥	42,978	¥	29,635	¥	55,768	¥	65,714	¥	63,154	¥	257,252

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

2. Ordinary income is disclosed based on the location of the customers and is classified by country or region.

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 the ordinary income on the Statements of Operations.

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(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 Statements of Operations.

(ii) Information about geographical areas

① Ordinary income:

(In millions of yen)

Japan			Asia/Oceania (excluding Australia)			Europe/ Middle East/Africa		North America/ Latin America		Total	
¥	42,283	¥	27,456	¥	54,737	¥	59,768	¥	55,760	¥	240,005

(In millions of U.S. dollars)

Japan		Australia (excluding Australia)		Asia/Oceania		Europe/Middle East/Africa		North America/Latin America		Total	
\$	375	\$	244	\$	486	\$	530	\$	495	\$	2,130

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

2. Ordinary income is disclosed based on the location of the customers and is classified by country or region.

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 Statements of Operations.

(c) Information about impairment losses of property, plant and equipment in Reportable Segments

Not applicable

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

Not applicable

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

Not applicable

19. Profit and loss on equity method

(a) Affiliates

	March 31, 2015 (In millions of yen)	March 31, 2016 (In millions of yen)	March 31, 2016 (In millions of U.S. dollars)
Investment in affiliates	¥ 83,251	¥ 82,439	\$ 732
Investment in affiliates (equity method)	83,251	82,439	732
Profit of Investment in affiliates (equity method)	—	—	—

Note: Affiliates that are not significant in terms of profit/loss, retained earnings and other items have been excluded.

(b) Special purpose entities

Not applicable

20. Related-party transactions

Related party transactions in the fiscal years ended March 31, 2015 and March 31, 2016 are as follows;

(a) Transactions with parent company and major shareholder companies

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(In millions of yen)

	Corporate name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relation with related parties	Transactions	Amounts of transactions (Note 4)	Items	Balance as of March 31, 2015 (Note 4)
Principal shareholder	Ministry of Finance (Minister of Finance)	Chiyoda-ku, Tokyo	—	Administration for policy based financing	100 (Direct)	Receipt of funds, etc.	Underwriting of capital increase (Note 1)	¥ 31,000	—	—
							Receipt of funds (Note 2)	1,512,991	Borrowings	9,425,316
							Repayment of borrowing	1,321,639		
							Payment of interest on borrowings	50,488	Accrued expenses	14,981
							Guarantee for corporate bonds (Note 3)	2,569,535	—	—

Note1. Ministry of Finance underwrote JBIC's issuance of new shares through shareholder allocation for ¥1 (\$0) per share.

2. Receipt of funds represents borrowings from the FILP special account and foreign exchange funds special account. FILP interest rates are applied in accordance with the FILP agreement, while the interest rates under the respective agreements related to foreign exchange funds special account are applied to borrowings from foreign exchange funds.

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

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

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(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, 2016 (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)	1,840,778	Borrowings	9,438,450
							Repayment of borrowing	1,403,938		
							Payment of interest on borrowings	57,339	Accrued expenses	18,240
							Guarantee for corporate bonds (Note 2)	2,388,589	—	—

(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, 2016 (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)	16,336	Borrowings	83,763
							Repayment of borrowing	12,460		
							Payment of interest on borrowings	509	Accrued expenses	162
							Guarantee for corporate bonds (Note 2)	21,198	—	—

Note 1. Receipt of funds represents borrowings from the FILP special account and foreign exchange funds special account. FILP interest rates are applied in accordance with the FILP agreement, while the interest rates under the respective agreements related to foreign exchange funds special account are applied to borrowings 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.

(b) Transactions with fellow subsidiaries and affiliates' subsidiaries

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(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, 2015
Companies that had the majority of their voting rights held by principal shareholders	Japan International Cooperation Agency	Chiyoda-ku, Tokyo	¥7,877,115	Official development assistance	None	Joint obligor	Joint obligations	¥ 428,110 (Note 1, 4)	—	—
	Japan Finance Corporation	Chiyoda-ku, Tokyo	3,855,086	Finance	None	Joint obligor	Joint obligations	1,111,402 (Note 2, 4)	—	—
								710,000 (Note 3, 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 the provision of Article 4 (1) of Supplementary Provisions of the Japan International Cooperation Agency Act (Act No. 136 of 2002). Pursuant to Article 4 (2) hereof, all of JICA assets are pledged as general collateral for these joint obligations.

- 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 (Act No. 57 of 2007). Pursuant to Article 46-2 (2) hereof, all of JFC's assets are pledged as general collateral for these joint obligations.
- JBIC is jointly responsible for the obligations of JFC bonds 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.
- In relation to these joint obligations, no transactions are recognized in the Statements of Operations.

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(In millions of yen)

	Corporate name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relation with related parties	Transactions	Amounts of transactions	Items	Balance as of March 31, 2016
Companies that had the majority of their voting rights held by principal shareholders	Japan International Cooperation Agency	Chiyoda-ku, Tokyo	¥7,925,375	Official development assistance	None	Joint obligor	Joint obligations	¥ 250,000 (Note 1, 4)	—	—
	Japan Finance Corporation	Chiyoda-ku, Tokyo	3,904,645	Finance	None	Joint obligor	Joint obligations	611,570 (Note 2, 4)	—	—
								450,000 (Note 3, 4)	—	—

(In millions of U.S. dollars)

	Corporate name	Location	Capital	Business	Ratio to Total Voting Rights (%)	Relation with related parties	Transactions	Amounts of transactions	Items	Balance as of March 31, 2016
Companies that had the majority of their voting rights held by principal shareholders	Japan International Cooperation Agency	Chiyoda-ku, Tokyo	\$ 70,335	Official development assistance	None	Joint obligor	Joint obligations	\$ 2,219 (Note 1, 4)	—	—
	Japan Finance Corporation	Chiyoda-ku, Tokyo	34,653	Finance	None	Joint obligor	Joint obligations	5,427 (Note 2, 4)	—	—
								3,994 (Note 3, 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 the provision of Article 4 (1) of Supplementary Provisions of the Japan International Cooperation Agency Act (Act No. 136 of 2002). Pursuant to Article 4 (2) hereof, all of JICA assets are pledged as general collateral for these joint obligations.

- 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 (Act No. 57 of 2007). Pursuant to Article 46-2 (2) hereof, all of JFC's assets are pledged as general collateral for these joint obligations.
- JBIC is jointly responsible for the obligations of JFC bonds 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.
- In relation to these joint obligations, no transactions are recognized in the Statements of Operations.

21. Amounts per share

Amounts per share as of the fiscal years ended March 31, 2015 and March 31, 2016 are calculated as follows:

	March 31, 2015 (In yen)	March 31, 2016 (In yen)	March 31, 2016 (In U.S. dollars)
Net Assets per share of common stock	¥ 1.76	¥ 1.77	\$ 0.02
Net income per share of common stock	0.09	0.03	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, 2015 (in millions of yen)	March 31, 2016 (in millions of yen)	March 31, 2016 (in millions of U.S. dollars)
Net income	¥ 126,187	¥ 42,772	\$ 380
Amount not attribute to common stock	—	—	—
Net income related to common stock	126,187	42,772	380
Average outstanding shares of common stock (during the period)	1,383,610,958 thousands of shares	1,391,000,000 thousands of shares	

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

	March 31, 2015 (in millions of yen)	March 31, 2016 (in millions of yen)	March 31, 2016 (in millions of U.S. dollars)
Net Assets	¥ 2,460,520	¥ 2,472,367	\$ 21,941
Deductions from net assets	—	—	—
Net Assets related to common stock	2,460,520	2,472,367	21,941
Year-end outstanding shares of common stock on which net assets per share was calculated	1,391,000,000 thousands of shares	1,391,000,000 thousands of shares	

22. Subsequent Events

Establishment of the “Special Operations” account

The Act for Partial Amendment of the Act on Japan Bank for International Cooperation (Act No. 41 of 2016) was approved and enacted at the 190th ordinary session of the diet on May 11, 2016. Consequently, as a means of further risk-taking by JBIC, a new “Special Operations” account will be established from which JBIC can finance overseas infrastructure projects that offer a sufficient level of expected return commensurate with their risk profile. Activities for this account are accounted for separately from those of the Ordinary Operations account. The date from which the aforementioned “Special Operations” account will become established is the date noted in the government ordinance.

23. Fixed assets

Fixed assets as of March 31, 2016 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	¥ 3,593	¥ 62	¥ 58	¥ 3,597	¥ 714	¥ 168	¥ 2,882
Land	24,664	—	237	24,427	—	—	24,427
Lease assets	44	—	0	44	30	8	13
Construction in progress	—	255	221	34	—	—	34
Other	1,132	86	9	1,208	762	207	446
Total property, plant and equipment	¥ 29,435	¥ 404	¥ 527	¥ 29,312	¥ 1,507	¥ 384	¥ 27,804
Intangible assets							
Software	¥ 4,952	¥ 500	¥ —	¥ 5,452	¥ 2,715	¥ 918	¥ 2,737
Total intangible assets	¥ 4,952	¥ 500	¥ —	¥ 5,452	¥ 2,715	¥ 918	¥ 2,737

(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	\$ 32	\$ 1	\$ 1	\$ 32	\$ 6	\$ 1	\$ 26
Land	219	—	2	217	—	—	217
Lease assets	0	—	0	0	0	0	0
Construction in progress	—	2	2	0	—	—	0
Other	10	1	0	11	7	3	4
Total property, plant and equipment	\$ 261	\$ 4	\$ 5	\$ 260	\$ 13	\$ 4	\$ 247
Intangible assets							
Software	\$ 44	\$ 4	\$ —	\$ 48	\$ 24	\$ 8	\$ 24
Total intangible assets	\$ 44	\$ 4	\$ —	\$ 48	\$ 24	\$ 8	\$ 24

24. Bonds payable

Major components of bonds payable as of March 31, 2016 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 13th	March 23, 2006	¥ 78,090 (USD 649,829,000)	¥ —	5.250	General collateral	March 23, 2016	*1
Government guaranteed JFC (JBIC) foreign bonds 5-9th	September 22, 2010 – February 7, 2012	990,850 (USD 8,245,406,000)	591,367 [450,676] (USD 5,248,199,000) [USD 3,999,616,000]	1.875~ 2.500	General collateral	September 24, 2015 – February 7, 2019	*2
Government guaranteed JBIC foreign bonds 1st-13th	July 19, 2012 – January 21, 2016	1,500,595 (USD 11,464,919,000) (GBP 423,865,000) (CAD 499,875,000)	1,797,222 (USD 14,955,359,000) (GBP 424,064,000) (CAD 499,917,000)	0.978~ 3.375	General collateral	July 19, 2017 – January 21, 2026	
JBIC bonds 13th, 16th, 19th, 21st-23rd, 25th, 27th, 29th, 30th	May 28, 2004 – May 29, 2008	349,960	249,974 [49,998]	1.580~ 2.090	General collateral	September 18, 2015 – December 19, 2025	*1
JFC corporate bonds 3rd, 12th, 17th	October 29, 2009 – May 9, 2011	119,993	19,995	0.421~ 1.430	General collateral	June 19, 2015 – September 20, 2019	*2
Non-guaranteed JBIC domestic bond 1st	January 27, 2015	10,000	10,000	0.120	General collateral	December 20, 2019	
Total	—	¥ 3,049,490	¥ 2,668,558	—	—	—	—

(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 13th	March 23, 2006	\$ 693 (USD 649,829,000)	\$ —	5.250	General collateral	March 23, 2016	*1
Government guaranteed JFC (JBIC) foreign bonds 5-9th	September 22, 2010 – February 7, 2012	8,793 (USD 8,245,406,000)	5,248 [4,000] (USD 5,248,199,000) [USD 3,999,616,000]	1.875~ 2.500	General collateral	September 24, 2015 – February 7, 2019	*2
Government guaranteed JBIC foreign bonds 1st-13th	July 19, 2012 – January 21, 2016	13,317 (USD 11,464,919,000) (GBP 423,865,000) (CAD 499,875,000)	15,950 (USD 14,955,359,000) (GBP 424,064,000) (CAD 499,917,000)	0.978~ 3.375	General collateral	July 19, 2017 – January 21, 2026	
JBIC bonds 13th, 16th, 19th, 21st-23rd, 25th, 27th, 29th, 30th	May 28, 2004 – May 29, 2008	3,106	2,218 [444]	1.580~ 2.090	General collateral	September 18, 2015 – December 19, 2025	*1
JFC corporate bonds 3rd, 12th, 17th	October 29, 2009 – May 9, 2011	1,065	177	0.421~ 1.430	General collateral	June 19, 2015 – September 20, 2019	*2
Non-guaranteed JBIC domestic bond 1st	January 27, 2015	89	90	0.120	General collateral	December 20, 2019	
Total	—	\$ 27,063	\$ 23,683	—	—	—	—

Note1. 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. (*1) JBIC assumed the obligations in respect of the government guaranteed JBIC bonds and the JBIC bonds 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.

(*2) JBIC also assumed from JFC the obligations concerning the government guaranteed JFC (JBIC) foreign bonds and the JFC corporate bonds, 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, 2016 is as follows:

(In millions of yen)

	Within 1 year	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 4 years	After 4 years but within 5 years
Amount	¥ 500,720	¥ 368,755	¥ 724,250	¥ 239,020	¥ 201,496

(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	\$	4,444	\$ 3,273	\$ 6,427	\$ 2,121	\$ 1,788

25. Borrowings

Borrowings as of March 31, 2016 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	¥ 9,425,316	¥ 9,438,450	\$ 83,763	0.76	—
Borrowings	9,425,316	9,438,450	83,763	0.76	May 2016 – January 2026
Lease obligation (Due within one year)	12	10	0	—	—
Lease obligation (Due after one year)	19	5	0	—	March 18
Other interest-bearing liabilities	12,750	63,380	562	0.00	—
Cash collateral received for financial instruments	12,750	63,380	562	0.00	—

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, 2016 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	¥ 681,156	¥ 1,044,892	¥ 4,084,705	¥ 1,385,687	¥ 1,102,307
Lease obligations	10	5	—	—	—

(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	\$ 6,045	\$ 9,273	\$ 36,250	\$ 12,298	\$ 9,783
Lease obligations	0	0	—	—	—

26. Reserves

Reserves as of March 31, 2016 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	¥ 115,492	¥ 100,180	¥ —	¥ 47,410	¥ 168,262
General allowance for loan losses	36,828	96,353	—	36,828	96,353
Specific allowance for loan losses	76,003	129	—	7,921	68,211
Allowance for possible losses on specific overseas loans	2,660	3,697	—	2,660	3,697
Provision for bonuses	500	516	500	—	516
Provision for directors' bonuses	6	6	6	—	6
Provision for directors' retirement benefits	30	11	2	—	39
Total	¥ 116,030	¥ 100,714	¥ 509	¥ 47,410	¥ 168,824

(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	\$ 1,025	\$ 889	\$ —	\$ 421	\$ 1,493
General allowance for loan losses	327	855	—	327	855
Specific allowance for loan losses	674	1	—	70	605
Allowance for possible losses on specific overseas loans	24	33	—	24	33
Provision for bonuses	5	5	5	—	5
Provision for directors' bonuses	0	0	0	—	0
Provision for directors' retirement benefits	0	0	0	—	0
Total	\$ 1,030	\$ 894	\$ 5	\$ 421	\$ 1,498

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

27. Asset Retirement Obligation

Not applicable

28. Components of major assets and liabilities

Components of major assets and liabilities as of March 31, 2016 are as follows:

(a) Assets:

- (i) Due from banks:
Deposits with Bank of Japan (¥715,594 million (\$6,351 million)) and other banks (¥504,593 million (\$4,478 million))
- (ii) Other securities:
Foreign securities (¥236,602 million (\$2,100 million))
- (iii) Prepaid expenses:
General and administrative expenses (¥494 million (\$4 million))
- (iv) Accrued income:
Accrued interest on loans (¥47,395 million (\$421 million)), and others
- (v) Other:
Guarantees and others (¥140 million (\$1 million)), suspense payments (¥124 million (\$1 million)), and others

(b) Liabilities

- (i) Accrued expenses:
Accrued interest on borrowings and rediscounts (¥18,240 million (\$162 million)), accrued interest on bonds (¥13,224 million (\$117 million)), and others
- (ii) Unearned revenue:
Guarantee commission (¥57,845 million (\$513 million)), and others
- (iii) Other liabilities
Suspense receipts (¥414 million (\$4 million)), and others

(Unit: millions of yen, %)

	March 31, 2015		March 31, 2016	
	Amount	% (Note)	Amount	% (Note)
Liabilities	16,003,296	86.7	15,108,255	85.9
Borrowed Money	9,425,316	51.0	9,438,450	53.7
Bonds Payable	3,049,490	16.5	2,668,558	15.2
Acceptances and Guarantees	2,572,328	13.9	2,464,703	14.0
Other	956,160	5.2	536,543	3.1
Net Assets	2,460,520	13.3	2,472,367	14.1
Capital Stock	1,391,000	7.5	1,391,000	7.9
Retained Earnings	993,053	5.4	972,140	5.5
Valuation Difference on Available-for-sale Securities	12,786	0.1	4,303	0.0
Deferred Gains or Losses on Hedges	63,681	0.3	104,923	0.6
Total Liabilities and Net Assets	18,463,816	100	17,580,622	100

(Note) Ratio to Liabilities and Net Assets added.

(Information on the Capital Adequacy Ratios)

Although JBIC is not subject to Article 14-2 of the Banking Act of Japan, capital adequacy ratios have been calculated in accordance with "Criteria for Judging Whether a Financial Institution's Own Capital Is Sufficient in Light of the Assets Held, etc. under the Provision of Article 14-2 of the Banking Act" (2006, Financial Services Agency Notification No. 19). In addition to the application of uniform international standards, credit risk assets were calculated using the standardized approach.

(Unit: %, billions of yen)

Total risk-weighted capital ratio	16.04
Tier 1 risk-weighted capital ratio	15.40
Common Equity Tier 1 risk-weighted capital ratio	15.40
Total capital (Common Equity Tier 1 capital + Additional Tier 1 capital + Tier 2 capital)	2,439
Tier 1 capital (Common Equity Tier 1 capital + Additional Tier 1 capital)	2,342
Common Equity Tier 1 capital	2,342
Risk-weighted assets	15,203
The amount of minimum capital requirements	1,216

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

(Unit: millions of yen, %)

	Fiscal Year Ended March 31, 2015			Fiscal Year Ended March 31, 2016		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-earning Assets	14,616,678	192,973	1.32	15,924,136	213,806	1.34
Loans and Bills Discounted	13,415,041	166,130	1.24	14,369,087	196,859	1.37
Due from Banks	628,700	1,479	0.24	948,271	2,787	0.29
Interest-bearing Liabilities	11,760,700	116,076	0.99	12,732,206	123,779	0.97
Borrowed Money	8,793,333	50,488	0.57	9,585,267	57,339	0.60
Bonds Payable	2,936,834	65,567	2.23	3,124,115	66,429	2.13

4

Breakdown of Operating Expenses

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2016
Salaries and Other Compensations	5,181	5,259
Expenses for Retirement Benefits	891	1,442
Welfare Benefits	675	729
Amortization of Property and Equipment	1,356	1,302
Leasing on Land, Buildings and Machinery	147	142
Building Maintenance	124	182
Supplies	213	243
Utilities	108	93
Traveling Expenses	1,351	1,390
Communications	119	127
Advertising Expenses	4	3
Fees, Donations and Social Expenses	12	13
Taxes	359	317
Other	6,457	6,380
Total	17,004	17,631

5

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

(Unit: millions of yen)

	March 31, 2015	March 31, 2016
Due from Banks in Japanese Yen	242,750	90,000
Due from Banks in Foreign Currencies	553,057	399,030
Receivables under Resale Agreements	—	—
Securities	—	—

(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, 2016; 100 millions of yen)

	Contract Amounts / Notional Amounts	Credit Risk Amounts	Market Value
Interest Rate Swaps	33,339	1,012	34
Currency Swaps	40,823	3,881	(3,354)
Forward Exchange Contracts	3	0	0
Other Derivatives	—	—	—
Credit Risk Reductions through Netting		(3,312)	
Total	74,166	1,580	(3,320)

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

(Unit: %)

	Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2016
(A) - (B)	0.33	0.37
Yields on Interest-earning Assets (A)	1.32	1.34
Costs of Interest-bearing Liabilities (B)	0.99	0.97

(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

Loans Outstanding per Employee

(Unit: millions of yen)

March 31, 2015	March 31, 2016
27,180	25,404

Loans Outstanding by Industry

(Unit: millions of yen)

Industry	March 31, 2015		March 31, 2016	
	Number of Loans	Balance	Number of Loans	Balance
Manufacturing	103	640,475	114	446,781
Mining and Quarrying of Stone and Gravel	9	344,879	8	296,038
Construction	1	1,285	1	1,071
Electricity, Gas, Heat Supply, and Water	6	375,019	6	334,239
Information and Communications	2	212,261	2	195,184
Transport and Postal Services	4	27,887	5	23,968
Wholesale Trade	17	917,080	20	804,770
Finance and Insurance	19	2,142,810	19	2,286,878
Goods Rental and Leasing	3	199,203	3	170,617
Overseas Yen Loan and Domestic Loans Transferred Overseas	497	9,572,046	526	9,048,331
Total, Including Others	661	14,432,949	704	13,607,883
Loans Outstanding to Small and Medium-sized Enterprises	158	35,276	214	47,909
Loans Outstanding to Mid-tier Enterprises	95	137,939	151	140,841

(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, 2015	Fiscal Year Ended March 31, 2016
—	—

11 Assets in Major Foreign Currencies

(Unit: thousands of regarding currency unit)

	March 31, 2015	March 31, 2016
Cash Equivalents in Foreign Currency (USD)	4,441,790	3,472,424
Cash Equivalents in Foreign Currency (GBP)	106,396	44,616
Cash Equivalents in Foreign Currency (EUR)	5,644	24,828
Cash Equivalents in Foreign Currency (ZAR)	—	0
Cash Equivalents in Foreign Currency (THB)	0	0
Cash Equivalents in Foreign Currency (CAD)	5,298	7,385
Cash Equivalents in Foreign Currency (INR)	—	1,000
Investments in Foreign Currency (USD)	1,117,023	1,289,197
Equity Investments in Foreign Currency (USD)	217,516	344,111
Equity Investments in Foreign Currency (EUR)	100,000	120,000
Equity Investments in Foreign Currency (CNY)	99,791	99,791
Equity Investments in Foreign Currency (INR)	890,000	890,000
Equity Investments in Foreign Currency (SGD)	165,999	165,999
Loans in Foreign Currency (USD)	99,331,849	101,327,608
Loans in Foreign Currency (GBP)	172,503	237,416
Loans in Foreign Currency (EUR)	1,115,647	1,285,028
Loans in Foreign Currency (ZAR)	752,900	749,400
Loans in Foreign Currency (AUD)	3,193,147	3,159,897
Loans in Foreign Currency (THB)	6,011,116	5,227,149
Loans in Foreign Currency (SDR)	320,208	208,133
Loans in Foreign Currency (CAD)	1,276,597	1,263,302
Loans in Foreign Currency (CNY)	174,980	148,320
Loans in Foreign Currency (INR)	—	341,600
Loans in Foreign Currency (MXN)	237,500	680,700
Loans in Foreign Currency (IDR)	384,600,000	288,000,000

(Units: %)

	Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2016
Administrative Expense Ratio	0.11	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)

Balance of Loans / Borrowings, Bonds and Notes by Maturity

Maturity Structure of Loans as of March 31, 2016

(Unit: 100 millions of yen)

Maturity	Collection from Loans
1 Year or Less	11,979
1-2 Years	13,859
2-3 Years	13,766
3-4 Years	14,518
4-5 Years	14,721
5-6 Years	11,258
6-7 Years	11,158
7-8 Years	8,191
8-9 Years	9,099
9-10 Years	6,759
11-15 Years	15,306
16-20 Years	2,804
21-25 Years	154
26-30 Years	7
31-35 Years	—
36-40 Years	—
Over 40 Years	—
Total	133,585

(Note) The figures exclude: ¥182,118 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 Borrowings from FILP Fiscal Loan and Foreign Exchange Fund Special Account in total as of March 31, 2016

(Unit: 100 millions of yen)

Maturity	Repayment of Borrowings
1 Year or Less	6,811
1-2 Years	10,448
2-3 Years	40,847
3-4 Years	13,856
4-5 Years	11,023
5-6 Years	1,289
6-7 Years	3,019
7-8 Years	4,751
8-9 Years	1,108
9-10 Years	1,230
Over 10 Years	—
Total	94,384

Maturity Structure of Bonds and Notes as of March 31, 2016

(Unit: 100 millions of yen)

Maturity	Redemption of Bonds and Notes
1 Year or Less	5,007
1-2 Years	3,687
2-3 Years	7,242
3-4 Years	2,390
4-5 Years	2,014
5-6 Years	—
6-7 Years	—
7-8 Years	1,126
8-9 Years	2,253
9-10 Years	3,017
Over 10 Years	—
Total	26,739

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* 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:

i. 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.

ii. 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.

iii. 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”.

iv. 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)

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2016
Bankrupt Loans	—	—
Non-accrual Loans	120,482	111,407
Past Due Loans (3 months or more)	35,945	44,719
Restructured Loans	73,770	98,714
Total (1)	230,198	254,840
Total Amounts of Loans (2)	14,432,949	13,540,661
(1) / (2) (%)	1.59	1.88

(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.

i. 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.

ii. 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.

iii. Substandard Loans

"Substandard Loans" are loans to debtors who are categorized as "Needs Attention Debtor" in the asset quality self-assessment, and

- A. 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)").
- B. 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)

iv. 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, 2015	Fiscal Year Ended March 31, 2016
Loans	Bankrupt and Quasi-bankrupt Assets	—	—
	Doubtful Assets	120,482	111,415
	Substandard Loans	109,716	143,433
	Subtotal (1)	230,198	254,849
	Normal Assets	16,819,545	15,799,431
	Total (2)	17,049,743	16,054,280
	(1) / (2) (%)	1.35	1.59

Note

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 ¥212,872 million as of the end of the fiscal year ended March 31, 2016.

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 ¥70,353 million, of which ¥70,353 million represents the original principal.

Financial Statements in Accordance with International Financial Reporting Standards (IFRS) for Reference Only

1. Excerpt from the financial statements in accordance with IFRS

The financial statements have been prepared in accordance with IFRS as adopted by the International Accounting Standards Board. Unless otherwise stated, all amounts in the financial statements are rounded down and stated in millions of yen.

Ernst & Young ShinNihon LLC has audited the financial statements of JBIC, which comprise the statements of financial position as of March 31, 2016 and 2015, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information, in accordance with International Standards on Auditing.

This document is an excerpt of JBIC's financial statements prepared on a basis consistent with IFRS that are included in JBIC's annual report on Form 18-K filed with the U.S. Securities and Exchange Commission. This document does not contain all of the information in the Form 18-K that is important to you. You should read the Form 18-K carefully to obtain a comprehensive understanding of JBIC's financial statements under IFRS and related information.

Statement of Financial Position

(Millions of yen)

	March 31, 2016	March 31, 2015
Assets		
Cash and due from banks	1,220,187	850,496
Derivative financial instrument assets	237,274	174,946
Securities	154,976	173,758
Loans and other receivables	13,460,347	14,357,186
Equity method investments	106,618	115,358
Property and equipment	27,804	28,295
Other assets	166,661	370,073
Total assets	15,373,870	16,070,115
Liabilities		
Derivative financial instrument liabilities	570,245	991,161
Borrowings	9,438,450	9,425,316
Bonds payable	2,668,872	3,058,499
Financial guarantee contracts	76,710	84,708
Other liabilities	127,941	86,208
Total liabilities	12,882,220	13,645,893
Equity		
Capital stock	1,391,000	1,391,000
Retained earnings	1,066,533	985,166
Other reserves	34,116	48,055
Total equity	2,491,649	2,424,222
Total liabilities and equity	15,373,870	16,070,115

Income Statement

(Millions of yen)

	March 31, 2016	March 31, 2015
Interest income	216,592	173,110
Interest expense	116,024	103,876
Net interest income	100,567	69,234
Fee and commission income	14,523	13,512
Fee and commission expense	1,653	2,088
Net income from derivative financial instruments	56,227	25,760
Net investment income	3,708	1,505
Other income	1,718	1,060
Income other than interest income	74,524	39,749
Total operating income *¹	175,091	108,984
Impairment losses (reversals) on financial assets	12,320	(13,176)
Net operating income *²	162,771	122,160
Operating expenses	16,734	9,985
Other expenses	883	419
Total operating expenses	17,618	10,404
Profits of equity method investments	436	13,405
Net profit	145,589	125,161

*1 Aggregate of "Net interest income" and "Income other than interest income"

*2 "Total operating income" less "Impairment losses (reversals) on financial assets"

Statement of Comprehensive Income

(Millions of yen)

	March 31, 2016	March 31, 2015
Net profit	145,589	125,161
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans:		
Remeasurement arising during the year	(537)	(642)
Total of items that will not be reclassified to profit or loss	(537)	(642)
Items that may be reclassified to profit or loss:		
Available -for-sale financial assets:		
Net gains arising during the year	176	815
Reclassification adjustments	(2,726)	(793)
Deferred gains (losses) on hedges:		
Reclassification adjustments	(3,461)	(3,992)
Exchange differences on translation of foreign operations:		
Net gains (losses) arising during the year	(7,927)	14,829
Total of items that may be reclassified to profit or loss	(13,938)	10,859
Other comprehensive income	(14,476)	10,217
Total comprehensive income	131,112	135,378

Statement of Changes in Equity

(Millions of yen)

	Attributable to equity holders of Japan Bank for International Cooperation							
	Capital stock	Retained earnings	Other reserves					Total equity
			Remeasurement of defined benefit plans	Available-for-sale financial assets	Deferred gains (losses) on hedges	Exchange differences on translation of foreign operations	Total	
April 1, 2014	1,360,000	906,331	—	5,315	16,664	15,216	37,195	2,303,527
Net profit	—	125,161	—	—	—	—	—	125,161
Other comprehensive income	—	—	(642)	22	(3,992)	14,829	10,217	10,217
Total comprehensive income	—	125,161	(642)	22	(3,992)	14,829	10,217	135,378
Issuance of new shares	31,000	—	—	—	—	—	—	31,000
Payment to national treasury	—	(45,683)	—	—	—	—	—	(45,683)
Other	—	(642)	642	—	—	—	642	—
March 31, 2015	1,391,000	985,166	—	5,338	12,671	30,045	48,055	2,424,222
Net profit	—	145,589	—	—	—	—	—	145,589
Other comprehensive income	—	—	(537)	(2,550)	(3,461)	(7,927)	(14,476)	(14,476)
Total comprehensive income	—	145,589	(537)	(2,550)	(3,461)	(7,927)	(14,476)	131,112
Issuance of new shares	—	—	—	—	—	—	—	—
Payment to national treasury	—	(63,684)	—	—	—	—	—	(63,684)
Other	—	(537)	537	—	—	—	537	—
March 31, 2016	1,391,000	1,066,533	—	2,787	9,210	22,117	34,116	2,491,649

Statement of Cash Flows

(Millions of yen)

	March 31, 2016	March 31, 2015
Cash flows from operating activities		
Net profit	145,589	125,161
Depreciation and amortization	1,302	1,356
Increase (decrease) in liability for retirement benefits	344	(7,342)
Profits of equity method investments	(436)	(13,405)
Net decrease (increase) in loans and other receivables	896,839	(1,783,913)
Net increase (decrease) in borrowings	13,134	1,017,608
Net decrease (increase) in deposits (excluding demand deposits)	171,193	230,543
Net decrease (increase) in receivables under resale agreements	—	202,733
Net change of derivative financial instrument assets and liabilities	(483,244)	584,362
Net increase (decrease) in financial guarantee contracts	(7,997)	12,807
Net increase (decrease) in bonds payable	(389,626)	324,609
Other	258,744	(353,332)
Net cash provided by (used in) operating activities	605,843	341,187
Cash flows from investing activities		
Purchase of securities	(55,373)	(29,768)
Proceeds from sales or redemption of securities	75,960	2,372
Purchase of equity method investments	(181)	(1,158)
Proceeds from return of equity method investments	1,850	11,917
Other	(367)	(2,718)
Net cash provided by (used in) investing activities	21,888	(19,356)
Cash flows from financing activities		
Proceeds from issuance of new shares	—	31,000
Payment to national treasury	(63,684)	(45,683)
Other	(13)	(12)
Net cash provided by (used in) financing activities	(63,698)	(14,695)
Exchange difference on cash and cash equivalents	(23,150)	50,715
Net increase (decrease) in cash and cash equivalents	540,884	357,850
Cash and cash equivalents at the beginning of the year	571,695	213,845
Cash and cash equivalents at the end of the year	1,112,579	571,695
Net cash provided by (used in) operating activities includes the following:		
Interest received	194,052	162,226
Interest paid	(118,022)	(116,172)

2. Reconciliation of assets, liabilities, and equity as of March 31, 2016 and 2015, and reconciliation of net profit for the fiscal years ended March 31, 2016 and 2015, between accounting principles generally accepted in Japan (Japanese GAAP) and IFRS as adopted by the International Accounting Standards Board, and non-GAAP financial information calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles.*

* JBIC has adopted Japanese GAAP for reporting purposes. Audited financial statements of JBIC for the fiscal year ended March 31, 2016 and 2015 prepared on a basis consistent with IFRS are being disclosed for reference purposes in order to improve comparability with other issuers outside of Japan.

Reconciliation of assets, liabilities, and equity as of March 31, 2016

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRS
Assets						Assets
Cash and due from banks	1,220,187	—	—	1,220,187		Cash and due from banks
	—	237,336	(62)	237,274	A	Derivative financial instrument assets
Securities	236,602	(84,500)	2,874	154,976	B, F	Securities
Loans	13,540,661	(119,355)	39,041	13,460,347	C, E	Loans and other receivables
	—	84,500	22,117	106,618	F	Equity method investments
Property and equipment	27,804	—	—	27,804		Property and equipment
Intangible assets	2,737	(2,737)	—	—		
Other assets	256,188	(89,527)	—	166,661	A, C	Other assets
Customers' liabilities for acceptances and guarantees	2,464,703	—	(2,464,703)	—	E	
Allowance for loan losses	(168,262)	168,262	—	—	C	
Total assets	17,580,622	193,979	(2,400,731)	15,373,870		Total assets
Liabilities						Liabilities
	—	569,343	902	570,245	A	Derivative financial instrument liabilities
Borrowed money	9,438,450	—	—	9,438,450		Borrowings
Bonds payable	2,668,558	—	314	2,668,872	D	Bonds payable
	—	—	76,710	76,710	E	Financial guarantee contracts
Provision for retirement benefits	7,090	(7,090)	—	—	G	
Provision for directors' retirement benefits	39	(39)	—	—	G	
Other liabilities	528,890	(367,710)	(33,238)	127,941	A, G	Other liabilities
Provision for bonuses	516	(516)	—	—		
Provision for directors' bonuses	6	(6)	—	—		
Acceptances and guarantees	2,464,703	—	(2,464,703)	—	E	
Total liabilities	15,108,255	193,979	(2,420,014)	12,882,220		Total liabilities
Equity						Equity
Capital stock	1,391,000	—	—	1,391,000		Capital stock
Retained earnings	972,140	—	94,392	1,066,533		Retained earnings
	—	109,226	(75,110)	34,116	A	Other reserves
Valuation difference on available-for-sale securities	4,303	(4,303)	—	—		
Deferred gains or losses on hedges	104,923	(104,923)	—	—		
Total equity	2,472,367	—	19,282	2,491,649		Total equity
Total liabilities and equity	17,580,622	193,979	(2,400,731)	15,373,870		Total liabilities and equity

Reconciliation of assets, liabilities, and equity as of March 31, 2015

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRS
Assets						Assets
Cash and due from banks	850,496	—	—	850,496		Cash and due from banks
	—	174,967	(20)	174,946	A	Derivative financial instrument assets
Securities	261,786	(85,313)	(2,715)	173,758	B, F	Securities
Loans	14,432,949	(71,027)	(4,735)	14,357,186	C, E	Loans and other receivables
	—	85,313	30,045	115,358	F	Equity method investments
Property and equipment	28,295	—	—	28,295		Property and equipment
Intangible assets	3,154	(3,154)	—	—		
Other assets	430,297	(60,223)	—	370,073	A, C	Other assets
Customers' liabilities for acceptances and guarantees	2,572,328	—	(2,572,328)	—	E	
Allowance for loan losses	(115,492)	115,492	—	—	C	
Total assets	18,463,816	156,053	(2,549,754)	16,070,115		Total assets
Liabilities						Liabilities
	—	989,798	1,363	991,161	A	Derivative financial instrument liabilities
Borrowed money	9,425,316	—	—	9,425,316		Borrowings
Bonds payable	3,049,490	—	9,009	3,058,499	D	Bonds payable
	—	—	84,708	84,708	E	Financial guarantee contracts
Provision for retirement benefits	6,395	(6,395)	—	—	G	
Provision for directors' retirement benefits	30	(30)	—	—	G	
Other liabilities	949,227	(826,810)	(36,208)	86,208	A, G	Other liabilities
Provision for bonuses	500	(500)	—	—		
Provision for directors' bonuses	6	(6)	—	—		
Acceptances and guarantees	2,572,328	—	(2,572,328)	—	E	
Total liabilities	16,003,296	156,053	(2,513,456)	13,645,893		Total liabilities
Equity						Equity
Capital stock	1,391,000	—	—	1,391,000		Capital stock
Retained earnings	993,053	—	(7,886)	985,166		Retained earnings
	—	76,467	(28,412)	48,055	A	Other reserves
Valuation difference on available-for-sale securities	12,786	(12,786)	—	—		
Deferred gains or losses on hedges	63,681	(63,681)	—	—		
Total equity	2,460,520	—	(36,298)	2,424,222		Total equity
Total liabilities and equity	18,463,816	156,053	(2,549,754)	16,070,115		Total liabilities and equity

Reconciliation of net profit for the year ended March 31, 2016

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRS
Interest income	213,806	(13,355)	16,141	216,592	C	Interest income
Interest expenses	123,779	—	(7,755)	116,024	D	Interest expense
				100,567		Net interest income
Fees and commissions	22,091	—	(7,567)	14,523	C	Fee and commission income
Fees and commissions payments	1,653	—	—	1,653		Fee and commission expense
	—	11,104	45,123	56,227	A	Net income from derivative financial instruments
	—	3,865	(157)	3,708		Net investment income
Gains on sales of stocks and other securities* ¹	1,890	(1,890)	—	—		
	—	1,823	(105)	1,718		Other income
Other ordinary income	141	(141)	—	—		
Other (income)* ¹	160	(160)	—	—		
Extraordinary income	43	(43)	—	—		
				74,524		Income other than interest income
				175,091		Total operating income
	—	52,770	(40,450)	12,320	B, C	Impairment losses on financial assets
Recoveries of written-off claims* ¹	0	(0)	—	—	C	
Provision of allowance for loan losses * ²	52,770	(52,770)	—	—	C	
				162,771		Net operating income
General and administrative expenses	17,631	—	(897)	16,734	G	Operating expenses
	—	1,164	(280)	883	D	Other expenses
Other ordinary expenses	1,310	(1,310)	—	—		
Losses on sales of stocks and other securities * ²	130	(130)	—	—		
				17,618		Total operating expenses
	—	436	—	436	F	Profits of equity method investments
Gain on investments in partnerships* ¹	1,914	(1,914)	—	—		
Net income	42,772	—	102,817	145,589		Net profit

*¹ The sum of these amounts is included in "Other income" in the income statement prepared under Japanese GAAP.*² The sum of these amounts is included in "Other expenses" in the income statement prepared under Japanese GAAP.

Reconciliation of net profit for the year ended March 31, 2015

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRS
Interest income	192,973	(24,581)	4,718	173,110	C	Interest income
Interest expenses	116,076	—	(12,200)	103,876	D	Interest expense
				69,234		Net interest income
Fees and commissions	35,901	—	(22,389)	13,512	C	Fee and commission income
Fees and commissions payments	2,088	—	—	2,088		Fee and commission expense
	—	22,596	3,164	25,760	A	Net income from derivative financial instruments
	—	1,465	39	1,505		Net investment income
Gains on sales of stocks and other securities*	0	(0)	—	—		
	—	7,286	(6,225)	1,060		Other income
Other ordinary income	4,100	(4,100)	—	—		
Other (income)*	148	(148)	—	—		
Extraordinary income	5,707	(5,707)	—	—		
				39,749		Income other than interest income
				108,984		Total operating income
	—	(13,392)	216	(13,176)	B, C	Impairment losses (reversals) on financial assets
Recoveries of written-off claims*	101	(101)	—	—	C	
Reversal of allowance for loan losses *	13,392	(13,392)	—	—	C	
				122,160		Net operating income
General and administrative expenses	17,004	—	(7,019)	9,985	G	Operating expenses
	—	1,081	(662)	419	D	Other expenses
Other ordinary expenses	1,585	(1,585)	—	—		
Extraordinary loss	16	(16)	—	—		
				10,404		Total operating expenses
	—	13,405	—	13,405	F	Profits of equity method investments
Gain on investments in partnerships*	10,633	(10,633)	—	—		
Net income	126,187	—	(1,026)	125,161		Net profit

* The sum of these amounts is included in "Other income" in the income statement prepared under Japanese GAAP.

Notes to the reconciliation of assets, liabilities, and equity as of March 31, 2016 and 2015, and the reconciliation of net profit for the fiscal years ended March 31, 2016 and 2015

A. Derivative financial instrument assets and liabilities

Under Japanese GAAP, derivative financial instrument assets are included in "Other assets" and derivative financial instrument liabilities are included in "Other liabilities." Under IFRS, they are presented in a separate line item. In addition, derivative financial instrument assets and liabilities offset Japanese GAAP do not meet the offsetting criteria under IFRS; accordingly, they are presented on a gross basis in the statement of financial position.

Under IFRS, the fair value of derivative financial instrument assets and liabilities is determined using observable market data considering the counterparty's and JBIC's credit risk.

JBIC applies hedge accounting under Japanese GAAP but it is not applied under IFRS. For hedges in hedging relationships of types that qualify for hedge accounting under Japanese GAAP but that do not qualify under International Accounting Standards ("IAS") 39 *Financial Instruments: Recognition and Measurement*, deferred gains or losses on hedges under Japanese GAAP have been transferred to retained earnings at the date of transition. Further, in respect of hedges that qualify for hedge accounting under Japanese GAAP but that do not meet the conditions for hedge accounting under IAS 39, JBIC discontinued hedge accounting in accordance with the following method for each hedge category:

i. Cash flow hedges

Deferred gains or losses on hedges are recognized in profit or loss based on cash flows arising from the hedged transactions.

ii. Fair value hedges

Deferred gains or losses on hedges under Japanese GAAP are transferred to retained earnings at the transition date, and the carrying amount of the hedged item is adjusted to the lower of the following. Such adjustments are recorded in retained earnings and then amortized using the effective interest method and recognized in profit or loss.

- the portion of the cumulative change in the fair value of the hedged item that reflects the designated hedged risk and was not recognized under Japanese GAAP; or
- the portion of the cumulative change in the fair value of the hedging instrument that reflects the designated risk and was either not recognized or deferred in the statement of financial position as an asset or a liability under Japanese GAAP.

B. Securities

Under Japanese GAAP, investments in equity securities of affiliates are included in "Securities" but they are presented separately as "Equity method investments" under IFRS. See F. "Equity method investments" for differences in measurement methods.

Unlisted stocks included in securities are carried at cost under Japanese GAAP, but under IFRS, they are categorized as available-for-sale financial assets and measured, in principle, at fair value and the changes in fair value are recognized in other comprehensive income. Impairment losses are also recognized, as necessary.

Under Japanese GAAP, investments in partnerships included in securities are recognized at an amount equivalent to JBIC's share of the net assets of the partnership, which is determined based on the most recent financial statements of the partnership available as of the reporting date as defined in the partnership agreement. Under IFRS, they are measured, in principle, at fair value and the changes in fair value are recognized in other comprehensive income. Impairment losses are also recognized, as necessary.

C. Loans and other receivables

Under Japanese GAAP, accrued interest income on loans is included in "Other assets." Under IFRS, it is presented in a separate line item under "Loans and other receivables." Under IFRS, loans and other receivables are measured at fair value plus directly attributable transaction costs at initial recognition and subsequently measured at amortized cost using the effective interest method. Loan origination fees are amortized as part of the effective interest method when they are considered an integral part of originating the related loans.

Under Japanese GAAP, a general allowance for loan losses is recorded, in addition to a specific allowance for loan losses.

On the other hand, IFRS uses an incurred loss model and an impairment loss is recognized if, and only if, JBIC assesses at the reporting date that there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated cash flows of the financial asset or a group of financial assets that can be reliably estimated. Impairment losses in respect of a group of loans and other receivables that are collectively evaluated for impairment, such as impairment losses for incurred but not reported losses, are recognized on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. The carrying amount of loans and other receivables is reduced by the impairment loss through an allowance for loan losses account.

For loans in hedging relationships designated as fair value hedges under Japanese GAAP but which no longer meet the conditions for hedge accounting under IAS 39, the carrying amounts are adjusted at the transition date in accordance with IFRS 1 in light of the discontinuance of hedge accounting.

"Loans and other receivables" include financial assets associated with financial guarantee contracts as described in "E. Financial guarantee contracts."

D. Borrowings and Bonds payable

Under Japanese GAAP, bond issuance costs are expensed as incurred. Under IFRS, bonds payable are initially measured at fair value less the transaction costs that are directly attributable to bond issuance, such as fees paid to underwriters and discounts at issuance, and subsequently measured at amortized cost using the effective interest method. In addition, borrowings and bonds payable are amortized, after considering adjustments to their carrying amounts related to discontinuing associated fair value hedges.

E. Financial guarantee contracts

Under Japanese GAAP, the contractual amounts of financial guarantee obligations are recorded as assets in “Customers’ liabilities for acceptances and guarantees” and liabilities in “Acceptances and guarantees” on the statement of financial position in the same amount. Under IFRS, both financial assets and financial liabilities associated with financial guarantee contracts are initially measured at fair value and are subsequently measured at the higher of (a) the amount initially recognized less cumulative amortization recognized and (b) the amount of estimated expenditure required to settle the guarantee obligation at the reporting date.

F. Equity method investments

JBIC’s investments in associates and joint ventures primarily comprise investments in partnerships. Under Japanese GAAP, JBIC does not use the equity method in its separate financial statements as it does not prepare any consolidated financial statements and, therefore, such investments are recognized at an amount equivalent to JBIC’s share of the net assets of the partnership, which is determined based on the most recent financial statements of the partnership available as of the reporting date as defined in the partnership agreement.

Certain of JBIC’s share of the “Gain on investments in partnerships” under Japanese GAAP are accounted for using the equity method under IFRS. Such gains or losses are presented as “Profits of equity method investments.” Exchange differences on translation of foreign operations resulting from the application of the equity method are recognized in other comprehensive income.

G. Liability for retirement benefits

Under Japanese GAAP, actuarial gains and losses in respect of defined benefit plans are expensed and included in profit or loss in the period in which they arise. However, under IFRS, remeasurement of defined benefit plans is recognized directly in other comprehensive income as incurred and immediately transferred to retained earnings. Retirement benefit obligations are remeasured in accordance with applicable IFRS, and gains and losses arising from the application of the period allocation method are recognized as adjustments to retained earnings. Liabilities for retirement benefits are included in “Other liabilities” in the statement of financial position.

Adjusted net profit in accordance with IFRS before IFRS adjustments for hedge accounting (Non-GAAP information calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles)

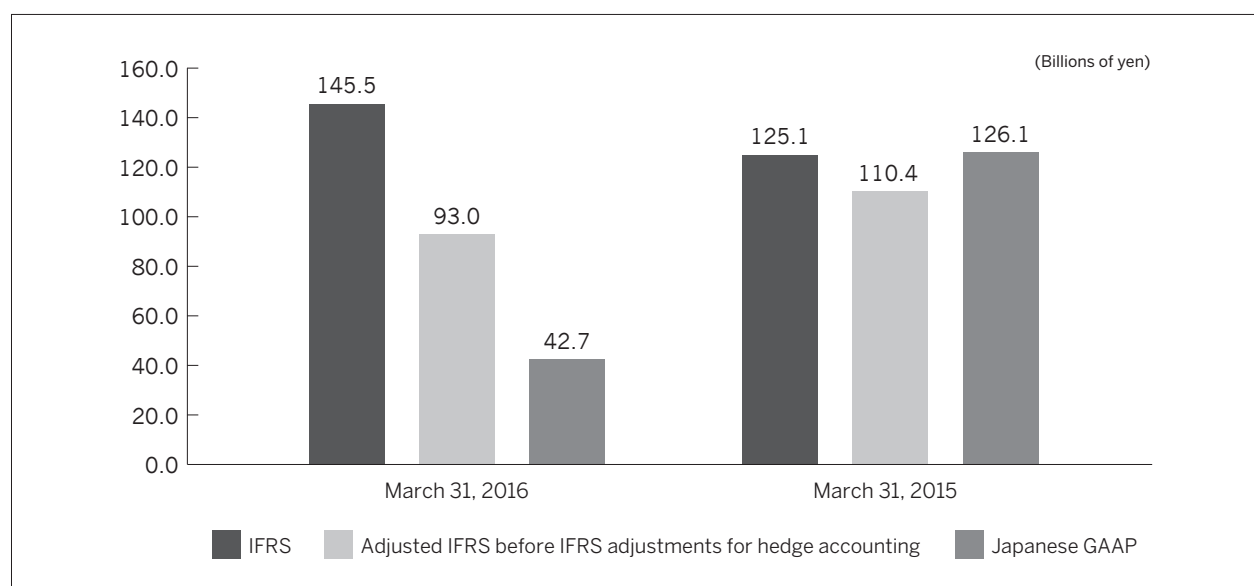
JBIC undertakes derivative financial instruments exclusively to hedge interest rate risks and foreign exchange risks. Under Japanese GAAP, hedge accounting is applied in the financial statements and net gains or losses from the valuation of derivative financial instruments are not recognized in net profit. In the financial statements under IFRS disclosed for reference purposes, JBIC does not apply hedge accounting under IAS39. Accordingly, net gains or losses from the valuation of derivative financial instruments and net gains or losses from the amortization of deferred gains or losses on hedges from discontinued hedge accounting at the date of transition are recognized in net profit in accordance with IFRS*.

As these derivative financial instruments are entered into for hedging purposes, they are not cancelled before the maturity dates. Although the net gains or losses arising from the valuation of derivative financial instruments are temporal and not yet realized, such temporary net gains or losses arising from the valuation of such derivative financial instruments have a substantial impact on net profit in accordance with IFRS when there is a significant change in the relevant market factors. In order to enhance the understanding of the results of operations of JBIC, "adjusted net profit in accordance with IFRS before IFRS adjustments for hedge accounting" is calculated by excluding the temporary net gains or losses from the valuation under IFRS as a non-GAAP financial measure in order to supplement the reconciliation between Japanese GAAP and IFRS.

Adjusted net profit in accordance with IFRS before IFRS adjustments for hedge accounting is reconciled from net profit in accordance with IFRS by excluding the temporary gains or losses from the valuation of derivative financial instruments as follows:

	March 31, 2016	March 31, 2015
Net profit in accordance with IFRS (A)	145.5	125.1
Net gains (losses) from the valuation of derivative financial instruments	41.6	(0.8)
Net gains from the amortization of deferred gains or losses on hedges from discontinued hedge accounting at the date of transition	10.8	15.4
Sub-total (B)	52.5	14.7
Adjusted net profit in accordance with IFRS before IFRS adjustments for hedge accounting (A) – (B)	93.0	110.4

Net profit in accordance with IFRS, adjusted net profit in accordance with IFRS before IFRS adjustments for hedge accounting and net profit in accordance with Japanese GAAP for the fiscal years ended March 31, 2016 and 2015



* See "A. Derivative financial instrument assets and liabilities" for the difference between Japanese GAAP and IFRS about the accounting policies for derivative financial instruments.

Corporate Data

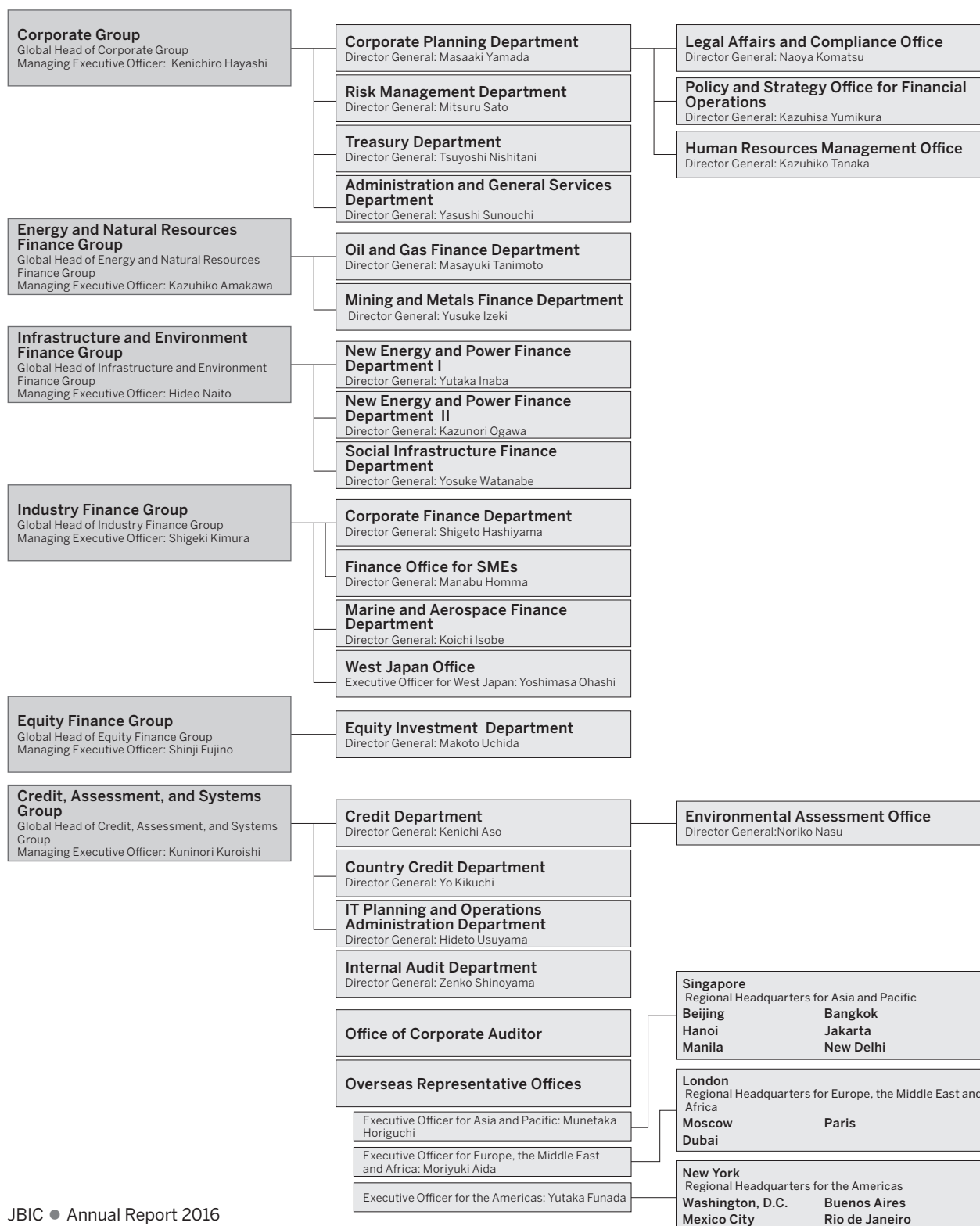
1	Organizational Chart	150
2	Overseas Network	151
3	History	152
4	Japan Bank for International Cooperation Act	153
5	Fundamental Policy on Internal Control	161
6	Security Policy	163
7	Privacy Policy	164

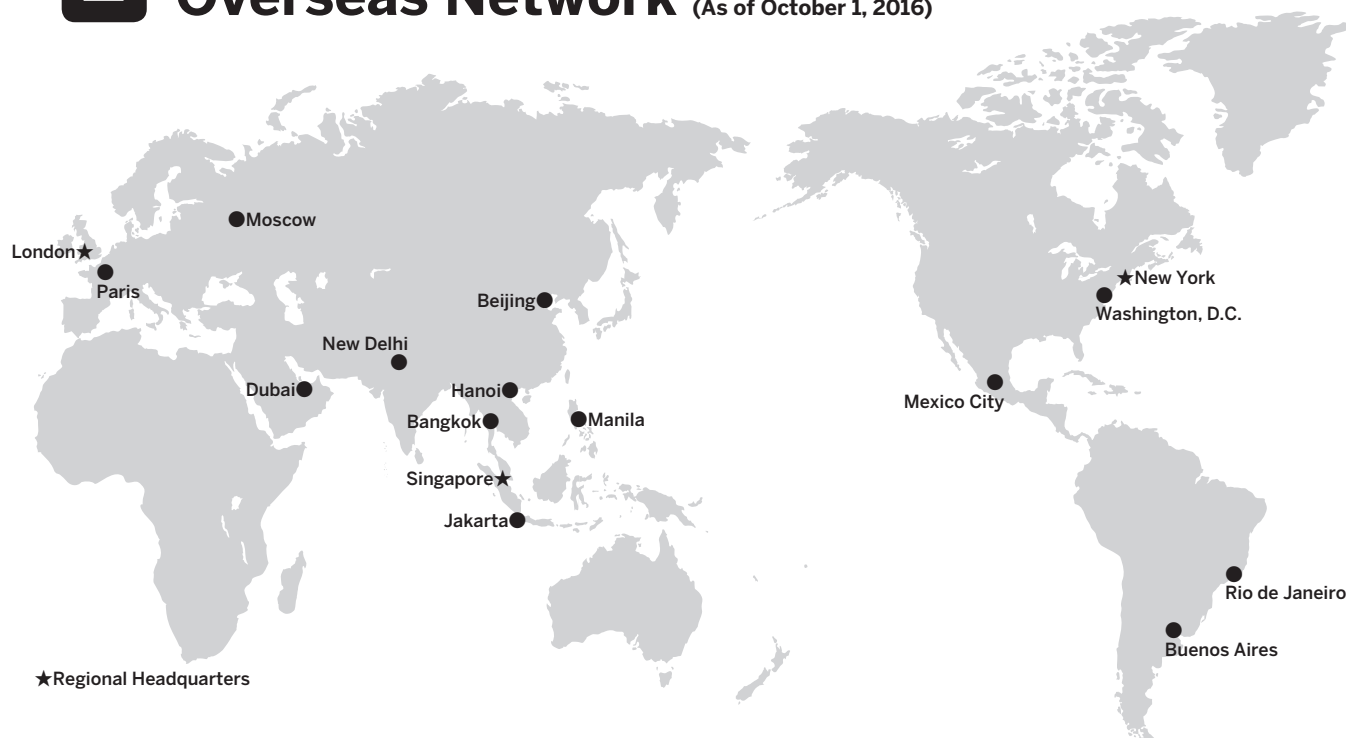


JBIC is constituted by six business groups: four mission/sector-specific finance groups (Energy and Natural Resources Finance Group; Infrastructure and Environment Finance Group; Industry Finance Group; and Equity Finance Group) and the Corporate Group and the Credit, Assessment, and Systems Group which 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 headquarters to supervise business and administrative activities as well as support project formulation in Asia and Pacific; Europe, the Middle East and Africa, and the Americas respectively.





★Regional Headquarters

★ **REPRESENTATIVE OFFICE IN SINGAPORE**

(Regional Headquarters for Asia and Pacific)
9 Raffles Place, #51-02 Republic Plaza,
Singapore 048619
Tel. 65-6557-2806
Fax. 65-6557-2807

● **REPRESENTATIVE OFFICE IN BEIJING**

2102, Tower C Office Building,
YINTAI Center, No.2 Jianguomenwai
Avenue, Chaoyang District,
Beijing 100022, P.R.C.
Tel. 86-10-6505-8989
Fax. 86-10-6505-3829

● **REPRESENTATIVE OFFICE IN BANGKOK**

14th Floor, Nantawan Bldg.,
161 Rajdamri Road, Bangkok, 10330,
Thailand
Tel. 66-2-252-5050
Fax. 66-2-252-5514

● **REPRESENTATIVE OFFICE IN HANOI**

3rd Floor, Sun City,
13 Hai Ba Trung Street,
Hoan Kiem District, Hanoi, Vietnam
Tel. 84-4-3824-8934, 8935, 8936
Fax. 84-4-3824-8937

● **REPRESENTATIVE OFFICE IN JAKARTA**

Summitmas II 5th Floor,
Jl. Jenderal Sudirman, Kav. 61-62,
Jakarta Selatan, Indonesia
Tel. 62-21-5220693
Fax. 62-21-5200975

● **REPRESENTATIVE OFFICE IN MANILA**

11/F, Tower 1, The Enterprise Center,
6766 Ayala Avenue corner Paseo de
Roxas, Makati City, Philippines
Tel. 63-2-856-7711, 7712, 7713, 7714
Fax. 63-2-856-7715, 7716

● **REPRESENTATIVE OFFICE IN NEW DELHI**

1st floor, The Metropolitan Hotel New
Delhi, Bangla Sahib Road,
New Delhi, 110001, India
Tel. 91-11-4352-2900
Fax. 91-11-4152-5294

★ **REPRESENTATIVE OFFICE IN LONDON**
(Regional Headquarters for Europe, the Middle
East and Africa)

7th Floor, 80 Cheapside,
London, EC2V 6EE, U.K.
Tel. 44-20-7489-4350
Fax. 44-20-7489-4351

● **REPRESENTATIVE OFFICE IN MOSCOW**

123610 Moscow,
Krasnopresnenskaya Nab.12,
World Trade Center, Office No.905,
Russian Federation
Tel. 7-495-258-1832, 1835, 1836
Fax. 7-495-258-1858

● **REPRESENTATIVE OFFICE IN PARIS**

21, Boulevard de la Madeleine,
75038 Paris Cedex 01, France
Tel. 33-1-4703-6190
Fax. 33-1-4703-3236

● **REPRESENTATIVE OFFICE IN DUBAI**

9th floor, West, The Gate Dubai
International Financial Centre,
P.O. Box 121300, Dubai, U.A.E.
Tel. 971-4-363-7091
Fax. 971-4-363-7090

★ **REPRESENTATIVE OFFICE IN NEW YORK**

(Regional Headquarters for the Americas)
712 Fifth Avenue 26th Floor
New York, NY 10019 U.S.A.
Tel. 1-212-888-9500
Fax. 1-212-888-9503

● **REPRESENTATIVE OFFICE IN WASHINGTON, D.C.**

1627 Eye Street, N.W., Suite 500,
Washington, D.C., 20006, U.S.A.
Tel. 1-202-785-1785
Fax. 1-202-785-1787

● **REPRESENTATIVE OFFICE IN BUENOS AIRES**

Av. Del Libertador No.498, Piso19,
1001, Capital Federal,
Buenos Aires, Argentina
Tel. 54-11-4394-1379, 1803
Fax. 54-11-4394-1763

● **REPRESENTATIVE OFFICE IN MEXICO CITY**

Paseo de la Reforma 222-900B,
Col. Juárez, Del. Cuauhtémoc,
México D.F., C.P. 06600, México
Tel. 52-55-5525-6790
Fax. 52-55-5525-3473

● **REPRESENTATIVE OFFICE IN RIO DE JANEIRO**

Praia de Botafogo, 228, Sala 801B,
Setor A, Botafogo, Rio de Janeiro,
RJ, CEP 22250-906, Brazil
Tel. 55-21-2554-2305
Fax. 55-21-2554-8798

3 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)

	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 partially 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
May 2016	The Act for Partial Amendment of the Japan Bank for International Cooperation Act promulgated and partially enforced The Cabinet Order for Revising Part of the Order for Enforcement of the JBIC Act promulgated and enforced
October 2016	The account for the Special Operations created

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)."
3. When a contribution is made by the Government pursuant to the provisions of Paragraph 1, JBIC shall allocate the capital and reserves increased thereby, to the accounts related to the operations listed in each Item of Article 26-2, in accordance with the separation of accounting set forth in Article 26-2.

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) 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 (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to an interest; the same shall apply hereinafter in Paragraph 2 of Article 16) 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 cases listed below:
 - (1) where Banks, etc. provide Foreign Juridical Persons, etc. with the loan of funds with respect to the Export of Equipment, etc. necessary for the business with respect to the development of infrastructure and other foundation for socioeconomic activities overseas, and JBIC provides the loan of necessary funds for such loan to the Banks, etc.; or
 - (2) 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 made 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 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.;
 - 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); or
 - c. loan of funds set forth in Item (3) of the preceding Article to the Juridical Persons, etc. of Japan, Foreign Governments, etc., or Foreign Juridical Persons, etc. Invested in (limited to those related to the business with respect to the development of infrastructure and other foundation for socioeconomic activities overseas).
 - (3) When the loan of necessary funds is provided to the Juridical Persons, etc. of Japan for such Juridical Persons, etc. to conduct a business of leasing equipment made in Japan to overseas market (limited to those 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).
 - (4) 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 (7) 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;
 - (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.; or
 - (7) where corporate bonds, any equivalent bond certificates or beneficial interests in trust (limited to those with a redemption period of more than one (1) year) that were issued by Juridical Persons, etc. in order to procure the funds necessary for the business with respect to the development of infrastructure and other foundation for socioeconomic activities overseas, are acquired.
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 (1) of Paragraph 2 or 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 in the cases listed below:
 - (1) 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; or
 - (2) when the conditions, such as the interest rates (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to interest rates; the same shall apply hereinafter in the following Paragraph) of loans (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to a loan; the same shall apply hereinafter in the following Paragraph and Paragraph 2 of Article 16) and yield on loan receivables related to such loan (excluding loan of funds pursuant to the provisions of Items (2) and (5) of Article 11), such acquisition by assignment (excluding acquisition by assignment of loan receivables pursuant to the provisions of Item (2) of the same Article), such acquisition (excluding the acquisition of the Public/Corporate Bonds, etc. pursuant to the provisions of the same Item), such Guarantees, etc. of Liabilities (excluding guarantee, etc. of liabilities pursuant to the provisions of the same Item) or such contribution (for all such operations, limited to those related to the businesses with respect to the development of infrastructure and other foundation for socioeconomic activities overseas), are recognized as being appropriate, in light of the risks, etc. of such loans, such assigned loan receivables and other assets becoming irrecoverable (excluding the cases listed in the preceding Item).
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 each of the accounts of the respective operations listed in each of the Items of Article 26-2 will be sufficient to cover the expenses therefor.

Article 13-2: Special Operations Guidelines

1. The Minister of Finance shall prescribe and make public the guidelines (hereinafter referred to as the "Special Operations Guidelines" in the following Paragraph and Paragraph 1 of the following Article) that JBIC shall follow upon conducting the operations listed below (hereinafter referred to as the "Special Operations"):
 - (1) Operations listed in Items (1), (3), (4) and (6) of Article 11 that are conducted in the cases listed in Item (2), Paragraph 1 of the preceding Article;
 - (2) Operations listed in Item (7) of Article 11 related to the operations listed in the preceding Item;
 - (3) Operations listed in Item (8) of Article 11 related to the operations listed in the preceding two (2) Items; or
 - (4) Operations listed in Item (9) of Article 11 related to the operations listed in the preceding three (3) Items (excluding operations listed in Item (2)).
2. The Special Operations Guidelines shall set forth the following matters:
 - (1) Standards to follow upon conducting the loan of funds, the acquisition by assignment of loan receivables, acquisition of

- the Public/Corporate Bonds, etc., the Guarantee, etc. of Liabilities or conducting the contributions related to the Special Operations;
- (2) Matters regarding appropriate financial management of the Special Operations;
- (3) Matters regarding supplement of financial transactions implemented by ordinary financial institutions in respect of the Special Operations;
- (4) Matters regarding the system for conducting evaluation and monitoring with respect to the status of the implementation of the Special Operations;
- (5) Matters regarding reports to the Minister of Finance with respect to the status of the implementation of the Special Operations; and
- (6) Other matters necessary to ensure appropriate implementation of the Special Operations.

Article 13-3: Basic Policy concerning the Special Operations

1. JBIC shall set forth a basic policy concerning the Special Operations (hereinafter referred to as the "Special Operations Basic Policy" in the following Paragraph) with respect to the implementation of matters regarding the Special Operations as prescribed by the Ordinance of the Ministry of Finance, pursuant to the Special Operations Guidelines, and obtain the authorization of the Minister of Finance. The same shall apply if JBIC intends to make any changes thereto.
2. When the Minister of Finance determines that the Special Operations Basic Policy, approved pursuant to the provisions of the preceding Paragraph, has become inappropriate for JBIC to conduct the Special Operations appropriately, the Minister of Finance may order JBIC to change it.

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 (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to an interest), 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 (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to a borrowing; the same shall apply hereinafter in Paragraphs 1 and 3 of Article 33), 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 26-2: Separate Accounting

JBIC shall separate the accounting for each category of operations listed below and allocate it by establishing the respective accounts for each category:

- (1) Operations other than the Special Operations (referred to in Article 33 as "Ordinary Operations"); and
- (2) Special Operations.

Article 26-3: Mutatis Mutandis Application of the Companies Act, etc. in respect of Separate Accounting

1. The provisions of Article 295, 337, 374, 396, Articles 431 through 443, and Articles 446 and 447 of the Companies Act shall apply *mutatis mutandis* to the separate accounting implemented by JBIC pursuant to the provisions of the preceding Paragraph. In such case, the term, "of a Stock Company", referenced in Article 446 of the same Act, shall be deemed to be replaced with "that belongs to the account established under the provision of Article 26-2 of Japan Bank for International Cooperation Act (Act No. 39 of 2011)"; the term, "the amounts listed in item (v) through (vii) from the sum", also referenced therein, shall be deemed to be replaced with "the amounts listed in item (v) through (vii), which is recorded in the account to which the said surplus belongs to, from the sum which is recorded in the account to which the said surplus belongs to"; and the term, "stated capital", referenced in Paragraphs 1 and 2 of Article 447 of the same Act, shall be deemed to be replaced with "stated capital belonging to the account established pursuant to the provision of Article 26-2 of Japan Bank for International Cooperation Act"; the term, "reserves", referenced in Item 2 of Paragraph 1 of the same Article, shall be deemed to be replaced with "reserves belonging to the account established pursuant to the provision of the same Article"; and the term, "and the reserves", also referenced therein, shall be deemed to be replaced with "and such reserves"; the term "the stated capital", referenced in Paragraph 3 of the same Article, shall be deemed to be replaced with "the stated capital belonging to the account established pursuant to the provision of the same Article"; and any other necessary technical replacement of terms shall be specified by a Cabinet Order.
2. The provisions of Article 448, 449, and Paragraphs 1 (limited to the portions related to Item 5 thereof) and 2 (limited to the portions related to Item 5 thereof) of Article 828 of the Companies Act shall apply *mutatis mutandis* to the accounting practices implemented by JBIC by separating it pursuant to the provisions of the preceding Article, except for the case where any surplus is accumulated as a reserve under the provisions of Paragraph 1 of Article 31 hereof and the case where such reserve is drawn down pursuant to the provision of Paragraph 2 of Article 31 hereof. In this case, the term "the reserves", referenced in Paragraphs 1 and 2 of Article 448 of the same Act, shall be deemed to be replaced with "the reserves belonging to the account established pursuant

to the provision of Article 26-2 of Japan Bank for International Cooperation Act"; the term "the stated capital", referenced in Item 2 of Paragraph 1 of the same Article shall be deemed to be replaced with "the stated capital that shall belong to the account established pursuant to the provision of the same Article"; the term, "and the stated capital", also referenced therein, shall be deemed to be replaced with "and such stated capital"; the term, "the reserves", referenced in Paragraph 3 of the same Article, shall be deemed to be replaced with "the reserves belonging to the account established pursuant to the provision of Article 26-2 of Japan Bank for International Cooperation Act"; and the term, "the reserves", also referenced therein in the same Paragraph, shall be deemed to be replaced with "the reserves belonging to the account established pursuant to the provision of the same Article"; and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

3. In the case where JBIC increases or reduces the amount of its stated capital belonging to the account established pursuant to the provisions of the preceding Article, an amount of JBIC's stated capital shall be the sum of the amounts of stated capital belonging to all the accounts of JBIC after the implementation of such increase or reduction; and in the case where JBIC increases or reduces the amount of its reserves belonging to the account established pursuant to the provision of the same Article, the amount of JBIC's reserves shall be the sum of the amounts of the reserves belonging to all the accounts of JBIC after the implementation of such increase or reduction. In this case, the provisions of Articles 447 through 449, and Paragraphs 1 (limited to the portions related to Item 5) and 2 (limited to the portions related to Item 5) of Article 828 of the Companies Act shall not apply.

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 Article 26, 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), Audit and Supervisory Committee 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), Audit and Supervisory Committee 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 each of the accounts related to the operations listed in each Item of Article 26-2, 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 in the respective accounts set forth in the preceding Paragraph, JBIC shall allocate such surplus by drawing down the reserve set forth in the same 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. The reserves set forth in Paragraph 1 shall be allocated for each category of the accounts related to the operations listed in each Item of Article 26-2.
5. JBIC shall not be allowed to make any appropriation of its surplus, such as dividend of its surplus, nor any appropriation of its surplus belonging to the accounts related to the operations listed in each Item of Article 26-2, such as dividends of such 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. Borrowing of funds (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to a borrowing; the same shall apply hereinafter in this Article, Paragraph 1 of Article 35 and Item 5 of Article 46) 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 (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature similar to short-term loans; the same shall apply hereinafter in the following Paragraph and Paragraph 6), or long-term loans in foreign currency (meaning a borrowing of an amount in foreign currency with a repayment period of more than one (1) year; the same shall apply hereinafter in this Article and Paragraph 1 of Article 35), 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 (excluding those in foreign currency) 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 (including those prescribed by the Ordinance of the Ministry of Finance as having an economic nature

similar to an act of reborrowing; the same shall apply hereinafter in the following Paragraph and Paragraph 7) 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 and the borrowing of long-term loans in foreign currency 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 or borrowed the long-term loans in foreign currency 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, the long-term loans in foreign currency and the borrowings related to the monetary loans obtained from the Government as set forth in Paragraph 1 of this Article that are made in order to meet JBIC's fund requirements for the performance of its Ordinary Operations, and (ii) the outstanding amount of liabilities relating to the principal amount of corporate bonds set forth in Paragraph 4 of this Article that are issued in order to meet JBIC's fund requirements for the performance of its Ordinary Operations shall not exceed the amount (hereinafter referred to as the "Limitation Amount Related to Ordinary Operations" in this Article) equivalent to ten (10) times the total amount of the capital and reserves belonging to the account related to the Ordinary Operations of JBIC (hereinafter referred to as the "Base Amount Related to Ordinary Operations" 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 that were issued in order to meet JBIC's fund requirements for the performance of its Ordinary Operations, the corporate bonds may be issued in excess of the Limitation Amount Related to Ordinary Operations only within the period necessary to make such reborrowing.
8. Among the Ordinary Operations, 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 Related to Ordinary Operations and the Limitation Amount Related to Ordinary Operations.
9. The provisions set forth in the preceding three (3) paragraphs shall apply *mutatis mutandis* to the Special Operations. In this case, the term, "Base Amount Related to Ordinary Operations", referenced in Paragraphs 6 and the preceding Paragraph, shall be deemed to be replaced with "Base Amount Related to Special Operations"; the term, "Limitation Amount Related to Ordinary Operations", referenced in the preceding three (3) paragraphs, shall be deemed to be replaced with "Limitation Amount Related to Special Operations"; and the term, "through (6)", referenced in the preceding Paragraph, shall be deemed to be replaced with, "Item (3), (4) and (6)".

10. The monetary funds financed through the borrowing of funds or the issuance of the corporate bonds pursuant to the provisions of this Article shall, in accordance with the separate accounting set forth in Article 26-2 hereof, be allocated to the respective accounts relevant to the operations listed in each Item of the same Article.

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)) or the liabilities related to the long-term loans in foreign currency, 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, Article 37-7 and Item (7) of Article 38) of the same Act and the provisions of Chapters VIII and VIII-II of the same Act 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 and the provisions of Chapters VIII and VIII-II of the same Act related to such provisions shall apply.

This English version of the Act has been prepared purely for information purpose, and should not be considered as an official translation of the Japan Bank for International Cooperation Act or any authorities of Japanese Government.

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 Securing the Effectiveness of Instructions to and Independence from Corporate Directors of Employees Assigned to Assist 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. JBIC shall have the auditor's office staff engage in the duties following only the instructions of the auditor, to secure the effectiveness of auditor's instructions to the auditor's office staff. However, when the auditor's office staff concurrently serves in a position other than the auditor's office, JBIC shall obtain prior approval of the full-time corporate auditors by clearly explaining 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 System of Preventing Adverse Treatment of Reporter

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.
3. JBIC shall never treat adversely the directors and employees who reported based on the preceding paragraph, on the grounds of such reporting.

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.

Article 10. Matters Concerning Policies Relating to Procedures for Advance Payment and Repayment of Costs and Other Treatment of Costs and Liabilities That Arise in the Execution of Auditor's Duties

JBIC shall bear the costs and liabilities that arise in the execution of auditor's duties, when the corporate auditors seek the advice of attorneys and/or certified public accountants concerning audits, pursuant to the provision of the preceding article.

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.

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. Execution of agreements with JBIC, and exercise of rights and performance of obligations under laws, etc.
- 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 Act, for which please contact 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 our Head Office or West Japan Office.

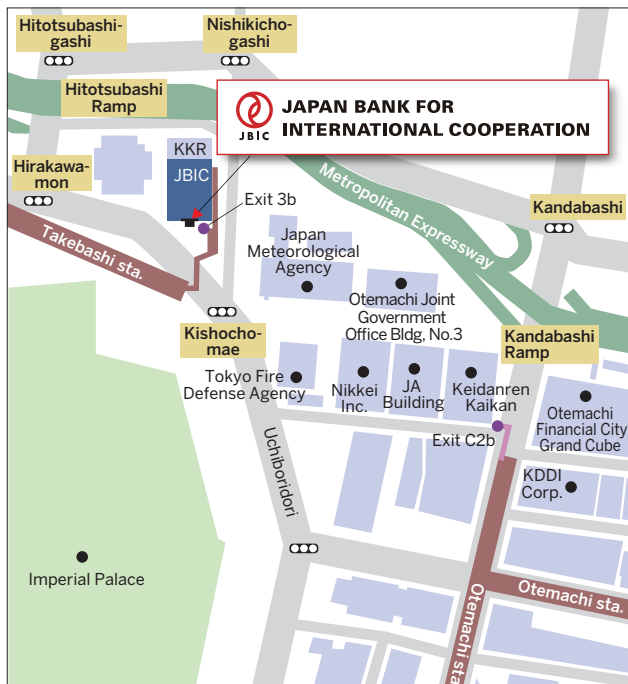
(8) Continuous Improvement

JBIC will continuously improve the clients' personal information management (PIM) as necessary.

JBIC separately stipulates its basic policy on the safe management of Individual Numbers and Personal Information that includes Individual Numbers (hereinafter "Specific Personal Information"; Individual Number and Specific Personal Information shall hereinafter be collectively referred to as "Specific Personal Information, etc."). "Personal information" as used in this Privacy Policy shall not include Specific Personal Information, and it is not contemplated that JBIC will obtain our clients' Specific Personal Information, etc.

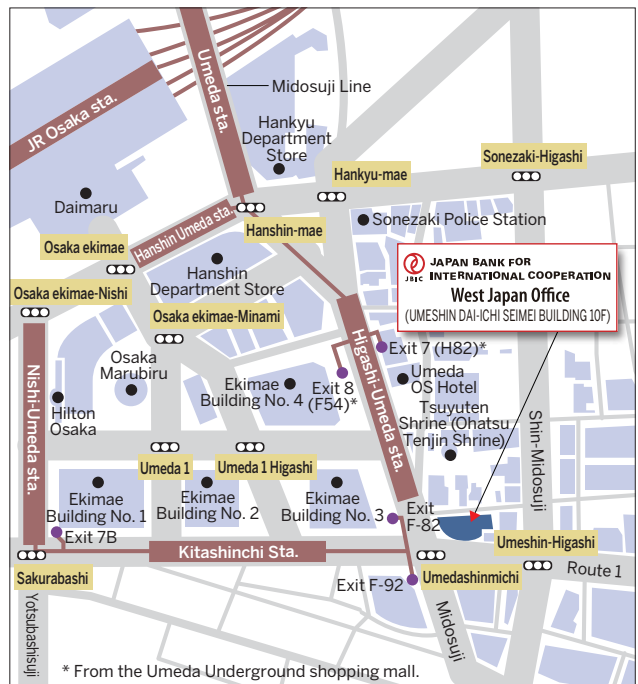
JBIC Head Office

4-1, Ohtemachi 1-chome, Chiyoda-ku,
Tokyo 100-8144, Japan



West Japan Office

3-5, Sonezaki 2-chome, Kita-ku, Osaka city,
Osaka 530-0057, Japan



JBIC Head Office

4-1, Ohtemachi 1-chome, Chiyoda-ku,
Tokyo 100-8144, Japan

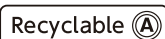
For further information, please contact

Press and External Affairs Division at the JBIC Head Office
Tel: (+81-3) 5218-3100

Fax: (+81-3) 5218-3955

Annual reports, news releases and bulletins, etc. are available on the JBIC website.

Website (URL) <http://www.jbic.go.jp/en/>



This publication has been printed on the paper that meets the evaluation criteria stipulated in the Basic Policy on Promoting Green Purchasing under the Act Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities.
Recyclable Ranking
This publication only used Recyclable Rank A materials. This means these materials can be recycled to be used for printing paper.



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

Printed in Japan