

2017 Annual Report

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



**JAPAN BANK FOR
INTERNATIONAL COOPERATION**

JBIC 2017

Japan Bank for International Cooperation Annual Report

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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 JBIC.
4. Due to the launch of the newly established Special Operations, JBIC started to perform separate accounting procedures for the Ordinary Operations and the Special Operations on October 1, 2016. Data for JBIC operations during the period until the day before October 1, 2016, was recorded in the Ordinary Operations Account. In this annual report, financial data after October 1, 2016 is presented separately in the Ordinary Operations Account and the Special Operations Account. For financial reporting in FY2016, data from the Ordinary Operations Account covers the period from April 1, 2016 to March 31, 2017, while that from the Special Operations Account covers the period from October 1, 2016 to March 31, 2017. In the supplementary document “Data 1: Statistics,” which can be found later in this annual report, JBIC’s business data is presented without separating the Ordinary Operations Account and the Special Operations Account.

Profile of JBIC

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The Purpose of JBIC

Japan Bank for International Cooperation (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

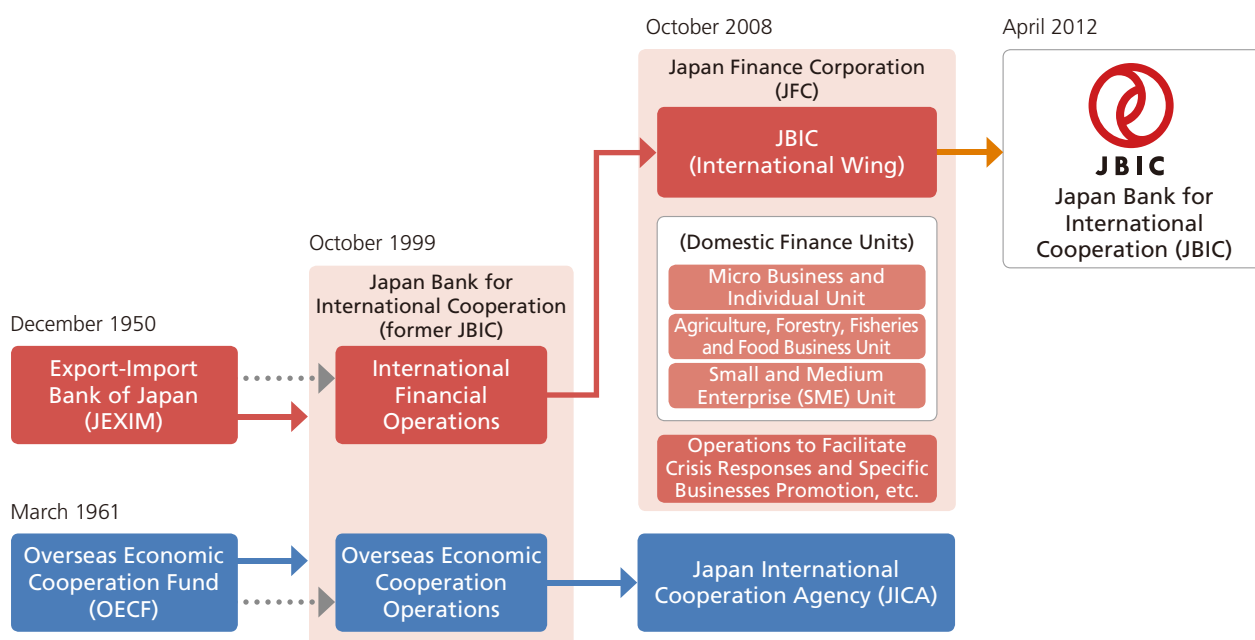
JBIC shall conduct operations by drawing on its own expertise and initiatives on international finance.

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

JBIC was established on April 1, 2012 in accordance with the Japan Bank for International Cooperation Act (JBIC Act), which was 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*	¥1,683.0 billion (wholly owned by the Japanese government)
Outstanding Loans and Equity Participations*	¥14,657.4 billion
Outstanding Guarantees*	¥2,385.0 billion

* As of March 31, 2017

2 Interview with the Governor

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Profile of JBIC

2

Interview with the Governor

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

In 2016 the global economy was exposed to several downside risks to economic growth. These included the impact of monetary policy normalization in the U.S. and decelerating economic growth in China and other emerging countries.

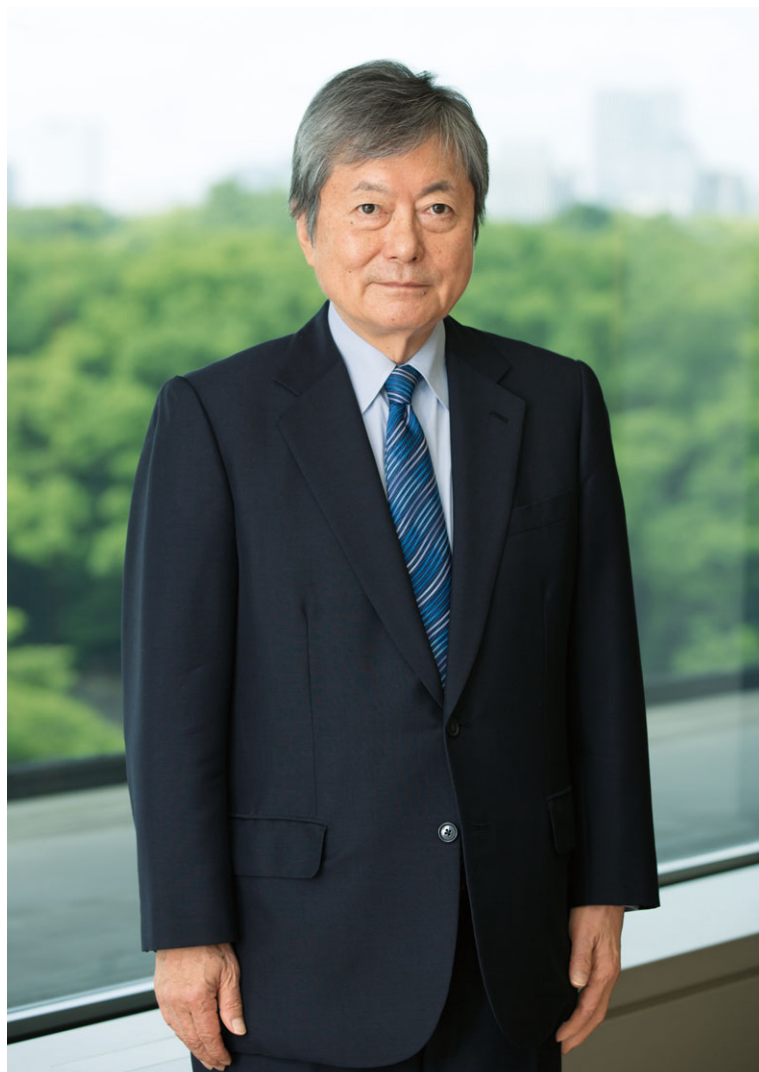
Under these conditions, the international environment surrounding the Japanese economy is further changing. In the energy and natural resources sector, it is an important challenge that resource-poor Japan develops energy and mineral resources and secures a medium-to-long-term supply of those resources by increasing its self-development ratio of the resources, which can be achieved through intensified joint efforts of the public and private sectors in resource diplomacy and energy cooperation while watching changes in the international geopolitical structure.

Meanwhile, Japanese industries are accelerating their pursuit of income-earning opportunities overseas to respond to an expected decline in domestic demand as a result of declining birth rates and aging population. It is a key task to promote the investment in quality infrastructure with outstanding economic efficiency, such as a reduction in lifecycle costs, and safety by making the best use of Japan's leading technologies and know-how, with an eye to Japan's strong economic growth in the future. Therefore, instead of merely exporting machinery and facilities, it is important to promote public-private partnerships (PPP) and undertake diverse business development, such as expanding project investments and securing orders for systems encompassing design, operation, and management. Furthermore, achieving a balance between environmental conservation and economic development is a universal challenge. In addition to developing projects that respond to the need for reduced environmental and social impacts, there is an increasing expectation to form renewable energy projects that employ Japan's

advanced environmental technologies as well as projects that contribute to improving and protecting the natural environment.

The Act for Partial Amendment of the Japan Bank for International Cooperation Act (Amendment Act of the JBIC Act) was enacted in May 2016 to enhance JBIC's functions in providing further support toward Japanese companies' overseas businesses. As part of the enhancement of functions, in October 2016, JBIC launched the Special Operations to strengthen its risk-taking ability for overseas infrastructure projects.

As Japan's policy-based financial institution, JBIC will continue to focus on developing sophisticated and diverse financial techniques to better support Japanese companies as their presence overseas grows.



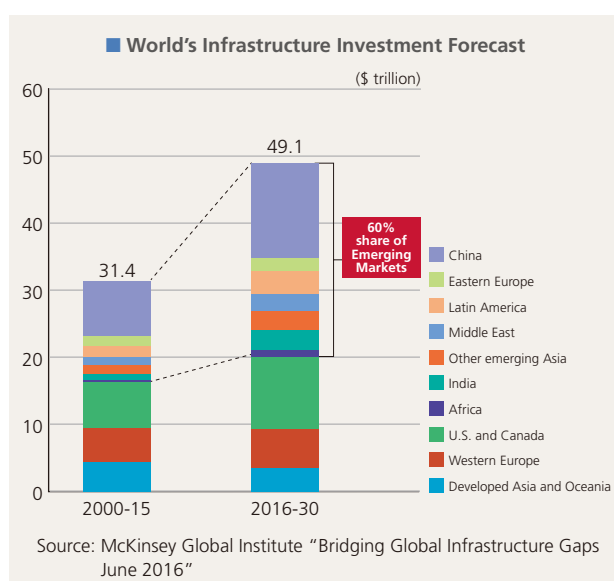
Akira Kondoh

Governor
Japan Bank for International Cooperation (JBIC)

— How would you describe the global economy and the international environment surrounding Japan in 2016?

The global economy was relatively stable in 2016, but still remained sluggish overall. I believe that any assessment of the global environment surrounding Japan should be made from a medium- to long-term perspective, with particular focus on global infrastructure investment.

Global infrastructure investment during the 15-year period from 2016 to 2030 is forecast to increase around 1.5 times to \$49.1 trillion. This compares with cumulative investment of \$31.4 trillion from 2000 to 2015. Also noteworthy, the share of this investment by emerging markets is expected to grow from about 50% in the past 15-year period to around 60% of total investment during the next 15 years (Source: McKinsey Global Institute).



Breaking this down further, infrastructure investment demand in Asia is forecast to total \$26 trillion over the next 15 years (\$1.7 trillion/year) (Source: Asian Development Bank).

To drive growth within the ASEAN region, it is important to facilitate economic activities by maintaining the connectivity of such infrastructure as electric power, railways, roads, and information and communications networks. In 2010, ASEAN adopted a Master Plan to strengthen connectivity among infrastructures, systems, and people and is steadily progressing with an infrastructure plan that includes cross-border highways, gas pipelines, and power transmission lines based on a wide-region infrastructure scheme. In 2016, ASEAN members revised this Master Plan to accelerate infrastructure development. Going forward, it is certain that 1) increased domestic demand driven by growth in emerging market economies will be materialized and 2) liquefied natural gas (LNG) markets will be expanded in tandem with rising needs for low-carbon gas-fired thermal power generation as a measure to combat global warming. LNG demand is expected to outpace supply over the medium to long term, with especially pronounced growth in demand in Asian emerging markets.

— JBIC responded to these trends by launching the Special Operations in October 2016.

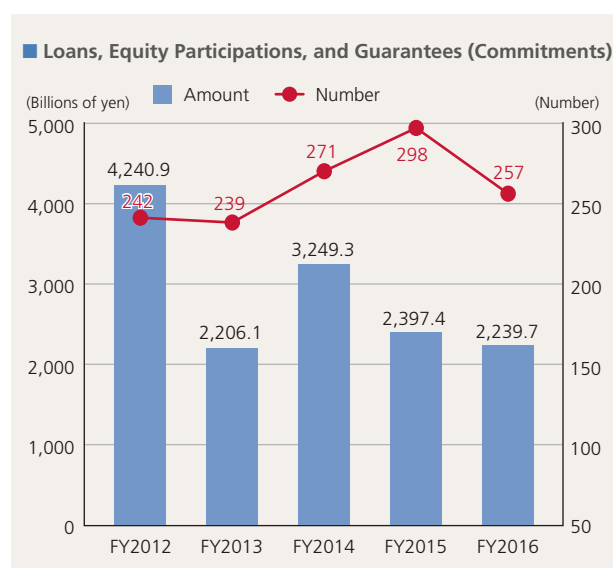
The Amendment Act of the JBIC Act was enacted on May 11, 2016 to provide further support to Japanese companies' overseas businesses with a view to the "Partnership for Quality Infrastructure" promoted by the Japanese government. This amendment enhances JBIC's functions in a way that enables JBIC to finance a wider range of countries and infrastructure projects by expanding its risk-taking ability.

In response to this amendment, we launched the Special Operations in October 2016. As the first project under the Special Operations, in March 2017, JBIC provided a buyer's credit to the government of Iraq to support the export of substation facilities of Japanese companies. Using this project as a springboard, JBIC will identify the needs of Japanese companies in detail and appropriately control risk while steadily building on its achievements in project formation.

— Can you please explain JBIC's business results for FY2016?

In FY2016, JBIC made financial commitments totaling ¥2,239.7 trillion in loans, equity participations, and guarantees, a decrease of 6.5% from the previous year, with 257 commitments. Both the amount and number of commitments declined from the previous fiscal year due to sluggish global energy-related investments. On the other hand, large-scale project finance in the field of infrastructure investment grew and the amount and number of commitments for infrastructure-related investment was maintained above ¥2 trillion and 200 commitments for the fifth consecutive fiscal year.

Of particular note, commitments for loans, equity participations, and guarantees for Asia surged approximately 2.5 times over the previous fiscal year to around ¥840.0 billion on the back of successive large-scale projects such as for the construction of thermal power-generating facilities and LNG development projects. This amount represented an all-time high following the launch of the new JBIC in 2012.



— Could you explain the results of your activities in each business sector?

In the energy and natural resources sector, the number of financial commitments for loans, equity participations, and guarantees declined, owing to sluggish market conditions. In FY2016, JBIC approved financial commitments for four projects in the form of loans, equity participations, and guarantees, totaling ¥250.5 billion. These included a loan for: i) the Tangguh LNG 3 Project in Indonesia (additional development and production of gas fields while expanding the existing natural gas liquefaction facilities), ii) the Hail Oilfield development project in Abu Dhabi, and iii) the acquisition of an interest in the Morenci Copper Mine in the U.S.

In the infrastructure sector, I believe it is also important that JBIC is actively involved in projects from the early stage of project formation in order to encourage Japanese companies to obtain orders in overseas infrastructure projects. Under this policy, capitalizing on its status as a policy-based financial institution, JBIC conducted policy dialogues with the governments of Indonesia, Mexico, and Vietnam in order to discuss the issues and challenges that Japanese companies come across when they participate in infrastructure projects in those countries. As a result, in this sector, JBIC approved financial commitments to the Muara Laboh geothermal power project in Indonesia and to a waste treatment and power generation project in the U.S.

In the industrial sector, there were continued needs for supporting the overseas M&A activities of Japanese companies. In FY2016, JBIC made 108 commitments for M&A, reaching a total amount of ¥984.1 billion. This marked the second consecutive year that the number of commitments exceeded 100. As main achievements, JBIC provided credit lines to Japanese financial institutions which supported Japanese companies in acquiring a

pharmaceuticals company in the U.S. and a railway business in Italy.

In the mid-tier enterprises and small and medium-sized enterprises (SMEs) sectors, to provide highly detailed support for their overseas business deployment, JBIC established the Finance Office for SMEs in October 2016. In FY2016, the number of financial commitments grew steadily to 114. These included loans for a solar power generation project in Mongolia and automotive parts manufacturing and sales businesses in Indonesia. Besides support for overseas M&A by mid-tier enterprises and SMEs, JBIC established credit lines with Japanese regional financial institutions as well as with overseas subsidiaries of Japanese leasing companies to provide financing to mid-tier enterprises and SMEs which wish to enter into overseas markets.

In FY2016, JBIC signed memoranda of understanding (MOUs) with Mexico's local governments and financial institutions for supporting Japanese mid-tier enterprises and SMEs in expanding their business to Mexico. Under those MOUs, a financial support framework was created, in which 67 Japanese financial institutions in total will provide support to those companies which wish to enter into the Mexican market.

In the environmental field, under the "Global action for Reconciling Economic growth and ENvironmental preservation" (GREEN) operations, JBIC supported an energy efficiency project, which is its first credit line provided to the government of Ecuador. This is the first project which was co-financed with the Inter-American Development Bank (IDB) under the GREEN operations. JBIC also provided financing using the Joint Crediting Mechanism (JCM). As Japan's policy-based financial institution, JBIC will closely monitor and ascertain global trends in climate change policies and will utilize its ties with Japanese and overseas government-related parties and international institutions to continue providing finance support to address environmental issues.

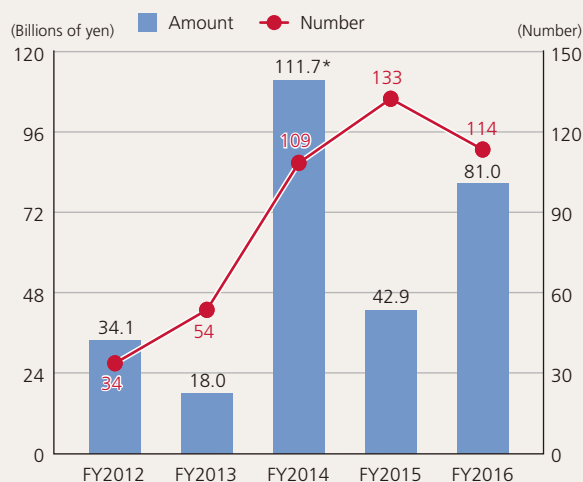
In the equity investment sector, in October 2016, JBIC newly established the Equity Finance Group and the Equity Investment Department to strengthen its institutional capacity of equity investments in line with various government initiatives. Under loan facilities to support overseas business deployment, JBIC invested in: i) a private equity fund that invests in companies with operations in Mexico, Canada, and the U.S. and ii) an investment fund that invests in microfinance institutions in ASEAN countries. JBIC also acquired preferred shares of a Japanese company which operates an industrial park in India. JBIC will expand, upgrade, sophisticate, and strategically deploy its investment business.

— Can you update us on the progress of the Medium-term Business Plan?

JBIC's business is significantly influenced by trends in large-scale natural resources, infrastructure, and M&A projects as well as changes in the environment surrounding these areas. I am confident that we have achieved steady progress overall during the past two years of this business plan.

The Amendment Act of the JBIC Act was enacted in May 2016 and along with this, we launched the Special

■ Financial Commitments to Mid-tier Enterprises and SMEs



* Financial 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.

Operations in October 2016. Under our Medium-term Business Plan, JBIC added the following new challenges in its Key Action Plans: “Strengthening Support for Overseas Infrastructure Projects by the Special Operations” and “Increasing Supply of Funding through Equity Participation.” JBIC is also making efforts toward the establishment and enhancement of risk management in the Special Operations Account.

— Would you explain your initiatives for FY2017, the final year of the plan, and tell us about the next Medium-term Business Plan?

JBIC’s business environment is set to change dramatically. JBIC recognizes the large needs for its support, not only for large-scale projects but also for support for Japanese mid-tier enterprises and SMEs which wish to start business abroad. During FY2017, JBIC will accurately respond to these needs and link these efforts to the next Medium-term Business Plan. Regarding the Special Operations, we will work hard to build a solid business record in fields where JBIC is involved, while supplementing the ordinary transactions conducted by private-sector financial institutions. In formulating our next Medium-term Business Plan, we will focus on creating a plan that can respond flexibly to the major changes in the global economy and the Japanese economy.

— What initiatives will you promote in the future?

On June 22, 2017, JBIC partially realigned the organizational structure and renamed some of the Groups with a view to new business deployment. JBIC has also selected its first female director.

For strengthening the governance framework, JBIC newly established the Credit, Assessment and Risk Management Group and placed the Credit Department, Country Credit Department, and Risk Management Department within this Group. This reorganization aimed to enhance governance by appointing a Senior Managing Director and a Managing Executive Director who supervise the operations of the front office.

To enhance management control, we placed the Treasury Department, Administration and General Services Department, and the IT Planning and Operations Administration Department within the Treasury and Systems Group. As our business operations become more sophisticated and diverse with limited human resources, we will focus efforts on utilizing IT more effectively and efficiently to undertake our main business to the greatest degree possible.

Developing human resources who will lead the way in the next generation is a high priority. I joined JBIC from a private-sector company. Looking at JBIC’s history, JBIC began its operations by providing export loans. As it then gradually expanded the scope of business to import loans, overseas investment loans, and project finance, JBIC accumulated sophisticated skills and nurtured outstanding human resources. Nonetheless, intense global investment competition requires that we now further need to raise our capabilities to provide support that will enable Japanese companies to prevail. One such example is our efforts to



enhance knowledge regarding taxation affairs. We are making various efforts to improve skills in this area, such as organizing workshops on international taxation. This will enable us to provide optimal financial support in consideration of the different tax systems in each country. Capital markets in emerging countries are growing, making it important that we sophisticate our responses such as with local currency loans and swaps. In natural resources development and infrastructure investments, it is also important to cooperate with other export credit agencies, international development financial institutions, and governments of partner countries. For this reason, I hope to develop world-class, multi-skilled human resources who can play active roles on the global stage.

— Finally, what is your message to stakeholders in Japan and overseas?

Infrastructure investment is expected to grow sharply and needs for procuring energy and mineral resources are forecast to rise further. To support the overseas business deployment of Japanese companies, JBIC will actively provide financing as Japan’s policy-based financial institution. To this end, we will work toward well-balanced and sound organizational management by strengthening risk management and other areas of governance.

In addition, securing financing sources is a major issue amid growth in global investment demand. In large-scale projects, it is important to cooperate with a variety of players such as other official export credit agencies, international development financial institutions, the governments of each country, and private-sector financial institutions. JBIC will strive to meet the diversified financing demands from our clients by further strengthening the cooperative ties with global financial institutions, government agencies of countries in the world, and private-sector financial institutions inside and outside of Japan.

3 Directors, Managing Executive Officers, and Corporate Auditors (As of August 1, 2017)

1

Profile of JBIC

3

Directors, Managing Executive Officers, and Corporate Auditors



(Back row, from left)	Senior Managing Director Tatsuhiko Takesada	Senior Managing Director Yasushi Hasegawa	Senior Managing Director Kenichiro Hayashi	Managing Director Shinichi Koizumi
(Front row, from left)	CEO, Executive Managing Director Tadashi Maeda	Governor Akira Kondoh	COO, Senior Managing Director Nobumitsu Hayashi	



Corporate Auditor Mitsuaki Tsuchiya	Corporate Auditor Yasuo Ota	Corporate Auditor Yuko Tamai
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■ Directors

Governor	Akira Kondoh
CEO, Executive Managing Director	Tadashi Maeda
COO, Senior Managing Director	Nobumitsu Hayashi
Senior Managing Director	Yasushi Hasegawa
Senior Managing Director	Kenichiro Hayashi
Senior Managing Director	Tatsuhiko Takesada
Managing Director (Outside Director)	Shinichi Koizumi

■ Corporate Auditors

Corporate Auditor (Full-Time Corporate Auditor)	Yasuo Ota
Corporate Auditor (Outside Corporate Auditor)	Mitsuaki Tsuchiya
Corporate Auditor (Outside Corporate Auditor)	Yuko Tamai

■ Managing Executive Officers

Managing Executive Officer, Global Head of Corporate Planning Group	Kazuhiko Amakawa
Managing Executive Officer, Global Head of Credit, Assessment and Risk Management Group	Yutaka Funada
Managing Executive Officer, Global Head of Treasury and Systems Group	Kuninori Kuroishi
Managing Executive Officer, Global Head of Energy and Natural Resources Finance Group	Masaaki Yamada
Managing Executive Officer, Global Head of Infrastructure and Environment Finance Group	Kazuhisa Yumikura
Managing Executive Officer, Global Head of Industry Finance Group	Kazuhiko Tanaka
Managing Executive Officer, Global Head of Equity Finance Group	Shinji Fujino

4 Medium-term Business Plan (FY2015–2017)

1

Profile of JBIC

JBIC has carried out its business activities in keeping with 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” under its Medium-term Business Plan (FY2015–2017) formulated in June 2015.

The Amendment Act of the JBIC Act was enacted on May 11, 2016 to strengthen JBIC’s functions in order to further support the overseas business expansion of Japanese companies for overseas infrastructure projects that utilize private-sector finance and know-how. In accordance with this Amendment Act of the JBIC Act, on October 1, 2016 JBIC launched the Special Operations, enabling JBIC to

take further risks regarding overseas infrastructure projects. Concurrently, JBIC newly established the Equity Finance Group in order to increase the supply of funding in line with the government policies and to strengthen its corporate structure for equity participations.

On this basis, JBIC also added “Strengthening Support for Overseas Infrastructure Projects by the Special Operations” and “Increasing Supply of Funding through Equity Participation” as new Key Action Plans within its Medium-term Business Plan. JBIC will also continue efforts toward the establishment and enhancement of risk management in the Special Operations Account taking into consideration the business scale of the Special Operations and that the Special Operations exclusively targets businesses related to overseas infrastructure projects.

4

Medium-term Business Plan (FY2015–2017)

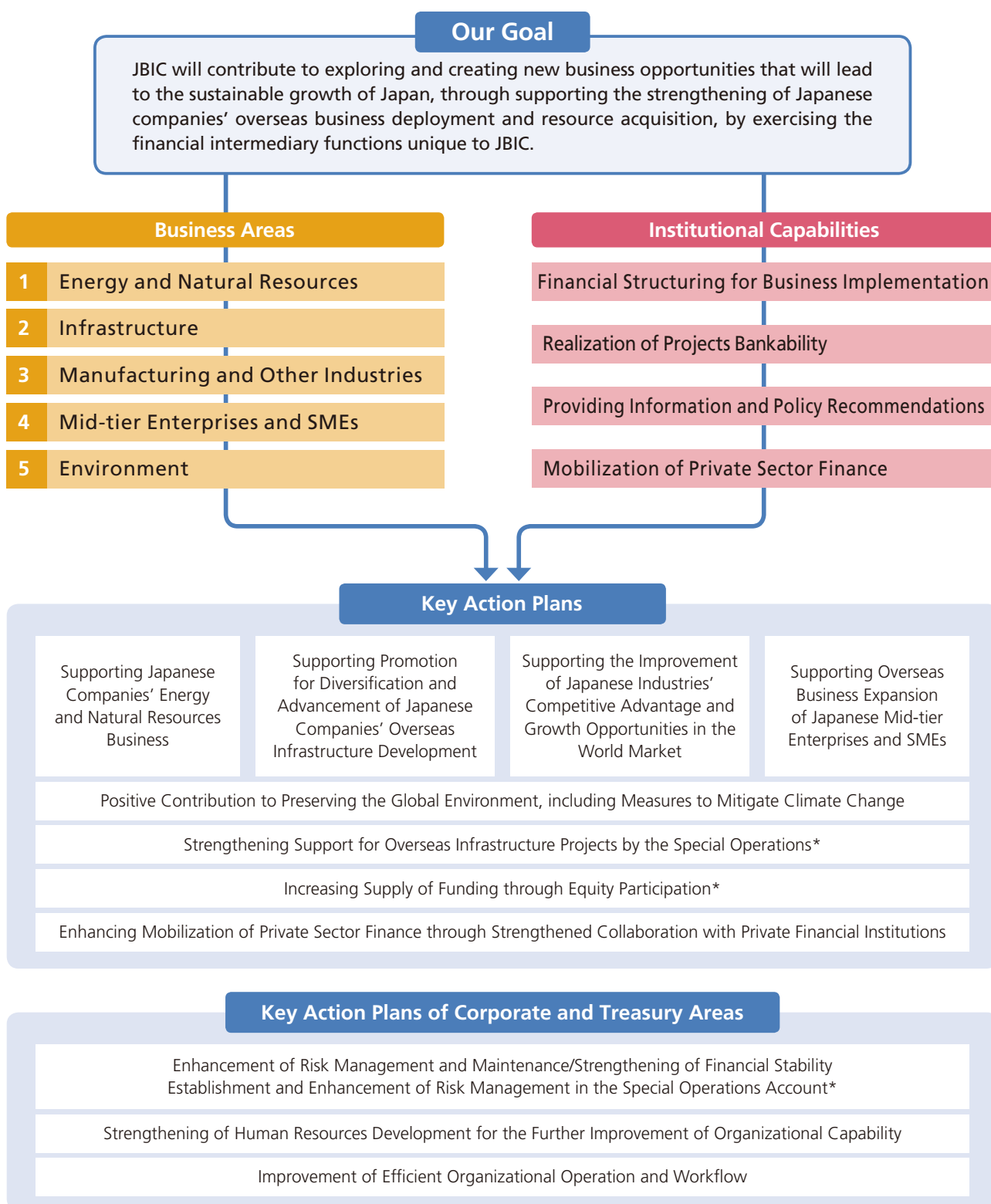
Our Goal

Establish our *Goal* below to conduct business more proactively and further contribute toward Japan’s sustainable future growth.

“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.”

Business Areas, Institutional Capabilities, and Key Action Plans

- Identity 5 *Business Areas* which JBIC needs to focus on.
- Identity 4 *Institutional Capabilities* to be demonstrated and strengthened, which are essential to better perform JBIC’s function in the 5 *Business Areas*.
- Identity *Key Action Plans* to “contribute to exploring and creating new business opportunities (country, region, area, sector and 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*.



*Newly established due to a revision in January 2017

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 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 SMEs

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

- In collaboration with private financial institutions, JBIC supports Japanese mid-tier enterprises and SMEs 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 climate change

- JBIC supports the efforts of Japanese companies and overseas counterparties to preserve the global environment, including measures to tackle 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 Strengthening Support for Overseas Infrastructure Projects by the Special Operations

(Newly established due to a revision in January 2017)

Strengthening Support for Overseas Infrastructure Projects by the Special Operations

- Utilizing the Special Operations launched in October 2016 under the Amendment Act of the JBIC Act, JBIC provides further support to overseas infrastructure projects, including those that have not been considered under the Ordinary Operations, through risk control measures such as dialogues with host country governments and conducting appropriate risk-sharing with concerned parties.

7 Increasing Supply of Funding through Equity Participation

(Newly established due to a revision in January 2017)

Increasing Supply of Funding through Equity Participation

- Under the Equity Finance Group newly established in October 2016, JBIC integrates functions related to equity participation to accumulate know-how and strengthen expertise in order to increase the supply of funding through equity participation, while establishing organizational structure to enable strategic equity participation.

8. 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.

5 Outline of Operations in FY2016

Operational Highlights

The total amount of commitments JBIC made during FY2016 in loans, equity participations, and guarantees was ¥2,239.7 billion, which is 6.5% less than that of FY2015. The outstanding amount of loans and equity participations and guarantees as of March 31, 2017 was ¥17,042.4 billion.

The following is a report on JBIC's major operations in each sector during FY2016.

Efforts in the Energy and Natural Resources Sector

Securing stable medium- to long-term supplies of energy and mineral resources through increasing the self-development ratio is a vital task in Japan, as a country heavily dependent on imports from overseas for most of its resources. Through financially supporting 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.

As examples, JBIC provided necessary funds to the Tangguh LNG 3 project in Indonesia for additional development and production of gas fields, as well as expansion of existing gas liquefaction facilities. JBIC also financed the Hail Oilfield development project in Abu Dhabi and provided funds required for acquisition of interest in Morenci Copper Mine in the U.S.

Supporting Overseas Infrastructure Business Deployment by Japanese Companies

In the power sector, JBIC provided loans for the Muara Laboh geothermal power project in Indonesia and for a

waste treatment and power generation project in the U.S., both of which are invested in by Japanese companies. JBIC also supported Japanese companies to export gas-fired combined cycle power plant facilities to PT PLN (Persero), a state-owned power company in Indonesia.

Supporting Strategic Overseas Business Activities by Japanese Companies

JBIC provided loans for the car sales financing business in Thailand run by a Japanese company, as well as for a steel processing and distribution business in India participated in by a Japanese company.

Furthermore, JBIC contributed to a private equity fund that invests in companies in Mexico, Canada, and the U.S., as well as to a fund which provides loans and equity to microfinance organizations in ASEAN countries. JBIC also acquired preferred shares for a Japanese company's industrial park operation business in India.

Supporting Exports by Japanese Companies

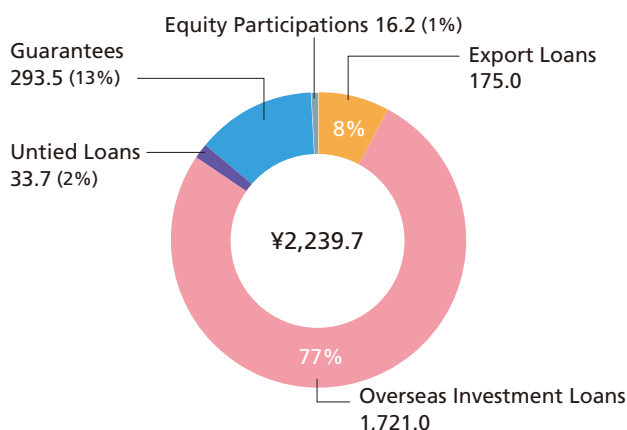
JBIC joined project financing¹ to provide necessary funds for exporting Japanese-made plant facilities to the Yamal LNG project in Russia. JBIC also supported the export of vessels built by Japanese shipbuilding companies.

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

To support the overseas business expansion of Japanese mid-tier enterprises and SMEs, JBIC made a total of

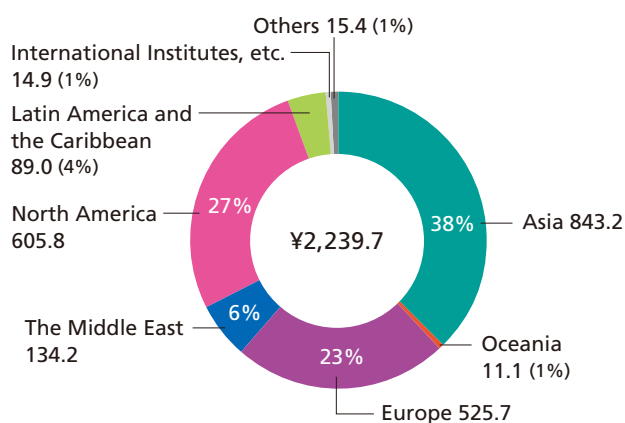
Commitments by Purpose of Financing

(FY2016; unit: billions of yen)



Commitments by Region

(FY2016; unit: billions of yen)



114 commitments in co-finance with regional financial institutions and Shinkin banks in Japan. The support included loans for a solar power generation project in Mongolia and the automotive parts manufacturing and sales businesses in Indonesia run by Japanese companies.

Furthermore, a total of 67 Japanese financial institutions joined a framework established based on MOUs which JBIC signed with Mexican state governments and Mexican financial institutions to support Japanese mid-tier enterprises and SMEs, which are clients of Japanese regional financial institutions, in expanding their businesses to Mexico.

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

Supporting Japanese Companies with Local Currency Loans

JBIC provided 18 local currency loans² totaling the equivalent of approximately ¥16.7 billion. They included JBIC's first Russian ruble loan to fund a car sales financing business in Russia by a Japanese company and a Thai baht loan to fund an automobile exhaust-purifying ceramic product manufacturing and sales business in Thailand.

Efforts in the Environment-related Sector

JBIC established credit lines for renewable energy and energy efficiency businesses with the Government of Ecuador and a Philippine financial institution under Global action for Reconciling Economic growth and Environmental preservation (GREEN) operations.

Supporting Samurai Bond Issuance

JBIC agreed to provide a guarantee for the Samurai bonds³ (privately placed Japanese yen-denominated foreign bonds) issued by the Mexican state-owned petroleum company, and to acquire a part of the bonds issued by the Government of Indonesia.

Promoting the Liquidation of Loans

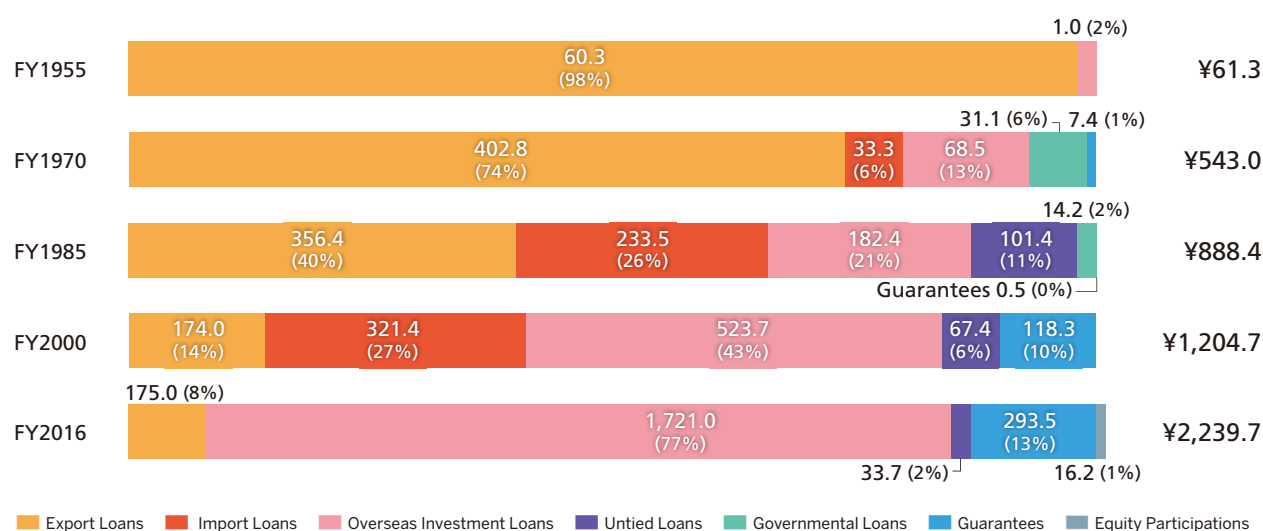
JBIC made partial liquidation of project financing owned by JBIC for power infrastructure projects through a trust account in order to promote active utilization of Japanese private financial institutions.

Launch of the Special Operations

The Amendment Act of the JBIC Act was enacted on May 11, 2016, enhancing JBIC's functions in order to provide further support toward Japanese companies' overseas businesses, in accordance with the Japanese Government's policy to promote investment in quality infrastructure, such as the "Partnership for Quality Infrastructure." In October 2016, as part of the enhancement of its functions, JBIC launched the Special Operations, which enables financing for a wider range of countries and infrastructure projects. JBIC supported the export of substation facilities to the Iraq government as the first loan provided under the Operations.

1. Project financing is a financing scheme in which repayments for a loan are made solely from the cash flows generated by the project.
2. Currencies other than JPY, USD and EUR
3. Samurai bonds are yen-denominated bonds issued by a foreign government or company in the Tokyo bond market.

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



Operational Results

JBIC made total disbursements of ¥2,200.4 billion in FY2016.

Planned and Actual Lending and Investments

(Unit: billions of yen)

	FY2013		FY2014		FY2015		FY2016	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Export Loans	190.0	112.5	200.0	112.0	200.0	148.8	290.0	227.2
Import Loans and Overseas Investment Loans	1,971.0	2,162.5	1,900.0	2,071.2	1,450.0	1,867.9	1,560.0	1,922.4
Untied Loans	50.0	88.5	50.0	64.3	70.0	44.5	90.0	32.2
Equity Participations	100.0	85.4	100.0	30.9	100.0	42.4	120.0	18.5
Total	2,311.0	2,449.0	2,250.0	2,278.6	1,820.0	2,103.8	2,060.0	2,200.4

Financial Results

Principles of Accounting

(1) Separate Accounting

Pursuant to Article 26-2 of the Japan Bank for International Cooperation Act, JBIC shall apply separate accounting to Operations other than the Special Operations (Ordinary Operations) and Special Operations.

(2) Preparation of Financial Statements

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.

The Fifth Term for JBIC (FY2016)

Statement of Operations

(April 1, 2016–March 31, 2017; unit: millions of yen)

Accounts	Amounts
Ordinary Income	294,656
Interest Income	259,250
Fees and Commissions	26,836
Other Ordinary Income	—
Other Income	8,570
Ordinary Expenses	253,118
Interest Expenses	177,433
Fees and Commissions Payments	1,919
Other Ordinary Expenses	3,136
General and Administrative Expenses	16,726
Other Expenses	53,902
Ordinary Profit	41,537
Extraordinary Income	75
Net Income	41,612

Balance Sheet

(As of March 31, 2017; unit: millions of yen)

Assets		Liabilities and Net Assets	
Accounts	Amounts	Accounts	Amounts
Cash and Due from Banks	1,526,209	Borrowed Money	9,908,705
Securities Note 3	281,249	Bonds Payable Note 5	3,301,565
Loans and Bills Discounted Note 4	14,309,138	Other Liabilities	461,442
Other Assets	261,790	Provision for Bonuses	519
Property, Plant and Equipment Note 6	27,613	Provision for Directors' Bonuses	6
Intangible Assets	2,711	Provision for Retirement Benefits	6,807
Customers' Liabilities for Acceptances and Guarantees	2,384,997	Provision for Directors' Retirement Benefits	16
Allowance for Loan Losses	(222,036)	Acceptances and Guarantees	2,384,997
		Total Liabilities	16,064,061
		Capital Stock	1,683,000
		Retained Earnings	842,366
		Total Shareholders' Equity	2,525,366
		Valuation Difference on Available-for-sale Securities	2,468
		Deferred Gains or Losses on Hedges	(20,223)
		Total Valuation and Translation Adjustments	(17,755)
		Total Net Assets	2,507,611
Total Assets	18,571,673	Total Liabilities and Net Assets	18,571,673

Note: See Notes 3 to 6 on pages 109 to 110 for details.

[Ordinary Operations Account]

Statement of Operations

(April 1, 2016–March 31, 2017; unit: millions of yen)

Accounts	Amounts
Ordinary Income	294,661
Interest Income	259,250
Fees and Commissions	26,836
Other Income	8,574
Ordinary Expenses	253,042
Interest Expenses	177,433
Fees and Commissions Payments	1,912
Other Ordinary Expenses	3,136
General and Administrative Expenses	16,657
Other Expenses	53,902
Ordinary Profit	41,618
Extraordinary Income	75
Net Income	41,693

Balance Sheet

(As of March 31, 2017; unit: millions of yen)

Assets		Liabilities and Net Assets	
Accounts	Amounts	Accounts	Amounts
Cash and Due from Banks	1,323,789	Borrowed Money	9,908,705
Securities	281,249	Bonds Payable	3,301,565
Loans and Bills Discounted	14,309,138	Other Liabilities	461,359
Other Assets	261,788	Provision for Bonuses	514
Property, Plant and Equipment	27,613	Provision for Directors' Bonuses	6
Intangible Assets	2,711	Provision for Retirement Benefits	6,806
Customers' Liabilities for Acceptances and Guarantees	2,384,997	Provision for Directors' Retirement Benefits	16
Allowance for Loan Losses	(222,036)	Acceptances and Guarantees	2,384,997
		Total Liabilities	16,063,972
		Capital Stock	1,480,500
		Retained Earnings	842,448
		Total Shareholders' Equity	2,322,948
		Valuation Difference on Available-for-sale Securities	2,468
		Deferred Gains or Losses on Hedges	(20,137)
		Total Valuation and Translation Adjustments	(17,669)
		Total Net Assets	2,305,278
Total Assets	18,369,251	Total Liabilities and Net Assets	18,369,251

[Special Operations Account]

Statement of Operations

(October 1, 2016–March 31, 2017; unit: millions of yen)

Accounts	Amounts
Ordinary Income	0
Other Income	0
Ordinary Expenses	81
Fees and Commissions Payments	7
General and Administrative Expenses	74
Ordinary Loss	81
Net Loss	81

Balance Sheet

(As of March 31, 2017; unit: millions of yen)

Assets		Liabilities and Net Assets	
Accounts	Amounts	Accounts	Amounts
Cash and Due from Banks	202,419	Other Liabilities	93
Other Assets	13	Provision for Bonuses	4
		Provision for Directors' Bonuses	0
		Provision for Retirement Benefits	1
		Provision for Directors' Retirement Benefits	0
		Total Liabilities	99
		Capital Stock	202,500
		Retained Earnings	(81)
		Total Shareholders' Equity	202,418
		Deferred Gains or Losses on Hedges	(85)
		Total Valuation and Translation Adjustments	(85)
		Total Net Assets	202,333
Total Assets	202,432	Total Liabilities and Net Assets	202,432

Ordinary Operations Account

(1) Statement of Operations

In FY2016, JBIC recorded ¥259.2 billion in Interest Income and ¥294.6 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 other hand, JBIC recorded ¥253.0 billion in Ordinary Expenses as a result of posting ¥177.4 billion in funding costs, such as interest expenses. Therefore, Ordinary Profit was ¥41.6 billion, and Net Income totaled ¥41.6 billion, which included Extraordinary Income.

(2) Balance Sheet

Total Assets reached ¥18,369.2 billion. This was due primarily to an increase in Loans and Bills Discounted (increased by ¥768.4 billion to ¥14,309.1 billion compared with FY2015) because of increased loans denominated in foreign currencies due to the extension of loans. Total Liabilities was ¥16,063.9 billion. This was due mainly to an increase in Borrowed Money (increased by ¥470.2 billion to ¥9,908.7 billion compared with FY2015) due to borrowing from foreign exchange funds and an increase in Bonds Payable (increased by ¥633.0 billion to ¥3,301.5 billion compared with FY2015) as the amount of new issuances exceeded redemptions. Total Net Assets was ¥2,305.2 billion. This was due mainly to the transfer of legal retained earnings of the Ordinary Operations Account to capital stock of the Special

Operations Account, to a capital increase, and to Net Income of ¥41.6 billion.

Special Operations Account

(1) Statement of Operations

In FY2016, which is the first financial closing period following the launch of the Special Operations (October 1, 2016), although there was a new commitment, Ordinary Income amounted to ¥0 million primarily because no interest and fees on loans were recognized. On the other hand, Ordinary Expenses of ¥81 million were recorded since General and Administrative Expenses such as personnel expenses incurred. As a result, Ordinary Loss and Net Loss amounted to ¥81 million, respectively.

(2) Balance Sheet

Total Assets amounted to ¥202,432 million. This was due mainly to the transfer of legal retained earnings in the Ordinary Operations Account to capital stock in the Special Operations Account and to the receipt of investments. Total Liabilities was ¥99 million. This was due mainly to the recognition of derivatives other than for trading assets. Total Net Assets was ¥202,333 million. This was due to the transfer of legal retained earnings in the Ordinary Operations Account to capital stock in the Special Operations Account, to the receipt of investments and to a Net Loss of ¥81 million.

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, Long-term Loans in Foreign Currency, FILP Agency Bond issuance, capital contributions from FILP Industrial Investment, 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.

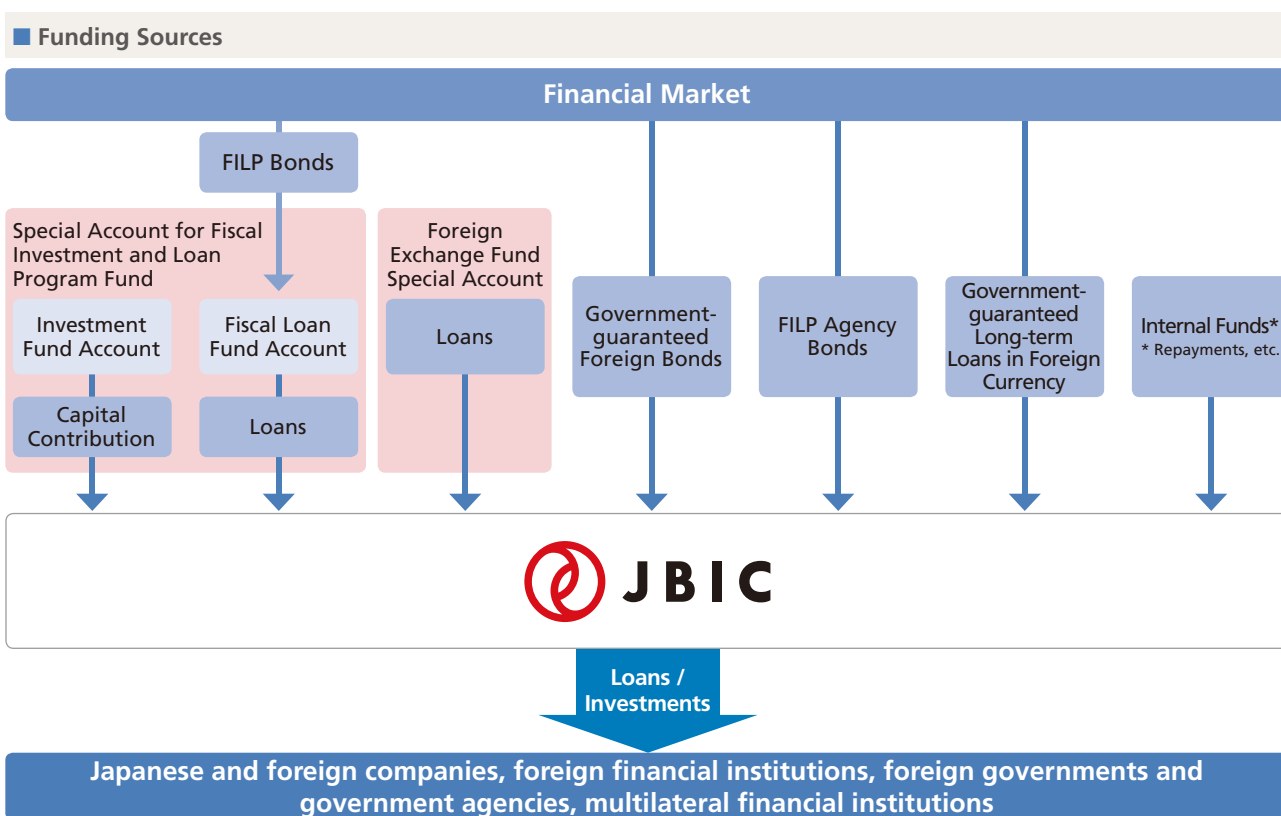
Borrowings from FILP Fiscal Loan, Government-guaranteed Foreign Bond issuance, Government-guaranteed Long-term Loans in Foreign Currency, and Capital Contributions from FILP Industrial Investment, etc., are included in the national budget (either as an item in the General Account budget or the Special 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 FY2017 are shown in the table below.

Funding Sources: Actual and Planned

(Unit: billions of yen)

	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Planned
Capital Contribution from FILP Industrial Investment	—	31.0	—	142.0	85.0
Borrowing from FILP Fiscal Loan	555.1	239.7	244.9	530.5	441.0
Borrowing from Foreign Exchange Fund Special Account	1,581.3	1,273.2	1,595.8	1,142.7	340.0
Government-guaranteed Long-term Loans in Foreign Currency				—	40.0
Government-guaranteed Foreign Bonds*	658.6	374.8	419.0	1,106.2	1,760.0
FILP Agency Bonds*	—	10.0	—	—	60.0
Other Sources of Funds, Including Repayments	(345.9)	349.8	(155.9)	(721.0)	(116.0)
Total	2,449.0	2,278.6	2,103.8	2,200.4	2,610.0

* 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 FY2016 amounted to ¥3,080.2 billion at face value, which accounts for 23.3% 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 FY2017 budget, JBIC plans to issue in the total amount of up to ¥1,760.0 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 Japan K.K. (Moody's) and A+ from S&P Global Ratings Japan Inc. (S&P) as of July 31, 2017). 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 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 FY2017.

FILP agency bonds that JBIC has already issued received the same ratings as the government of Japan (as of July 31, 2017) 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
 S&P: A+

The Environment Surrounding JBIC and Its Challenges

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2 Infrastructure and Environment Finance Group	26
3 Industry Finance Group	30
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Energy and Natural Resources Finance Group

● Message from the Global Head of the Group



As Japan depends on overseas sources for most of its natural resources, the stable procurement of energy resources, such as oil and natural gas, and mineral resources from overseas is indispensable in order to maintain and strengthen the stable lives of Japan's citizens and the country's industrial infrastructure.

The Energy and Natural Resources Finance Group is responsible for promoting the development and acquisition of overseas natural resources which are essential for Japan. Overseas natural resource development projects require massive, long-term investments and entail various risks, including geopolitical and price fluctuation risks. While supplementing private-sector funds, JBIC provides long-term funds to those projects in the form of loans or equity participation. As a policy-based financial institution, JBIC also focuses on creating an environment which enables the smooth implementation of projects by actively engaging in dialogues with the governments and state-run oil companies of resource countries.

JBIC will continue to contribute to securing a stable supply of natural resources through the above-mentioned activities.

Masaaki Yamada

Managing Executive Officer

Global Head of Energy and Natural Resources Finance Group

Business Environment and Key Challenges

Global energy supply and demand balance is affected by macroeconomic trends and various other factors. In recent years, the global energy supply and demand have loosened due to increased shale oil production in the U.S. On the other hand, energy demand in Asia is growing at a faster pace than in any other regions. In particular, Indonesia—one of the leading oil and gas producers in Asia—is exporting less energy resources due to its increasing domestic demand for energy as a result of rapid economic growth. As this shows, demand for oil and natural gas is increasing across the entire Asian region. Also, there is growing concern about global warming, as evidenced by the adoption of the Paris Agreement at the 21st yearly session of the Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change. Under this new agreement on climate change, all participating countries are required to submit greenhouse gas reduction targets. Against this backdrop, there has been increased attention on the use of natural gas, which emits less CO₂ than any other thermal power-generating fuels.

Over 80% of Japan's crude oil imports come from the Middle East and such imports remain highly exposed to geopolitical risks in the region. Therefore, from the perspective of Japan's energy security, it is also important to diversify its crude oil procurement sources to areas other than the Middle East, while maintaining and strengthening its relationship with oil-producing countries in the region.

With regards to liquefied natural gas (LNG), the LNG market will continue to have excess supply over the short

and medium terms as the large-scale LNG projects scheduled to be launched in the U.S. and Australia are expected to boost production of LNG. In contrast, on the demand side, China and India are increasing their imports of LNG, and other Asian countries are also moving to commence and increase LNG imports. With this in mind, Japan is required to create strategic initiatives which are in line with global trends in LNG supply and demand, including the trends in Asia, for ensuring Japan's medium- and long-term LNG supply security.

Japan also faces other challenges in securing a stable supply of mineral resources used for a wide range of application across industries. Despite a temporary slowdown in demand for mineral resources in China, as overall demand for those mineral resources continues to trend upward, it is important to secure a stable supply of those resources. With regards to iron ore, in addition to securing the required quantities of iron ore, it is important to explore high-quality iron ore amid deteriorating quality of that obtained from existing mines. Similarly, it is also a key challenge to explore high-quality copper ore under worsening mining conditions.

Amid changes in global supply and demand balance in energy and mineral resources, there is heightened geopolitical risk in oil-producing nations, such as the rise of extremism. Under such circumstances, it is increasingly necessary to proactively support Japanese companies in acquiring interests in, and long-term off-take of, energy and mineral resources in order to secure a stable supply of resources.

JBIC's Activities

In FY2016, JBIC made the following efforts to secure a stable supply of energy and mineral resources from overseas.

Oil and Natural Gas

The Japanese government set a goal of increasing its self-development ratio of oil and natural gas to 40% or more by 2030 in the Basic Energy Plan approved by the Cabinet on April 11, 2014. To this end, JBIC is providing financial support for securing Japan's stable energy supply. For example, JBIC provided a loan to a project where Abu Dhabi Oil Co., Ltd. (ADOC) will develop a new oilfield (Hail oilfield) in the Emirate of Abu Dhabi (Abu Dhabi), the United Arab Emirates (UAE), which is a vital country in Japan's resource strategy. ADOC is a Japanese company engaged in oilfield development and operations in Abu Dhabi by acquiring a 100% interest in the concession of several oilfields in the country. In the LNG field, JBIC provided a loan to expand the existing natural gas liquefaction facilities at the Tangguh LNG 3 project in Indonesia. Excess supply and slumping prices in the LNG market have caused concerns about sluggishness in investment in LNG—the energy that Japan will need in the medium to long term. Given such circumstances, JBIC made efforts to secure the medium-to-long-term steady supply of LNG for Japan by financially supporting the expansion of this LNG project in Indonesia, which has a proven record for stable production and supply of LNG, with the additional advantage of its geographical position close to Japan. The Kansai Electric Power Co., Inc. will off-take the LNG produced by this project.

Mineral Resources

The Japanese government formulated the Strategy for Securing Natural Resources in June 2012 based on the Guidelines for Securing Natural Resources (approved by the Cabinet on March 28, 2008). This strategy aims to make

strategic efforts to secure mineral resources by maximizing the use of public-private resources based on the recognition that securing the stable supply of low-cost mineral resources is a major premise for high-added value and sophisticated manufacturing technology that is expected to create Japan's national wealth.

JBIC provided a loan to a Japanese company which plans to acquire an additional interest in the Morenci Copper Mine, in the U.S., for the purpose of securing the long-term stable supply of copper—the energy required by the Japanese industry for a wide range of applications, such as electric cables and automobiles. JBIC also provided a loan to a Japanese company to acquire an interest in the Malinau coal mines in Indonesia in order to secure long-term off-take of high-quality thermal coal used for generating electricity. Through these activities, JBIC has contributed to securing a stable supply of mineral resources for Japan.



Morenci Copper Mine in the U.S.
(Provided by: Sumitomo Metal Mining Co., Ltd.)

Strengthening Ties with Resource Countries

To secure the stable supply of natural resources, it is important to strengthen the relationships with resource-supplying countries and major resource companies in the world. Capitalizing on its status as Japan's policy-based financial institution, JBIC continues to hold consultations and dialogues with the governments and their bodies of resource countries in order to encourage Japanese companies to acquire interests in resources in those countries and resource development projects to be smoothly implemented.

As one of its efforts to strengthen bilateral ties with an important resource country for Japan, JBIC signed multiple MOUs and agreements with the governmental institutions of Russia, Russian oil and gas companies and financial institutions. These MOUs and agreements were signed in an effort to support the initiatives for the "eight-point cooperation plan" proposed by Japanese Prime Minister Shinzo Abe to Russian president Vladimir Putin during the Japan-Russia Summit in May 2016. The purpose of these MOUs and agreements is to reinforce the relationships with the Russian governmental and commercial entities, with a view to create future projects which are expected to



Tangguh LNG Project

accelerate business between Japan and Russia.

JBIC also signed an agreement to provide guarantees to support the issuance of yen-denominated foreign bonds (Samurai bonds) by Mexican state-owned petroleum company Petróleos Mexicanos (PEMEX). As Mexico seeks to increase crude oil exports to Asia, it is a promising oil-producing nation for the diversification of oil supply sources pursued by the Japanese government based on its energy policy. The Mexican government has opened up its oil reserves to foreign companies as part of its energy reform passed by constitutional amendment, ending a 75-year state monopoly. This movement led to creating more business opportunities for Japanese companies to acquire upstream interests in crude oil or participate in midstream and downstream businesses. In light of these circumstances, JBIC signed an agreement to guarantee the issuance of Samurai bonds by PEMEX, as part of its efforts to assist Japanese companies in finding business opportunities in Mexico by strengthening the relationship with PEMEX.

Additionally, JBIC provided a loan to the government of the Republic of Iraq to finance its purchase of a set of substation facilities from a Japanese company. Japan's export of infrastructure to Iraq will contribute to improving and stabilizing the power supply in Iraq, which will lead to a self-sustaining recovery by the country. Besides, it will help strengthen the relationship between Japan and Iraq which has the fifth largest crude oil reserves in the world. This project is the first project that JBIC has approved under the Special Operations, which was launched on October 1, 2016 in accordance with the enactment of the Amendment Act of the JBIC Act in May 2016.

1. This is a bilateral economic cooperation plan between Japan and Russia, aimed at: (1) extending healthy life expectancies, (2) developing comfortable and clean cities easy to reside and live in, (3) fundamentally expansion medium-sized and small companies exchange and cooperation, (4) energy, (5) promoting industrial diversification and enhancing productivity in Russia, (6) developing industries and export bases in the Far East, (7) cooperation on cutting-edge technologies, and (8) fundamentally expansion of people-to-people interaction.

Future Business Strategy



Substation facilities in Iraq



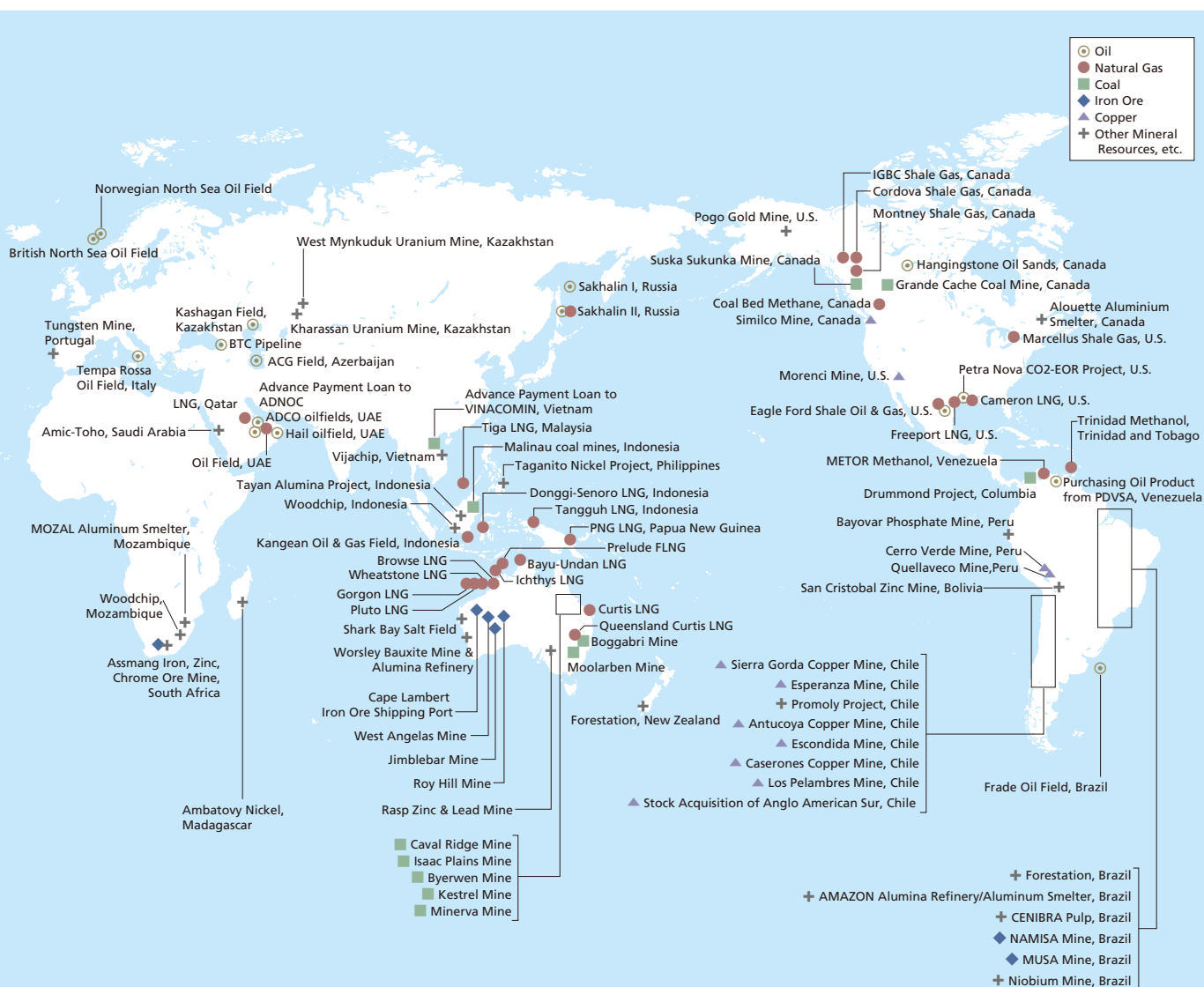
Signing ceremony for investment in project development companies which are responsible for the advanced special economic zone for advanced development as well as the free port project in the Russian Federation Far East

The recent resource price decline or stagnation has brought concern that there will be a slowdown in investment in natural resource development by major resource companies or Japanese companies, which will result in a tightening supply and demand balance of resources in the medium to long term. On the other hand, resource countries are faced with financial difficulties and this situation creates a favorable opportunity for Japanese companies to acquire an interest in high-quality natural resources. Considering such circumstances, JBIC will work hard to secure the stable supply of natural resources for Japan by proactively supporting Japanese companies which plan to acquire an interest in natural resources and/or participate in resource development projects overseas.

To diversify resource supply sources, JBIC will provide financial support to natural resource development projects in Africa, which is seen as "The Last Frontier" for foreign exploration as the region is expected to be a source of extraction of natural resources—particularly, oil, natural gas, and minerals. In fact, non-African countries have started investing in resource development projects in Africa. Resource development projects in Africa play an important role not only in contributing to job creation and acquisition of foreign currencies in African countries where those projects are implemented, but also in advancing the initiatives to promote infrastructure and industrial development in Africa, to which the Japanese government expressed its commitment at the 6th Tokyo International Conference on African Development (TICAD VI).

As for LNG, the balance between global supply and demand is

Major Projects in Recent Years



* Including projects that were approved for funding by JBIC more than 10 years ago

As of June 30, 2017

forecast to remain loosened for the time being. Also, there is uncertainty over the outlook for LNG demand due to the mixture of energy sources in the future and the deregulation of electricity and gas markets. In light of these situations, Japanese electric power and gas companies are seeking flexibility in the process to secure the supply of LNG and also liquidity in the LNG market, such as by diversifying LNG supply sources and the pricing structures, as well as by removing destination clauses from LNG contracts. The Japanese government released the Strategy for LNG Market Development in May 2016, highlighting the creation of the LNG market with high liquidity. Against these backdrops, Japan's electric power and gas companies have started new businesses to spur LNG demand in Asian countries. JBIC will consider providing financial support to not only upstream investments and LNG projects by Japanese companies, but also their new businesses to boost LNG demand in Asia.

JBIC will continue its efforts to create an environment

which enables the successful launch and smooth implementation of resource development projects by actively engaging in dialogues with the governments and their bodies of resource countries. The key to strengthening the relationship with these countries lies not only in the cooperation in resource development projects, but also in the establishment of comprehensive and sustained cooperative relationships that meet the needs of these countries in various fields, including infrastructure construction, industrial advances, employment creation, technology transfer, and reduced environmental burden through the use of renewable energy and energy saving. JBIC will maintain and strengthen the multilayered and positive relationships with the governments of resource countries through its comprehensive efforts to support projects in the areas of infrastructure development and manufacturing in the resource countries.

2 Infrastructure and Environment Finance Group

● Message from the Global Head of the Group



As stated in the G7 Ise-Shima Leaders' Declaration issued by the G7 leaders following the Ise-Shima Summit, there is a significant global demand-supply gap in infrastructure investment. To reduce the gap in global infrastructure investment, it is important to provide high-quality long-term funds. To this end, JBIC will strive to proactively offer long-term financing to infrastructure development projects, while enhancing its financing capabilities in order to further mobilize long-term private-sector funds. In regards to formulating projects, especially in a PPP framework, development of high-quality projects that will attract long-term investment from private-sector investors and promote the participation of the private sector is expected. JBIC will make efforts to develop such projects in cooperation with the governments of projects' host countries, as well as international institutions.

Under its Medium-term Business Plan (FY2015-2017), JBIC will promote the diversification and advancement of overseas infrastructure projects in which Japanese companies will participate. Especially, JBIC will expand financing support through means of various financial instruments to other countries and regions that have not yet been included within the scope of JBIC's business in the electric power field. JBIC will also increase its efforts to be involved in social infrastructure projects, such as railways, seaports, waste disposals, or water systems. Furthermore, in the environmental field, JBIC will proactively work toward protecting the global environment, including efforts to address climate change.

Kazuhisa Yumikura

Managing Executive Officer

Global Head of Infrastructure and Environment Finance Group

Business Environment and Key Challenges

Toward Enhancing International Competitiveness of Japanese Companies

Having formulated existing policies aimed at promoting quality infrastructure, the Japanese government announced in May

Table of G7 Ise-Shima Principles for Promoting Quality Infrastructure Investment

- Principle 1: Ensuring effective governance, reliable operation and economic efficiency in view of life-cycle cost as well as safety and resilience against natural disaster, terrorism and cyber-attack risks
- Principle 2: Ensuring job creation, capacity building and transfer of expertise and know-how for local communities
- Principle 3: Addressing social and environmental impacts
- Principle 4: Ensuring alignment with economic and development strategies including aspect of climate change and environment at the national and regional levels
- Principle 5: Enhancing effective resource mobilization including through PPP

Source: Prepared by JBIC based on MOFA's G7 Ise-Shima Principles for Promoting Quality Infrastructure Investment

2016 an additional initiative called the "Expanded Partnership for Quality Infrastructure" ahead of the G7 Ise-Shima Summit meeting. The G7 leaders expressed, in the the G7 Ise-Shima Leaders' Declaration, their agreement to align infrastructure investment with the G7 Ise-Shima Principles for Promoting Quality Infrastructure Investment (see table at left).

In line with these Japanese government policies, JBIC will continue its efforts to maintain and increase the international competitiveness of Japanese companies by promoting the export of high-quality infrastructure backed by Japan's advanced technology.

Furthermore, JBIC will strive to address the challenges, as discussed more in detail below, in supporting Japanese companies to find more opportunities to invest in overseas infrastructure business and participating in infrastructure development projects amid increasingly fierce international competition in the infrastructure field.

(1) Responding to various risks

Infrastructure projects are considered to be exposed to various risks as the projects are, in general, large in size and also require a long time span from the planning and bidding phases of the project to construction and ultimately the recovery of invested funds. For example, if the counter party risk of the national or local governments of developing

countries with low credit ratings is high due to the risk of failure to perform their contractual obligations, or if the future demand or sales of products or services to be delivered by the infrastructure operators are uncertain, the investment appetite of parties who are interested in the project might decline, or enough long-term funds might not be available from financial institutions to start the project. Profits generated by infrastructure projects are, in principle, denominated in local currencies. On the other hand, while there is a need, especially by developing countries, to import leading-edge technologies and management know-how from overseas, those developing countries might need to depend on private-sector funds from overseas sources in foreign currencies due to the immature domestic financial markets in those developing countries. Given these situations, it is also important to find a solution to how currency risks are shared among parties involved in infrastructure projects, including the governments of projects' host countries.

(2) Promoting to develop bankable projects¹

When it comes to the development of public-private collaboration such as PPP projects and the Build-Operate-Transfer (BOT) model, especially in developing countries, there are cases where risks associated with those PPP projects might not be properly assessed and shared among project participants, including the government of a project's host country, which results in private-sector participants being exposed to excessive risk. This situation is due to: i) a lack of integrity and clarity in the legal system in the project's host country, ii) a lack of ability and experience in the government agencies or organizations of the project's host country, or iii) an absence of proper feasibility studies on the project. Under these circumstances, PPP projects face difficulty in obtaining investment from the private sector, and as a result, those projects do not progress in the way the host country's government expects. It is pointed out that it is important to share risks among all parties involved in PPP projects in a way that enables them to manage and control those risks on their own.

(3) Mobilizing a wide range of private-sector funds

Global demand for infrastructure is expected to continue

increasing at a faster pace than actual investments amid economic and population growth, and rapid urbanization, especially in emerging countries. To reduce the global demand-supply gap in infrastructure investment, it is important to address the above-mentioned challenges, but in addition, it is also crucial to mobilize a wide range of private-sector funds, such as life insurance companies, pension funds, or investment funds. This is because financing by Multilateral Development Banks (MDBs) and public financial institutions in each country such as JBIC alone is not sufficient to meet the global demand for infrastructure investment in terms of quantity.

Commitment to Preserving the Global Environment

Economic development while protecting the global environment is now globally recognized as a common issue, as highlighted by the adoption of the Paris Agreement in 2015. Against this backdrop, there is a global hope for implementation of projects that will contribute to protecting and improving the global environment. In this area, JBIC provides support to environment projects through its operations called "Global action for Reconciling Economic growth and ENvironmental preservation (GREEN)" (refer to page 61 for details). JBIC has established these GREEN operations in line with "Actions for Cool Earth: ACE 2.0," an initiative announced by the Japanese government in November 2015, aimed at supporting action in developing countries and advancement of innovative technologies to address climate change. Under the GREEN operations, JBIC will contribute to promoting economic growth in developing countries and tackling various global environmental issues that affect the global economy by implementing measures for greenhouse gas reduction and climate change.

1. Projects in which the feasibility, economic performance, and the risk burden of involved parties in the relevant project have been confirmed and assured, and the project participation of private-sector companies and long-term funding by financial institutions can be expected

JBIC's Activities

Toward Enhancing International Competitiveness of Japanese Companies

In FY2016, the Infrastructure and Environment Finance Group approved financial commitments for 23 projects, particularly in the field of electric power, totaling ¥690.2 billion. In Indonesia, JBIC provided a loan to the Central Java ultra-supercritical coal-fired power generation project, which is Indonesia's first PPP project. Additionally, JBIC supported the Muara Laboh Geothermal Power Project through cofinancing with the Asian Development Bank

Natural gas-fired combined cycle power plant and a desalination plant project in Kuwait in which Japanese companies are participating

(ADB). In Vietnam, JBIC made a financial commitment to export electric machinery and equipment for the Binh Thuan



Power Station, the first ultra-supercritical coal-fired power plant project in the country. As explained in detail in the next sub-section (1), JBIC also approved a financial commitment to a waste treatment and power generation plant project in the U.S. in accordance with the Amendment Act of the JBIC Act.

In regards to international competitive bidding on investment projects, JBIC supported Japanese companies to bid and acquire operation rights of projects by explaining JBIC's ability to take risks in providing funding support or proposing its various financial instruments for structuring projects during business negotiations with related parties not only in Asia, but also in the Middle East and North Africa.

Our activities to meet the previously mentioned three key challenges are as follows.

(1) Responding to various risks

As part of efforts to strengthen risk-assuming functions, JBIC newly established the Special Operations in accordance with the enactment of the Amendment Act of the JBIC Act in May 2016 (refer to page 68).

The launch of the Special Operations Account enables JBIC to take further risks and as a result, in March 2017, JBIC made a financial commitment to the government of Iraq as the first project under the Special Operations (refer to page 44).

Alongside the Amendment Act of the JBIC Act, eligible sectors in developed countries have been expanded (refer to page 69). As a result, JBIC approved a financial commitment to construct a waste treatment and power generation plant in California in the U.S. as JBIC's first loan for supporting a waste treatment project.

JBIC is also promoting consultations in order to take

further risks in assisting local governments and local private companies. JBIC intends to proactively draw on diverse financial tools, such as acquisition of project bonds or Islamic finance, that JBIC is allowed to use through the Amendment Act of the JBIC Act as explained above.

(2) Promoting the formulation of bankable projects

JBIC works toward the formulation of bankable projects through policy dialogues, consultations, and negotiations with the projects' host country governments, their related parties, and project operators, and also through collaboration with MDBs.

In the policy dialogues, JBIC discusses various aspects, including: the macroeconomic conditions and investment environment, and financial systems in projects' host countries, which are crucial for the stable operations of infrastructure projects, as well as regulations for infrastructure business, PPP schemes, and major issues and projects identified in infrastructure development in key sectors. In addition to regular discussions with the governments of Indonesia, Mexico, and Vietnam, JBIC responds to individual business negotiations and engages in discussions with a variety of countries considering areas, such as the host country's legal system and risk sharing of involved parties for business concession contracts, and tries to improve risk allocation among all parties involved in projects. In particular, JBIC proposed and discussed ways to share risks for PPPs, targeting sectors such as transportation infrastructure in the Philippines. In India, JBIC undertook joint research on the issue of mobilizing overseas capital in solar power generation projects. Through these efforts, JBIC strives to help expand investment opportunities for Japanese companies.

Furthermore, JBIC is utilizing the knowledge of outside



Seminar titled "Future Prospect of Quality Infrastructure Projects in Asia through Public Private Partnership" which was co-sponsored by JBIC and ADB at the Asian Development Bank Annual Meeting.



Sarulla geothermal power plant project in Indonesia in which Japanese companies are participating

experts in implementing feasibility studies which are essential for realizing individual projects that will help maintain and improve the international competitiveness of Japanese industry.

JBIC is also promoting initiatives in collaboration with MDBs. At the 50th Asian Development Bank Annual Meeting held in Yokohama in May 2017, JBIC and ADB co-sponsored "Future Prospect of Quality Infrastructure Projects in Asia through Public-Private Partnership," a seminar on PPP schemes, and discussed issues and measures toward the promotion of PPP projects in the Asian region. In addition, JBIC participates in international discussions toward the promotion of bankable project formulation, such as participating as an Advisory Partner in the Global Infrastructure Facility (GIF)² led by the World Bank and participating in the infrastructure field of the Business 20³ task force.

(3) Mobilizing a wide range of private-sector funds

JBIC makes various efforts to execute its functions as a catalyst for further mobilizing private sector finance.

JBIC provides guarantees to private-sector financial institutions who participate in cofinancing infrastructure projects, depending on the requirements of individual projects. For example, JBIC encourages private-sector financial institutions to participate in long-term financing by providing risk guarantees to projects where the private-sector financial institutions face high political and counterparty risk of host country governments and their agencies. In FY2016, JBIC provided risk guarantees to cofinancing banks that provided finance to large-scale infrastructure projects, overseas governments and regional development financial institutions.

JBIC also holds seminars about project finance and GREEN projects (refer to page 61) for Japanese regional banks and life insurance companies. In recent years, JBIC has been expanding the base of financial institutions involved in cofinancing. As part of these efforts, in FY2016 three Japanese banks (the Hachijuni Bank, Ltd., the Bank of Yokohama, Ltd., and the Joyo Bank, Ltd.) participated for the first time in cofinancing under the GREEN operations.

In addition, JBIC also works toward credit securitization of its loan portfolio with the aim of mobilizing private sector finance. In FY2016, JBIC securitized existing project finance loans for electric power infrastructure projects in Asia as it aimed to mobilize finance from regional banks (the Iyo Bank, Ltd., the Chiba Bank, Ltd., and the Gunma Bank, Ltd.).

Commitment to Protecting the Global Environment

Under the GREEN operations, JBIC provides financing support to environment projects, in the form of loans, equity participations, and guarantees, while mobilizing private-sector funds. The environment projects in which JBIC considers participating include: i) projects for solar power plants and energy-efficient power plants that utilize advanced environmental technologies, and ii) projects that ensure significant environmental preservation effects by introducing energy-efficient equipment. To date⁴, JBIC has made 31 financial commitments mainly in renewable energy projects and energy efficiency projects.

In FY2016, under the GREEN operations, JBIC supported an energy efficiency project, which is its first credit line provided to the government of Ecuador. This is also the first project involving cofinancing with the Inter-American Development Bank (IDB) under the GREEN operations. Additionally, JBIC established a second credit line for the Corporación Andina de Fomento (CAF), Development Bank of Latin America, with the aim of supporting renewable energy and energy efficiency projects.

JBIC will continue to provide support to ensure that ongoing growth in overseas infrastructure demand leads steadily to business opportunities for Japanese companies. At the same time, JBIC will also continue to provide financial support for efforts aimed at global environmental preservation.



Solar power generation project in Jordan in which Japanese companies are participating

2. A platform set up and led by the World Bank Group aimed at the formulation of infrastructure projects utilizing PPPs
3. Business 20 (B20) is the official G20 dialogue with the global business community.
4. As of March 2017

3 Industry Finance Group

2

The Environment Surrounding JBIC and Its Challenges

3

Industry Finance Group

● Message from the Global Head of the Group



In October 2016, JBIC set up the Finance Office for SMEs as part of an organizational realignment, aiming at more attentive support for overseas business deployment of mid-tier enterprises and small and medium-sized enterprises (SMEs). The Industry Finance Group is currently composed of four departments and offices, namely the Corporate Finance Department, Marine and Aerospace Finance Department, and West Japan Office in addition to the Finance Office for SMEs. The group will deploy diverse financial techniques matched to each project as it implements initiatives for maintaining and raising the international competitiveness of Japanese industries.

Amid a continuing strong appetite for overseas investment by Japanese companies, particularly for overseas mergers and acquisitions (M&A), the Group provided loans and guarantees amounting to ¥1,141.6 billion for 221 commitments in FY2016.

In the run-up to the final year of the current Medium-Term Business Plan (FY2015-2017) formulated in 2015, the Group continued proactive efforts toward "Supporting the improvement of Japanese industries' competitive advantage and growth opportunities in the world market" and "Supporting mid-tier enterprises and SMEs' overseas business expansion utilizing JBIC's characteristics," which are Key Action Plans under the plan.

Kazuhiko Tanaka

Managing Executive Officer

Global Head of Industry Finance Group

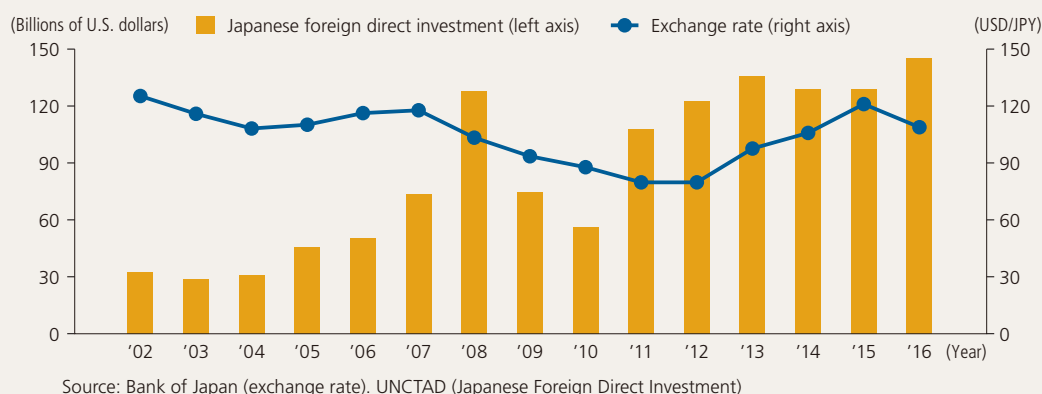
Business Environment and Key Challenges

Overseas M&A by Japanese Companies Trending Upward

Despite the slowdown sparked by the global financial crisis in 2008, foreign direct investment by Japanese companies exceeded \$100 billion in 2011 in consequence of the sudden appreciation of the yen. Although the yen also subsequently weakened, during this time, foreign direct investment by Japanese companies has remained steady, reaching \$145.2 billion in 2016 (Figure 1).

Amid steady foreign direct investment by Japanese companies, despite a brief decline following the collapse of Lehman Brothers, their overseas M&A have surged on the back of declining acquisition prices due to the strong yen. This level of activity is continuing, irrespective of subsequent forex trends. Over the past three years as well, overseas M&A deals have continued to rise, increasing from 557 in 2014 to 663 in 2016. The value of such M&A has also risen for two consecutive years, surpassing ¥10 trillion in 2015 and 2016 (Figure 2). This trend of M&A activities shows that

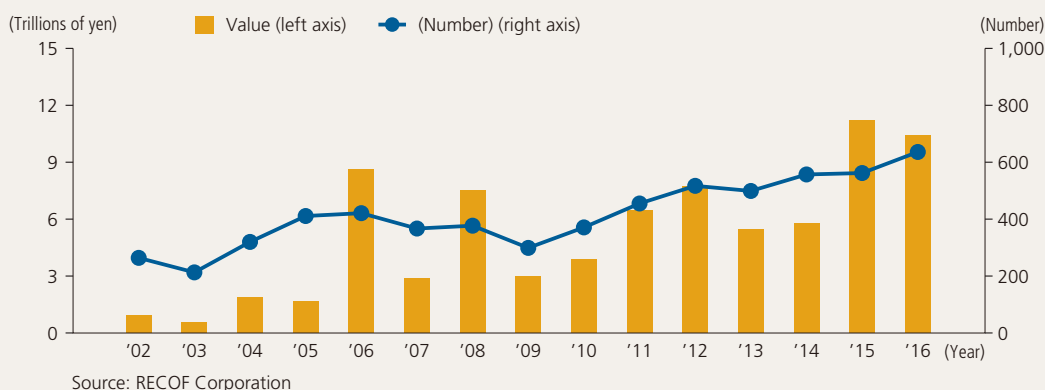
Figure 1. Value of Japanese Foreign Direct Investment



Japanese companies are seeking to substitute the shrinking domestic market by businesses in new markets. M&A aimed at achieving an edge on global competitors through

the expansion of the business scale has also been a major business strategy for Japanese companies.

Figure 2. Changes in the Value and Number of Overseas M&A by Japanese Companies

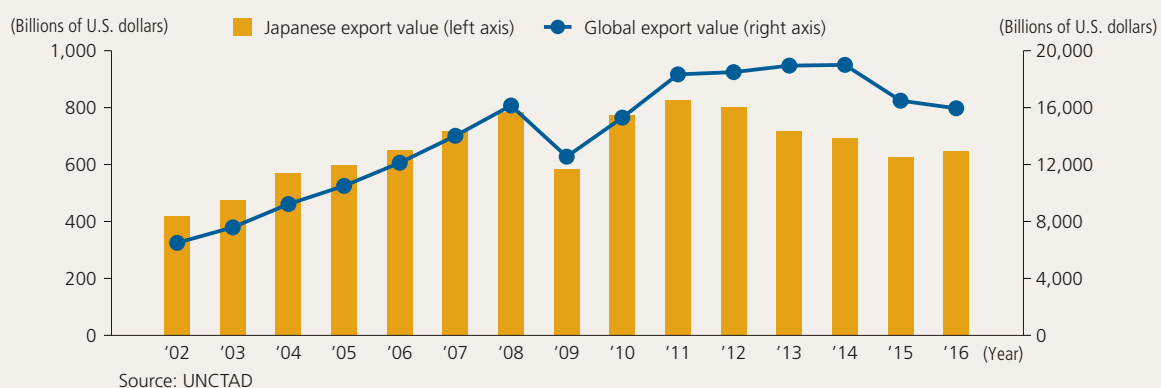


Value of Japan's Exports in a Recovery Trend

The value of global export transactions gradually increased from 2011, reaching \$19.0 trillion in 2014. However, amid stagnant demand in emerging markets and weak natural resource prices, the value of export transactions began shrinking from 2015, amounting to \$15.9 trillion in 2016. From 2012 to 2015, Japan's export transactions continued declining despite the ongoing yen depreciation. However, in 2016 export transactions increased 3.2% year-on-year to \$644.9 billion (Figure 3). Japan's exports were dragged down

by the establishment of local production systems by Japanese companies to tap growth overseas as well as the subsequent steady, successful development of Japanese supply chain systems abroad. Nonetheless, a recovery in demand, mainly for automobile-related goods in developed countries and for information-related products in Asian emerging markets due to robust economic growth in developed countries and a pickup in the economies of emerging countries, has been a primary factor driving a recovery in the value of Japan's export transactions despite the overall decline in global export transactions.

Figure 3. Global and Japanese Export Value



Boosting Overseas Business for Mid-tier Enterprises and SMEs

Mid-tier enterprises and SMEs deploying business overseas have become increasingly active in trying to create new business opportunities, both by capturing demand in overseas markets in addition to striving to meet local procurement needs of major Japanese companies. Every year, JBIC implements a survey, the medium-term prospects

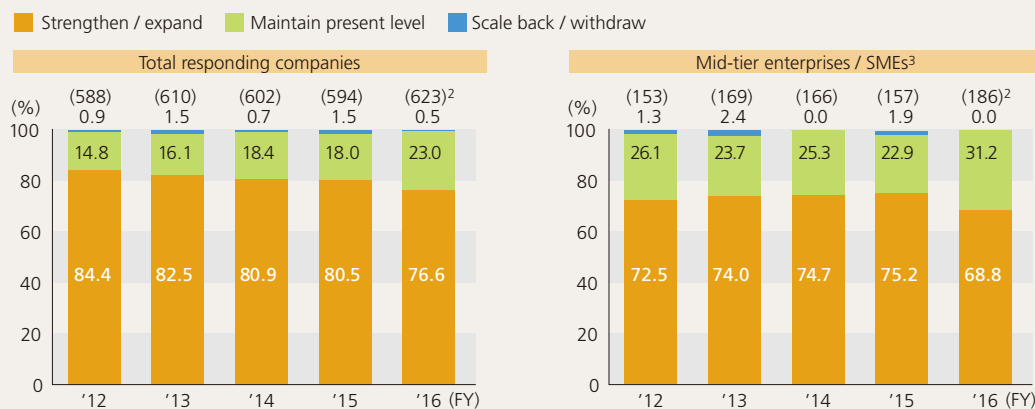
for overseas operations, in *Survey Report on Overseas Business Operations by Japanese Manufacturing Companies*. In view of the accumulated results of their overseas business expansion to date, it is assumed that the appetite for overseas business deployment by mid-tier enterprises and SMEs will remain at a high level (Figure 4).

Diversification has been seen in the mid-tier enterprises and SMEs willing to take on the challenge of going overseas, the countries they target, and their funding needs.

Nevertheless, the mid-tier enterprises and SMEs 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 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/SMEs are companies whose paid-in capital is less than ¥1 billion.

Source: Results of the JBIC FY2016 Survey Report on Overseas Business Operations by Japanese Manufacturing Companies

JBIC's Activities

Supporting Overseas Business Expansion Using Various Financial Instruments

JBIC works to support the overseas business deployment of Japanese companies by providing long-term funding for overseas M&A activities, overseas infrastructure, and natural resource-related sectors. Led by the Industry Finance Group, JBIC continues to provide support for meeting the high needs for overseas M&A. JBIC 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 medical care, food, pharmaceuticals, automobile parts, semiconductor, precious metals recovery and purification, human resource dispatch, and IT industries. This funding is provided through direct financing from JBIC or indirect financing (two-step loans (TSL)) utilizing M&A credit lines (credit facilities) concluded with Japanese private financial institutions. In FY2016, JBIC approved financial commitments valued at ¥971.0 billion for overseas M&A transactions.



JBIC supported an overseas M&A (medical care) by a Japanese company.

JBIC also provided support for procuring local currencies, which includes support for a Thai baht-denominated loan for an auto parts manufacturing

and sales business as well as JBIC's first-ever loan denominated in Russian rubles. In this manner, in FY2016 as well, JBIC proactively provided support for overseas business deployment to maintain and raise the international competitiveness of Japanese companies.



Opening ceremony at a Thai subsidiary of the mid-tier enterprises and SMEs supported by JBIC

Supporting Japanese Exports and Overseas Businesses

JBIC is committed to supporting exports and overseas sales by Japanese companies. During FY2016, JBIC supported

exports of Japanese-made plant equipment for upgrading an oil refinery to enable production of fuels with low environmental impact. To support these exports, JBIC approached buyers, such as the governments of host countries, with finance-related proposals to cover projects from the early stage, and conducted direct negotiations while smoothly structuring finance. Also, exports of tankers and LNG carriers constructed by Japan's shipbuilding companies support the shipbuilding industry that plays a significant role in regional economies and affects many mid-tier enterprises and SMEs. Given the importance of these exports, JBIC supports the Japanese shipbuilding industry by deploying its diverse risk-assuming functions and flexibly utilizing buyer's credits for ship exports backed by its capabilities in buyer risk and project finance.



JBIC supports the expansion of plant equipment exports by Japanese companies.

Supporting Overseas Business Deployment of Mid-tier Enterprises and SMEs

Since FY2012, JBIC has been working more aggressively to support the overseas business deployment of mid-tier enterprises and SMEs through business units dedicated to this purpose at its Head Office and West Japan Office. These efforts are steadily bearing fruit as the number of financial commitments to mid-tier enterprises and SMEs has risen from 34 during FY2012, the first fiscal year of these dedicated business units, to 114 commitments during FY2016.

To facilitate the support of mid-tier enterprises and SMEs, JBIC has strengthened cooperation with Japanese regional financial institutions and overseas subsidiaries of lease companies by establishing investment credit lines



JBIC supports ships built by Japanese companies via export financing.

(financing facilities) through private financial institutions. In addition to seamless funding in the form of loans denominated in hard currencies (U.S. dollars and Euros), JBIC also actively supported the local currency needs of overseas subsidiaries of mid-tier enterprises and SMEs by providing loans denominated in local currencies such as Thai baht.

Besides support in procuring funds, JBIC also strengthened collaboration aimed at solidifying ties between Japan and related parties in host countries by concluding memoranda of understanding (MOUs) with state governments of developing countries and with local financial institutions to support the overseas advancement of mid-tier enterprises and SMEs via Japan's regional banks. Also, in response to the growing desire to set up overseas operations by mid-tier enterprises and SMEs, JBIC continued to provide various types of information, beginning with information on the overseas investment environment. JBIC has also held seminars and individual consultations across Japan to provide information on overseas business deployment and on concluding MOUs.



JBIC holds seminars for mid-tier enterprises and SMEs.

Meeting the Needs of Japanese Companies

Japanese companies continue to confront ever-changing economic conditions, such as trends in emerging country economies, and in particular, the global impact of unclear U.S. economic policy management and the direction of negotiations on the U.K. exit from the EU. 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, were further diversified following the May 2016 enactment of the Amendment Act of the JBIC Act.

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.

4 Equity Finance Group

● Message from the Global Head of the Group



FY2016 was a turning point for JBIC as it established a new business function known as the Equity Finance Group on October 1, 2016 to enhance its capability in the area of equity financing. This Group has an Equity Investment Department placed under its supervision.

Up to the present, JBIC has made equity participation in overseas corporations funded by Japanese companies as well as invested in overseas private equity funds (PE Funds) that Japanese companies play a major role within those funds. One of the growth strategies of the Japanese government aims to benefit from overseas growth markets. To achieve the government's growth strategy, it is becoming increasingly significant to supply risk money. To this end, JBIC set up a new business group specializing in equity financing, with an aim to reinforce its ability to supply risk money.

Since the establishment of the Group, there have been increasing expectations for supply of risk money by JBIC. Under such a situation, JBIC will continue to provide proactive support to Japanese companies which plan to expand their business to overseas markets by utilizing equity financing tools.

Shinji Fujino

Managing Executive Officer

Global Head of Equity Finance Group

Business Environment and Key Challenges

Establishment of the Equity Finance Group and the Equity Investment Department

JBIC encourages Japanese companies to expand their business to overseas by supplying risk money under its equity financing operations. Through these operations, JBIC strives to help Japanese companies to further expand their business activities to overseas countries and enable Japan to benefit from the growth potential of the global economy, with a view to boosting the Japanese economy.

In FY2016, Japan's current account surplus exceeded ¥20 trillion. Especially, the net primary income balance, which reflects receipts such as dividend income from overseas investments, remained at a high level above ¥18 trillion. Furthermore, Japan's foreign direct investment (calendar year, on a net basis) in 2016 reached its historical high of more than ¥18 trillion. This was due to continuous, vigorous cross-border M&A activity by Japanese companies. In 2016, the number of cross-border M&A transactions amounted to a record high of 636 deals (Source: RECOF Corporation).

As demonstrated by these figures, Japanese foreign investment is further increasing. At the same time, the global markets, especially emerging markets, are expanding at a rapid speed. Under such circumstances, Japanese companies are exposed to intense competition for securing overseas markets. When Japanese companies plan to expand their business to overseas markets with an eye to diversifying their earnings bases and sustaining growth in corporate value, it is highly important to develop an overseas business

strategy, ensuring to i) gain access to long-term risk money particularly for investments in emerging countries with rising geopolitical risk and ii) reduce political risk in countries or regions where they plan to conduct operations.

Due to the launch of the Equity Finance Group, JBIC partially revised its Medium-term Business Plan (FY2017-2019) in January 2017 to add "Increasing Supply of Funding through Equity Participation" as one of the Key Action Plans. The aim of establishment of the Equity Finance Group and Equity Investment Department which specialize in equity financing operations is to further support Japanese companies which plan to expand their business to overseas countries by increasing the supply of risk money.

Capitalizing on its status as a public financial institution and accumulated relations with foreign governments, JBIC will encourage Japanese companies to expand into overseas markets while assisting them in reducing political risk in countries or regions where they plan to start business through the supply of long-term risk money.

JBIC's Activities

Equity Participation Business

Up to the present, JBIC has made investments in various fields. With regards to the investment in a petrochemical business in Taiwan, JBIC supported a Japanese petrochemical manufacturer with unique technology and knowledge of manufacturing of petrochemical products in structuring a project to build a new large petroleum plant in Taiwan by participating from the early stage of the project development process. This Japanese petrochemical manufacturer intends to manufacture petrochemical products in the new plant and sell them to Asian countries in collaboration with a large Taiwanese petroleum company.

In the infrastructure field, JBIC supported a Japanese company's equity participation in a water management company with a high presence in the Middle East, North Africa, and the Asian region. In the renewable energy field, where growth is expected especially in the European market, JBIC provided support to a Japanese company which invested in a business in Denmark for developing and commercializing the technology to manufacture large offshore wind turbines in collaboration with a Danish company.

In FY2016, JBIC made a commitment for an equity participation in an industrial park operation business carried out by a Japanese company in the Mandal Japanese Industrial Zone in the state of Gujarat, India. The aim of this business is to provide rental factories within the premises of the industrial park and various infrastructure services to Japanese companies in India, including mid-tier enterprises and SMEs. This business is also intended to help Japanese companies to address issues they might face when investing in India, such as undeveloped basic infrastructures and complexity in obtaining approvals and licenses for businesses. JBIC's efforts are in line with the objectives of the Japan-India Investment Promotion Partnership which was announced at the Japan-India summit meeting in September 2014.

In addition, JBIC has invested in overseas investment funds, such as those investing in companies with businesses in Mexico, Canada, and the U. S. and those in microfinance institutions in ASEAN countries. JBIC will utilize its experiences

gained through these investments in individual projects and overseas investment funds, with an aim to strengthen its capability in the area of equity financing.



An exterior view of the Mandal Japanese Industrial Zone

Future Business Strategy

JBIC established JBIC IG Partners (JBIC IG) on June 30, 2017 in collaboration with Industrial Growth Platform, Inc. (IGPI). The objective of JBIC IG is to provide investment advisory services regarding overseas investment funds by applying the respective strengths of JBIC and IGPI. IGPI has significant experience in providing companies with hands-on support for long-term and sustainable growth in corporate and business value.

JBIC will continue to encourage Japanese companies to expand their business to overseas markets through the use of various equity financing techniques for structuring projects, while utilizing the capabilities of JBIC IG.



JBIC signed an MOU with the State Government of Gujarat, where the project site is located, for business cooperation (January 2017).



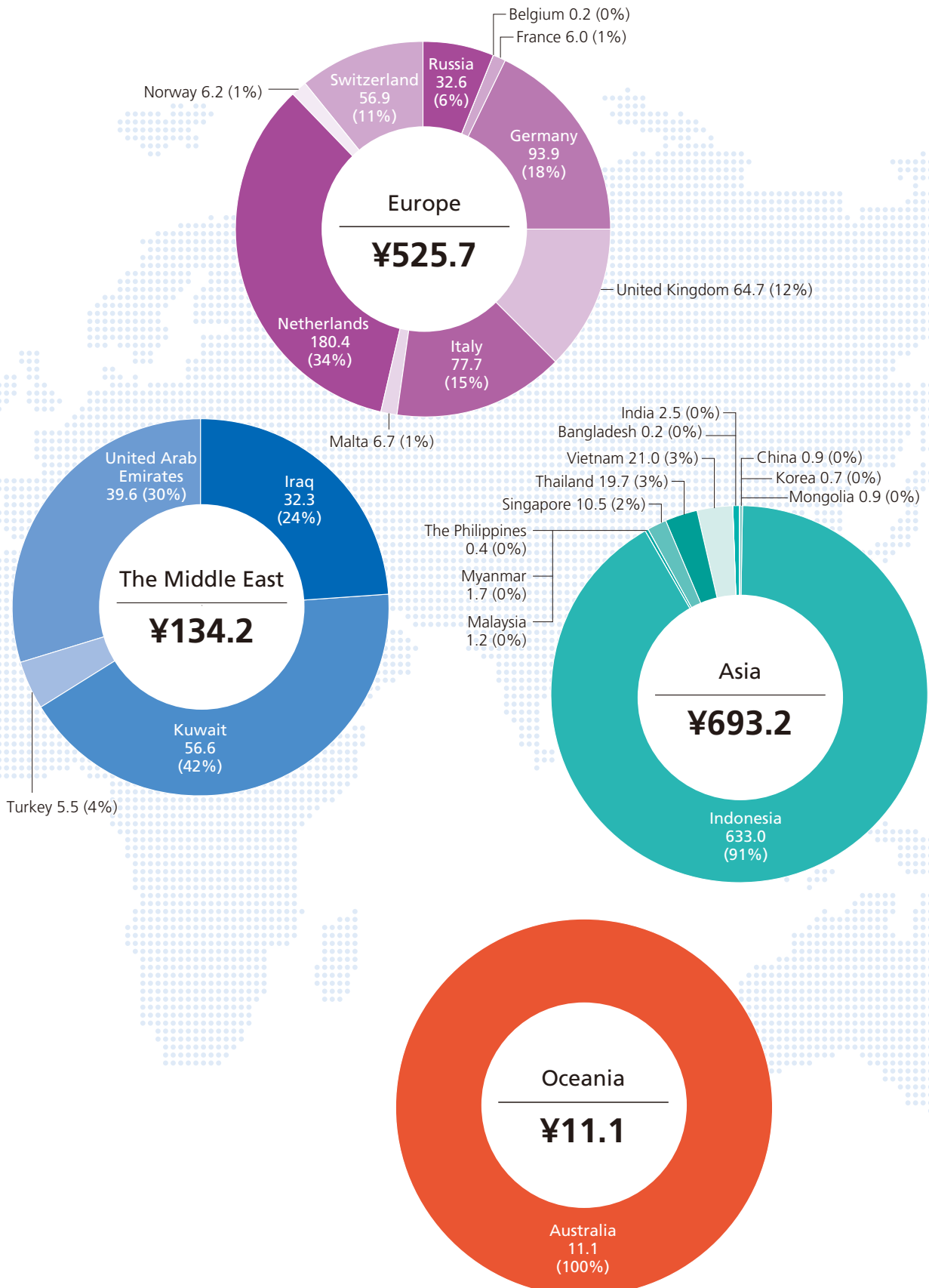
JBIC IG's directors and auditors

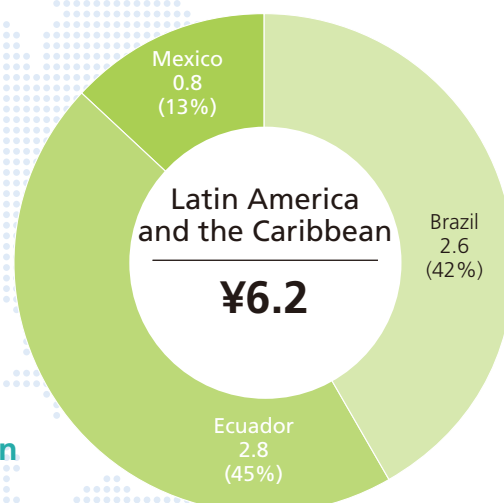
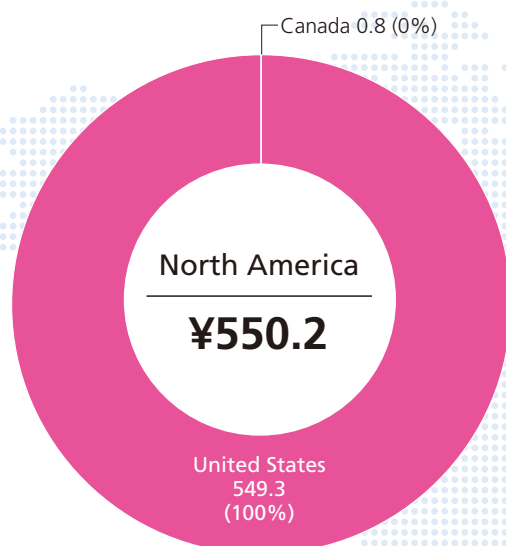
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Geographical Distribution of Loan and Equity Participation Commitments

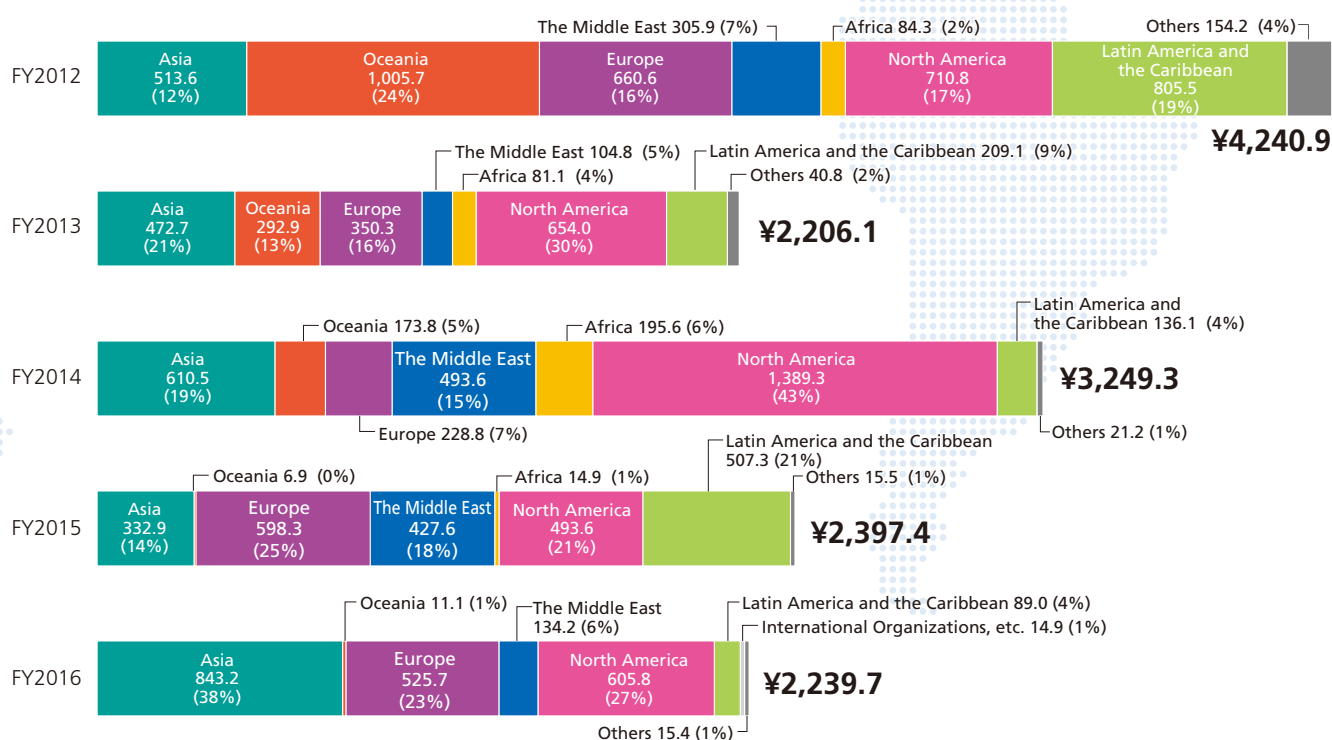
(FY2016; unit: billions of yen)





Transition in Composition of Commitments by Region (Loans, Equity Participations, and Guarantees) over the Last 5 Years

(Unit: billions of yen)



2 Examples of Business Outcomes by Region

Asia



Mongolia

Loan for the Funds to Purchase Japanese-made Printers

Promoting trading activation between Japan and Mongolia

JBIC concluded a loan agreement based on a credit line extended to the government of Mongolia. The loan is intended to provide, through the Ministry of Finance of Mongolia, the necessary funds for ADMON PRINT LLC, a Mongolian company, to purchase from TOKOKOSEN CORP. Japanese-made printers, as well as services.

The enactment of the "Agreement between Japan and Mongolia for an Economic Partnership (EPA)" by the governments of Japan and Mongolia in June 2016 is expected to further enhance reciprocal economic cooperation and vitalize the two countries' economies in a wide range of fields, along with the liberalization and facilitation of trade and investment between the two countries. In addition, in July 2014, "ERCH Initiative Plus"¹ was agreed on by the two countries' leaders, supplementing the original and resolving to promote financing utilizing this credit line. This loan is in line with such measures of the two countries.



Indonesia

Project Finance for Re-expansion of Coal-fired Power Plant

Supporting Japanese companies' participation in IPP² project for ultra-supercritical power plant

JBIC concluded a loan agreement for project finance³ with Indonesian company PT. Bhumi Jati Power (BJP), in which SUMITOMO CORPORATION and The Kansai Electric Power Co., Inc. and others have stakes for the re-expansion of the Tanjung Jati B coal-fired power plant in the country.

In this project, BJP will build, own, and operate an ultra-supercritical power plant with an installed capacity of 2,000 MW (two units of 1,000 MW each). The power from this plant will be sold to PT PLN (Persero), a state-owned power utility in Indonesia, for 25 years and realize introducing efficient and environmentally friendly technology to Indonesia.

This loan supports an overseas infrastructure project in which Japanese businesses will participate as investors and become involved in its operation and management for a long time by taking advantage of the country's advanced technology. The loan is also in line with the Japanese government's strategy, updated in May 2016, of promoting Japanese involvement in projects that include the design, construction, operation, and management of infrastructure.



Myanmar

Loans for the Manufacturing and Sales Business of Power Distribution Equipment

Supporting overseas business deployment of Japanese mid-tier enterprises and SMEs

JBIC concluded two loan agreements with Nippon Kouatsu Electric Co., Ltd. These loans are to be used as funds needed for the power distribution equipment manufacture and sales business operated by Nippon Kouatsu Electric's Myanmar subsidiary, Nippon Kouatsu Electric Myanmar Co., Ltd. (NKEM), and will be used to build new plant facilities.

Nippon Kouatsu Electric is an SME engaged in the manufacture and sale of power distribution equipment used in power distribution facilities. With demand for power-related infrastructure expected to grow in the ASEAN region, Nippon Kouatsu Electric seeks to further expand business by initiating the manufacture and sales of power distribution equipment by NKEM in Myanmar, where labor is abundant and low cost. These loans contribute to maintaining and strengthening the international competitiveness of Japanese industry by supporting the overseas business deployment of such Japanese companies, including mid-tier enterprises and SMEs.



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.

2. An IPP (Independent Power Producer) builds and operates power generation independently and sells the electricity produced.

3. Project finance is a financing scheme in which repayments for a loan are made solely from the cash flows generated by the project.



Singapore

Buyer's Credit for Ship Export

Supporting export of tankers built by Japanese shipbuilders

JBIC concluded two buyer's credit agreements with two Singaporean subsidiaries, Dynamic Tankers Pte. Ltd. and Endeavor Tankers Pte. Ltd., of the Tai Chong Cheang Steamship Group (TCC Group), a ship owner based in Hong Kong, for funding the purchase of two tankers.

The TCC Group is based in Hong Kong and is one of the leading ship owners (mainly bulk carriers and tankers) in Asia. These loans are intended to finance the TCC Group to purchase two 114,700 DWT⁴ type tankers built by Namura Shipbuilding Co., Ltd. in its Japanese shipyards.

These loans are intended to support the export of ships built by Japanese shipbuilders which perform a significant role in the regional economy and associated industries, including mid-tier enterprises and SMEs. Thus, these loans will contribute to maintaining and strengthening the international competitiveness of the Japanese shipbuilding industry.



Thailand

Loans for the Manufacturing and Sales Business of LED Light

Supporting overseas business deployment of Japanese mid-tier enterprises and SMEs

JBIC concluded a loan agreement with GENTOS Co., Ltd. (GENTOS). This loan will provide the funds needed for the LED light manufacture and sales business operated by GENTOS (Thailand) Co., Ltd. (GT), the Thai subsidiary of GENTOS, and will be used to construct a new local manufacturing plant.

GENTOS is an SME engaged in the LED light sales business. GENTOS's LED lights are highly rated for their high functionality and sophisticated design and have won numerous design awards. To further expand sales, GENTOS established GT, its first overseas manufacturing base.

This loan will contribute to maintaining and strengthening the international competitiveness of Japanese industry by supporting the overseas business deployment of GENTOS.



Vietnam

Loans for the Manufacturing and Sales Business of Plastic Pallets for Logistics

Supporting the overseas business deployment of mid-tier enterprises and SMEs by collaborating with local financial institutions

JBIC concluded a loan agreement with Joyo Bank, Ltd. This is an individual agreement based on an investment credit line to support the overseas business deployment of mid-tier enterprises and SMEs that was concluded with Joyo Bank in November 2016.⁵ The loan will be used for funds required for the manufacture and sale of plastic pallets for logistics carried out by KOEI TODA INDUSTRIES Co., Ltd., a Vietnamese subsidiary of Koei Industries Co., Ltd.

Under this credit line, the loan will flexibly provide through Japanese financial institutions long-term foreign currency funds needed for projects carried out by mid-tier enterprises and SMEs in developing regions. The loan will contribute to maintaining and strengthening the international competitiveness of Japanese industry by supporting the overseas business deployment of Japanese mid-tier enterprises and SMEs.



4. DWT stands for Dead Weight Tonnage and refers to the total carrying capacity of a vessel, including freight, fuel, food, drinking water, ship crew, and their personal effects.

5. Investment credit line for Joyo Bank: JBIC established a credit line for Joyo Bank for funds needed when Japan's mid-tier enterprises and SMEs expand business in developing regions. With its main base of operation in Ibaraki Prefecture, Joyo Bank has a wide range of business relationships with Japanese mid-tier enterprises and SMEs and actively supports their overseas business expansion. JBIC will provide mid-tier enterprises and SMEs and their overseas subsidiaries with medium- to long-term funds in U.S. dollars through Joyo Bank to actively support their overseas business deployment.



Vietnam

Buyer's Credit for Vietnam Electricity

Supporting export of facilities for Vietnam's first ultra-supercritical coal-fired power plant

JBIC concluded a loan agreement on buyer's credit (export loan) with Vietnam Electricity (EVN) in March 2017. This loan is intended to finance EVN's purchase of a whole set of Japanese machinery and equipment including steam turbines to build the country's first ultra-supercritical coal-fired power generation plant (600 MW x 1 unit) in Binh Thuan Province, Southern Vietnam.

In Vietnam, demand for electricity is rapidly increasing backed by steady economic growth and causing the country to face supply constraints. It has become particularly urgent to solve the problem of power shortages in Southern Vietnam. In response to this situation, the Vietnamese government has set the enhancement of power supply capacity as a national priority. Through JBIC's support for exporting steam turbines and other equipment made by Japanese companies, this loan is expected to advance Vietnam's economic development through steady power supply, as well as contribute to maintaining and strengthening the international competitiveness of Japanese companies.

The Japanese government positions the ultra-supercritical coal-fired power generation technologies as technologies vital for "quality infrastructure" in the Partnership for Quality Infrastructure. This project is thus in line with the aforementioned initiative of the government.



Vietnam

Loan for the Manufacturing and Sales Business of Automobile Electronic Components

Supporting overseas business deployment of Japanese mid-tier enterprises and SMEs

JBIC concluded a loan agreement with TOYODENSO CO., LTD. This loan is intended to finance VIETNAM TOYODENSO CO., LTD. (VTD), a Vietnamese subsidiary of TOYODENSO, for the manufacturing and sales business of automobile electronic components. The funds are used for the expansion of factory facilities of VTD. TOYODENSO established VTD in November 2006 as the manufacturing and sales base in North America and other regions. As demand for automobiles is expanding in North America and other regions, TOYODENSO plans to further expand its business by strengthening the production capacity of VTD and thereby expand sales to automobile manufacturers doing business globally. Thus, this loan contributes to maintaining and strengthening the international competitiveness of Japanese industries through support for the overseas business deployment of TOYODENSO.



India

Loan for the Steel Coil Center Business

Supporting overseas business deployment of steel processing and distribution business

JBIC concluded a loan agreement with JSW MI STEEL SERVICE CENTER PRIVATE LIMITED (JSWMI), an Indian company. JSWMI was established as a fifty-fifty joint venture between Marubeni-Itochu Steel Inc. and JSW Steel Limited, a major Indian steel manufacturer. This loan is intended to finance the necessary equipment funds for JSWMI to operate a coil center (steel processing and distribution center) in the northern part of India.

Demand for local procurement of high-quality steel sheet is increasing in India, where Japanese car and electronic manufacturers continue to expand their presence. Marubeni-Itochu Steel seeks to develop a new business in India by providing a steady supply of high-quality steel sheet to Japanese manufacturers expanding into northern India, as well as to other companies in the region.



Asian countries

JBIC Signs MOU with Asian Exim Banks to Revitalize Trade and Investment

Promoting partnerships with Asian Exim Banks amid increasing economic collaboration among Asian countries

JBIC signed an MOU for mutual cooperation toward revitalization of trade and investment, with 10 Asian export-import (Exim) banks and export credit agencies (ECAs)¹ constituting the member institutions of the Asian EXIM Banks Forum², at its 22nd Annual Meeting in November 2016.

The participating members agreed to utilize credit lines and enhance cooperation in cofinancing, as well as in local currency loans, in order to achieve revitalization of trades and investments among the Asian countries.

Asian economies have developed deeper interdependence helped by the recent remarkable economic development of Asian countries. In this context, a stronger cooperative framework which is being established by Asian Exim Banks and ECAs, including JBIC, for addressing Asia's enormous demand for infrastructure development, as well as energy and environmental issues, will contribute to sustainable growth in the entire Asian region.



Europe



Russia

Export Credit Line to Joint Stock Company UniCredit Bank

Supporting exports by Japanese companies to Russia and neighboring countries

JBIC concluded in 2016 a general agreement with Joint Stock Company UniCredit Bank (UCB) to establish an export credit line³ to Russia and certain CIS countries (Azerbaijan, Belarus, Kazakhstan, Turkmenistan, and Uzbekistan).

The credit line, offered to UCB, is intended to provide medium- and long-term funds in Japanese yen, U.S. dollars, and Euros to finance the import of machinery and facilities by Russian and other local companies from Japanese exporters.

In Russia, even with the economic impact of declining oil prices, further investments are planned. Japanese companies continue to be interested in Russia as a promising export market. This was the first time that JBIC has set a credit line for a commercial bank of Russia. This credit line is supporting financially the expansion of exports from Japan to Russia.

1. Members of the Asian Exim Banks Forum are: Export Finance and Insurance Corporation of Australia, The Export-Import Bank of China, Export-Import Bank of India, Indonesia Eximbank, Export-Import Bank of Malaysia Berhad, The Philippine Export-Import Credit Agency, The Export-Import Bank of Korea, The Export-Import Bank of Thailand, The Vietnam Development Bank and Export Credit Bank of Turkey.

2. The Asian EXIM Banks Forum meeting has been held annually since 1996, as a mutual consultation forum on information exchange and common concern among the export credit agencies of the Asian region.

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

The Middle East



Iraq

Buyer's Credit for Government of Iraq

Supporting export of substation facilities by Japanese companies

JBIC concluded loan agreements on buyer's credit (export loans) with the government of Iraq. These loans are the first project under the Special Operations¹ launched by JBIC in October 2016.

These loans are intended to finance the purchase of a set of substation facilities from Toyota Tsusho Corporation by the Ministry of Electricity of Iraq in order to construct substations at 16 domestic sites in Iraq. Toyota Tsusho will undertake all engineering, procurement, and construction of the equipment, while TOSHIBA CORPORATION and MEIDENSHA CORPORATION will manufacture the substation equipment.

In order to increase the capacity and meet the demand, the government of Iraq is planning to improve and develop facilities for power generation, transmission, and transformation. These loans will help promote Iraq's independent reconstruction through enhancement and stabilization of the power supply by introducing high-quality infrastructure, and at the same time, contribute to maintaining and strengthening the international competitiveness of Japanese industries.



Kuwait

Buyer's Credit for Oil Refineries

Supporting export of Japanese-made equipment for upgrading oil refineries from Japanese company

JBIC concluded a loan agreement on buyer's credit (export loan) with Kuwait National Petroleum Company K.S.C. (KNPC), which is a subsidiary of state-owned Kuwait Petroleum Corporation (KPC) and engages in oil refining and other business in Kuwait.

KNPC is undertaking a project to upgrade the Mina Al-Ahmadi and Mina Abdullah refineries in Kuwait's Ahmadi Governorate and to produce low environmental impact fuel with low sulfur content that conforms to European and other standards. A joint venture, in which JGC CORPORATION participates, has received the turnkey order for the upgrading of the Mina Al-Ahmadi refinery, and JBIC provides part of the funds for this refinery's EPC (Engineering, Procurement, and Construction) contract, including the export of equipment made by Japanese companies.

In Kuwait, capital investment and plant construction plans are actively carried out with the aim of industrial diversification. Through JBIC's support for the export of Japanese-made equipment to be used for upgrading oil refineries, this loan will lead to new business opportunities for Japanese companies in the oil refining sector in Kuwait.



JBIC Holds Conference Celebrating 10th Anniversary of Dubai Representative Office

JBIC established its Dubai Representative Office at Dubai International Financial Centre (DIFC) in January 2006, becoming the first Japanese financial institution to open an office in Dubai. The Office is in charge of JBIC's operations in 16 countries in the Middle East and North Africa. Taking advantage of its 10th anniversary, JBIC's Dubai Representative Office held a conference in Dubai on the theme of "Japan's continuing challenge to partner with Middle Eastern countries in achieving development 'Visions'." The conference was attended by government officials and members from the financial institutions of several Middle Eastern and African countries, as well as representatives from Japanese companies. The conference provided an opportunity for both parties to develop a mutual understanding for building even stronger relations between JBIC and Middle Eastern countries.



1. Special Operations: To further promote the expansion of Japanese companies in the overseas infrastructure business, the Special Operations reinforce the risk-assuming function for overseas infrastructure projects (see page 68).



United Arab Emirates

Loan for Development of New Oilfield (Hail) in Abu Dhabi

Contributing to stable supply of energy resources for Japan

JBIC concluded a loan agreement with Abu Dhabi Oil Co., Ltd. (ADOC). This loan is intended to finance necessary funds for ADOC to develop a new oilfield "Hail oilfield" in the Emirate of Abu Dhabi, the United Arab Emirates. The concession of this oilfield was acquired by ADOC in 2011.

ADOC owns 100% of the concession rights of the three oilfields located in the offing of Abu Dhabi. ADOC has conducted the oilfield development and production as the operator and shipped all of the produced crude oil to Japan, contributing to the stable supply for Japan. The company also holds 100% of the concession of Hail oilfield located adjacent to the existing three oilfields and plans to carry out its development and production. This loan thereby contributes to the stable supply of crude oil to Japan and is in line with Japan's energy resource policy targeting an increase in the self-development ratio² of oil and natural gas to 40% or more by 2030 under the "Basic Energy Plan."



Africa

Africa

JBIC Signs MOU with IsDBG

Promoting cooperation toward African development and new business opportunities between Japan and Islamic countries

JBIC signed an MOU with the Islamic Development Bank Group (IsDBG), taking the opportunity of the 6th Tokyo International Conference on African Development (TICAD VI). The objectives of this MOU are to promote development in Africa and to strengthen relationships for creating business opportunities between Japan and the IsDBG member countries.

IsDBG is a regional development financial institution with the aim to financially support economic growth and social development of Islamic countries. It leads several organizations, including Islamic Development Bank (IsDB), which provides support through Islamic finance; Islamic Corporation for the Development of the Private Sector (ICD), which enhances investments in private businesses; and Islamic Corporation for the Insurance of Investment and Export Credits (ICIEC), which underwrites various insurances for facilitating investments and trade.

Through this MOU, JBIC seeks to utilize ICIEC's insurance function in order to enhance the possibilities for supporting Japanese companies' business expansion in African countries, as well as in ICIEC member countries. JBIC also seeks to increase the possibilities of cooperation with IsDBG in the Islamic finance sector.

North America



United States

Loan for Acquisition of Interest in Morenci Copper Mine

Contributing to steady procurement of base metal by Japanese companies

JBIC concluded a loan agreement with Sumitomo Metal Mining America Inc. (SMMA), a wholly-owned U.S. company of Sumitomo Metal Mining Co., Ltd. (SMM). The loan is co-financed with Japanese private-sector financial institutions and provides necessary funds to SMMA in order for SMM to acquire 13% interest in Morenci Copper Mine in the U.S. state of Arizona from an affiliated company of Freeport-McMoRan Inc. (Freeport) of the U.S. through SMMA's subsidiary.

Copper is used for a wide variety of purposes and indispensable metal resources for Japanese industries, and thus it is an urgent task for Japan to ensure a long-term steady supply of copper resources. This acquisition of interest will enable SMM to receive 62 thousand tons of copper, which account for 13% of copper produced by Morenci Copper Mine (annual average of pure copper over the next five years). The loan will thereby contribute to the long-term steady supply of copper, one of vital metal resources for Japan.



Provided by: Sumitomo Metal Mining Co., Ltd.

2. The self-development ratio is the proportion of oil and natural gas purchased from those granted to Japanese entities to the total sum of imported and domestically produced oil and natural gas.

Latin America and the Caribbean



Brazil

Loan for the Sales Financing Business of Motorcycles and Cars Supporting overseas business deployment of Japanese motorcycle and car industry

JBIC concluded a loan agreement with Banco Honda S.A. (BHB), a Brazilian subsidiary of Honda Motor Co., Ltd. (Honda). This loan is intended to finance part of the necessary funds for BHB to conduct the sales financing business of Honda-branded motorcycles and cars in Brazil.

Honda entered the Brazil market with its motorcycles in the 1970s and now holds about 80% of the country's motorcycle market. Its share of cars is also gradually expanding in the world's fourth largest market for car sales. In order to maintain and further expand its share in this market, however, the sales financing has become a strategically important tool. Through the support of such overseas business deployment of Honda, this loan will contribute to maintaining and strengthening the international competitiveness of Japanese industries. This loan will also support the enhancement of BHB's strategy to diversify its funding sources.



Mexico

Loans for the Manufacturing and Sales Business of Automotive Parts

Supporting overseas business deployment of Japanese mid-tier enterprises and SMEs

JBIC concluded a loan agreement with Beyonz Co., Ltd. to extend funds needed for the automotive parts manufacturing and sales business conducted by its Mexican subsidiary, the BEYONZ MEXICANA, S.A. de C.V. (BM). This loan will be co-financed by The Bank of Tokyo-Mitsubishi UFJ, Ltd. and used to expand its facilities.

Beyonz is a mid-tier enterprise engaged in the automotive parts manufacturing and sales business. In Mexico, where automobile parts manufacturers are entering in waves on the back of automobile demand from North America and other regions, Beyonz plans to further expand its business there by increasing the manufacture and sales of automobile parts through BM. This will contribute to maintaining and strengthening the international competitiveness of Japanese industries through support for Beyonz's overseas business deployment.



Mexico

Guarantee for Yen-denominated Privately Placed Foreign Bonds Issued by Petróleos Mexicanos Revitalizing the Samurai bond market and strengthening multi-layered relations with the resource supplier

JBIC signed a set of agreements on guaranteeing yen-denominated foreign bonds (Samurai bonds) issued in Japan by the Mexican state-owned petroleum company Petróleos Mexicanos (PEMEX). This guarantee is provided under JBIC's Guarantee and Acquisition toward Tokyo market Enhancement (GATE) facility¹ for the issue of Samurai bonds. Supporting PEMEX's issue of Samurai bonds in the Tokyo market through credit enhancement due to this guarantee from JBIC will create wide-ranging investment opportunities for Japanese investors and contribute to maintaining and strengthening the competitiveness of Japan's capital markets. It will also assist PEMEX in diversifying its sources of financing.

JBIC had previously concluded an MOU and cooperation with PEMEX to establish and develop long-term cooperative ties, and it has been engaging in annual policy dialogue meetings with the Mexican government in an effort to establish multi-layered relations with the resource-supplying country of Mexico. The latest set of agreements can be expected to further strengthen relations with PEMEX and Mexico, and to offer lateral support to Japanese companies pursuing business opportunities in Mexico's resource and energy markets through the energy reforms resulting from the amendments made to the Mexican constitution in 2013.

1. The Guarantee and Acquisition toward Tokyo market Enhancement (GATE) facility supports the issuance of Samurai bonds through partial guarantees by JBIC, and JBIC itself purchases some of these bonds when necessary.

Latin America and the Caribbean Region

JBIC Signs MOU with IDB and IIC

Promoting quality infrastructure and environment projects

JBIC signed an MOU with the Inter-American Development Bank (IDB) and the Inter-American Investment Corporation (IIC).

The purpose of this MOU is to strengthen the cooperative relationship among the three organizations—JBIC, IDB, and IIC—by sharing expertise and know-how of the infrastructure and environmental sectors, as well as exchanging opinions on project development, in order to promote high-quality infrastructure and environmental projects in Latin America and the Caribbean region.

The IDB Group, which is an international organization that financially assists projects necessary for economic development of the Latin American and the Caribbean region, plays an important role in the promotion of infrastructure development and environmental businesses. The cooperation with the IDB Group, including information sharing, will enable the establishment of a speedy and effective support system.



Participation in Wise Group for the Strategic Economic Partnership between Japan and Brazil

Brazil is not only an important resource supplier for Japan; it is a country with potential infrastructure demand and diverse business demand from Japanese companies, and therefore it is important to build a multi-layered relationship. Japan and Brazil hold the annual Wise Group for the Strategic Economic Partnership between Japan and Brazil (Wise Group), consisting of business leaders from Japan and Brazil.

In October 2016, the 6th Wise Group was held in Tokyo. As priority fields in the strategic economic partnership between Japan and Brazil, the Group discussed the strengthening of the Japan-Brazil economic partnership, competitiveness of the industry, infrastructure, renewable energy, new technologies, and cooperation in third countries. Participating from JBIC as a member of the Group was COO, Senior Managing Director Nobumitsu Hayashi, who introduced the JBIC initiative GREEN and talked about the current state of Japan-Brazil economic activities in third countries such as some in Africa and future possibilities. These initiatives are expected to lead to further strengthening of the economic relationship between both countries.



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

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

China

MORROW Co., Ltd.

Sportswear Manufacturing and Sales Business

Since its establishment in 1969, MORROW has been manufacturing sportswear products. Following strong economic growth in China, the company established the Chinese subsidiary QINGDAO MORROW APPAREL CO., LTD. in 2005, as the apparel markets, including sportswear, are expected to grow in China, the company aims to expand its business. JBIC provided MORROW with the funds necessary for the manufacture and sales of sportswear products by its Chinese subsidiary. The funds were used for additional capital investments of the subsidiary.



Myanmar

RYOBI HOLDINGS Co., Ltd.

Distribution Warehouse Business

RYOBI HOLDINGS has expanded its business in a wide range of sectors including logistics and tourism. In May 2016, it established the subsidiary Ryobi Myanmar Distribution Service Company Limited in Myanmar, where Japanese supermarkets are opening new stores. RYOBI HOLDINGS seeks to gain market share in the multi-temperature (refrigerated, frozen, constant temperature and room temperature) warehouse business by providing high-quality cold chain services which are indispensable for the distribution and sale of fresh food products. JBIC provided RYOBI HOLDINGS with the funds necessary for the multi-temperature controlled distribution warehouse operated by its subsidiary.



Philippines

Himeji Mekki Kougyosyo

Automotive Parts Plating Business

With its strength in plating technology for steel and industrial parts, Himeji Mekki Kougyosyo has been increasingly dealing in industrial machinery parts and automotive parts. The company established the subsidiary HIMEJI ELECTRIC PLATING PHILIPPINES INC. in response to a request from an automobile-related manufacturer with a production base in the Philippines. The company seeks to expand its business in Southeast Asia, where market growth is expected. JBIC provided Himeji Mekki Kougyosyo with the funds necessary for the plating business for automotive parts conducted by its subsidiary in the Philippines.



Philippines

SYTECS CORPORATION

Plastic Products Manufacturing and Sales Business

SYTECS manufactures and sells plastic products. In June 2016, SYTECS established the subsidiary SYTECS MANUFACTURING PHILIPPINES, INC. in the Philippines, which is expected to play the role as a production base on the grounds of future expansion of the ASEAN market. JBIC provided SYTECS with the funds necessary for the manufacture and sales of plastic products for building materials and automotive parts carried out by its subsidiary in Batangas Province, Philippines.



Indonesia**HANYA Seisakusho Co., Ltd.**

Automotive Parts Manufacturing and Sales Business

HANYA Seisakusho is engaged in the business of manufacturing and selling automotive parts, mainly steel plate pressed parts. Following the expansion of the ASEAN market, the company established the subsidiary P.T. HANYA KARYA BAHANA in 2013 as a manufacturing base in Indonesia, where the automobile-related market is expected to grow. The company aims to expand sales channels through its subsidiary. JBIC provided HANYA Seisakusho with the funds necessary to build a new plant for its subsidiary.

**Indonesia****Daiki Aluminium Industry Co., Ltd.**

Secondary Aluminium Alloy Ingot Manufacturing and Sales Business

Daiki Aluminium Industry (Daiki), which started business in 1922, is a pioneer among secondary aluminium alloy ingot manufacturers and has long held a top share of the domestic market. Daiki seeks to further expand its market share by strengthening the manufacturing and sales system of its subsidiary, PT. Daiki Aluminium Industry Indonesia, established in 2010 in Indonesia, where demand from the automobile and related industries is expected to grow. JBIC provided Daiki with the funds necessary for the aluminium secondary alloy ingot production and sales business of its subsidiary in Indonesia.

**Thailand****OSP HOLDINGS CO., LTD.**

Business Assistance for OSP Group Companies

Since its founding in 1927, Osaka Sealing Printing Co., Ltd. (OSP) has been a leading company in the adhesive label industry, with an integrated production system from base paper production to planning, design, and printing. OSP HOLDINGS is the holding company, including OSP as the core company. Seeking to expand business to the ASEAN region, the company established the subsidiary OSP LABEL (THAILAND) CO., LTD. as its manufacturing base in Thailand. JBIC provided OSP HOLDINGS with Thai baht-denominated financing required by the subsidiary to install new plant equipment.

**Thailand****RKC INSTRUMENT INC.**

Metal Heat Treatment Processing Business

RKC INSTRUMENT performs heat treatment processing, paint processing, and surface processing of metallic materials with a focus on parts related to bicycles and automobiles. RKC established the subsidiary RIKAJT WHEAT TREATMENT CO., LTD. in Thailand under a joint venture with a local company in 2013. The company seeks to expand sales channels to Japanese companies that have entered the Thai market and to local companies. JBIC provided the company with Thai baht-denominated financing required for expansion of production equipment for the metal heat treatment processing business carried out by the subsidiary in Chonburi Province in central Thailand.



Thailand**TOYO ELECTRONICS CO., LTD.**

Communication Optical Module Manufacturing and Sales Business

TOYO ELECTRONICS is primarily engaged in the manufacturing and sale of semiconductor products and communications modules. The company seeks to secure new sales channels and develop markets through its subsidiary Toyo Electronics (Thailand) Co., Ltd. in emerging countries, especially Asia including China, where the Internet is spreading and demand for communications modules is growing, as well as Africa. JBIC provided TOYO ELECTRONICS with the funds necessary to expand plants and facilities operated by its Thai subsidiary.

**Vietnam****SAKURAI Ltd.**

Clothing Manufacturing and Sales Business

SAKURAI has strength in sewn product processing technology. Sakurai is responsible for sewn product processing of clothing, especially underwear sold by major Japanese clothing manufacturers. The company seeks to expand business to Asia, where future market growth is expected, by expanding the production capacity of its subsidiary SAKURAI VIETNAM CO., LTD. established in Vietnam in 2008. JBIC provided SAKURAI with the funds necessary for additional capital investments by its subsidiary.

**Vietnam****Akebono Kasei CO., LTD.**

Resin Molding Manufacturing and Sales Business

Established in 1980, Akebono Kasei is engaged in the manufacturing and sales of resin molding. The company's main products are automobile-related parts and home appliances, and it manufactures molds tailored to customers' needs. Akebono Kasei has an order acceptance system that is integrated from planning to manufacturing. Since establishing its subsidiary, AKEBONO KASEI VIETNAM CO., LTD., in Vietnam in 2007, orders for resin molded products have been strong, and the company seeks further growth. JBIC provided Akebono Kasei with the funds necessary to expand the plant facilities of its subsidiary.

**Vietnam****KYODO SEIHAN PRINTING CO., LTD.**

Package Printing and Sales Business

KYODO SEIHAN PRINTING performs color commercial printing, publication printing, and form printing and sales. In recent years, KYODO SEIHAN PRINTING has provided high value-added services including high-speed and variable digital printing. The company has recently entered Vietnam and seeks to expand the package printing business for clothing and food products. JBIC provided KYODO SEIHAN PRINTING with the funds necessary for its subsidiary, VIETNAM KYODO SEIHAN PRINTING CO., LTD., to conduct the package-related printing and sales business.



Bangladesh**MARUHISA CO., LTD.**

Clothing Manufacturing and Sales Business

MARUHISA is engaged in the manufacturing and sales of children's, women's and men's clothing. The company's strength is as an integrated autonomous producer, from product planning to manufacturing. MARUHISA seeks to expand sales channels in Europe where clothing demand is strong by increasing the production capacity of Maruhisa Pacific Co., Ltd, established in 2009. JBIC provided MARUHISA with the funds necessary for additional capital investments of its subsidiary.

**India****Shinichi Kato Office Co., Ltd.**

Resin Additive Manufacturing and Sales Business

Shinichi Kato Office is engaged in the sales of rubber raw materials. The company established the subsidiary INDO-JAPAN POLYMERS PRIVATE LIMITED (IJP) in 2010. Because demand for resin additives used in colored plastic products such as automotive parts is expected to expand in India, the company seeks to further expand business by increasing the production capacity of its subsidiary. JBIC provided Shinichi Kato Office with the funds necessary for the construction of a new plant of its subsidiary.

**United States****Yamada Bee Company, Inc.**

Health Food and Cosmetics Manufacturing and Sales Business

Yamada Bee is engaged in the manufacturing and sales of health food products and cosmetics made from honey bees. LifeSeasons, Inc. of the U.S. is a company that develops and sells supplements containing raw materials derived from nature. JBIC provided partial financing for Yamada Bee to acquire LifeSeasons. The acquisition will enable Yamada Bee to obtain LifeSeasons' supplement compound technology and know-how, as well as its customer base and sales network in the U.S., the world's largest health food market.

**Mexico****Miyazaki Seiko Co., Ltd.**

Secondary Processing and Sales of Specialty Steel Bars and Wire Business

Miyazaki Seiko is engaged in the manufacturing and sales of secondary processing of specialty steel bars and wire used in key safety components of automobiles. The company seeks to further expand its business through the establishment of its subsidiary, MIYAZAKI SEIKO DE MEXICO, S.A. DE C.V., in Mexico, where automotive parts manufacturers are rapidly making inroads. JBIC provided Miyazaki Seiko with the funds necessary for the secondary processing and sales of special steel bars and wire carried out by its subsidiary.



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 61).

Supporting of Renewable Power Generation Businesses in Indonesia

JBIC signed a loan agreement for project finance with PT. Supreme Energy Muara Laboh (SEML), an Indonesian company invested in by SUMITOMO CORPORATION and other entities for the Muara Laboh Geothermal Power Project. In this project, SEML will construct, own, and operate a geothermal power plant with a capacity of 80 MW in the South Solok Regency in West Sumatra, Indonesia, and will sell electricity generated by this plant to PT PLN (Persero), a state-owned power utility in Indonesia, for a period of 30 years.

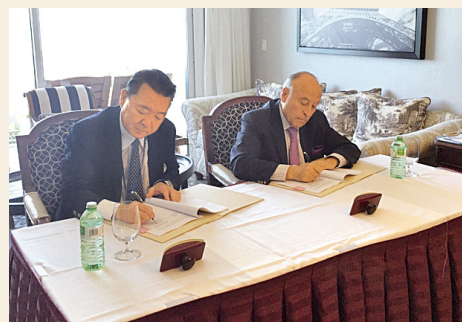
In order to respond to the country's surging electricity demand, which has increased in line with steady economic growth, the Indonesian government has committed to promoting its "35 GW power plants development plans" for five years, from 2015 to 2019, and this project is positioned as a part of that plan. In addition, the government has been actively promoting geothermal power generation, which taps into the country's rich geothermal resources, including the issuing of a new law for geothermal power production in 2014. By generating a steady power supply, which contributes to climate change mitigation, this loan is expected to support Indonesia's economic development as well.



Supporting Renewable Energy and Energy Efficiency Projects in Latin America and the Caribbean Region

JBIC signed a loan agreement to establish a credit line with Corporación Andina de Fomento (CAF). The credit line is intended to finance through CAF the necessary funds for renewable energy and energy efficiency projects in CAF's shareholding countries in Latin America and the Caribbean region under the GREEN operations.

CAF, whose main shareholders are its 19 member countries in Latin America and the Caribbean region, aims to achieve economic integration, as well as to promote economic development and trade finance in the region. Major Latin America and the Caribbean countries had announced climate actions they intend to take under a new international agreement ahead of COP21, and have been taking vigorous steps to implement measures to cope with climate change. Amid these developments, CAF has been actively supporting environment-related projects with a focus on renewable energy and energy efficiency projects, and thus this credit line is expected to contribute to reducing GHG emissions in Latin America and the Caribbean region. This is also in line with an initiative announced by the Japanese government in November 2015, "Actions for Cool Earth: ACE 2.0."



Supporting Japanese Companies' Solar Power Generation Business in Mongolia

JBIC concluded a loan agreement with Farmdo Corporation's Mongolian subsidiary, Everyday Farms LLC (EDF). The loan will provide funding needed for the solar power generation business operated by EDF in Ulaanbaatar, Mongolia. EDF will sell the power to Mongolia's national power transmission and distribution company over the next 20 years.

Farmdo is an SME that sells agricultural materials and products and various kinds of food, and operates an electricity sales business by solar power generation. In recent years, Farmdo has been focusing on the solar farm business that conducts solar power generation and produces vegetables simultaneously. Farmdo seeks to expand its solar farm business through EDF in Mongolia where demand for clean energy and fresh agricultural products is expected to grow. The Japanese government is facilitating the diffusion of leading low-carbon technologies through the Joint Crediting Mechanism (JCM) in "Actions for Cool Earth: ACE 2.0." This project has been adopted as a JCM Model Project by the Ministry of the Environment, Japan and this loan will be the first time JBIC has supported JCM projects.



Supporting Waste Treatment and Power Generation Project in the U.S.

JBIC signed a loan agreement with Kompogas SLO LLC (Kompogas SLO), a U.S. subsidiary of Hitachi Zosen Corporation (Hitachi Zosen) Group. This loan is intended to finance the necessary funds for Kompogas SLO to construct a waste treatment and power generation plant in California in the U.S., and to conduct waste treatment, biogas power generation, and sales of compost¹ over a period of 20 years. This is the first loan for JBIC to provide to a waste treatment business.

Hitachi Zosen is a leading company which boasts a world-class track record in the number of EPC (engineering, procurement, and construction) orders for waste treatment and power generation plants. This project is an overseas infrastructure business in which Hitachi Zosen Group invests in the field of waste treatment and power generation for the first time in the U.S., and is involved in long-term operation and management of the plant using its advanced technologies. It is thus positioned as an important milestone in further developing the company's overseas business. This loan will support such overseas business expansion of Hitachi Zosen Group, and at the same time contribute to maintaining and strengthening the international competitiveness of Japanese industries.



Supporting Renewable Energy Projects in the Philippines

JBIC signed a general agreement for establishing a credit line with BDO Unibank, Inc. (BDO), a Philippine entity. This credit line is intended to finance, under the GREEN operations, necessary funds for environment-related projects which contribute to reducing GHG emissions, with a focus on renewable energy projects in the Philippines. This will be the first time for JBIC to provide GREEN finance to the Philippines.

The Philippine government submitted the Intended Nationally Determined Contributions (INDCs) in October 2015 ahead of the COP21 agreement. With these pledges, the Philippines government has been taking vigorous steps to implement measures to cope with climate change, which include setting the goal of reducing GHG emissions by 2030. This credit line is expected to assist the reduction of GHG emissions and promotion of the government's environmental policy while propagating advanced Japanese environmental technologies which have received high international recognition.



1. Compost is a fertilizer made by fermenting organic matter, such as food waste.

Partnerships and Knowledge Sharing in the Environmental Sector

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

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

Participation in the Green Investment Financing Forum and Discussion of Climate Finance with International Organizations

The 3rd OECD Green Investment Financing Forum (GIFF) sponsored by the Organization for Economic Cooperation and Development (OECD) was held in Tokyo in October 2016. Government officials, international organizations, public and private financial institutions and companies from around the world attended the forum and discussed how to finance various initiatives to combat global warming. This marks the first time that an OECD-sponsored international environmental finance conference was held in Japan.

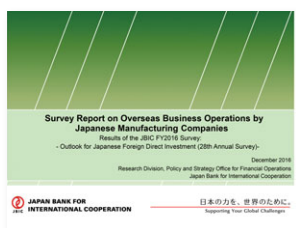
JBIC's Director of Global Environment Division and Deputy Director General of New Energy and Power Finance Department II, Infrastructure and Environment Finance Group, Tsutomu Sato, participated as a commentator in Session 11's "International public climate finance: Mobilising private investment to bridge financing gaps" and introduced JBIC's environmental approach. Amid the challenge of scaling up low-carbon investment in developing countries, JBIC stated that it will continue to make efforts to promote low-carbon activities as an incentive to attract private funds.

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

JBIC conducts research 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

The term FY2016 marks the 28th 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 FY2016, 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

On two occasions, in May 2016 and January 2017, JBIC, the government of India, and NTPC (the country's largest power utility) held conferences on the further development of the investment environment for electric power projects in India. The conference participants shared their views on current limitations and issues in India's electric power sector from the perspective of overseas investors and financial institutions. Discussions were also held on policies for stably mobilizing overseas funds from a medium-to-long-term perspective. JBIC, the government of India, and NTPC jointly compiled the details of these discussions into a report that was shared with parties associated with the government of India.

The parties agreed to continue these discussions toward the introduction of specific measures in the future. JBIC plans

to contribute to the further development of the investment environment in India's electric power sector, as well as to the further expansion in opportunities for Japanese companies to participate in independent power producer (IPP) projects in India.

In April 2016, JBIC received a courtesy call from President Juan Carlos Varela of the Republic of Panama. Mr. Varela expressed his appreciation for JBIC's support in the Panama Canal Expansion Project, as well as for providing a guarantee for yen-denominated foreign bonds issued by the government of Panama in the Japanese bond market (Samurai bonds). He also expressed his hope to receive continued support from JBIC for infrastructure development in Panama. The Governor of JBIC, in turn, expressed his wish to contribute, together with Japanese companies, to the development of infrastructure and the economic growth of Panama, while referring to the significance of the Panama Canal. Accordingly, Mr. Varela and the Governor of JBIC both agreed to further enhance the economic relationship between the Panamanian government and JBIC, and thus the relationship between Panama and Japan.



Meeting with the President of the Republic of Panama

In August 2016, JBIC held a policy dialogue with the Ministry of Planning and Investment (MPI) of Vietnam regarding the formation and promotion of public-private partnerships (PPP). JBIC has regularly held similar dialogues since an agreement was signed between JBIC and MPI in March 2013, setting the framework to hold specific discussions on a system for facilitating PPP activities in Vietnam. This 6th working-level meeting was themed on the promotion of PPP in the environmental sector, including renewable energy. JBIC presented, in addition to its activities in environmental preservation, the respective roles of the host country government, project operator, and financial institutions in the project formation stage. Meanwhile, MPI presented its efforts in developing the PPP-related policy, as well as renewable energy projects in the country, indicating their expectation for JBIC's future cooperation in forming PPP projects.

In November 2016, a commemorative ceremony marking the 60th anniversary of the establishment of the International Finance Corporation (IFC) was held in Tokyo. At this event, JBIC Governor Akira Kondoh held a dialogue with Philippe Le Houérou, Chief Executive Officer of IFC. The

IFC was established in 1956 for the purpose of supporting the private sector in developing countries and Japan has contributed to the support of IFC during these past 60 years as a founding member.

During the dialogue, Governor Akira Kondoh stated, "JBIC's mission is to support the overseas activities of Japan's private sector, financial institutions, and industries." The Governor also emphasized, "In the future, JBIC will seek to further broaden its close collaborative relationship with IFC to boost the advance of Japanese companies in developing regions, including Africa, as well." Meanwhile, Chief Executive Officer Philippe Le Hou  rou expressed his opinion that "JBIC is an important partner in aiming to create markets in new frontier markets." He also expressed an awareness by both parties that "Japan and IFC will utilize a variety of funds and together will strive to contribute to the advancement of developing countries."



Dialogue between Governor Kondoh and Chief Executive Officer Le Hou  rou

In November 2016, the "TICAD VI Follow-up Seminar: Business Prospects in Africa and Support Schemes" was held. The seminar was organized by the African Development Bank (AfDB) External Representation Office for Asia, African Diplomatic Corp (ADC), and the United Nations Industrial Development Organization's Investment and Technology Promotion Office, Tokyo (UNIDO ITPO Tokyo), and co-organized by JBIC, the Japan External Trade Organization (JETRO), Japan International Cooperation Agency (JICA), World Bank Tokyo Office, and the United Nations Development Programme (UNDP) Representative Office in Japan. The captioned seminar targeted both private sector representatives and members of the public interested in business development in Africa, with the purpose of sharing the achievements of the 6th Tokyo International



Participants in the TICAD VI Follow-up Seminar

Conference on African Development (TICAD VI) held in Nairobi, Kenya, in August 2016 as well as introducing measures to support businesses in Africa by international organizations and Japanese government agencies. JBIC participated in the session entitled "Achievements of Governmental / International Organization in TICAD VI and Support Schemes for the Private Sector" as a panelist. In its presentation, JBIC explained the outline of JBIC Facility for African Investment and Trade Enhancement 2 (FAITH2), as well as loan agreements that JBIC has signed with the African Export-Import Bank (Afreximbank) and the Eastern and Southern African Trade and Development Bank (TDB), respectively, for setting up an export credit line.

Collaboration with Private-sector Financial Institutions

JBIC held the second "JBIC Project Finance* Seminar" (three two-day sessions), starting in April 2016, for regional banks and other financial entities. The contents of this seminar were further enhanced from those of the first seminar held last year and were presented for not only the regional banks but also insurance companies. JBIC and regional banks have been involved in cofinancing projects to support the overseas business expansion of Japanese mid-tier enterprises and SMEs, as well as the promotion of active collaboration by holding seminars and providing information on overseas investment. In addition to such efforts, there have recently been increasing opportunities for cooperation with both the regional banks and insurance companies in the form of assuming the risk of overseas projects, and thus further cooperation in project financing (PF) is expected to expand in the future.

In the three sessions, JBIC staff in charge of PF gave lectures on the following subjects: 1) Fundamentals of PF market trends, risk analysis, and risk control techniques; 2) Practice with a focus on points of screening each PF project; and 3) Case studies of examples of JBIC's PF projects. Emphasis was given in particular, along with examples, to the evaluation viewpoint for overseas PF projects, which saw great interest from participants at the seminar last year.



Scene of the seminar

* 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.

Financial Instruments

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1 Financial Instruments

4 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 SMEs producing parts and components, and thus the loans are expected to positively contribute to the business of these Japanese companies. Export loans in specific sectors are also available to developed countries (see note).

Terms and conditions of export loans are determined based on the Arrangement on Officially Supported Export Credits (OECD Arrangement). In principle, the loan amount

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

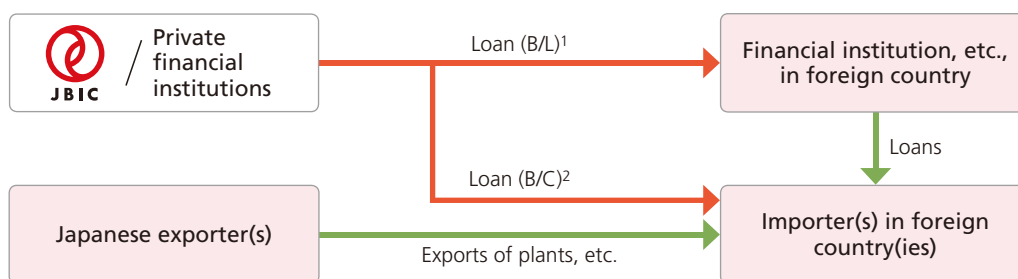
Note: Eligible Sectors of Export Loans in Developed Countries (as of July 31, 2017)

[Integrated Infrastructure System Projects]

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

[Other Export Transactions]

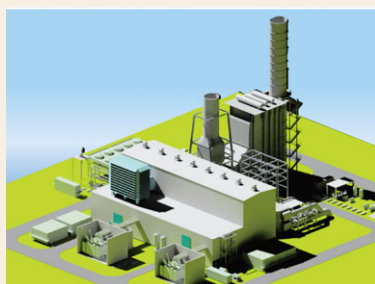
Ships, satellites, aircraft, medical positron beam therapy equipment



1. Loan to foreign financial institutions (bank-to-bank loan or "B/L")

2. Loan to foreign importers (buyer's credit or "B/C")

Supporting Export of Facilities for Gas-fired Combined Cycle Power Plant by Japanese Companies



JBIC concluded a loan agreement in buyer's credit (export loan) with PT PLN (Persero) (PLN), a state-owned power company in Indonesia. The loan is intended to provide financing for PLN to purchase a complete set of facilities, including a gas turbine and steam turbine (MITSUBISHI HITACHI POWER SYSTEMS, LTD.) and power generator (Mitsubishi Electric Corporation), from Mitsubishi Corporation and other entities for the construction of the Muara Karang gas-fired combined cycle power plant in

Jakarta on the island of Java, Indonesia.

In order to respond to the country's surging electricity demand which has risen in line with continued economic growth, the Indonesian government has committed to promote its "35 GW power plants development plans." The Muara Karang gas-fired combined cycle power plant is part of this power development plan. This loan is expected to support Indonesia's economic development by realizing steady power supply.

Supporting Export of LNG Carriers Built by Japanese Shipbuilders



JBIC concluded a loan agreement for the export of a ship, based on project financing, with San Isidro LNG I B.V. (San Isidro), a Dutch entity in which IMABARI SHIPBUILDING CO., LTD. (IMABARI SHIPBUILDING) and Mitsubishi Corporation each holds a 50% stake. The loan is intended to provide the funds for San Isidro to purchase one LNG carrier constructed by IMABARI SHIPBUILDING. The purchased LNG carrier will be

chartered to Gas Natural Fenosa Group, the largest gas company in Spain.

This loan is intended to support the export of ships constructed by a Japanese shipbuilder which serves a significant role in the regional economy and its associated industries. The loan will thus contribute to maintaining and strengthening the international competitiveness of the Japanese shipbuilding industry.

Import Loans

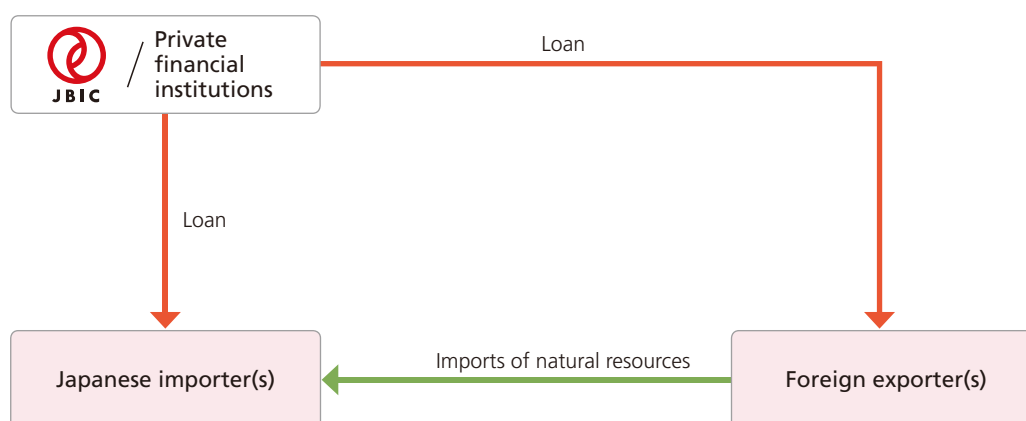
Import loans support imports of strategically important goods including natural resources. They are extended to Japanese importers or foreign exporters. As Japan is poorly endowed with natural resources, stable imports of natural resources over the long term are one of the key factors underpinning domestic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

In addition to natural resources, JBIC provides a guarantee facility for goods and services essential to the

sound development of the Japanese economy, such as for the import of aircraft. (See page 63 for the scheme of guarantees for imports of manufactured products.)

Products Eligible for Import Loans (Natural Resources)

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



Securing Long-term Supply of Crude Oil



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

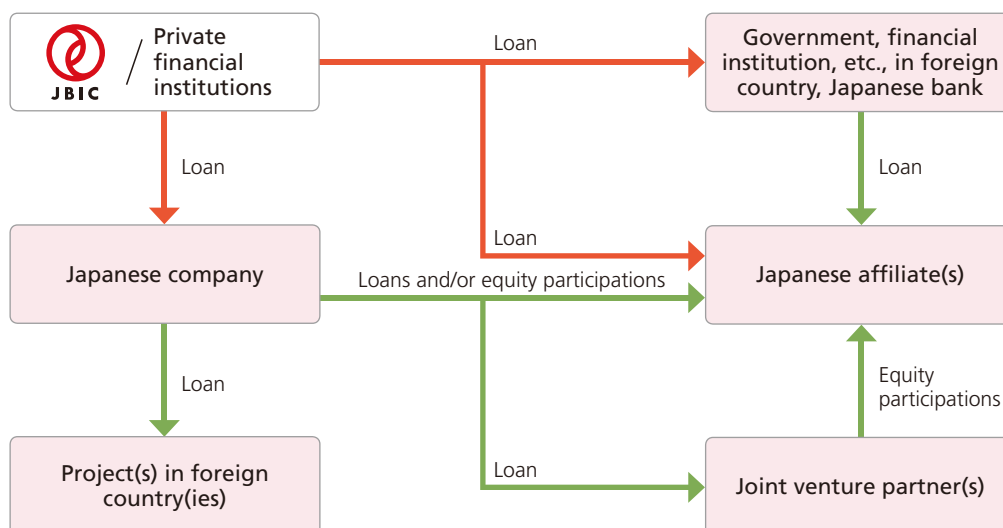
Overseas investment loans support Japanese foreign direct investments. The loans can be provided to Japanese companies (investors), overseas Japanese affiliates (including joint ventures), and foreign governments or financial institutions that have equity participations in or provide loans to such overseas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

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

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

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

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



Supporting LNG Projects in Which Japanese Companies Participate



JBIC concluded a loan agreement with Japan International Finance Management (Tangguh) Corporation (TPM). The project is carried out by Mitsubishi Corporation, INPEX CORPORATION, JX Nippon Oil & Gas Exploration Corporation, LNG JAPAN CORPORATION (a joint-subsiary of Sojitz Corporation and SUMITOMO CORPORATION), MITSUI & CO., LTD., and Japan Oil, Gas and Metals National Corporation (JOGMEC) as the Japanese

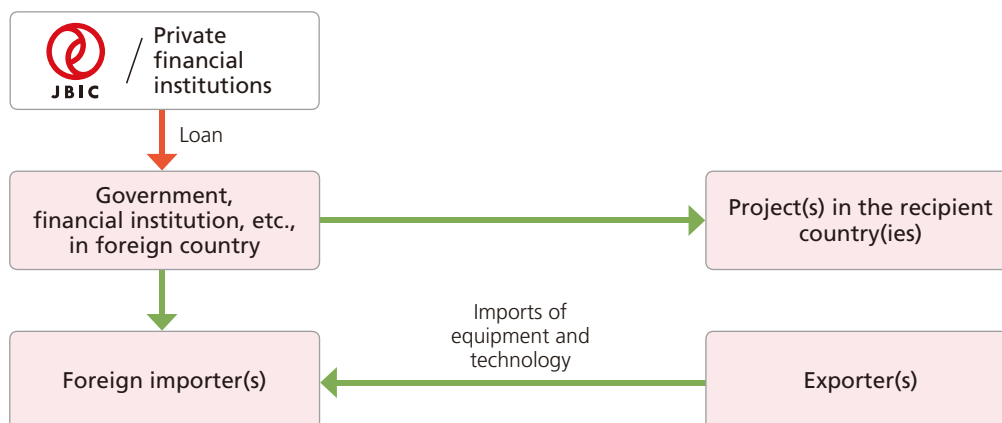
sponsors. The project will conduct additional development and production of gas fields located in the Berau Bay, West Papua Province, Indonesia, while expanding the existing gas liquefaction facilities. The Japanese sponsors have a combined total of about 46% interest in the gas fields, and the Kansai Electric Power Company, Incorporated will offtake 1 million tons per year of the LNG produced by the project (total production capacity: 3.8 million tons/year).

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

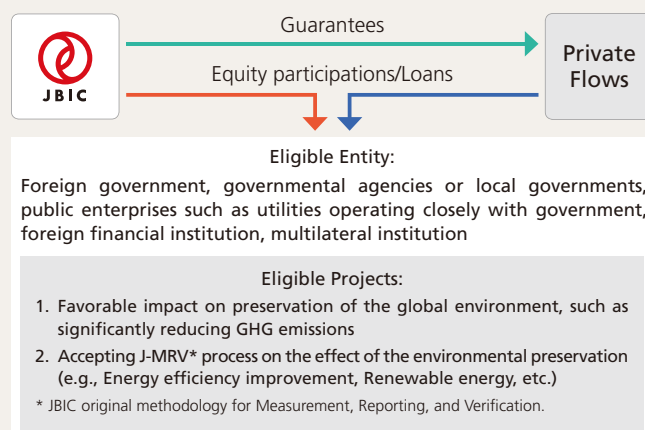
stable supplies of energy and mineral resources for Japan; promote business activities of Japanese companies; maintain and expand trade and direct investment from Japan; finance projects having significant effects on global environmental preservation; and finance projects maintaining order in international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



GREEN Operations

Under its GREEN (Global action for Reconciling Economic growth and ENvironmental preservation) operations, JBIC provides support for projects with a focus on environmental conservation, such as those anticipated to make a considerable reduction in GHG, taking into account of propagating Japanese advanced environmental technologies to the world.

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



Supporting Energy Efficiency Projects in Ecuador



JBIC concluded a loan agreement with the Ecuador government. This is the first loan for JBIC to provide to the Ecuador government under the GREEN operations and will be used as necessary funds for energy efficiency projects in the country. The Ecuador government has been taking vigorous steps to implement measures to cope with climate change. This loan is expected to contribute to the reduction of GHG emissions through the support

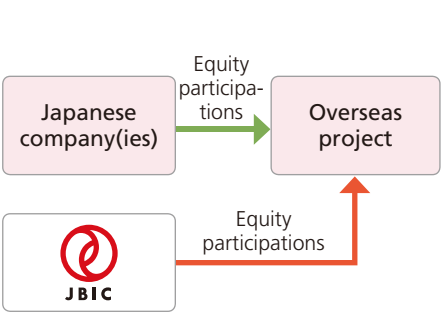
of Ecuador's energy efficiency project while propagating advanced Japanese environmental technologies which have received high international recognition. This is also in line with an initiative announced by the Japanese government in November 2015, "Actions for Cool Earth: ACE 2.0."

Equity Participations

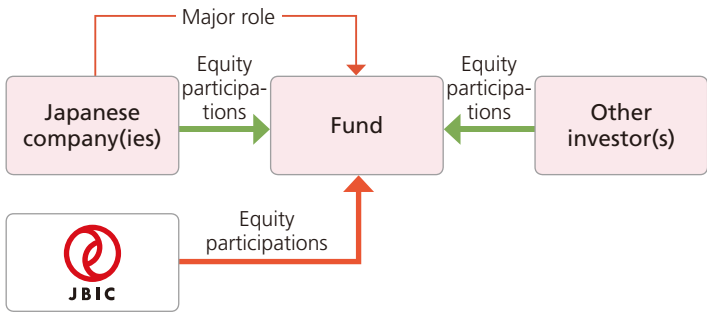
Equity participations are capital contributions to companies where Japanese companies have equity stakes to undertake overseas projects, as well as funds where Japanese companies

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

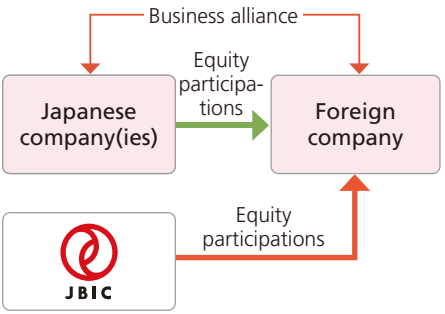
Japanese companies make equity participations in an overseas project



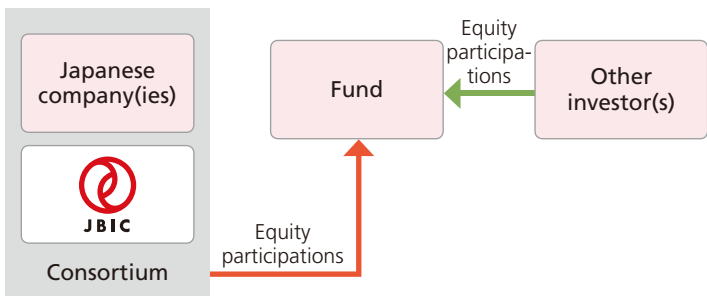
Japanese companies participate in a fund (and perform such a major role as general partner in their management and investment decisions)



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



Japanese companies form a consortium and participate in an international fund



Supporting Japanese Companies' Overseas Business Expansion by Local Currency Investment



JBIC signed a shareholders agreement with companies including Toyota Tsusho Corporation (Toyota Tsusho) and TechnoTrends AutoPark Private Limited (TTAP), an Indian company. The agreement is intended for the acquisition of TTAP's preferred shares. The objective of this investment is to support the operation of an industrial park in the state of Gujarat in western India through TTAP, which was established

by Toyota Tsusho through its Indian subsidiary. The supply of local currency-denominated risk money by JBIC, through its equity participations, will support the business expansion of Toyota Tsusho and Japanese companies in the region, thereby contributing to maintaining and strengthening the international competitiveness of Japanese industries.

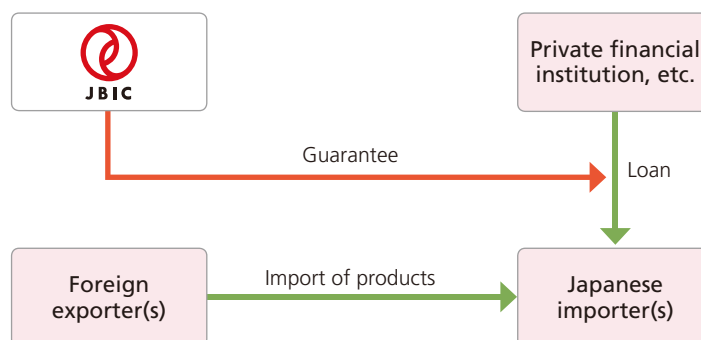
Guarantees

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.

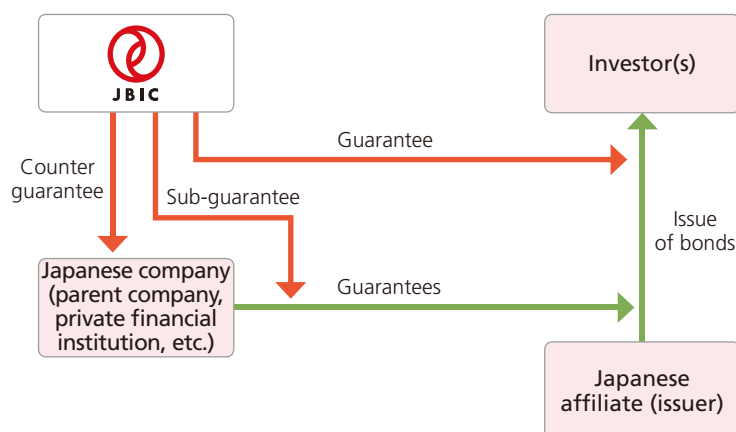
■ Guarantees for Imports of Manufactured Products

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.



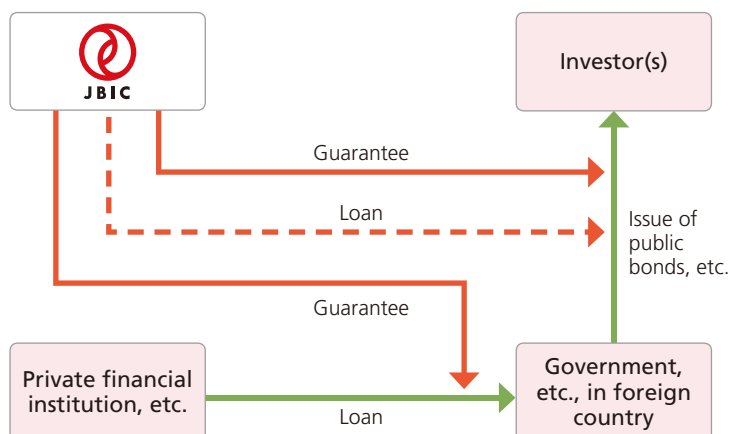
■ Guarantees for Corporate Bonds Issued by Japanese Affiliates

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



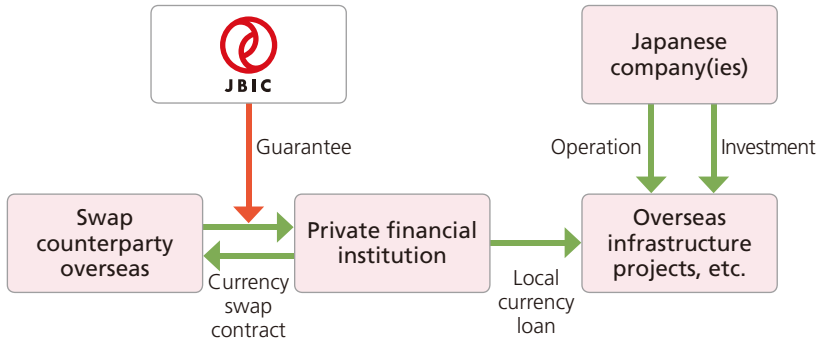
■ Guarantees for Cofinancing, Overseas Syndicated Loans and Public Sector Bonds

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



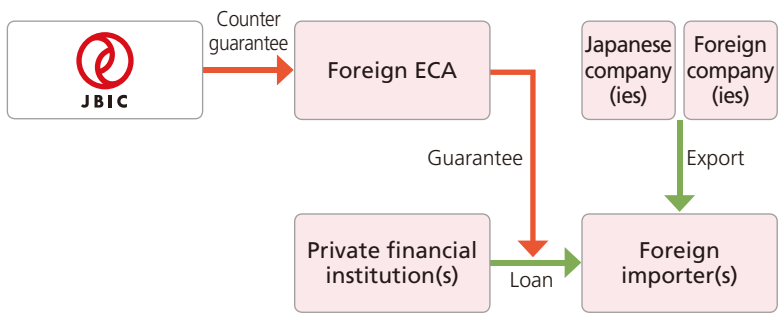
■ Guarantees for Currency Swaps

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



■ Counter Guarantees for Export Credits

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

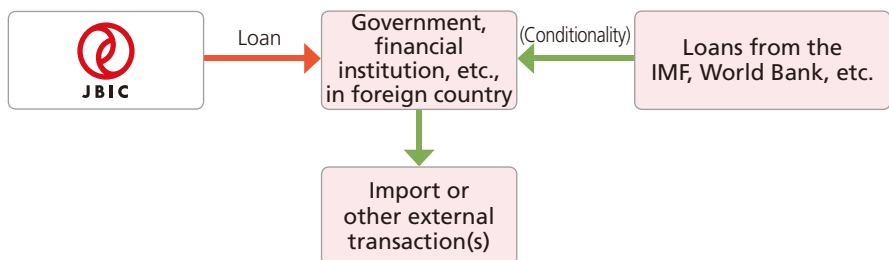


Bridge Loans

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

JBIC provided bridge loans (short-term bridging loans)

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



Acquisition of Loan Assets and Public and Corporate Bonds

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

funding in international capital markets.

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

Research and Studies

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

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

Research and studies are conducted in the following sequence.

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

Securitization and Other Financial Instruments

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

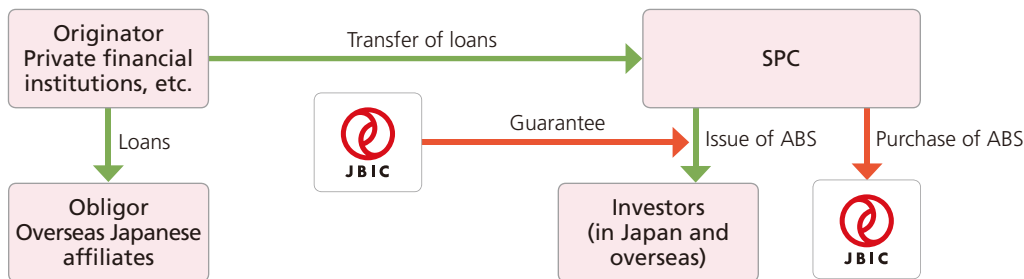
1. Securitization (Guarantees)

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

2. Securitization (Acquisition of Securities)

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

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

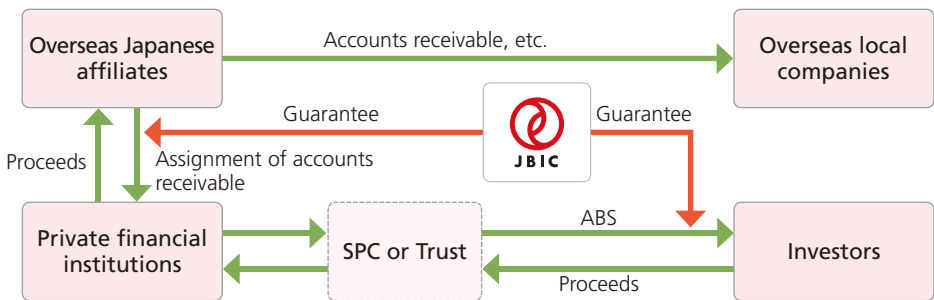


* The above diagram depicts a scheme where SPC are used, but the clients can also use schemes where trusts are used or JBIC acquires or provides guarantees for assets backed by securitization.

3. Securitization and Liquidation of Receivables

JBIC provides guarantees for the receivables and other monetary claims held by overseas subsidiaries of Japanese companies in order to facilitate the purchase of such

receivables by banks (an increase in their liquidity). JBIC is also able to provide guarantees for securities issued by SPC or trust companies in cases where these securities have monetary claims acquired from overseas Japanese subsidiaries on collateral.



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

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

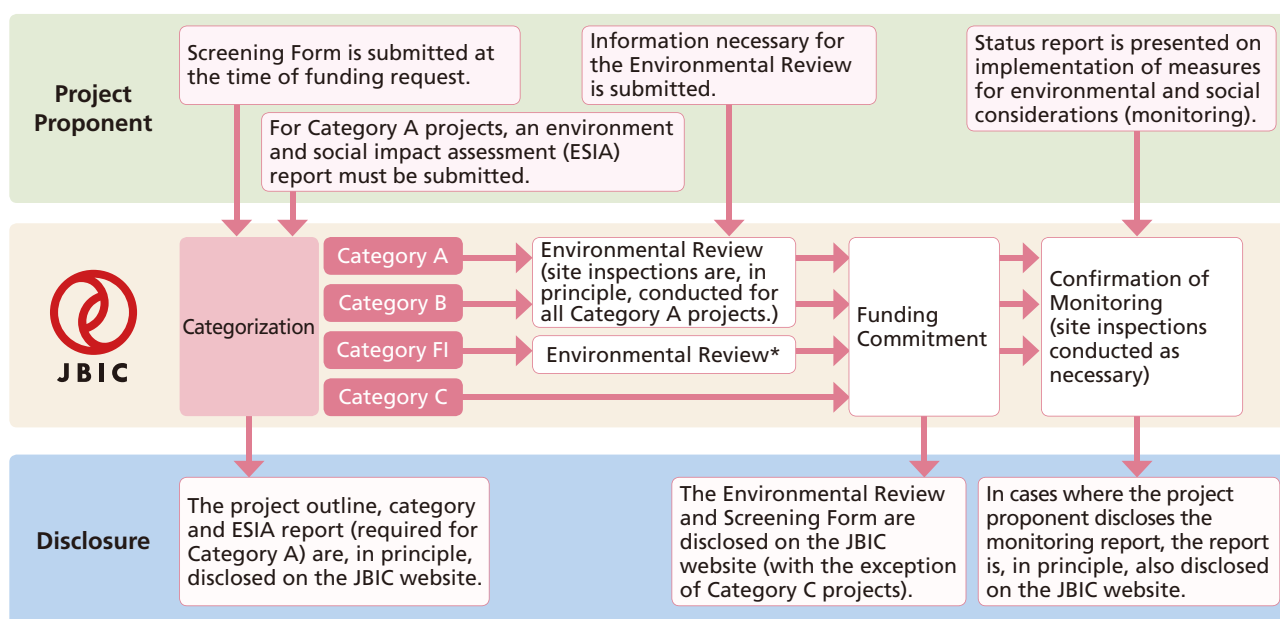
In conducting these operations, JBIC confirms whether the borrower has made appropriate consideration for local communities and the natural environment in all the JBIC-financed projects based on the "Japan Bank for International

Cooperation Guidelines for Confirmation of Environmental and Social Considerations" (Environmental Guidelines).

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

■ Procedure for Confirmation of Environmental and Social Considerations

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



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

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

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

2 Prominent Initiatives in Recent Years

4 Launch of the Special Operations regarding Overseas Infrastructure Project

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

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

JBIC supported the export of substation facilities to the Iraq government as the first loan provided under the Operations (see page 44).

■ Examples of Projects under the Special Operations

Public sector projects

Finance for governments, governmental agencies, or local governments in foreign countries with relatively high risk profile

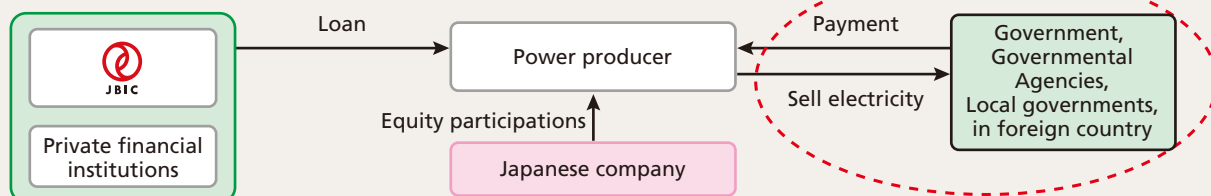
[Example: Exports of plants for infrastructure project]



Public-private partnerships (PPP)

Finance for PPP projects with the principal revenue coming from governments, governmental agencies, or local governments in foreign countries with relatively high risk profile

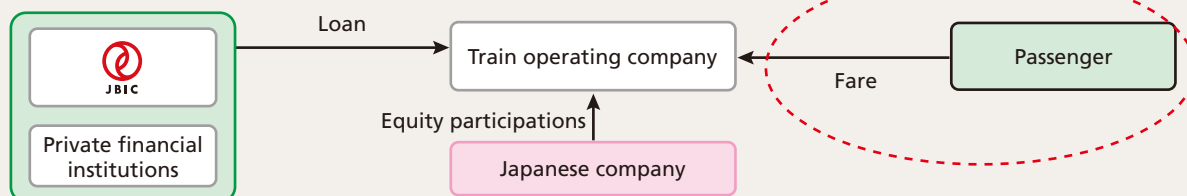
[Example: Electric power project]



Public-private partnerships (PPP)

Finance for PPP projects with relatively high risk profile entailed in the fluctuations in demand

[Example: Railway project]



Expanding Eligible Sectors in Developed Countries

Following the revision of the Cabinet Order for Enforcement of the JBIC Act on September 30, 2016, the eligible sectors for support by the following financial instruments were reviewed and expanded: (1) export loans for exporting Japanese products to developed countries; and (2) overseas investment loans for projects in developed countries¹.

Sectors have been newly added to the scope in the table below.

1. As for the details of specific eligible sectors, please refer to export loans in page 58 and overseas investment loans on page 60.

■ Eligible Sectors (Sectors added on September 30, 2016)

Export loans for the exports of Japanese products to developed countries	Investment loans for projects in developed countries
Road / Petrochemical / Waste incineration and Waste to energy	Shipbuilding and Marine transport / Satellite launching and operation / Medical business related to positron therapy facility / Road / Petrochemical / Waste incineration and Waste to energy

As for a waste treatment project in developed countries based on the above revision, in March 2017, JBIC concluded

a loan agreement for a waste treatment business in the U.S. (see page 53).

Strengthening of JBIC's Functions and Organizational Realignment

On October 1, 2016, JBIC strengthened its functions as follows:

Strengthening of its Institutional Capacity of Equity Investments

First, JBIC newly established the Equity Finance Group and the Equity Investment Department, and renamed the Marine and Aerospace Finance/Financial Products Department to Marine and Aerospace Finance Department. The objective of the establishment of the Equity Finance Group and Equity Investment Department is to strengthen its institutional capacity of equity investments in line with various governments' initiatives. The Marine and Aerospace Finance/Financial Products Department was renamed upon the transfer of fund investment operations to the Equity Investment Department.

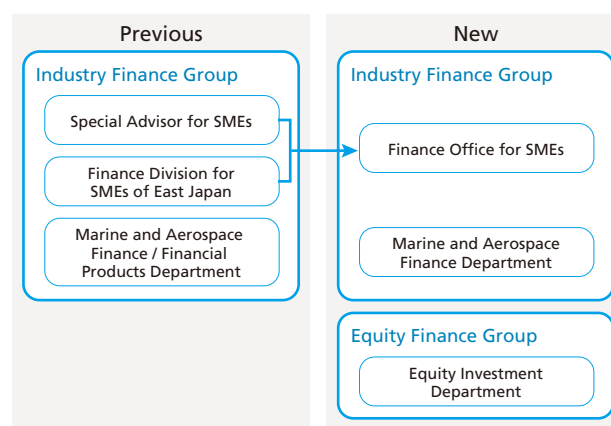
Realignment to Strengthen Support for Japanese Mid-tier Enterprises and SMEs

Second, JBIC set up the Finance Office for SMEs. On the basis of the "Economic Measures for Realizing Investment for the Future" (decided by the Cabinet on August 2, 2016), the consultation and loan operations, the former of which had been conducted under the supervision of the Special Advisor for SMEs and the latter of which had been handled by the

Finance Division for SMEs of East Japan), are integrated into the Finance Office for SMEs. This is intended to strengthen our support for Japanese mid-tier enterprises and SMEs to assist their overseas business.

Meanwhile, the West Japan Office continues to be in charge of the support for mid-tier enterprises and SMEs located in western Japan as before.

For the organizational chart in our company, refer to page 164.



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

4

Financial Instruments

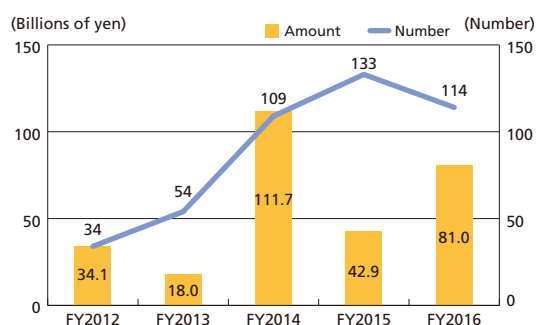
3

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

JBIC actively supports Japanese mid-tier enterprises and SMEs expanding overseas in line with economic globalization.

In the 2000s, following the economic growth of emerging market countries, especially in Asia, an increasing number of SMEs 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 overseas expansion of SMEs, the need for funds among SMEs has grown more diverse. In order to respond to the diversification of financial needs of SMEs for their overseas expansion, JBIC is further enhancing cooperation with Japanese private financial institutions, as well as local financial institutions in other countries, and is 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. (See page 72 for support new initiative in Indonesia.)

Commitments for Mid-tier Enterprises and SMEs



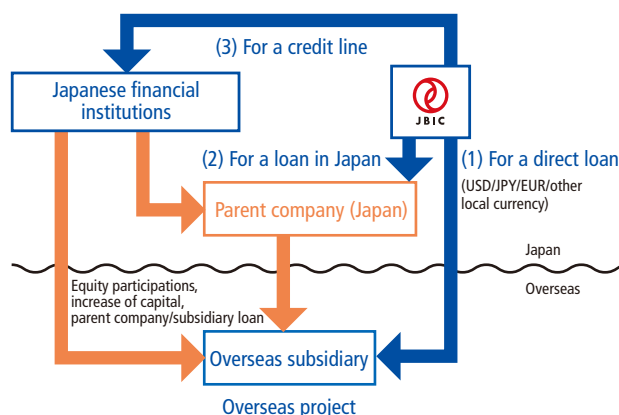
Support for the Overseas Deployment of SMEs

Utilizing the know-how and experience of overseas financing that it has accumulated over the years, JBIC provides long-term financing required by Japanese companies, including SMEs, for overseas investment, export of products, and other activities through cofinancing with private financial institutions in the form of overseas investment loans, export loans, and other loans. The figure at upper right depicts specific support schemes.

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

- (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) Coordination and cooperation with private financial institutions (regional banks, credit unions, money center banks): Support for the overseas business deployment needs of SMEs all through the country
- (5) Support for M&A overseas: Loans for acquisition funds required when entering overseas markets through M&A
- (6) Support through information services: Information service on overseas investment environment; and support for solving issues with foreign governments while utilizing networks of JBIC overseas offices

Example of mid-tier enterprises and SMEs support schemes



Cooperation with Japanese Regional Financial Institutions, etc.

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

JBIC concludes business cooperation MOUs 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 FY2016, JBIC provided medium- to long-term funding to SMEs and their overseas subsidiaries through 10 regional financial institutions, including THE HOKURIKU BANK, LTD. and The Hiroshima Bank, Ltd., concluding general agreements to establish a credit line at each bank for the funds necessary to enable Japanese SMEs to promote their businesses in developing regions.

Cooperation with Local Financial Institutions, etc., in Developing Countries

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

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 SMEs' overseas business expansion that involves regional financial

institutions in Japan (see chart below). JBIC has been for many years reinforcing its relationships with the local financial institutions, while working with the regional Japanese financial institutions to confirm the needs of SMEs 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 SMEs.

JBIC concluded a business cooperation agreement to establish "Japan desks" with seven local banks in five Asian countries, as well as four local governments and one local bank in Mexico. The business cooperation agreement, as JBIC's most recent initiative, was concluded with the State of Guanajuato, Mexico's Banco Nacional de México S.A. in Integrante de Grupo Financiero Banamex (Banamex), and the State of Nuevo León, and has the participation of 67 Japanese financial institutions.

In addition, JBIC invited Japan desk staff of participating Japanese regional financial institutions and foreign local

financial institutions to regular follow-up seminars to deepen mutual understanding through discussions on Japan desk management issues (trainee dispatch, etc.) and methods of collaboration.

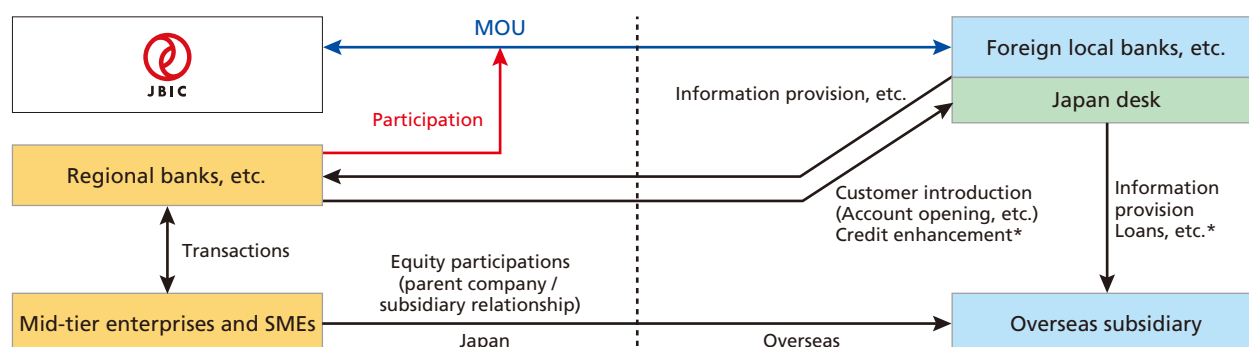


First seminar and exchange meeting on MOUs with local governments of the United Mexican States and local financial institutions

Local Financial Institutions/Governments and Participating Japanese Regional Financial Institutions

Country	Local financial institutions /governments	MOU agreement date	Number of participating Japanese regional financial institutions
Thailand	KASIKORNBANK Public Company Limited	May 2011	28
Indonesia	PT. Bank Negara Indonesia (Persero) Tbk	July 2011	33
India	State Bank of India	August 2012	45
The Philippines	BDO Unibank, Inc. (BDO)	March 2013	7
	Metropolitan Bank and Trust Company (Metrobank)		45
Vietnam	Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV)	July 2013	5
	Joint Stock Commercial Bank for Foreign Trade of Vietnam	August 2013	45
Mexico	The State of Aguascalientes	October 2015	68
	The State of Jalisco	November 2015	68
	The State of Guanajuato	February 2016	67
	BANCO NACIONAL DE MÉXICO, S.A., INTEGRANTE DEL GRUPO FINANCIERO BANAMEX (Banamex)	February 2016	57
	The State of Nuevo León	March 2016	67

Schematic Diagram



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

Providing Local Currency-denominated Loans

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

Information Services, Seminars, etc.

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

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.



Automobile seminar in India for mid-tier enterprises and SMEs

New Support Mechanism in Indonesia

In October 2014, the central bank of Indonesia announced a regulation on foreign debt denominated in a foreign currency for private-sector companies. In January 2016, the obligation to obtain a rating for foreign borrowing agreements denominated in a foreign currency began being applied as part of the regulation. JBIC assists in facilitating the procurement of funds by providing guarantees when the Indonesian subsidiaries of Japanese companies, including mid-tier enterprises and SMEs, borrow foreign currency-denominated funds from overseas (cross-border loans) from Japanese regional financial institutions.

1. Background

October 28, 2014:

The central bank of Indonesia announced the regulation on foreign debt denominated in a foreign currency for private-sector companies (central bank directive 16/20/PBI/2014; hereafter, "Regulation").

December 29, 2014:

Released a partial revision of the Regulation (central bank directive 16/21/PBI/2014) and the Circular Letter (16/24/DKEM) that specifies the details.

January 1, 2015:

Partial enforcement of the Regulation

January 1, 2016:

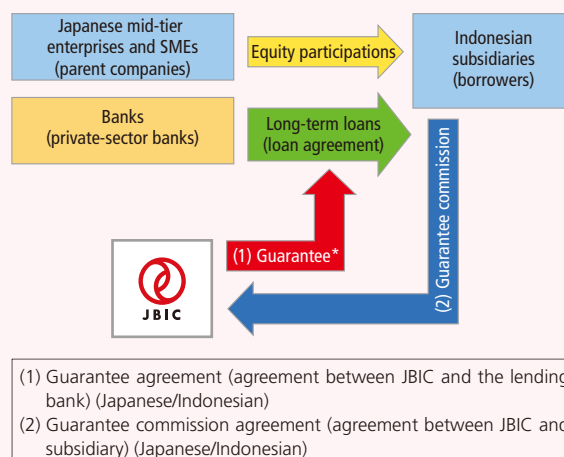
Obligation to obtain a rating for foreign borrowing agreements denominated in a foreign currency began to be applied as part of the Regulation.*

* A regulation that obligates private-sector companies that borrow foreign currency-denominated funds to obtain a rating of BB- or higher from a rating agency registered by the central bank of Indonesia. However, in the case of foreign borrowing agreements guaranteed by public institutions,

including JBIC, it is stipulated that such agreements are not subject to this rating obligation (refer to the Regulation Article 7 (d) and Q&A 31 announced by the central bank of Indonesia).

2. Guarantee Scheme

Since JBIC provides guarantees for loans to the Indonesian subsidiaries of Japanese mid-tier enterprises and SMEs from Japanese banks, the borrowing company is exempted from the original obligation of obtaining a rating that applies to companies that borrow foreign currency-denominated funds.



* The terms and conditions for credit protection related to the JBIC guarantees are decided under consultation with the cofinancing banks.

Operational and Administrative Policies

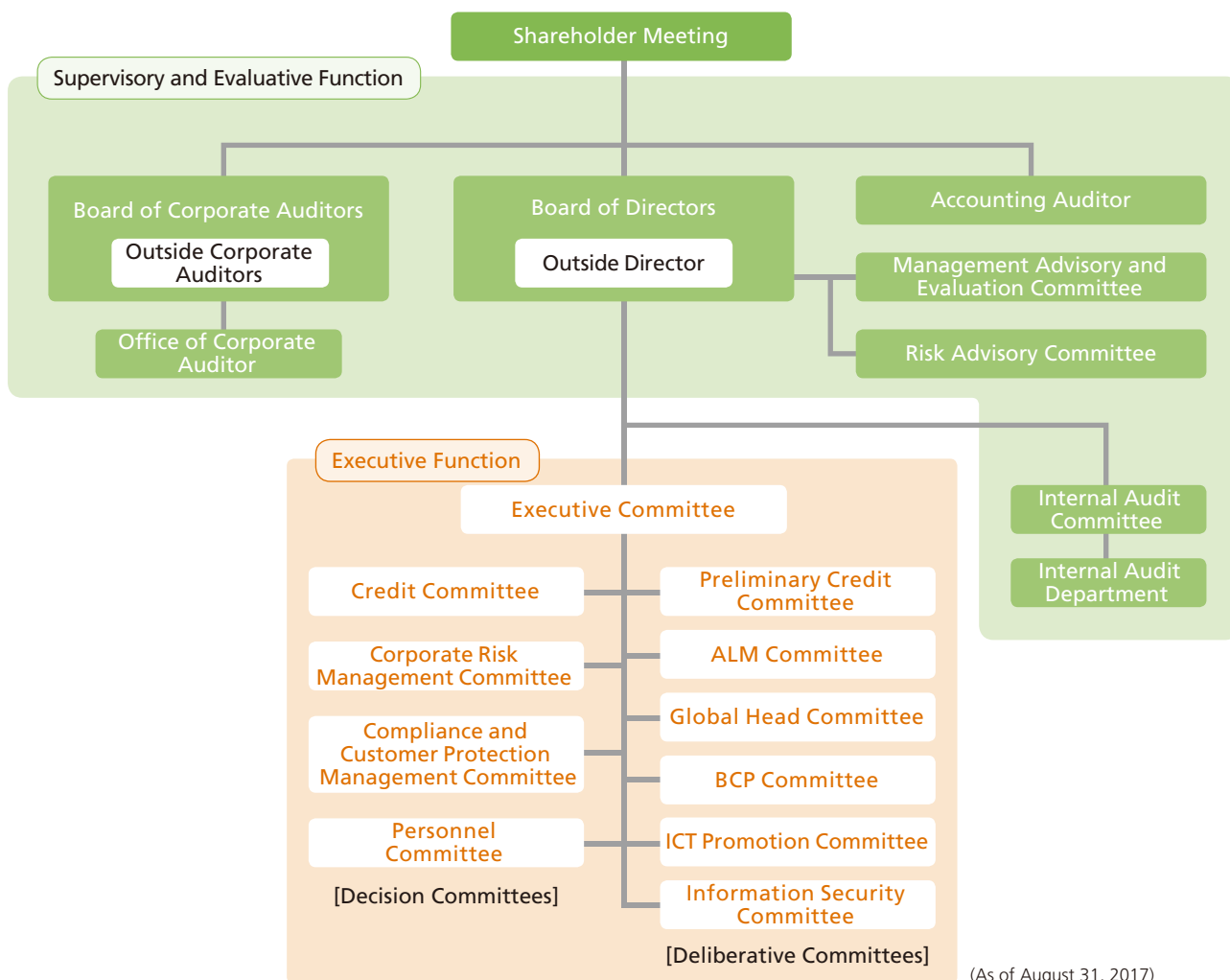
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1 Corporate Governance

Fundamental Approach to Corporate Governance

JBIC is making efforts to build a 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, 2011) 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 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 delegates specific tasks to them.

(1) Board of Directors

The Board of Directors consists of 7 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, the External Director 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, including 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, including 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 directors, 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 loans, equity participations, and guarantees 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 loans, equity participations, and guarantees 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.

(viii) BCP Committee

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

■ List of Members of the Management Advisory and Evaluation Committee

(As of August 31, 2017)

Name	Occupation
Shujiro Urata	Professor, Graduate School of Asia-Pacific Studies, Waseda University
Shinichi Koizumi	JBIC Managing Director (Outside Director)
Yoshikatsu Suzuki	Journalist (formerly editor-in-chief <i>Diplomacy</i>)
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

(As of August 31, 2017)

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)

(ix) ICT Promotion Committee

The ICT Promotion Committee makes deliberations concerning matters for achieving 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.

(x) Information Security Committee

The Information Security Committee makes deliberations concerning important matters pertaining to the use and management of JBIC's information assets, as well as information security, 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, the Corporate Planning Group; Credit, Assessment and Risk Management Group; Treasury and Systems Group; Energy and Natural Resources Finance Group; Infrastructure and Environment Finance Group; Industry Finance Group; and Equity Finance Group were set up, with each Group having departments with special expertise.

Members of Board of Directors

Governor	Akira Kondoh
CEO, Executive Managing Director	Tadashi Maeda
COO, Senior Managing Director	Nobumitsu Hayashi
Senior Managing Director	Yasushi Hasegawa
Senior Managing Director	Kenichiro Hayashi
Senior Managing Director	Tatsuhiko Takesada
Managing Director (Outside Director)	Shinichi Koizumi

Managing Executive Officers

Global Head of Corporate Planning Group	Kazuhiko Amakawa	Corporate Planning Group
Global Head of Credit, Assessment and Risk Management Group	Yutaka Funada	Credit, Assessment and Risk Management Group
Global Head of Treasury and Systems Group	Kuninori Kuroishi	Treasury and Systems Group
Global Head of Energy and Natural Resources Finance Group	Masaaki Yamada	Energy and Natural Resources Finance Group
Global Head of Infrastructure and Environment Finance Group	Kazuhisa Yumikura	Infrastructure and Environment Finance Group
Global Head of Industry Finance Group	Kazuhiko Tanaka	Industry Finance Group
Global Head of Equity Finance Group	Shinji Fujino	Equity Finance Group

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

For each Group, the responsible board member is appointed, and the managing director or a managing executive officer serves as the 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.

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 the Corporate Auditors and an Accounting Auditor for executing efficient internal audit (see pages 175 and 176 for the Basic Policy for the Internal Control System).

Maintenance and Control of Information Assets

JBIC sets forth its fundamental "Security Policy" concerning the use and management of information assets (see page 177) 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 an 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 178) which stipulates appropriate management of private information held by JBIC pursuant to the provisions of the Act on the Protection of Personal Information Held by Independent Administrative Agencies, etc.

2 Risk Management

5

Operational and Administrative Policies

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 hold discussions and make 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.

JBIC has conducted risk management separated into the Ordinary Operations Account and Special Operations Account. 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.

2

Risk Management

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 promotion of 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 referring to 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, 2017.

Credit Risk of Derivatives, etc.

(As of March 31, 2017; unit: 100 million yen)

	Contract Amounts / Notional Amounts	Credit Risk Amounts
Interest Rate Swaps	39,832	596
Currency Swaps	39,040	3,663
Forward Exchange Contracts	3	0
Other Derivatives	—	—
Credit Risk Reductions through Netting		(3,198)
Total	78,876	1,061

"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 fair value of a derivative in conducting a transaction with each counterparty, credit risk exposure to it, and its creditworthiness. Such information is then used to assess the eligibility of the counterparty.

◆ 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, computer system, and information security 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 refers to the potential loss resulting 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 that could be linked to adverse effects on business operations and the leakage of client information by increasing its readiness to respond effectively to emergency situations. Specifically, (a) measures have been taken to correspond to and prevent system malfunctions; 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.

Information Security Risk

Information security risk refers to the potential loss due to threats to the confidentiality, integrity, and availability of information assets. JBIC has taken all possible measures to maintain information security by establishing information security regulations and a structure encompassing information management as well as by providing comprehensive education to management and staff members.

3 Public Information and Disclosure

5

Operational and Administrative Policies

3

Public Information and Disclosure

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

The JBIC Information Center at the Head Office and the West Japan Office 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, which is 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 (2016)

Website

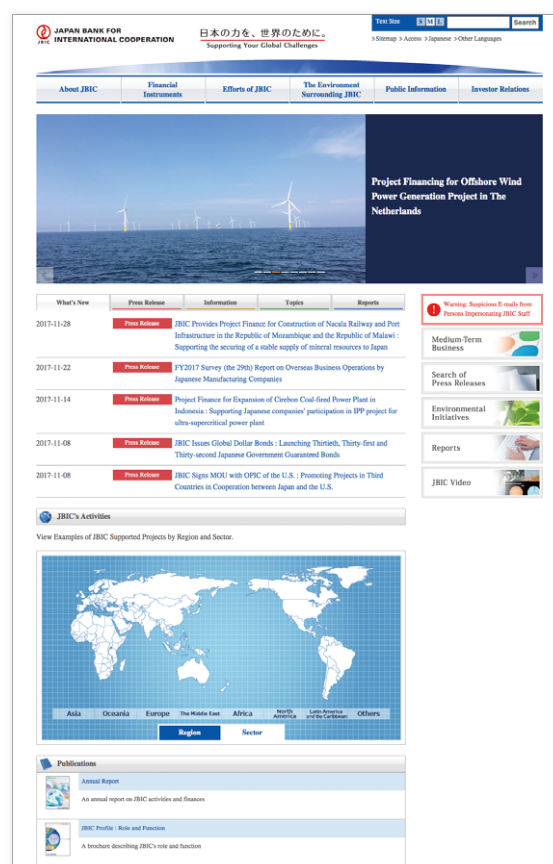
The website provides access to JBIC information, including its financial instruments, press releases, invitations to seminars, reports on various studies, activities on environmental issues, annual reports, various brochures, IR information for investors, and various other types of information.

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 670 to date.



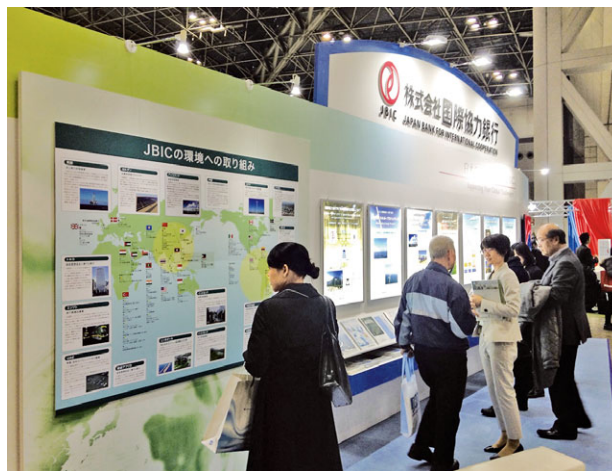
Participants at a JBIC Seminar

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 2016, JBIC exhibited at Eco-Products 2016, which was held at Tokyo Big Sight. Overseas, in February

2017 JBIC participated in Mining Indaba in South Africa, one of the world's largest mining conferences.



Eco-Products 2016

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/

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1 Overview

(1) Commitments

A. Commitments by Purpose of Financing

(Unit: billions of yen, %)

	FY2012			FY2013			FY2014			FY2015			FY2016		
	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share
Loans															
Export Loans	40	126.6	3	33	126.2	6	49	406.4	13	22	141.0	6	20	175.0	8
Shipping	15	23.0	1	15	34.7	2	24	24.3	1	9	33.6	1	3	10.5	0
Plant	25	103.6	2	18	91.5	4	24	381.8	12	13	107.3	4	17	164.5	7
Technical Services	—	—	—	—	—	—	1	0.2	0	—	—	—	—	—	—
Import Loans	4	304.3	7	5	56.2	3	—	—	—	1	252.3	11	—	—	—
Natural Resources	4	304.3	7	5	56.2	3	—	—	—	1	252.3	11	—	—	—
Overseas Investment Loans	157	3,138.5	74	167	1,671.0	76	197	2,451.0	75	260	1,858.1	78	222	1,721.0	77
Natural Resources	39	1,784.2	42	18	594.7	27	20	1,059.1	33	11	236.9	10	4	250.5	11
Others	118	1,354.3	32	149	1,076.2	49	177	1,391.9	43	249	1,621.1	68	218	1,470.5	66
Untied Loans	10	210.5	5	7	46.0	2	5	46.7	1	4	24.8	1	4	33.7	2
Bridge Loans	2	83.2	2	—	—	—	—	—	—	—	—	—	—	—	—
Sub Total	213	3,863.3	91	212	1,899.6	86	251	2,904.2	89	287	2,276.3	95	246	1,929.9	86
Guarantees	21	303.2	7	20	209.1	9	15	312.3	10	7	106.6	4	8	293.5	13
Equity Participations	8	74.3	2	7	97.4	4	5	32.8	1	4	14.3	1	3	16.2	1
Total	242	4,240.9	100	239	2,206.1	100	271	3,249.3	100	298	2,397.4	100	257	2,239.7	100

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

(Unit: billions of yen, %)

	FY2012			FY2013			FY2014			FY2015			FY2016		
	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share	Number	Total	Share
Asia	86	513.6	12	108	472.7	21	162	610.5	19	150	332.9	14	125	843.2	38
Oceania	17	1,005.7	24	12	292.9	13	6	173.8	5	2	6.9	0	4	11.1	1
Europe	33	660.6	16	21	350.3	16	17	228.8	7	57	598.3	25	56	525.7	23
The Middle East	12	305.9	7	9	104.8	5	14	493.6	15	9	427.6	18	8	134.2	6
Africa	7	84.3	2	5	81.1	4	7	195.6	6	2	14.9	1	—	—	—
North America	35	710.8	17	43	654.0	30	45	1,389.3	43	38	493.6	21	48	605.8	27
Latin America and the Caribbean	43	805.5	19	36	209.1	9	18	136.1	4	37	507.3	21	11	89.0	4
International Organizations, etc.	—	—	—	—	—	—	—	—	—	—	—	—	3	14.9	1
Others	9	154.2	4	5	40.8	2	2	21.2	1	3	15.5	1	2	15.4	1
Total	242	4,240.9	100	239	2,206.1	100	271	3,249.3	100	298	2,397.4	100	257	2,239.7	100

(2) Disbursements

(Unit: billions of yen, %)

	FY2012		FY2013		FY2014		FY2015		FY2016	
	Total	Share	Total	Share	Total	Share	Total	Share	Total	Share
Loans										
Export Loans	143.1	5	112.5	4	112.0	4	148.8	7	227.2	10
Import Loans	162.7	6	234.5	9	21.8	1	27.6	1	230.9	10
Overseas Investment Loans	2,144.6	75	1,928.0	73	2,049.4	79	1,840.3	82	1,691.5	72
Untied Loans	52.2	2	88.5	3	64.3	2	44.5	2	32.2	1
Bridge Loans	79.7	3	—	—	—	—	—	—	—	—
Sub Total	2,582.5	90	2,363.6	90	2,247.6	87	2,061.3	92	2,181.9	93
Guarantees	270.6	9	178.7	7	303.2	12	134.3	6	152.6	6
Equity Participations	17.2	1	85.4	3	30.9	1	42.4	2	18.5	1
Total	2,870.4	100	2,627.8	100	2,581.8	100	2,238.2	100	2,353.1	100

(3) Repayments

(Unit: billions of yen, %)

	FY2012		FY2013		FY2014		FY2015		FY2016	
	Total	Share	Total	Share	Total	Share	Total	Share	Total	Share
Loans										
Export Loans	112.4	7	106.3	8	104.8	4	95.5	4	97.1	6
Import Loans	147.4	10	170.1	13	138.4	6	154.3	6	151.6	9
Overseas Investment Loans	707.1	46	668.1	50	1,795.6	73	1,760.7	72	961.6	59
Untied Loans	161.6	11	173.5	13	158.2	6	151.7	6	186.3	11
Bridge Loans	79.7	5	—	—	—	—	—	—	—	—
Governmental Loans	2.9	0	2.9	0	2.6	0	2.5	0	2.4	0
Sub Total	1,211.3	79	1,121.1	84	2,199.8	90	2,164.9	89	1,399.1	86
Guarantees	318.1	21	204.9	15	238.2	10	205.5	8	228.2	14
Equity Participations	3.0	0	5.0	0	12.4	1	64.5	3	4.5	0
Total	1,532.4	100	1,331.1	100	2,450.6	100	2,435.0	100	1,631.9	100

(Note) Prepayments in FY2015 and 2016 amounted to ¥385.1billion and ¥174.9billion, respectively.

(4) Outstandings

(Unit: billions of yen, %)

	FY2012		FY2013		FY2014		FY2015		FY2016	
	Total	Share	Total	Share	Total	Share	Total	Share	Total	Share
Loans										
Export Loans	710.3	5	740.6	5	812.4	5	844.7	5	976.7	6
Import Loans	630.2	5	731.6	5	661.6	4	525.7	3	609.7	4
Overseas Investment Loans	8,165.9	62	10,183.9	67	11,970.5	69	11,342.0	70	12,080.8	71
Untied Loans	1,035.8	8	998.8	7	988.8	6	901.8	6	741.9	4
Governmental Loans	42.6	0	39.7	0	37.1	0	34.6	0	32.2	0
Sub Total	10,585.1	81	12,694.9	83	14,470.6	84	13,649.0	84	14,441.5	85
Guarantees	2,400.6	18	2,422.6	16	2,572.3	15	2,464.7	15	2,385.0	14
Equity Participations	100.1	1	187.0	1	222.3	1	194.9	1	215.8	1
Total	13,086.0	100	15,304.6	100	17,265.3	100	16,308.6	100	17,042.4	100

2 Commitments

Data

1

Statistics

(1) Export Loans by Industry

(Unit: billions of yen, %)

	FY2015			FY2016		
	Number	Total	Share	Number	Total	Share
Shipping	9	33.6	24	3	10.5	6
Electrical Machinery	6	45.7	32	9	71.7	41
Telecommunication Equipment	1	7.3	5	—	—	—
Other Industrial Machinery and Equipment, etc.	6	54.3	38	7	88.6	51
Precision Machinery	—	—	—	1	0.0	0
Civil Engineering and Contractors	5	12.7	9	1	3.4	2
Chemical Facilities	1	41.5	29	—	—	—
Loading Machinery	—	—	—	1	4.0	2
Oil and Natural Gas Facilities	—	—	—	3	80.7	46
Iron and Non-ferrous Metals Manufacturing Facilities	—	—	—	1	0.4	0
Others	—	—	—	1	4.2	2
Total	22	141.0	100	20	175.0	100

(2) Natural Resource Loans by Item

(Unit: billions of yen, %)

	FY2015			FY2016		
	Number	Total	Share	Number	Total	Share
Energy Resources	11	486.5	99	3	173.8	69
Petroleum	3	332.7	68	1	39.6	16
Natural Gas	8	153.7	31	1	131.4	52
Coal	—	—	—	1	2.7	1
Other Resources	—	—	—	1	76.6	31
Copper Ore and Concentrate	—	—	—	1	76.6	31
Others	1	2.7	1	—	—	—
Total	12	489.2	100	4	250.5	100

2

Commitments

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

(Unit: billions of yen, %)

	FY2015			FY2016		
	Number	Total	Share	Number	Total	Share
Manufacturing Industry	124	60.8	4	92	33.7	2
Food	1	0.0	0	1	0.0	0
Textiles	6	3.7	0	4	0.9	0
Lumber and Pulp	2	0.2	0	1	0.1	0
Printing	—	—	—	3	0.5	0
Chemicals	4	1.7	0	6	1.0	0
Petroleum and Coal Products	—	—	—	1	0.2	0
Ceramics, Stone and Clay	1	0.2	0	2	5.5	0
Iron and Non-ferrous Metal Products	29	27.7	2	7	4.7	0
Machinery	—	—	—	1	0.0	0
Electrical Machinery	3	1.0	0	8	12.5	1
Transport Equipment	47	21.3	1	35	4.4	0
Other Manufacturing Industries	31	4.6	0	23	3.3	0
Construction	1	0.1	0	—	—	—
Electric, Gas and Heat Supply and Water Service	2	182.5	11	4	438.9	30
Telecommunications	1	7.1	0	—	—	—
Transport and Postal Services	1	1.0	0	2	1.5	0
Commerce	2	0.5	0	2	0.6	0
Service Industry	—	—	—	2	1.1	0
Others ^(Note)	118	1,368.8	84	116	994.5	68
Total	249	1,621.1	100	218	1,470.5	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)

	FY2015		FY2016	
	Number of Projects	Amount	Number of Projects	Amount
Loans to SMEs and Mid-tier Enterprises	133	42.9	113	80.9

(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 SMEs 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 SMEs).

(5) Guarantee Commitments by Purpose

(Unit: billions of yen, %)

	FY2015			FY2016		
	Number	Total	Share	Number	Total	Share
Guarantee for Samurai Bonds	1	55.0	52	1	80.0	27
Guarantee for Import of Aircrafts	3	38.3	36	3	55.6	19
Guarantee for Others	3	13.3	13	4	157.8	54
Total	7	106.6	100	8	293.5	100

(6) Loan and Guarantee Commitments by Region

A. Export Loan Commitments by Region

(Unit: billions of yen, %)

	FY2015			FY2016		
	Number	Total	Share	Number	Total	Share
Asia	9	89.3	63	9	43.5	25
East Asia	1	0.2	0	1	0.0	0
Southeast Asia	6	29.0	21	7	43.0	25
South Asia	1	18.5	13	1	0.4	0
Central Asia and the Caucasus	1	41.5	29	—	—	—
Europe	5	15.6	11	3	34.7	20
Central and Eastern Europe and Russia	—	—	—	2	28.0	16
Western Europe	5	15.6	11	1	6.7	4
The Middle East	4	6.0	4	4	92.4	53
Africa	2	14.9	11	—	—	—
Sub-Saharan Africa	2	14.9	11	—	—	—
Latin America and the Caribbean	2	15.1	11	3	0.1	0
International Organizations, etc.	—	—	—	1	4.2	2
Total	22	141.0	100	20	175.0	100

B. Import Loan Commitments by Region

(Unit: billions of yen, %)

	FY2015			FY2016		
	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, %)

	FY2015			FY2016		
	Number	Total	Share	Number	Total	Share
Asia	135	166.7	9	111	623.5	36
East Asia	15	11.0	1	5	2.6	0
Southeast Asia	114	153.2	8	102	619.4	36
South Asia	6	2.4	0	4	1.4	0
Oceania	2	6.9	0	4	11.1	1
Europe	52	582.7	31	53	490.9	29
Central and Eastern Europe and Russia	1	50.3	3	2	4.6	0
Western Europe	51	532.3	29	51	486.3	28
The Middle East	4	169.2	9	4	41.8	2
North America	35	455.3	25	45	550.2	32
Latin America and the Caribbean	31	469.9	25	5	3.3	0
Others	1	7.1	0	—	—	—
Total	260	1,858.1	100	222	1,721.0	100

D. Untied Loan Commitments by Region

(Unit: billions of yen, %)

	FY2015			FY2016		
	Number	Total	Share	Number	Total	Share
Asia	2	13.1	53	2	25.3	75
Southeast Asia	2	13.1	53	2	25.3	75
Latin America and the Caribbean	2	11.7	47	1	2.8	8
International Organizations, etc.	—	—	—	1	5.6	17
Total	4	24.8	100	4	33.7	100

E. Guarantee Commitments by Region

(Unit: billions of yen, %)

	FY2015			FY2016		
	Number	Total	Share	Number	Total	Share
Asia	2	57.7	54	2	149.9	51
East Asia	1	2.7	3	—	—	—
Southeast Asia	1	55.0	52	2	149.9	51
North America	3	38.3	36	3	55.6	19
Latin America and the Caribbean	2	10.5	10	2	82.8	28
International Organizations, etc.	—	—	—	1	5.0	2
Total	7	106.6	100	8	293.5	100

F. Equity Participations by Region

(Unit: billions of yen, %)

	FY2015			FY2016		
	Number	Total	Share	Number	Total	Share
Asia	2	5.9	42	1	0.8	5
East Asia	1	5.9	41	—	—	—
Southeast Asia	1	0.0	0	—	—	—
South Asia	—	—	—	1	0.8	5
Others	2	8.3	58	2	15.4	95
Total	4	14.3	100	3	16.2	100

(7) Geographical Distribution of Loan and Equity Participation Commitments

(Unit: billions of yen)

Region / Country			FY2015		FY2016		Accumulated	
			Number	Total	Number	Total	Number	Total
Asia	East Asia	China	12	4.0	3	0.9	1,553	3,902.0
		Hong Kong	2	1.0			295	318.1
		Republic of Korea			1	0.7	700	1,286.2
		Mongolia	1	0.2	2	0.9	4	5.3
		Others	2	11.9			1,029	516.4
		Sub Total	17	17.2	6	2.6	3,581	6,028.2
	Southeast Asia	Brunei Darussalam					4	45.1
		Cambodia	2	0.2			2	0.2
		Indonesia	38	53.4	22	633.0	1,575	6,347.2
		Laos	1	0.2			5	24.3
		Malaysia	1	0.2	1	1.2	599	1,319.2
		Myanmar	3	40.6	4	1.7	64	187.5
		the Philippines	5	0.8	5	0.4	826	1,755.7
		Singapore	10	76.9	5	10.5	486	867.2
		Thailand	40	18.2	45	19.7	2,587	2,778.8
		Vietnam	23	4.5	29	21.0	207	491.6
		Others					36	213.9
		Sub Total	123	195.4	111	687.8	6,391	14,031.2
	South Asia	Bangladesh	1	18.5	1	0.2	9	41.8
		India	6	2.4	5	2.5	861	1,294.2
		Pakistan					290	298.3
		Sri Lanka					61	67.9
		Others					17	3.6
		Sub Total	7	21.0	6	2.7	1,238	1,705.9
	Central Asia and the Caucasus	Kazakhstan					25	301.8
		Turkmenistan					13	284.9
		Uzbekistan	1	41.5			14	106.6
		Others					8	195.0
		Sub Total	1	41.5			60	888.4
	Total		148	275.1	123	693.2	11,270	22,653.9
Oceania	Australia		2	6.9	4	11.1	875	3,215.2
	New Zealand						147	176.8
	Papua New Guinea						56	267.2
	Others						52	27.0
	Total		2	6.9	4	11.1	1,130	3,686.3

(Unit: billions of yen)

Region / Country			FY2015		FY2016		Accumulated	
			Number	Total	Number	Total	Number	Total
Europe	Central and Eastern Europe and Russia	Bulgaria					117	134.4
		Moldova					1	5.3
		Russia	1	50.3	4	32.6	122	1,634.9
		Others					1,035	2,277.2
		Sub Total	1	50.3	4	32.6	1,275	4,051.9
	Western Europe	Belguim			1	0.2	29	159.9
		Cyprus					18	17.4
		Denmark					57	78.9
		Finland	7	7.0			22	24.2
		France	1	0.6	1	6.0	311	648.3
		Germany	11	90.0	12	93.9	295	461.4
		United Kingdom	16	283.1	23	64.7	566	2,083.3
		Iceland	1	4.1			5	8.2
		Ireland	1	0.3			47	338.6
		Italy	3	8.1	4	77.7	52	252.1
		Luxembourg	5	85.6			9	120.5
		Malta			1	6.7	4	18.7
		Netherlands	5	41.5	7	180.4	107	618.5
		Norway			1	6.2	249	462.4
		Spain	5	23.3			66	129.0
		Sweden					58	144.8
		Isle of Man					7	7.6
		Switzerland	1	3.8	2	56.9	88	161.9
		Others					625	535.4
		Sub Total	56	547.9	52	493.1	2,615	6,272.2
		Total	57	598.3	56	525.7	3,890	10,324.1
	The Middle East	Bahrain					6	110.4
		Iran					199	1,026.8
		Iraq			2	32.3	23	252.2
		Jordan					29	89.1
		Kuwait			1	56.6	24	260.6
		Oman					28	296.4
		Qatar	1	152.4			37	891.1
		Saudi Arabia	1	2.7			81	1,001.8
		Turkey	5	7.0	4	5.5	198	706.2
		United Arab Emirates	2	265.4	1	39.6	69	1,766.4
		Yemen					11	35.8
		Others					106	212.0
		Total	9	427.6	8	134.2	811	6,649.3

(Unit: billions of yen)

Region / Country			FY2015		FY2016		Accumulated	
			Number	Total	Number	Total	Number	Total
Africa	Northern Africa	Algeria					345	971.8
		Egypt					183	240.5
		Morocco					10	145.0
		Others					22	108.1
		Sub Total					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
		Madagascar					9	102.5
		Niger					117	105.1
		Nigeria					51	266.5
		Seychelles					2	1.2
		South Africa					115	328.5
		Tanzania					21	32.2
		Uganda	1	7.5			7	8.7
		Others					1,402	1,662.8
		Sub Total	2	14.9			1,806	2,678.8
		Total	2	14.9			2,366	4,144.4
	North America	Canada			2	0.8	329	764.1
		United States	35	455.3	43	549.3	2,706	8,811.3
		Total	35	455.3	45	550.2	3,035	9,575.5
	Latin America and the Caribbean	Argentina					272	564.0
		the Bahamas	1	15.0			22	67.7
		Bolivia					32	65.9
		Brazil	12	67.5	2	2.6	1,957	3,267.9
		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			1	2.8	33	81.9
		Panama					286	417.1
		Paraguay					16	12.8
		Peru					113	487.5
		Trinidad and Tobago	1	57.7			8	83.9
		Mexico	19	22.4	6	0.8	842	2,232.7
		Venezuela					81	661.8
		Others					218	230.5
		Total	35	496.8	9	6.2	4,171	10,227.6
	International Organizations, etc.	Total			2	9.8	58	1,217.9
	Others ^(Note)	Total	3	15.5	2	15.4	113	1,967.3
Grand Total			291	2,290.7	249	1,946.2	26,844	70,446.7

(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, %)

	FY2015		FY2016	
	Total	Share	Total	Share
Loans				
Export Loans	844.7	5	976.7	6
Shipping	157.9	1	184.2	1
Plant	686.5	4	792.2	5
Technical Service	0.2	0	0.2	0
Import Loans	525.7	3	609.7	4
Natural Resources	521.5	3	607.6	4
Manufactured Goods & Technologies	4.1	0	2.1	0
Overseas Investment Loans	11,342.0	70	12,080.8	71
Natural Resources	5,353.6	33	5,290.5	31
Others	5,988.4	37	6,790.3	40
Untied Loans	901.8	6	741.9	4
Governmental Loans	34.6	0	32.2	0
Sub Total	13,649.0	84	14,441.5	85
Guarantees	2,464.7	15	2,385.0	14
Equity Participations	194.9	1	215.8	1
Total	16,308.6	100	17,042.4	100

(2) Guarantee Outstandings by Purpose

(Unit: billions of yen, %)

	FY2015		FY2016	
	Total	Share	Total	Share
Guarantee for Samurai Bonds	1,423.9	58	1,438.9	60
Guarantee for Import of Aircrafts	428.2	17	426.0	18
Guarantee for Others	612.5	25	520.1	22
Total	2,464.7	100	2,385.0	100

(3) Geographical Distribution of Loan and Equity Participation Outstandings

(As of March 31, 2017; billions of yen)

Region / Country			Number	Total
Asia	East Asia	China	90	91.1
		Hong Kong	29	24.5
		Republic of Korea	10	22.4
		Mongolia	2	0.2
		Others	9	46.2
		Sub Total	140	184.6
	Southeast Asia	Brunei Darussalam	1	12.2
		Cambodia	2	0.1
		Indonesia	140	641.0
		Laos	5	20.4
		Malaysia	19	44.0
		Myanmar	5	37.9
		the Philippines	23	211.2
		Singapore	40	177.7
		Thailand	162	162.7
		Vietnam	106	238.7
		Sub Total	503	1,546.3
	South Asia	Bangladesh	2	0.8
		India	73	207.6
		Pakistan	3	53.2
		Sri Lanka	3	3.6
		Sub Total	81	265.4
	Central Asia and the Caucasus	Kazakhstan	10	174.6
		Turkmenistan	7	141.0
		Uzbekistan	1	3.7
		Sub Total	18	319.4
	Total		742	2,315.8
Oceania		Australia	68	1,829.6
		New Zealand	4	34.1
		Papua New Guinea	6	258.3
		Total	78	2,122.1
Europe	Central and Eastern Europe and Russia	Bulgaria	5	5.2
		Serbia	2	2.8
		Moldova	1	0.9
		Russia	20	388.8
		Sub Total	28	397.8
	Western Europe	Belgium	1	0.2
		Cyprus	4	5.3
		Denmark	1	14.3
		Finland	7	6.2
		France	7	144.3
		Germany	41	201.6
		United Kingdom	55	526.7
		Iceland	1	0.1
		Ireland	10	310.3
		Italy	9	191.9
		Luxembourg	8	105.2
		Malta	3	16.1
		Netherlands	13	264.6
		Norway	3	12.8
		Spain	9	53.7
		Sweden	2	13.1
		Isle of Man	7	8.0
		Switzerland	8	101.6
		Sub Total	189	1,976.7
	Total		217	2,374.6

(As of March 31, 2017; billions of yen)

Region / Country			Number	Total
The Middle East		Bahrain	1	43.0
		Iran	7	47.9
		Iraq	1	12.2
		Jordan	2	16.7
		Kuwait	1	68.8
		Oman	10	129.0
		Qatar	5	431.8
		Saudi Arabia	7	446.1
		Turkey	26	86.2
		United Arab Emirates	9	617.4
		Yemen	2	14.5
		Total	71	1,914.2
Africa	Northern Africa	Algeria	4	9.1
		Egypt	2	57.6
		Morocco	3	72.2
		Sub Total	9	139.0
	Sub-Saharan Africa	Angola	5	58.8
		Equatorial Guinea	2	4.0
		Gabon	2	0.2
		Kenya	2	0.1
		Madagascar	2	86.7
		Niger	4	0.7
		Nigeria	2	16.4
		Seychelles	3	0.5
		South Africa	7	22.7
		Tanzania	1	9.8
		Sub Total	30	200.4
		Total	39	339.4
	North America	Canada	13	239.7
		United States	162	2,346.9
		Total	175	2,586.6
	Latin America and the Caribbean	Argentina	2	109.9
the Bahamas		6	33.8	
Bolivia		2	16.4	
Brazil		47	552.3	
British Virgin Islands		1	332.6	
Cayman Islands		1	24.1	
Chile		22	810.6	
Colombia		2	47.1	
Ecuador		6	0.2	
Panama		10	61.6	
Paraguay		1	2.2	
Peru		5	60.8	
Trinidad and Tobago		1	11.7	
Mexico		69	222.3	
Venezuela		6	218.8	
Total		181	2,504.9	
International Organizations, etc.		Total	3	25.4
Others ^(Note)		Total	34	474.0
Grand Total			1,540	14,657.4

(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 (FY2016)

Regions/Country	Project/Transaction	Borrower	Amount
Indonesia	Export of facilities for gas-fired combined cycle power plant	PT PLN (Persero)	¥ 19.0 billion
Russia	Export of facilities for liquefaction plant	JOINT STOCK COMPANY YAMAL LNG	€ 200 million
Indonesia	Export of facilities for gas-fired combined cycle power plant	PT PLN (Persero)	¥ 9.2 billion
Iraq	Export of substation facilities	Government of Iraq	¥ 10.3 billion
Iraq	Export of substation facilities	Government of Iraq	US\$ 193 million
Vietnam	Export of facilities for coal-fired power plant	Vietnam Electricity	US\$ 50 million
Kuwait	Export of equipment for upgrading oil refineries	KUWAIT NATIONAL PETROLEUM COMPANY K.S.C.	US\$ 500 million

(Note) A buyer's credit and a bank loan are loan facilities directly extending to a foreign importer (buyer) or a 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 (FY2016)

Regions/Country	Project/Transaction	Borrower	Amount
International Organization, etc.	Renewable energy and energy efficiency projects (GREEN) (*1)	Corporación Andina de Fomento	US\$ 50 million (*2)
Ecuador	Energy efficiency projects (GREEN) (*1)	Government of Ecuador	US\$ 25 million (*2)
Indonesia	Partial acquisition of privately placed Samurai bonds (GATE) (*3)	Government of Indonesia	—
Indonesia	Partial acquisition of privately placed Samurai bonds (GATE) (*3)	Government of Indonesia	—

(Notes) 1. GREEN refers to the "Global action for Reconciling Economic growth and ENvironmental preservation" facility launched in April 2010. JBIC seeks to contribute to achieving both environmental and economic sustainability through its operations.
2. 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. GATE refers to the "Guarantee and Acquisition toward Tokyo market Enhancement" facility launched in April 2010. It will enable JBIC to acquire Samurai bonds where appropriate, in addition to providing partial guarantees for Samurai bond issues. The GATE facility will thereby support foreign governments and government agencies to raise funds in the Tokyo market.

(3) Special Operations (FY2016)

Regions/Country	Purpose of Financing	Project/Transaction	Borrower	Amount
Iraq	Export	Export of substation facilities	Government of Iraq	¥ 10.3 billion
Iraq	Export	Export of substation facilities	Government of Iraq	US\$ 193 million

(Note) The Act for Partial Amendment of the Japan Bank for International Cooperation Act was enacted on May 11, 2016, enhancing JBIC's functions in order to provide further support toward Japanese companies' overseas businesses, in accordance with the Japanese Government's policy to promote investment in quality infrastructure, such as the "Partnership for Quality Infrastructure." In October 2016, as part of the enhancement of functions, JBIC launched the Special Operations, which enables financing for a wider range of countries and infrastructure projects.

5 Standard Loan Conditions

Data

1

Statistics

5

Standard Loan Conditions

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

1— Standard Interest Rates

(As of August 15, 2017)

Type of Loans	Standard Interest Rate ⁽²⁾	Percentage of Loan Provided by JBIC
Export Loans	<ul style="list-style-type: none"> ■ Fixed at commitment (Yen CIRR)⁽³⁾ <ul style="list-style-type: none"> • 0.92% (Repayment period 5yrs or less) • 0.95% (Repayment period over 5yrs to 8.5yrs) • 0.99% (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"> • 0.385%^{(6) (7)} ■ Foreign Currency⁽⁵⁾ <ul style="list-style-type: none"> • LIBOR+0.625%^{(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.

6 Breakdown of Countries and Regions

(As of July 1, 2017)

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 (TDB), 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.

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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 2016 financial statements for the period of April 1, 2016, to March 31, 2017, 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, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Assets:			
Cash and due from banks	¥ 1,220,187	¥ 1,526,209	\$ 13,604
Cash	0	0	0
Due from banks	1,220,187	1,526,208	13,604
Securities Note 4	236,602	281,249	2,507
Other securities	236,602	281,249	2,507
Loans and bills discounted Note 5	13,540,661	14,309,138	127,544
Loans on deeds	13,540,661	14,309,138	127,544
Other assets	256,188	261,790	2,333
Prepaid expenses	521	653	6
Accrued income	49,807	68,861	614
Derivatives other than for trading-assets	43,357	1,972	18
Cash collateral paid for financial instruments	162,230	189,920	1,693
Other	273	382	2
Property, plant and equipment Note 7	27,804	27,613	246
Buildings	2,882	2,916	26
Land	24,427	24,311	217
Lease assets	13	5	0
Construction in progress	34	—	—
Other	446	380	3
Intangible assets	2,737	2,711	24
Software	2,737	2,711	24
Customers' liabilities for acceptances and guarantees	2,464,703	2,384,997	21,259
Allowance for loan losses	(168,262)	(222,036)	(1,979)
Total assets	¥ 17,580,622	¥ 18,571,673	\$ 165,538

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Liabilities:			
Borrowed money	¥ 9,438,450	¥ 9,908,705	\$ 88,321
Borrowings	9,438,450	9,908,705	88,321
Bonds payable Note 6	2,668,558	3,301,565	29,428
Other liabilities	528,890	461,442	4,112
Accrued expenses	31,815	43,592	389
Unearned revenue	57,888	65,572	584
Derivatives other than for trading-assets	375,363	332,906	2,967
Cash collateral received for financial instruments	63,380	18,880	168
Lease obligations	16	3	0
Other	426	487	4
Provision for bonuses	516	519	5
Provision for directors' bonuses	6	6	0
Provision for retirement benefits	7,090	6,807	61
Provision for directors' retirement benefits	39	16	0
Acceptances and guarantees	2,464,703	2,384,997	21,259
Total liabilities	¥ 15,108,255	¥ 16,064,061	\$ 143,186
Net assets:			
Capital stock	¥ 1,391,000	¥ 1,683,000	\$ 15,001
Retained earnings	972,140	842,366	7,508
Legal retained earnings	929,368	800,754	7,137
Other retained earnings	42,772	41,612	371
Retained earnings brought forward	42,772	41,612	371
Total shareholders' equity	2,363,140	2,525,366	22,509
Valuation difference on available-for-sale securities	4,303	2,468	23
Deferred gains or losses on hedges	104,923	(20,223)	(180)
Total valuation and translation adjustments	109,226	(17,755)	(157)
Total net assets	¥ 2,472,367	¥ 2,507,611	\$ 22,352
Total liabilities and net assets	¥ 17,580,622	¥ 18,571,673	\$ 165,538

Statements of Operations

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Ordinary income:	¥ 240,005	¥ 294,656	\$ 2,626
Interest income	213,806	259,250	2,311
Interest on loans and discounts	196,859	253,672	2,261
Interest and dividends on securities	2,682	755	7
Interest on receivables under resale agreements	7	—	—
Interest on deposits with banks	2,787	4,822	43
Interest on interest swaps	11,250	—	—
Other interest income	219	0	0
Fees and commissions	22,091	26,836	239
Other fees and commissions	22,091	26,836	239
Other ordinary income	141	—	—
Gain on foreign exchange transactions	117	—	—
Other	23	—	—
Other income	3,965	8,570	76
Recoveries of written-off claims	0	0	0
Gain on sales of stocks and other securities	1,890	—	—
Gain on investments in partnerships	1,914	8,421	75
Other	160	148	1
Ordinary expenses:	197,276	253,118	2,256
Interest expense	123,779	177,433	1,582
Interest on borrowed money and rediscounts	57,339	91,175	813
Interest on bonds	66,429	59,420	530
Interest on interest swaps	—	26,836	239
Other interest expense	10	—	—
Fees and commissions payments	1,653	1,919	17
Other fees and commissions	1,653	1,919	17
Other ordinary expenses	1,310	3,136	28
Loss on foreign exchange transactions	—	482	4
Amortization of bond issuance cost	729	1,662	15
Expenses on derivatives other than for trading or hedging	145	422	4
Other	434	569	5
General and administrative expenses	17,631	16,726	149
Other expenses	52,901	53,902	480
Provision of allowance for loan losses	52,770	53,855	480
Loss on sales of stocks and other securities	130	—	—
Other	—	46	0
Ordinary profit	42,728	41,537	370
Extraordinary income	43	75	1
Gain on disposal of noncurrent assets	43	75	1
Net income	¥ 42,772	¥ 41,612	\$ 371

Statements of Changes in Net Assets

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 Retained earnings brought forward	Total retained earnings	
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, 2016 to March 31, 2017

(In millions of yen)

	Shareholders' equity				
	Capital stock	Retained earnings			Total shareholders' equity
		Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings	
Balance at the beginning of current period	¥ 1,391,000	¥ 929,368	¥ 42,772	¥ 972,140	¥ 2,363,140
Changes of items during the period					
Transfer to capital stock based on Article 3 (3) of the Supplementary Provisions of the Act for Partial Revision of the JBIC Act	150,000	(150,000)		(150,000)	—
Issuance of new shares	142,000				142,000
Provision of legal retained earnings		21,386	(21,386)	—	—
Payment to national treasury			(21,386)	(21,386)	(21,386)
Net income			41,612	41,612	41,612
Net changes of items other than shareholders' equity					
Total changes of items during the period	292,000	(128,613)	(1,159)	(129,773)	162,226
Balance at the end of current period	¥ 1,683,000	¥ 800,754	¥ 41,612	¥ 842,366	¥ 2,525,366

(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	¥ 4,303	¥ 104,923	¥ 109,226	¥ 2,472,367
Changes of items during the period				
Transfer to capital stock based on Article 3 (3) of the Supplementary Provisions of the Act for Partial Revision of the Japan Bank for International Cooperation Act				—
Issuance of new shares				142,000
Provision of legal retained earnings				—
Payment to national treasury				(21,386)
Net income				41,612
Net changes of items other than shareholders' equity	(1,835)	(125,146)	(126,982)	(126,982)
Total changes of items during the period	(1,835)	(125,146)	(126,982)	35,244
Balance at the end of current period	¥ 2,468	¥ (20,223)	¥ (17,755)	¥ 2,507,611

From April 1, 2016 to March 31, 2017

(In millions of U.S. dollars)

	Shareholders' equity				
	Capital stock	Retained earnings			Total shareholders' equity
		Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings	
Balance at the beginning of current period	\$ 12,398	\$ 8,283	\$ 382	\$ 8,665	\$ 21,063
Changes of items during the period					
Transfer to capital stock based on Article 3 (3) of the Supplementary Provisions of the Act for Partial Revision of the Japan Bank for International Cooperation Act	1,337	(1,337)		(1,337)	—
Issuance of new shares	1,266				1,266
Provision of legal retained earnings		191	(191)	—	—
Payment to national treasury			(191)	(191)	(191)
Net income			371	371	371
Net changes of items other than shareholders' equity					
Total changes of items during the period	2,603	(1,146)	(11)	(1,157)	1,446
Balance at the end of current period	\$ 15,001	\$ 7,137	\$ 371	\$ 7,508	\$ 22,509

(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	\$ 39	\$ 935	\$ 974	\$ 22,037
Changes of items during the period				
Transfer to capital stock based on Article 3 (3) of the Supplementary Provisions of the Act for Partial Revision of the Japan Bank for International Cooperation Act				—
Issuance of new shares				1,266
Provision of legal retained earnings				—
Payment to national treasury				(191)
Net income				371
Net changes of items other than shareholders' equity	(16)	(1,115)	(1,131)	(1,131)
Total changes of items during the period	(16)	(1,115)	(1,131)	315
Balance at the end of current period	\$ 23	\$ (180)	\$ (157)	\$ 22,352

(Note) In accordance with a plan under Article 3 of the Supplementary Provisions of the Act for Partial Revision of the Japan Bank for International Cooperation Act (Act No. 41 of 2016) (the "Supplementary Provisions of the Act"), Due from banks and ¥150,000 million (\$1,337 million) of Legal retained earnings were transferred from the "Ordinary Operations" account to the "Special Operations" account. ¥150,000 million (\$1,337 million) of Legal retained earnings transferred to the "Special Operations" account was reclassified as Capital stock in the "Special Operations" account based on Article 3 Paragraph (3) of the Supplementary Provisions of the Act.

Statements of Cash Flows

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Cash flow from operating activities			
Net income	¥ 42,772	¥ 41,612	\$ 371
Depreciation and amortization	1,302	1,209	11
Increase (decrease) in allowance for loan losses	52,770	53,773	479
Increase (decrease) in provision for bonuses	15	2	0
Increase (decrease) in provision for directors' bonuses	0	0	0
Increase (decrease) in provision for retirement benefits	695	(282)	(3)
Increase (decrease) in provision for directors' retirement benefits	8	(22)	(0)
Interest income	(213,806)	(259,250)	(2,311)
Interest expense	123,779	177,433	1,582
Loss (gain) related to securities	(3,674)	(8,421)	(75)
Loss (gain) on disposal of noncurrent assets	(43)	(75)	(1)
Net decrease (increase) in loans and bills discounted	892,288	(768,476)	(6,850)
Net increase (decrease) in borrowed money	13,134	470,255	4,192
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	305,251	(137,099)	(1,222)
Increase (decrease) in straight bonds-issuance and redemption	(382,533)	631,331	5,627
Interest received	206,938	240,302	2,142
Interest paid	(118,022)	(163,993)	(1,462)
Other	(204,123)	(191,419)	(1,705)
Subtotal	716,752	86,879	775
Net cash provided by (used in) operating activities	716,752	86,879	775
Cash flow from investing activities			
Purchase of securities	(55,554)	(43,828)	(391)
Proceeds from sales of securities	67,401	4,796	43
Proceeds from redemption of securities	10,409	1,389	12
Purchase of property, plant and equipment	(183)	(288)	(3)
Proceeds from sales of property, plant and equipment	332	212	2
Purchase of intangible assets	(516)	(841)	(7)
Net cash provided by (used in) investing activities	21,888	(38,559)	(344)
Cash flow from financing activities			
Proceeds from issuance of new shares	—	142,000	1,266
Repayments of lease obligations	(13)	(12)	(0)
Payment to national treasury	(63,684)	(21,386)	(191)
Net cash provided by (used in) financing activities	(63,698)	120,601	1,075
Effect of exchange rate change on cash and cash equivalents	—	—	—
Net increase (decrease) in cash and cash equivalents	674,942	168,921	1,506
Cash and cash equivalents at beginning of period	40,651	715,594	6,378
Cash and cash equivalents at end of period Note 12	¥ 715,594	¥ 884,516	\$ 7,884

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 ¥112.19=\$1.00, the foreign exchange rate on March 31, 2017, 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 rate 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, Paragraph 2 of the Japanese Financial Instruments and Exchange Act (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 reporting 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 as well as installed facilities and structures acquired on or after April 1, 2016, 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 recognised 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, 2017. (There were no accumulated write-offs as of March 31, 2016.)

(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, borrowed money, 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 primarily 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 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 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. Changes in accounting policies

In accordance with the revision of the Corporation Tax Act, JBIC adopted the "Practical Solution on a Change in Depreciation Method due to Tax Reform 2016" (ASBJ PITF No. 32, issued on June 17, 2016) from the fiscal year ended March 31, 2017, and changed the depreciation method of installed facilities and structures acquired on or after April 1, 2016 from the declining balance method to the straight-line method.

The impact of this change on Ordinary profit and Net income as of March 31, 2017 is immaterial.

4. Equity securities of or investments in affiliates

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Equity securities	¥ 2,061	¥ 4,010	\$ 36
Investments in affiliates	82,439	89,721	800

5. Loans

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

"Ordinary Operations" account

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Bankrupt loans	¥ —	¥ —	\$ —
Non-accrual loans	111,407	3,748	33

"Special Operations" account

There is no applicable loan in the "Special Operations" account.

"Bankrupt loans" are loans, defined in Article 96, Paragraph 1, Item (iii), a. through e. and Item (iv) of the Order for Enforcement of the Corporation Tax Act (Cabinet Order 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:

"Ordinary Operations" account

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Loans with interest or principal repayments three months or more in arrears	¥ 44,719	¥ 53,399	\$ 476

"Special Operations" account

There is no applicable loan in the "Special Operations" account.

"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:
"Ordinary Operations" account

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Restructured loans	¥ 98,714	¥ 182,434	\$ 1,626

"Special Operations" account

There is no applicable loan in the "Special Operations" account.

"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 waiver 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:
"Ordinary Operations" account

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Total amount	¥ 254,840	¥ 239,582	\$ 2,136

"Special Operations" account

There is no applicable loan in the "Special Operations" account.

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

- (e) JBIC, as a policy, does not extend loans to borrowers in part or in full immediately after the execution of the loan agreements, but instead execute loans, in accordance with the progress of the underlying projects. These undrawn amounts are not included in the loans on deed in the balance sheets. The balance of undrawn amounts is as follows:

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Balance of undrawn loans	¥ 2,884,178	¥ 2,447,815	\$ 21,818

6. 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, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Bonds payable	¥ 2,668,558	¥ 3,301,565	\$ 29,428

7. Accumulated depreciation of fixed assets

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Accumulated depreciation	¥ 1,507	¥ 1,777	\$ 16

8. 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, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
	¥ 450,000	¥ 210,000	\$ 1,872

9. Appropriation of retained earnings

JBIC is restricted in its ability to appropriate retained earnings in accordance with Article 31 of the JBIC Act.

Where the amount of retained earnings exceeds zero in respective accounts for operations defined in each item of Article 26-2 of the JBIC Act, JBIC accumulates, 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 pays such surplus into the national treasury within 3 months after the fiscal year end.

In the event that the amount of retained earnings falls below zero in respective accounts for operations defined in each item of Article 26-2 of the JBIC Act, a reserve shall be transferred to the retained earnings to the extent that the amount of retained earnings becomes zero.

10. Income on transactions with affiliates

Income on transactions with affiliates is as follows:

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Gain on investments in partnerships	¥ 436	¥ 8,151	\$ 73

11. Changes in net assets

(a) Issued shares and treasury stocks

For the fiscal year ended March 31, 2016, the type and the 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	—	—	—	—	

For the fiscal year ended March 31, 2017, the type and the 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	142,000,000	—	1,533,000,000	Note
Classified stock	—	—	—	—	
Total	1,391,000,000	142,000,000	—	1,533,000,000	Note
Treasury stock					
Common stocks	—	—	—	—	
Classified stock	—	—	—	—	
Total	—	—	—	—	

(Note) The reason for an increase in shares is the issuance of 142,000,000 thousand new shares.

12. Cash flows

"Cash and cash equivalents" in the Statements of Cash Flows as of March 31, 2016 and 2017 reconciles to cash and due from banks in the balance sheets as follows:

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Cash and due from banks	¥ 1,220,187	¥ 1,526,209	\$ 13,604
Time deposits and others	(504,593)	(641,692)	(5,720)
Cash and cash equivalents	¥ 715,594	¥ 884,516	\$ 7,884

13. 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).

14. 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 while supplementing the financial transactions implemented by private-sector financial institutions, 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 borrowings 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 (borrowings 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 borrowed money and bonds. The associated risks are described below.

① Credit risk

Credit risk is the risk that JBIC will suffer losses if the financial conditions of the borrower deteriorate and the value of assets (including off-balance sheet assets) declines or loses.

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 conditions of the individual borrower significantly deteriorate due to political and economic trends in the borrower's country or region, JBIC's performance and financial conditions can be adversely affected.

(Note) Sovereign risk refers to risk associated with credit extended 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 flows generated from the project fail to generate the planned cash flows, 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 extended.

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 changes in various market risk factors, such as interest rates and exchange rates.

The market risk borne by JBIC mainly consists of foreign exchange risk and interest rate risk, and JBIC may suffer losses from these risks due to fluctuations in the markets such as market turmoil. 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 risk of changes in interest rates 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 and bonds, etc. for foreign exchange risk. The effectiveness of the hedging with currency swaps and forward foreign exchange contracts is assessed by comparing the foreign currency position of the hedged financial 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 difficulties in obtaining the necessary funds 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 that under normal circumstances (funding risk). It is also the risk that losses will be incurred from being unable to conduct market transactions due to market turmoil or being forced to transact at far more unfavorable prices than those under 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 turmoil and unexpected events.

(iii) Risk management structure for financial instruments

The risk management structure of JBIC is described below.

① Credit risk management

The cornerstone of credit risk management at JBIC is the evaluation of an individual borrower's creditworthiness in advance of credit approval.

When a new credit application is processed, the relevant finance departments (sales promotion departments) and credit departments collect and analyze information on the borrower. JBIC's overseas representative offices also play a part in collecting information on foreign governments and companies. 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.

In providing credit to foreign governments and companies, JBIC takes maximum advantage of its unique position as a public financial institution. This includes exchanging views and information with governments and relevant authorities in the recipient countries, multilateral international institutions such as the International Monetary Fund (IMF) and the World Bank, other regional development banks such as export credit agencies, and private financial institutions in developed countries. Using all these channels to exchange views and information, JBIC evaluates sovereign and country risks (risk in addition to corporate risk associated with the country in which the corporation is located) based on the broad range of information collected on the borrowing governments, the government agencies and the 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 applied to private sector financial institutions, for public 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 agreed by 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 public claims on foreign governments.

In addition to the above credit risk management related to individual borrowers, JBIC quantifies credit risk 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 are not typically seen in other private financial institutions, namely that JBIC holds a significant proportion of long-term loans that entail sovereign and country risks. Also to be taken into account are mechanisms for securing assets under an international supporting framework, such as the Paris Club, which is unique to official creditors. JBIC uses a unique model to quantify the credit risk taking account of the above factors and measures amount of credit risk, which are utilized for credit risk management.

② Market risk management

JBIC manages foreign exchange risk and interest rate risk through its ALM. Market risk management protocols contain detailed stipulations in respect of risk management methods and procedures, and JBIC established an ALM Committee to assess and confirm the execution of ALM, and to discuss future responses to market risk. In addition, JBIC assesses and monitors the interest rate and terms of financial assets and liabilities in detail through a gap analysis and an interest rate sensitivity analysis as well as Value at Risk ("VaR"). The results are reported to the ALM Committee on a regular basis.

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

Yen-denominated loan operations are mainly managed by using fixed-rate loans. However, swaps are used to hedge interest rate risk for the portion of loans that are deemed to have high exposures to interest rate fluctuations and therefore interest rate risk 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 assess potential risk exposures. The following represents the market risk exposure in the current fiscal year which is an aggregate of market risks (VaR) measured in respective accounts for operations defined in each item of Article 26-2 of the JBIC Act. JBIC measures market risk (VaR) by taking into account the degree of correlation between interest rate risk and foreign exchange risk.

a. Market risk (VaR)

March 31, 2017 (In billions of yen)		March 31, 2017 (In billions of U.S. dollars)	
¥	152.1	\$	1.4

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 fluctuation of gains or losses in fair values that could be incurred after a certain period of time ("holding period") based on historical market movements of interest rates or exchange rates, etc., over a specific period in the past (or observation period) within a given probability (confidence interval), that is derived statistically by employing the theory of possibility distribution.

The measurement assumes historical 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 carried out in order to capture risks from various perspectives.

The following points should generally be noted in measuring VaR:

- VaR will differ depending on the choice of confidence interval, holding period or observation period;
- VaR indicates the maximum fluctuation of gains or losses in fair values at the time of measurement. In practice, the actual results at a point in the future may differ from the VaR calculation due to changes in the assumptions caused by market movements during the holding period; and
- VaR indicates the maximum value based on specific assumption. As such, when utilizing VaR as a risk management measure, it is imperative to keep in mind that VaR may underestimate the potential losses.

③ Liquidity risk management related to funding

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

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

④ Derivative transactions

For derivatives transactions, the internal checks and balances is established by assigning the execution of transactions, the assessment of hedge effectiveness and the management of administrative work to separate divisions. In addition, derivative transactions are carried out in accordance with the derivatives related protocol.

(iv) Supplementary explanation concerning fair value of financial instruments

Fair values of financial instruments are based on their market prices or, in cases where market prices are not available, on reasonably calculated prices. These prices have been calculated using certain assumptions, and may differ depending on the assumptions.

(b) Fair value of financial instruments

The carrying amount on the balance sheets as of March 31, 2016 and March 31, 2017 and the related fair value, and difference are 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, 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) Borrowed money	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)	¥ —

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

(*)2 Derivatives recorded in "other assets" and "other liabilities" are collectively presented. Assets and liabilities arising from derivative transactions are presented on a net basis. The figures in parenthesis indicate net liabilities.

As of March 31, 2017

(In millions of yen)

	Amount on balance sheet	Fair value	Difference
(1) Cash and due from banks	¥ 1,526,209	¥ 1,526,209	¥ —
(2) Securities			
Available-for-sale securities	65,391	65,391	—
(3) Loans and bills discounted	14,309,138		
Allowance for loan losses ^(*)	(214,039)		
	14,095,098	14,237,483	142,384
(4) Cash collateral paid for financial instruments	189,920	189,920	—
Total assets	15,876,619	16,019,004	142,384
(1) Borrowed money	9,908,705	9,973,774	65,068
(2) Bonds payable	3,301,565	3,276,524	(25,041)
(3) Cash collateral received for financial instruments	18,880	18,880	—
Total liabilities	13,229,151	13,269,178	40,027
Derivative transactions ^(*)			
Derivative transactions not qualifying for hedge accounting	—	—	—
Derivative transactions qualifying for hedge accounting	(330,934)	(330,934)	—
Total derivative transactions	¥ (330,934)	¥ (330,934)	¥ —

As of March 31, 2017

(In millions of U.S. dollars)

	Amount on balance sheet	Fair value	Difference
(1) Cash and due from banks	\$ 13,604	\$ 13,604	\$ —
(2) Securities			
Available-for-sale securities	583	583	—
(3) Loans and bills discounted	127,544		
Allowance for loan losses ^(*)	(1,908)		
	125,636	126,905	1,269
(4) Cash collateral paid for financial instruments	1,693	1,693	—
Total assets	141,516	142,785	1,269
(1) Borrowed money	88,321	88,901	580
(2) Bonds payable	29,428	29,205	(223)
(3) Cash collateral received for financial instruments	168	168	—
Total liabilities	117,917	118,274	357
Derivative transactions ^(*)			
Derivative transactions not qualifying for hedge accounting	—	—	—
Derivative transactions qualifying for hedge accounting	(2,950)	(2,950)	—
Total derivative transactions	\$ (2,950)	\$ (2,950)	\$ —

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

(*)2 Derivatives recorded in "other assets" and "other liabilities" are collectively presented. Assets and liabilities arising from derivative transactions are presented on a net basis. 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 have no specific maturity 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, since such loans reflect market interest rates, an amount calculated by the floating rate note method 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 claims on bankrupt borrowers, substantially bankrupt borrowers, and potentially bankrupt borrowers, expected credit losses on such claims are calculated based on the expected collectable amount from the collateral or

guarantee. Since fair value approximates the amount on the balance sheets at the fiscal year end after the deduction of the allowance for loan losses, 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) Borrowed money

Borrowed money with variable interest rates reflect short-term market interest rates and the credit conditions of JBIC have not changed significantly since the execution of borrowings. Therefore, the carrying amount is used as fair value because it is considered that the carrying amount approximates the fair value. For borrowed money 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).

(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 whose 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, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
1) Unlisted stocks (subsidiaries and affiliates) ^{(*)1}	¥ 2,061	¥ 4,010	\$ 35
2) Unlisted stocks (other than subsidiaries and affiliates) ^{(*)1}	68,998	76,471	682
3) Partnership investments (subsidiaries and affiliates) ^{(*)2}	82,439	89,721	800
4) Partnership investments (other than subsidiaries and affiliates) ^{(*)2}	41,404	45,653	407
Total	¥ 194,904	¥ 215,857	\$ 1,924

^{(*)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, 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

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

^{(*)2} ¥182,118 million of Loans and bills discounted whose redemption is not estimable, such as claims against bankrupt borrowers, substantially bankrupt borrowers, and potentially bankrupt borrowers, is 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, 2017

(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}	¥ 1,526,208	¥ —	¥ —	¥ —	¥ —	¥ —
Securities						
Available-for-sale securities	12,900	36,000	16,300	2	—	—
Loans and bills discounted ^{(*)2}	1,452,472	3,071,094	2,941,694	2,377,777	2,499,593	1,896,815
Total	¥ 2,991,581	¥ 3,107,094	¥ 2,957,994	¥ 2,377,780	¥ 2,499,593	¥ 1,896,815

March 31, 2017

(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 ^(*)	\$ 13,604	\$ —	\$ —	\$ —	\$ —	\$ —
Securities						
Available-for-sale securities	114	321	145	0	—	—
Loans and bills discounted ^(*)	12,947	27,374	26,221	21,194	22,280	16,907
Total	\$ 26,665	\$ 27,695	\$ 26,366	\$ 21,194	\$ 22,280	\$ 16,907

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

(*) ¥69,689 million (\$621 million) of Loans and bills discounted whose redemption is not estimable, such as claims against bankrupt borrowers, substantially bankrupt borrowers, and potentially bankrupt borrowers, is not included in the tables above.

(*) 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 borrowed money and bonds payable with future redemption dates

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
Borrowed money	¥ 681,156	¥ 5,129,598	¥ 2,487,995	¥ 430,800	¥ 708,900	¥ —
Bonds 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	¥ —

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

March 31, 2017

(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
Borrowed money	¥ 1,015,293	¥ 5,033,424	¥ 2,381,587	¥ 777,000	¥ 620,900	¥ 80,500
Bonds payable	366,405	1,183,852	584,389	112,190	1,063,367	—
Total	¥ 1,381,698	¥ 6,217,277	¥ 2,965,976	¥ 889,190	¥ 1,684,267	¥ 80,500

March 31, 2017

(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
Borrowed money	\$ 9,050	\$ 44,865	\$ 21,228	\$ 6,926	\$ 5,535	\$ 718
Bonds payable	3,266	10,552	5,209	1,000	9,478	—
Total	\$ 12,316	\$ 55,417	\$ 26,437	\$ 7,926	\$ 15,013	\$ 718

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

15. Market value of securities

The following tables contain information relating to negotiable certificates included in "Due from banks" as well as "Other securities" that are presented in the balance sheets.

(a) Trading securities

Not applicable

(b) Held-to-maturity debt securities

Not applicable

(c) Available-for-sale securities

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, 2017

(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	40,237	39,904	333
Subtotal		40,237	39,904	333
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	65,154	65,300	(145)
Subtotal		65,154	65,300	(145)
Total		¥ 105,391	¥ 105,204	¥ 187

March 31, 2017

(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	359	356	3
Subtotal		359	356	3
Securities whose carrying amount does not exceed their acquisition cost	Stocks	—	—	—
	Debt securities	—	—	—
	Japanese government bonds	—	—	—
	Corporate bonds	—	—	—
	Other	581	582	(1)
Subtotal		581	582	(1)
Total		\$ 940	\$ 938	\$ 2

(d) Held-to-maturity debt securities sold during the fiscal years ended March 31, 2016 and March 31, 2017

Not applicable

(e) Available-for-sale securities sold

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, 2017

Not applicable

(f) Change in classification of securities

Not applicable

(g) Impairment of securities

Not applicable

(h) Money held in trust

(i) Money held in trust for trading purposes

Not applicable

(ii) Money held in trust for holding-to-maturity purposes

Not applicable

(iii) Other money held in trust (other than investment and holding-to-maturity purposes)

Not applicable

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

Fiscal year ended March 31, 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

(*) "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, 2017

(In millions of yen)

Valuation difference	¥ 2,468
Available-for-sale securities (*)	2,468
Other money held in trust	—
Valuation difference on available-for-sale securities	¥ 2,468

Fiscal year ended March 31, 2017

(In millions of U.S. dollars)

Valuation difference	\$ 22
Available-for-sale securities (*)	22
Other money held in trust	—
Valuation difference on available-for-sale securities	\$ 22

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

16. Derivative transactions

Notes to derivative transactions in the fiscal years ended March 31, 2016 and March 31, 2017 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 at the fiscal year end 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, 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			
		Borrowed money			
		Bonds payable			
	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

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

Fiscal year ended March 31, 2017

(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			
		Borrowed money			
		Bonds payable			
	Receive/fixed and pay/floating		¥ 3,055,575	¥ 2,739,170	¥ (27,861)
	Receive/floating and pay/fixed		725,118	723,696	(31,047)
	Receive/floating and pay/floating		58,569	56,095	249
	Total		¥ —	¥ —	¥ (58,659)

Fiscal year ended March 31, 2017

(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			
		Borrowed money			
		Bonds payable			
	Receive/fixed and pay/floating		\$ 27,236	\$ 24,415	\$ (248)
	Receive/floating and pay/fixed		6,463	6,451	(277)
	Receive/floating and pay/floating		522	500	2
	Total		\$ —	\$ —	\$ (523)

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

(ii) Currency-related transactions

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)
		Borrowed money			
		Bonds payable			
	Forward foreign exchange contracts	Loans and bills discounted and others			
	Sell		40	—	0
	Buy		312	—	(3)
	Total		¥ —	¥ —	¥ (335,434)

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, 2017

(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	¥ 3,904,090	¥ 3,054,483	¥ (272,275)
		Bonds payable			
	Forward foreign exchange contracts	Loans and bills discounted and others			
	Sell		114	—	(6)
	Buy		248	—	6
	Total		¥ —	¥ —	¥ (272,275)

Fiscal year ended March 31, 2017

(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	\$ 34,799	\$ 27,226	\$ (2,427)
		Bonds payable			
	Forward foreign exchange contracts	Loans and bills discounted and others			
	Sell		1	—	(0)
	Buy		2	—	0
	Total		\$ —	\$ —	\$ (2,427)

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

17. 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 portion 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. On May 24, 2016, *Kouko Kigyō Nenkin Kikin* (*Kouko* corporate pension fund) which JBIC participates in prepaid to the government ¥52,750 million (\$470 million) of the transfer amount of the substitutional portion (i.e., minimum reserve).

(b) Defined benefit pension plan

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

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Projected benefit obligation at the beginning of the fiscal year	¥ 13,327	¥ 14,046	\$ 125
Service cost	458	494	4
Interest cost	74	18	0
Actuarial losses	1,008	(154)	(1)
Retirement benefit paid	(821)	(632)	(5)
Projected benefit obligation at the end of the fiscal year	¥ 14,046	¥ 13,772	\$ 123

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

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Pension assets at the beginning of the fiscal year	¥ 6,932	¥ 6,956	\$ 62
Expected return on plans assets	105	106	1
Actuarial gains	17	23	0
Contributions by the employer	117	116	1
Retirement benefit paid	(216)	(238)	(2)
Pension assets at the end of the fiscal year	¥ 6,956	¥ 6,964	\$ 62

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

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Funded projected obligation	¥ 9,013	¥ 8,703	\$ 78
Fair value of plans assets	(6,956)	(6,964)	(62)
	2,057	1,738	16
Unfunded Projected benefit obligation	5,033	5,069	45
Unfunded pension obligation	7,090	6,807	61
Unrecognized Actuarial gains or losses	—	—	—
Unrecognized prior service costs	—	—	—
Net amount of assets and liabilities in the balance sheets	7,090	6,807	61
Provision for retirement benefits	7,090	6,807	61
Net amount of assets and liabilities in the balance sheets	¥ 7,090	¥ 6,807	\$ 61

(iv) Component of retirement benefit expense

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Service cost	¥ 458	¥ 494	\$ 4
Interest cost	74	18	0
Expected return on plans assets	(105)	(106)	(1)
Realized Actuarial loss	991	(177)	(1)
Retirement benefit expense	¥ 1,418	¥ 228	\$ 2

(v) Plan assets

① Major components of Plan assets

Percentages of components to the total are as follows;

	March 31, 2016	March 31, 2017
Debt securities	39%	38%
Stocks	12%	13%
General account of life insurance company	8%	8%
Cash and due from banks	41%	0%
Prepayment of the transfer amount of the substitutional portion (minimum reserve)	—	40%
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, 2016	March 31, 2017
Discount rate	0.16%	0.32%
Expected rate of return on plan assets	2.50%	2.50%
Expected rate of increase in salary	3.91%	4.36%

(c) Defined contribution plan

The amount of contribution required to be made to the defined contribution plan was ¥24 million for the fiscal year ended March 31, 2016 and ¥24 million (\$0 million) for the fiscal year ended March 31, 2017.

18. Deferred tax accounting

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

19. Segment Information**(a) Segment summary**

JBIC's operating segments are those for which discrete financial information is available, and whose operating results are regularly reviewed by JBIC's management.

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, while supplementing the financial transactions implemented by private-sector financial institutions by performing financial operations from four viewpoints: i.e. "promotion of the overseas development and securement of resources which are important for Japan"; "maintenance and improvement of the international competitiveness of Japanese industries"; "promotion of the overseas business having the purpose of preserving the global environment, such as preventing global warming"; and "prevention of disruptions to international financial order or implementation of appropriate measures with respect to damages caused by such disruption." To achieve these purposes, for business operations defined under the Act on Japan Bank for International Cooperation and other acts, JBIC has two reporting segments: "Ordinary Operations" account and "Special Operations" account. Accounting operations are separately carried out for respective accounts.

"Ordinary Operations" account covers the segments which are not included in "Special Operations" account.

"Special Operations" account includes the segments that offer financing services such as lending to overseas infrastructure business projects that generate a higher expected return in exchange for higher risk.

As JBIC has started to be engaged in the "Special Operations" from October 1, 2016, JBIC reviewed its operating segments. Accordingly, JBIC changed its operating segments from a single reportable segment comprising of loan, guarantee and equity participation operations to two reportable segments comprising of "Ordinary Operations" and "Special Operations."

The segment information for the fiscal year ended March 31, 2016 is prepared based on the revised segments and provided in the subsequent paragraph (c) "Information about the amount of ordinary income, profit or loss, assets, liabilities and other items by reportable segment."

- (b) **Method of calculating ordinary income, profit or loss, assets, liabilities and other items by reportable segment**
Accounting treatment applied to business segments reported is the same as that disclosed in "Significant accounting policies."
The amount of profit (or loss) of reportable segments is based on net income (or net loss).

- (c) **Information about the amount of ordinary income, profit or loss, assets, liabilities and other items by reportable segment**

Fiscal year ended March 31, 2016

(In millions of yen)

	"Ordinary Operations"		Amount reported in the financial statements	
Ordinary income				
(1) Ordinary income from customers	¥	240,005	¥	240,005
(2) Intersegment ordinary income		—		—
Total		240,005		240,005
Segment profit (loss)		42,772		42,772
Segment assets		17,580,622		17,580,622
Segment liabilities		15,108,255		15,108,255
Other items				
Depreciation and amortization		1,302		1,302
Interest income		213,806		213,806
Interest expense		123,779		123,779
Extraordinary income		43		43
Gain on disposal of noncurrent assets		43		43
Extraordinary loss		—		—
Increase in Property, plant and equipment and Intangible assets		683		683
Provision of allowance for loan losses		52,770		52,770

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

Fiscal year ended March 31, 2017

(In millions of yen)

	"Ordinary Operations"		"Special Operations"		Sub-total for reportable segments	Adjustments	Amount reported in the financial statements	
Ordinary income								
(1) Ordinary income from customers	¥	294,655	¥	0	¥	294,656	¥	294,656
(2) Intersegment ordinary income		5		—	5	(5)		—
Total		294,661		0	294,661	(5)		294,656
Segment profit (loss)		41,693		(81)	41,612	—		41,612
Segment assets		18,369,251		202,432	18,571,683	(10)		18,571,673
Segment liabilities		16,063,972		99	16,064,072	(10)		16,064,061
Other items								
Depreciation and amortization		1,209		—	1,209	—		1,209
Interest income		259,250		—	259,250	—		259,250
Interest expense		177,433		—	177,433	—		177,433
Extraordinary income		75		—	75	—		75
Gain on disposal of noncurrent assets		75		—	75	—		75
Extraordinary loss		—		—	—	—		—
Increase in Property, plant and equipment and Intangible assets		1,129		—	1,129	—		1,129
Provision of allowance for loan losses		53,855		—	53,855	—		53,855

(In millions of U.S. dollars)

	"Ordinary Operations"	"Special Operations"	Sub-total for reportable segments	Adjustments	Amount reported in the financial statements
Ordinary income					
(1) Ordinary income from customers	\$ 2,626	\$ 0	\$ 2,626	\$ —	\$ 2,626
(2) Intersegment ordinary income	0	—	0	(0)	—
Total	2,626	0	2,626	(0)	2,626
Segment profit (loss)	372	(1)	371	—	371
Segment assets	163,733	1,805	165,538	(0)	165,538
Segment liabilities	143,185	1	143,186	(0)	143,186
Other items					
Depreciation and amortization	11	—	11	—	11
Interest income	2,311	—	2,311	—	2,311
Interest expense	1,582	—	1,582	—	1,582
Extraordinary income	1	—	1	—	1
Gain on disposal of noncurrent assets	1	—	1	—	1
Extraordinary loss	—	—	—	—	—
Increase in Property, plant and equipment and Intangible assets	10	—	10	—	10
Provision of allowance for loan losses	480	—	480	—	480

Notes 1. Ordinary income is disclosed in place of Sales for non-financial companies. Adjustments for the difference represent adjustments related to the difference between ordinary income and Ordinary income disclosed in the Statements of Operations.
 2. The "Adjustments" above represents elimination of intersegment transactions.

(d) Related information

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

(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	Australia	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

Notes 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, 2017 (From April 1, 2016 to March 31, 2017)

(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	Australia	Asia/Oceania (excluding Australia)	Europe/Middle East/ Africa	North America/ Latin America	Total
¥ 60,117	¥ 29,992	¥ 60,580	¥ 72,217	¥ 71,748	¥ 294,656

(In millions of U.S. dollars)

Japan	Australia	Asia/Oceania (excluding Australia)	Europe/Middle East/ Africa	North America/ Latin America	Total
\$ 536	\$ 267	\$ 540	\$ 644	\$ 639	\$ 2,626

Notes 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.

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

Not applicable

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

Not applicable

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

Not applicable

20. Profit and loss on equity method

(a) Affiliates

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Investment in affiliates	¥ 82,439	¥ 89,721	\$ 800
Investment in affiliates (equity method)	82,439	89,721	800
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

21. Related-party transactions

Related party transactions in the fiscal years ended March 31, 2016 and March 31, 2017 are as follows;

(a) Transactions with parent company and major shareholder companies

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

(In millions of yen)

	Related Party 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 borrowings	1,403,938		
							Payment of interest on borrowings	57,339	Accrued expense	18,240
							Guarantee for corporate bonds (Note 2)	2,388,589	—	—

Notes 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.

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

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

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(In millions of yen)

	Related Party 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, 2017 (Note 4)
Principal shareholder	Ministry of Finance (Minister of Finance)	Chiyoda-ku, Tokyo	—	Administration for policy based financing	100 (Direct)	Receipt of funds, etc.	Capital subscription (Note 1)	¥ 142,000	—	¥ —
							Receipt of funds (Note 2)	1,673,239	Borrowings	9,908,705
							Repayment of borrowings	1,194,214		
							Payment of interest on borrowings	91,175	Accrued expenses	26,210
							Guarantee for corporate bonds (Note 3)	3,071,586	—	—

(In millions of U.S. dollars)

	Related Party 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, 2017 (Note 4)
Principal shareholder	Ministry of Finance (Minister of Finance)	Chiyoda-ku, Tokyo	—	Administration for policy based financing	100 (Direct)	Receipt of funds, etc.	Capital subscription (Note 1)	\$ 1,266	—	\$ —
							Receipt of funds (Note 2)	14,914	Borrowings	88,321
							Repayment of borrowings	10,645		
							Payment of interest on borrowings	813	Accrued expenses	234
							Guarantee for corporate bonds (Note 3)	27,378	—	—

Notes 1. Ministry of Finance subscribed new shares issued by JBIC through allotment to shareholders 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.

(b) Transactions with fellow subsidiaries and affiliates' subsidiaries

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 (Notes 1, 4)	—	—
	Japan Finance Corporation	Chiyoda-ku, Tokyo	3,904,645	Finance	None	Joint obligor	Joint obligations	611,570 (Notes 2, 4)	—	—
								450,000 (Notes 3, 4)	—	—

Notes 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.

2. JBIC assumed the obligations of the JFC bonds in accordance with Article 12 (1) of Supplementary Provisions of the JBIC Act, and JFC is jointly responsible for the obligations of these bonds in accordance with Article 46-2 (1) of Supplementary Provisions of the JFC Act (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.

3. 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.

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

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(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, 2017
Companies that had the majority of their voting rights held by principal shareholders	Japan International Cooperation Agency	Chiyoda-ku, Tokyo	¥8,054,680	Official development assistance	None	Joint obligor	Joint obligations	¥ 200,000 (Notes 1, 4)	—	—
	Japan Finance Corporation	Chiyoda-ku, Tokyo	4,061,119	Finance	None	Joint obligor	Joint obligations	160,237 (Notes 2, 4)	—	—
								210,000 (Notes 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, 2017
Companies that had the majority of their voting rights held by principal shareholders	Japan International Cooperation Agency	Chiyoda-ku, Tokyo	\$ 71,795	Official development assistance	None	Joint obligor	Joint obligations	\$ 1,783 (Notes 1, 4)	—	—
	Japan Finance Corporation	Chiyoda-ku, Tokyo	36,199	Finance	None	Joint obligor	Joint obligations	1,428 (Notes 2, 4)	—	—
								1,872 (Notes 3, 4)	—	—

- Notes 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.
2. JBIC assumed the obligations of the JFC bonds in accordance with Article 12 (1) of Supplementary Provisions of the JBIC Act, and JFC is jointly responsible for the obligations of these bonds in accordance with Article 46-2 (1) of Supplementary Provisions of the JFC Act (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.
3. 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.
4. In relation to these joint obligations, no transactions are recognized in the Statements of Operations.

22. Amounts per share

Amounts per share as of the fiscal years ended March 31, 2016 and March 31, 2017 are calculated as follows:

	March 31, 2016 (In yen)	March 31, 2017 (In yen)	March 31, 2017 (In U.S. dollars)
Net Assets per share of common stock	¥ 1.77	¥ 1.63	\$ 0.01
Net income per share of common stock	0.03	0.02	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, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Net income	¥ 42,772	¥ 41,612	\$ 371
Amount not attribute to common stock	—	—	—
Net income related to common stock	42,772	41,612	371
Average outstanding shares of common stock (during the period)	1,391,000,000 thousands of shares	1,439,241,095 thousands of shares	

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

	March 31, 2016 (In millions of yen)	March 31, 2017 (In millions of yen)	March 31, 2017 (In millions of U.S. dollars)
Net Assets	¥ 2,472,367	¥ 2,507,611	\$ 22,352
Deductions from net assets	—	—	—
Net Assets related to common stock	2,472,367	2,507,611	22,352
Year-end outstanding shares of common stock on which the calculation of net assets per share was calculated	1,391,000,000 thousands of shares	1,533,000,000 thousands of shares	

23. Fixed assets

Fixed assets as of March 31, 2017 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	¥ 3,597	¥ 222	¥ 27	¥ 3,792	¥ 876	¥ 168	¥ 2,916
Land	24,427	—	115	24,311	—	—	24,311
Lease assets	44	—	—	44	39	8	5
Construction in progress	34	296	330	—	—	—	—
Other	1,208	100	67	1,241	861	165	380
Total property, plant and equipment	¥ 29,312	¥ 618	¥ 540	¥ 29,390	¥ 1,777	¥ 342	¥ 27,613
Intangible assets							
Software	¥ 5,452	¥ 841	¥ 9	¥ 6,284	¥ 3,573	¥ 867	¥ 2,711
Total intangible assets	¥ 5,452	¥ 841	¥ 9	¥ 6,284	¥ 3,573	¥ 867	¥ 2,711

(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	\$ 2	\$ 0	\$ 34	\$ 8	\$ 1	\$ 26
Land	218	—	1	217	—	—	217
Lease assets	0	—	—	0	0	0	0
Construction in progress	0	3	3	—	—	—	—
Other	11	1	1	11	8	2	3
Total property, plant and equipment	\$ 261	\$ 6	\$ 5	\$ 262	\$ 16	\$ 3	\$ 246
Intangible assets							
Software	\$ 49	\$ 7	\$ 0	\$ 56	\$ 32	\$ 8	\$ 24
Total intangible assets	\$ 49	\$ 7	\$ 0	\$ 56	\$ 32	\$ 8	\$ 24

24. Bonds payable

Major components of bonds payable as of March 31, 2017 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 JFC (JBIC) foreign bonds 7-9th	May 18, 2011 – February 7, 2012	¥ 591,367 (USD 5,248,199,000)	¥ 140,134 (USD1,249,078,000)	2.125~2.500	General collateral	May 18, 2016 – February 7, 2019	*2
Government guaranteed JBIC foreign bonds 1st-21st	July 19, 2012 – February 24, 2017	1,797,222 (USD 14,955,359,000) (GBP 424,064,000) (CAD 499,917,000)	2,931,452 [266,353] (USD 25,225,067,000) [USD 1,999,574,000] (GBP 424,263,000) (CAD 499,959,000)	1.125~3.375	General collateral	July 19, 2017 – November 4, 2026	
JBIC bonds 13th, 16th, 19th, 22nd, 23rd, 27th, 29th, 30th	May 28, 2004 – May 29, 2008	249,974	199,982 [99,999]	1.670~2.090	General collateral	March 17, 2017 – December 19, 2025	*1
JFC corporate bonds 3rd	October 29, 2009	19,995	19,996	1.430	General collateral	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	—	¥ 2,668,558	¥ 3,301,565	—	—	—	—

(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 JFC (JBIC) foreign bonds 7-9th	May 18, 2011 – February 7, 2012	\$ 5,271 (USD 5,248,199,000)	\$ 1,249 (USD 1,249,078,000)	2.125~ 2.500	General collateral	May 18, 2016 – February 7, 2019	*2
Government guaranteed JBIC foreign bonds 1st-21st	July 19, 2012 – February 24, 2017	16,019 (USD 14,955,359,000) (GBP 424,064,000) (CAD 499,917,000)	26,129 [2,374] (USD 25,225,067,000) [USD 1,999,574,000] (GBP 424,263,000) (CAD 499,959,000) [CAD 499,959,000]	1.125~ 3.375	General collateral	July 19, 2017 – November 4, 2026	
JBIC bonds 13th, 16th, 19th, 22nd, 23rd, 27th, 29th, 30th	May 28, 2004 – May 29, 2008	2,228	1,783 [891]	1.670~ 2.090	General collateral	March 17, 2017 – December 19, 2025	*1
JFC corporate bonds 3rd	October 29, 2009	178	178	1.430	General collateral	September 20, 2019	*2
Non-guaranteed JBIC domestic bond 1st	January 27, 2015	90	89	0.120	General collateral	December 20, 2019	
Total	—	\$ 23,786	\$ 29,428	—	—	—	—

- Notes 1. The amounts of foreign currency-denominated bonds are shown in original currencies in parentheses ().
2. Figures indicated in brackets [] represent the amounts to be redeemed within one year.
3. (*1) JBIC assumed the obligations in respect of 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 bonds payable for each of the next five years as of March 31, 2017 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	¥ 366,405	¥ 721,187	¥ 462,665	¥ 191,724	¥ 392,665

(In millions of U.S. dollars)

	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	\$ 3,266	\$ 6,428	\$ 4,124	\$ 1,709	\$ 3,500

25. Borrowings

Borrowings as of March 31, 2017 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	¥ 9,438,450	¥ 9,908,705	\$ 88,321	1.12	—
Borrowings	9,438,450	9,908,705	88,321	1.12	May 2017 – December 2036
Lease obligation (Due within one year)	10	3	0	—	—
Lease obligation (Due after one year)	5	—	—	—	—
Other interest-bearing liabilities	63,380	18,880	168	0.00	—
Cash collateral received for financial instruments	63,380	18,880	168	0.00	—

- Notes 1. Average interest rates represent the weighted-average interest rates of debts calculated from the interest rates and balances of debt outstanding as at the end of the current period.
2. As for the lease obligation, there is no average lease rate since the short-cut method is applied for these transactions.
3. There is no fixed maturity date for the repayment of cash collateral received for financial instruments.
4. Borrowings and lease obligation maturities for the next five years as of March 31, 2017 are 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
Borrowings	¥ 1,015,293	¥ 3,698,353	¥ 1,335,070	¥ 2,006,214	¥ 375,373
Lease obligations	3	—	—	—	—

(In millions of U.S. dollars)

	Within 1 year	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 4 years	After 4 years but within 5 years
Borrowings	\$ 9,050	\$ 32,965	\$ 11,900	\$ 17,882	\$ 3,346
Lease obligations	0	—	—	—	—

26. Reserves

Reserves as of March 31, 2017 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	¥ 168,262	¥ 221,989	¥ 82	¥ 168,133	¥ 222,036
General allowance for loan losses	96,353	216,584	—	96,353	216,584
Specific allowance for loan losses	68,211	4	82	68,082	52
Allowance for possible losses on specific overseas loans	3,697	5,399	—	3,697	5,399
Provision for bonuses	516	519	516	—	519
Provision for directors' bonuses	6	6	6	—	6
Provision for directors' retirement benefits	39	9	32	—	16
Total	¥ 168,824	¥ 222,524	¥ 636	¥ 168,133	¥ 222,578

(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	\$ 1,500	\$ 1,979	\$ 1	\$ 1,499	\$ 1,979
General allowance for loan losses	859	1,931	—	859	1,931
Specific allowance for loan losses	608	0	1	607	0
Allowance for possible losses on specific overseas loans	33	48	—	33	48
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	\$ 1,505	\$ 1,984	\$ 6	\$ 1,499	\$ 1,984

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

General allowance for loan losses: Decrease is due to reversal

Specific allowance for 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, 2017 are as follows:

(a) Assets:

- (i) Due from banks:
Deposits with Bank of Japan (¥884,516 million (\$7,884 million)) and other banks (¥641,692 million (\$5,720 million))
- (ii) Other securities:
Foreign securities (¥281,249 million (\$2,507 million))
- (iii) Prepaid expenses:
General and administrative expenses (¥628 million (\$6 million))
- (iv) Accrued income:
Accrued interest on loans (¥66,194 million (\$590 million)), and others
- (v) Other:
Guarantees and others (¥208 million (\$2 million)), suspense payments (¥174 million (\$2 million)), and others

(b) Liabilities

- (i) Accrued expenses:
Accrued interest on borrowings and rediscounts (¥26,210 million (\$234 million)), accrued interest on bonds (¥17,018 million (\$152 million)), and others
- (ii) Unearned revenue:
Guarantee commission (¥65,542 million (\$584 million)), and others
- (iii) Other liabilities:
Suspense receipts (¥475 million (\$4 million)), and others

Supplementary Information on Financial Statements by Operation Account

JBIC performs separate accounting procedures for the Ordinary Operations and the Special Operations in accordance with Article 26-2 of the Japan Bank for International Cooperation Act (JBIC Act). With regards to the separate financial statements for those operations that are prepared pursuant to Article 26-3 of the JBIC Act and Article 435-2 of the Companies Act of Japan, the financial statements have been subject to audit by Ernst & Young ShinNihon LLC according

to Article 26-3 of the JBIC Act and Article 436-2(i) of the Companies Act. Although the balance sheets and statement of operations for the accounts of the Ordinary Operations and the Special Operations, as provided below, have been prepared based on the above-mentioned audited financial statements, the statements of cash flows for those operation accounts have not been audited by the auditing firm.

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Supplementary Information on Financial Statements by Operation Account

Balance Sheet

[Ordinary Operations Account]

As of March 31, 2017

(In millions of yen)

Accounts	Amounts	Accounts	Amounts
Assets:		Liabilities:	
Cash and due from banks	1,323,789	Borrowed money	9,908,705
Cash	0	Borrowings	9,908,705
Due from banks	1,323,789	Bonds payable	3,301,565
Securities	281,249	Other liabilities	461,359
Other securities	281,249	Accrued expenses	43,589
Loans and bills discounted	14,309,138	Unearned revenue	65,572
Loans on deeds	14,309,138	Derivatives other than for trading-assets	332,821
Other assets	261,788	Cash collateral received for financial instruments	18,880
Prepaid expenses	648	Lease obligations	3
Accrued income	68,859	Other	492
Derivatives other than for trading-assets	1,972	Provision for bonuses	514
Cash collateral paid for financial instruments	189,920	Provision for directors' bonuses	6
Other	388	Provision for retirement benefits	6,806
Property, plant and equipment	27,613	Provision for directors' retirement benefits	16
Buildings	2,916	Acceptances and guarantees	2,384,997
Land	24,311	Total liabilities	16,063,972
Lease assets	5	Net assets:	
Other	380	Capital stock	1,480,500
Intangible assets	2,711	Retained earnings	842,448
Software	2,711	Legal retained earnings	800,754
Customers' liabilities for acceptances and guarantees	2,384,997	Other retained earnings	41,693
Allowance for loan losses	(222,036)	Retained earnings brought forward	41,693
		Total shareholders' equity	2,322,948
		Valuation difference on available-for-sale securities	2,468
		Deferred gains or losses on hedges	(20,137)
		Total valuation and translation adjustments	(17,669)
		Total net assets	2,305,278
Total assets	18,369,251	Total liabilities and net assets	18,369,251

[Special Operations Account]

As of March 31, 2017

(In millions of yen)

Accounts	Amounts	Accounts	Amounts
Assets:		Liabilities:	
Cash and due from banks	202,419	Other liabilities	93
Due from banks	202,419	Accrued expenses	2
Other assets	13	Unearned revenue	0
Prepaid expenses	5	Derivatives other than for trading-assets	85
Accrued income	2	Other	5
Other	5	Provision for bonuses	4
		Provision for directors' bonuses	0
		Provision for retirement benefits	1
		Provision for directors' retirement benefits	0
		Total liabilities	99
		Net assets:	
		Capital stock	202,500
		Retained earnings	(81)
		Other retained earnings	(81)
		Retained earnings brought forward	(81)
		Total shareholders' equity	202,418
		Deferred gains or losses on hedges	(85)
		Total valuation and translation adjustments	(85)
		Total net assets	202,333
Total assets	202,432	Total liabilities and net assets	202,432

Statement of Operations

[Ordinary Operations Account]

April 1, 2016–March 31, 2017

(In millions of yen)

Accounts	Amounts
Ordinary income:	294,661
Interest income	259,250
Interest on loans and discounts	253,672
Interest and dividends on securities	755
Interest on deposits with banks	4,822
Other interest income	0
Fees and commissions	26,836
Other fees and commissions	26,836
Other ordinary income	8,574
Recoveries of written-off claims	0
Gain on investments in partnerships	8,421
Other	153
Ordinary expenses:	253,042
Interest expense	177,433
Interest on borrowed money and rediscounts	91,175
Interest on bonds	59,420
Interest on interest swaps	26,836
Fees and commissions payments	1,912
Other fees and commissions	1,912
Other ordinary expenses	3,136
Loss on foreign exchange transactions	482
Amortization of bond issuance cost	1,662
Expenses on derivatives other than for trading or hedging	422
Other	569
General and administrative expenses	16,657
Other expenses	53,902
Provision of allowance for loan losses	53,855
Other	46
Ordinary profit	41,618
Extraordinary income	75
Gain on disposal of noncurrent assets	75
Net income	41,693

[Special Operations Account]

October 1, 2016–March 31, 2017

(In millions of yen)

Accounts	Amounts
Ordinary income:	0
Other ordinary income	0
Other	0
Ordinary expenses:	81
Fees and commissions payments	7
Other fees and commissions	7
General and administrative expenses	74
Ordinary loss	81
Net loss	81

Statements of Cash Flows

[Ordinary Operations Account]

April 1, 2016–March 31, 2017

(In millions of yen)

Accounts	Amounts
Cash flow from operating activities	
Net income	41,693
Depreciation and amortization	1,209
Increase (decrease) in allowance for loan losses	53,773
Increase (decrease) in provision for bonuses	(1)
Increase (decrease) in provision for directors' bonuses	0
Increase (decrease) in provision for retirement benefits	(284)
Increase (decrease) in provision for directors' retirement benefits	(22)
Interest income	(259,250)
Interest expense	177,433
Loss (gain) related to securities	(8,421)
Loss (gain) on disposal of noncurrent assets	(75)
Net decrease (increase) in loans and bills discounted	(768,476)
Net increase (decrease) in borrowed money	470,255
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	(137,089)
Increase (decrease) in straight bonds-issuance and redemption	631,331
Interest received	240,302
Interest paid	(163,993)
Other	(191,414)
Subtotal	86,969
Net cash provided by (used in) operating activities	86,969
Cash flow from investing activities	
Purchase of securities	(43,828)
Proceeds from sales of securities	4,796
Proceeds from redemption of securities	1,389
Purchase of property, plant and equipment	(288)
Proceeds from sales of property, plant and equipment	212
Purchase of intangible assets	(841)
Net cash provided by (used in) investing activities	(38,559)
Cash flow from financing activities	
Proceeds from issuance of new shares	89,500
Payment to legal retained earnings based on Article 3 (1) of the Supplementary Provisions of the Partial Revision of the JBIC Act	(150,000)
Repayments of lease obligations	(12)
Payment to national treasury	(21,386)
Net cash provided by (used in) financing activities	(81,898)
Effect of exchange rate change on cash and cash equivalents	—
Net increase (decrease) in cash and cash equivalents	(33,488)
Cash and cash equivalents at beginning of period	715,594
Cash and cash equivalents at end of period	682,106

[Special Operations Account]

October 1, 2016–March 31, 2017

(In millions of yen)

Accounts	Amounts
Cash flow from operating activities	
Net loss	(81)
Increase (decrease) in provision for bonuses	4
Increase (decrease) in provision for directors' bonuses	0
Increase (decrease) in provision for retirement benefits	1
Increase (decrease) in provision for directors' retirement benefits	0
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	(9)
Other	(5)
Subtotal	(90)
Net cash provided by (used in) operating activities	(90)
Cash flow from investing activities	
Net cash provided by (used in) investing activities	—
Cash flow from financing activities	
Proceeds from issuance of new shares	52,500
Proceeds from legal retained earnings based on Article 3 (1) of the Supplementary Provisions of the Partial Revision of the JBIC Act	150,000
Net cash provided by (used in) financing activities	202,500
Effect of exchange rate change on cash and cash equivalents	—
Net increase (decrease) in cash and cash equivalents	202,409
Cash and cash equivalents at beginning of period	—
Cash and cash equivalents at end of period	202,409

2 Composition of Liabilities and Net Assets

Data

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Financial Statements

2

Composition of Liabilities and Net Assets

[The Bank]

(Unit: millions of yen, %)

	March 31, 2016		March 31, 2017	
	Amount	% (Note)	Amount	% (Note)
Liabilities	15,108,255	85.9	16,064,061	86.5
Borrowed Money	9,438,450	53.7	9,908,705	53.4
Bonds Payable	2,668,558	15.2	3,301,565	17.8
Acceptances and Guarantees	2,464,703	14.0	2,384,997	12.8
Other	536,543	3.1	468,792	2.5
Net Assets	2,472,367	14.1	2,507,611	13.5
Capital Stock	1,391,000	7.9	1,683,000	9.1
Retained Earnings	972,140	5.5	842,366	4.5
Valuation Difference on Available-for-sale Securities	4,303	0.0	2,468	0.0
Deferred Gains or Losses on Hedges	104,923	0.6	(20,223)	(0.1)
Total Liabilities and Net Assets	17,580,622	100	18,571,673	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 "Standards for Determining Capital Adequacy of a Financial Institution in Light of Assets Held, etc. under the Provision of Article 14-2 of the Banking Act" (2006, Financial Services Agency Notification No. 19). JBIC applies uniform international standards and calculate credit risk-weighted assets using the standardized approach.

(Unit: %, billions of yen)

Total risk-weighted capital ratio	17.12
Tier 1 risk-weighted capital ratio	15.89
Common Equity Tier 1 risk-weighted capital ratio	15.89
Total capital (Common Equity Tier 1 capital + Additional Tier 1 capital + Tier 2 capital)	2,698.9
Tier 1 capital (Common Equity Tier 1 capital + Additional Tier 1 capital)	2,504.3
Common Equity Tier 1 capital	2,504.3
Risk-weighted assets	15,756.3
The amount of minimum capital requirements	1,260.5

[Ordinary Operations Account]

(Unit: millions of yen, %)

	March 31, 2016		March 31, 2017	
	Amount	% (Note)	Amount	% (Note)
Liabilities	15,108,255	85.9	16,063,972	87.5
Borrowed Money	9,438,450	53.7	9,908,705	53.9
Bonds Payable	2,668,558	15.2	3,301,565	18.0
Acceptances and Guarantees	2,464,703	14.0	2,384,997	13.0
Other	536,543	3.1	468,703	2.6
Net Assets	2,472,367	14.1	2,305,278	12.5
Capital Stock	1,391,000	7.9	1,480,500	8.1
Retained Earnings	972,140	5.5	842,448	4.6
Valuation Difference on Available-for-sale Securities	4,303	0.0	2,468	0.0
Deferred Gains or Losses on Hedges	104,923	0.6	(20,137)	(0.1)
Total Liabilities and Net Assets	17,580,622	100	18,369,251	100

(Note) Ratio to Liabilities and Net Assets added.

[Special Operations Account]

(Unit: millions of yen, %)

	March 31, 2016		March 31, 2017	
	Amount	% (Note)	Amount	% (Note)
Liabilities			99	0.0
Borrowed Money			—	—
Bonds Payable			—	—
Acceptances and Guarantees			—	—
Other			99	0.0
Net Assets			202,333	100
Capital Stock			202,500	100
Retained Earnings			(81)	(0.0)
Valuation Difference on Available-for-sale Securities			—	—
Deferred Gains or Losses on Hedges			(85)	(0.0)
Total Liabilities and Net Assets			202,432	100

(Note) Ratio to Liabilities and Net Assets added.

3

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

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

[The Bank]

(Unit: millions of yen, %)

	Fiscal Year Ended March 31, 2016			Fiscal Year Ended March 31, 2017		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-earning Assets	15,924,136	213,806	1.34	14,734,753	259,249	1.76
Loans and Bills Discounted	14,369,087	196,859	1.37	13,705,266	253,672	1.85
Due from Banks	948,271	2,787	0.29	636,916	4,822	0.76
Interest-bearing Liabilities	12,732,206	123,779	0.97	12,798,740	177,433	1.39
Borrowed Money	9,585,267	57,339	0.60	9,854,878	91,175	0.93
Bonds Payable	3,124,115	66,429	2.13	2,863,393	59,420	2.08

[Ordinary Operations Account]

(Unit: millions of yen, %)

	Fiscal Year Ended March 31, 2016			Fiscal Year Ended March 31, 2017		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-earning Assets	15,924,136	213,806	1.34	14,734,753	259,249	1.76
Loans and Bills Discounted	14,369,087	196,859	1.37	13,705,266	253,672	1.85
Due from Banks	948,271	2,787	0.29	636,916	4,822	0.76
Interest-bearing Liabilities	12,732,206	123,779	0.97	12,798,740	177,433	1.39
Borrowed Money	9,585,267	57,339	0.60	9,854,878	91,175	0.93
Bonds Payable	3,124,115	66,429	2.13	2,863,393	59,420	2.08

[Special Operations Account]

(Unit: millions of yen, %)

	Fiscal Year Ended March 31, 2016			Fiscal Year Ended March 31, 2017		
	Average Balance	Interest	Earning Yields	Average Balance	Interest	Earning Yields
Interest-earning Assets				—	—	—
Loans and Bills Discounted				—	—	—
Due from Banks				—	—	—
Interest-bearing Liabilities				—	—	—
Borrowed Money				—	—	—
Bonds Payable				—	—	—

4 Breakdown of Operating Expenses

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Breakdown of Operating Expenses

[The Bank]

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2017
Salaries and Other Compensations	5,259	5,332
Expenses for Retirement Benefits	1,442	253
Welfare Benefits	729	726
Depreciation of Property, Plant and Equipment	1,302	1,209
Leasing on Land, Buildings and Machinery	142	175
Building Maintenance	182	242
Supplies	243	153
Utilities	93	81
Traveling Expenses	1,390	1,377
Communications	127	130
Advertising Expenses	3	2
Fees, Donations and Social Expenses	13	21
Taxes	317	373
Other	6,380	6,646
Total	17,631	16,726

[Ordinary Operations Account]

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2017
Salaries and Other Compensations	5,259	5,309
Expenses for Retirement Benefits	1,442	250
Welfare Benefits	729	722
Depreciation of Property, Plant and Equipment	1,302	1,209
Leasing on Land, Buildings and Machinery	142	174
Building Maintenance	182	240
Supplies	243	153
Utilities	93	80
Traveling Expenses	1,390	1,371
Communications	127	129
Advertising Expenses	3	2
Fees, Donations and Social Expenses	13	21
Taxes	317	372
Other	6,380	6,617
Total	17,631	16,657

[Special Operations Account]

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2017
Salaries and Other Compensations		23
Expenses for Retirement Benefits		2
Welfare Benefits		4
Leasing on Land, Buildings and Machinery		6
Building Maintenance		1
Supplies		0
Utilities		0
Traveling Expenses		6
Communications		0
Advertising Expenses		0
Fees, Donations and Social Expenses		0
Taxes		0
Other		29
Total		74

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

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[The Bank]

(Unit: millions of yen)

	March 31, 2016	March 31, 2017
Due from Banks in Japanese Yen	90,000	90,000
Due from Banks in Foreign Currencies	399,030	522,113
Receivables under Resale Agreements	—	—
Securities	—	—

[Ordinary Operations Account]

(Unit: millions of yen)

	March 31, 2016	March 31, 2017
Due from Banks in Japanese Yen	90,000	90,000
Due from Banks in Foreign Currencies	399,030	522,113
Receivables under Resale Agreements	—	—
Securities	—	—

[Special Operations Account]

(Unit: millions of yen)

	March 31, 2016	March 31, 2017
Due from Banks in Japanese Yen		—
Due from Banks in Foreign Currencies		—
Receivables under Resale Agreements		—
Securities		—

5

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

6 Information on Derivatives Transactions

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Information on 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.

(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 fair value of a derivative in conducting transaction with each counterparty, credit risk exposure to it and its creditworthiness. Such information is then used to assess the eligibility of the counterparty.

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, 2017; 100 millions of yen)

	Contract Amounts / Notional Amounts	Credit Risk Amounts	Market Value
Interest Rate Swaps	39,832	596	(586)
Currency Swaps	39,040	3,663	(2,722)
Forward Exchange Contracts	3	0	0
Other Derivatives	—	—	—
Credit Risk Mitigation through Netting		(3,198)	
Total	78,876	1,061	(3,309)

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

7 Yield / Interest Rate

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Yield / Interest Rate

8

Loans Outstanding per Employee

[The Bank]

(Unit: %)

	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2017
(A) – (B)	0.22	0.22
Yields on Interest-earning Assets (A)	1.34	1.76
Costs of Interest-bearing Liabilities (B)	1.12	1.53

(Note) Yields on Interest-earning Assets = Interest / Average Balance of Interest-earning Assets
 Costs of Interest-bearing Liabilities = (Interest Expenses + Bonds Payable + Expenses) / Average Balance of Interest-bearing Liabilities
 Cf. Interest = Interest on Loans and Discounts + Interest and Dividends 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 and others) + 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

[Ordinary Operations Account]

(Unit: %)

	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2017
(A) – (B)	0.22	0.23
Yields on Interest-earning Assets (A)	1.34	1.76
Costs of Interest-bearing Liabilities (B)	1.12	1.53

(Note) Yields on Interest-earning Assets = Interest / Average Balance of Interest-earning Assets
 Costs of Interest-bearing Liabilities = (Interest Expenses + Bonds Payable + Expenses) / Average Balance of Interest-bearing Liabilities
 Cf. Interest = Interest on Loans and Discounts + Interest and Dividends 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 and others) + 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

[Special Operations Account]

(Unit: %)

	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2017
(A) – (B)		—
Yields on Interest-earning Assets (A)		—
Costs of Interest-bearing Liabilities (B)		—

(Note) Yields on Interest-earning Assets = Interest / Average Balance of Interest-earning Assets
 Costs of Interest-bearing Liabilities = (Interest Expenses + Bonds Payable + Expenses) / Average Balance of Interest-bearing Liabilities
 Cf. Interest = Interest on Loans and Discounts + Interest and Dividends on Securities + Interest on Receivables under Resale Agreements + Interest on Deposits with Banks + Interest on interest swaps + Other interest income
 Average Balance of Interest-earning Assets = Loans and Bills Discounted + Securities + Receivables under Resale Agreements + Cash Equivalents (excluding current account deposit) + Cash collateral paid for financial instruments
 Interest Expenses = Interest on Borrowings and Rediscounts + Interest on Bonds + Interest on interest swaps + Other interest expenses
 Average Balance of Interest-bearing Liabilities = Borrowed Money + Bonds Payable + Cash collateral received for financial instruments

8 Loans Outstanding per Employee

(Unit: millions of yen)

March 31, 2016	March 31, 2017
25,404	25,689

9 Loans Outstanding by Industry

(Unit: millions of yen)

Industry	March 31, 2016		March 31, 2017	
	Number of Loans	Balance	Number of Loans	Balance
Manufacturing	114	446,781	118	449,982
Mining and Quarrying of Stone and Gravel	8	296,038	7	292,205
Construction	1	1,071	—	—
Electricity, Gas, Heat Supply, and Water	6	334,239	6	283,157
Information and Communications	2	195,184	1	164,409
Transport and Postal Services	5	23,968	4	11,710
Wholesale Trade	20	804,770	22	731,958
Finance and Insurance	19	2,286,878	20	2,817,416
Goods Rental and Leasing	3	170,617	3	146,959
Scientific Research, Professional and Technical Service	—	—	1	857
Accommodations	—	—	1	458
Overseas Yen Loan and Domestic Loans Transferred Overseas	526	9,048,331	530	9,477,243
Total, Including Others	704	13,607,883	713	14,376,360
Loans Outstanding to Small and Medium-sized Enterprises	214	47,909	247	55,077
Loans Outstanding to Mid-tier Enterprises	151	140,841	200	148,907

(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

[Ordinary Operations Account]

(Unit: millions of yen)

Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2017
—	—

[Special Operations Account]

(Unit: millions of yen)

Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2017
—	—

[The Bank]

(Unit: thousands of regarding currency unit)

	March 31, 2016	March 31, 2017
Cash Equivalents in Foreign Currency (USD)	3,472,424	4,436,363
Cash Equivalents in Foreign Currency (GBP)	44,616	168,317
Cash Equivalents in Foreign Currency (EUR)	24,828	26,182
Cash Equivalents in Foreign Currency (ZAR)	0	—
Cash Equivalents in Foreign Currency (THB)	0	0
Cash Equivalents in Foreign Currency (CAD)	7,385	10,839
Cash Equivalents in Foreign Currency (INR)	1,000	1,000
Investments in Foreign Currency (USD)	1,289,197	1,383,453
Equity Investments in Foreign Currency (USD)	344,111	441,264
Equity Investments in Foreign Currency (EUR)	120,000	120,035
Equity Investments in Foreign Currency (THB)	—	6,000
Equity Investments in Foreign Currency (CNY)	99,791	112,637
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)	101,327,608	110,697,996
Loans in Foreign Currency (GBP)	237,416	269,951
Loans in Foreign Currency (EUR)	1,285,028	1,830,955
Loans in Foreign Currency (ZAR)	749,400	686,000
Loans in Foreign Currency (AUD)	3,159,897	3,112,607
Loans in Foreign Currency (THB)	5,227,149	7,601,019
Loans in Foreign Currency (SDR)	208,133	117,363
Loans in Foreign Currency (CAD)	1,263,302	998,706
Loans in Foreign Currency (CNY)	148,320	105,000
Loans in Foreign Currency (INR)	341,600	604,600
Loans in Foreign Currency (MXN)	680,700	815,700
Loans in Foreign Currency (IDR)	288,000,000	171,400,000
Loans in Foreign Currency (RUB)	—	1,800,000

[Ordinary Operations Account]

(Unit: thousands of regarding currency unit)

	March 31, 2016	March 31, 2017
Cash Equivalents in Foreign Currency (USD)	3,472,424	4,436,363
Cash Equivalents in Foreign Currency (GBP)	44,616	168,317
Cash Equivalents in Foreign Currency (EUR)	24,828	26,182
Cash Equivalents in Foreign Currency (ZAR)	0	—
Cash Equivalents in Foreign Currency (THB)	0	0
Cash Equivalents in Foreign Currency (CAD)	7,385	10,839
Cash Equivalents in Foreign Currency (INR)	1,000	1,000
Investments in Foreign Currency (USD)	1,289,197	1,383,453
Equity Investments in Foreign Currency (USD)	344,111	441,264
Equity Investments in Foreign Currency (EUR)	120,000	120,035
Equity Investments in Foreign Currency (THB)	—	6,000
Equity Investments in Foreign Currency (CNY)	99,791	112,637
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)	101,327,608	110,697,996
Loans in Foreign Currency (GBP)	237,416	269,951
Loans in Foreign Currency (EUR)	1,285,028	1,830,955
Loans in Foreign Currency (ZAR)	749,400	686,000
Loans in Foreign Currency (AUD)	3,159,897	3,112,607
Loans in Foreign Currency (THB)	5,227,149	7,601,019
Loans in Foreign Currency (SDR)	208,133	117,363
Loans in Foreign Currency (CAD)	1,263,302	998,706
Loans in Foreign Currency (CNY)	148,320	105,000
Loans in Foreign Currency (INR)	341,600	604,600
Loans in Foreign Currency (MXN)	680,700	815,700
Loans in Foreign Currency (IDR)	288,000,000	171,400,000
Loans in Foreign Currency (RUB)	—	1,800,000

[Special Operations Account]

(Unit: thousands of regarding currency unit)

	March 31, 2016	March 31, 2017
Cash Equivalents in Foreign Currency (USD)		—
Cash Equivalents in Foreign Currency (GBP)		—
Cash Equivalents in Foreign Currency (EUR)		—
Cash Equivalents in Foreign Currency (ZAR)		—
Cash Equivalents in Foreign Currency (THB)		—
Cash Equivalents in Foreign Currency (CAD)		—
Cash Equivalents in Foreign Currency (INR)		—
Investments in Foreign Currency (USD)		—
Equity Investments in Foreign Currency (USD)		—
Equity Investments in Foreign Currency (EUR)		—
Equity Investments in Foreign Currency (THB)		—
Equity Investments in Foreign Currency (CNY)		—
Equity Investments in Foreign Currency (INR)		—
Equity Investments in Foreign Currency (SGD)		—
Loans in Foreign Currency (USD)		—
Loans in Foreign Currency (GBP)		—
Loans in Foreign Currency (EUR)		—
Loans in Foreign Currency (ZAR)		—
Loans in Foreign Currency (AUD)		—
Loans in Foreign Currency (THB)		—
Loans in Foreign Currency (SDR)		—
Loans in Foreign Currency (CAD)		—
Loans in Foreign Currency (CNY)		—
Loans in Foreign Currency (INR)		—
Loans in Foreign Currency (MXN)		—
Loans in Foreign Currency (IDR)		—
Loans in Foreign Currency (RUB)		—

12 Administrative Expense Ratio

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[The Bank]

(Units: %)

Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2017
0.10	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)

[Ordinary Operations Account]

(Units: %)

Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2017
0.10	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)

[Special Operations Account]

(Units: %)

Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2017
	(Note2)

(Note) 1. 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)

2. Administrative Expense Ratio is not calculated. Because there is no applicable loans and bills discounted, securities and customers' liabilities for acceptances and guarantees in the Special Operation Account as of March 31, 2017.

12

Administrative Expense Ratio

Balance of Loans / Borrowings, Bonds and Notes by Maturity

Maturity Structure of Loans as of March 31, 2017

(Unit: 100 millions of yen)

Maturity	Collection from Loans
1 Year or Less	14,524
1-2 Years	14,974
2-3 Years	15,736
3-4 Years	16,674
4-5 Years	12,742
5-6 Years	12,869
6-7 Years	10,907
7-8 Years	11,417
8-9 Years	7,990
9-10 Years	5,587
11-15 Years	16,103
16-20 Years	2,379
21-25 Years	477
26-30 Years	7
31-35 Years	—
36-40 Years	—
Over 40 Years	—
Total	142,394

(Note) The figures exclude: ¥69,689 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, 2017

(Unit: 100 millions of yen)

Maturity	Repayment of Borrowings
1 Year or Less	10,152
1-2 Years	36,983
2-3 Years	13,350
3-4 Years	20,062
4-5 Years	3,753
5-6 Years	3,019
6-7 Years	4,751
7-8 Years	1,108
8-9 Years	1,230
9-10 Years	3,871
Over 10 Years	805
Total	99,087

Maturity Structure of Bonds and Notes as of March 31, 2017

(Unit: 100 millions of yen)

Maturity	Redemption of Bonds and Notes
1 Year or Less	3,664
1-2 Years	7,211
2-3 Years	4,626
3-4 Years	1,917
4-5 Years	3,926
5-6 Years	—
6-7 Years	1,121
7-8 Years	2,243
8-9 Years	3,004
9-10 Years	5,385
Over 10 Years	—
Total	33,102

14 Information on the Quality of Assets

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Information on the Quality of Assets

Although the Banking Act and Act on Emergency Measures for the Revitalization of the Financial Functions of 1998 (the "Financial Revitalization Act") do not apply to JBIC, JBIC has made a self-assessment of the quality of its assets since the fiscal year ended March 31, 2001, in accordance with the standards set forth in the *Inspection Manual for Deposit-Taking Institutions* 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)

[Ordinary Operations Account]

(Unit: millions of yen)

	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2017
Bankrupt Loans	—	—
Non-accrual Loans	111,407	3,748
Past Due Loans (3 months or more)	44,719	53,399
Restructured Loans	98,714	182,434
Total (1)	254,840	239,582
Total Amounts of Loans (2)	13,540,661	14,309,138
(1) / (2) (%)	1.88	1.67

[Special Operations Account]

Not applicable

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".

[Ordinary Operations Account]

(Unit: millions of yen)

		Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2017
Loans	Bankrupt and Quasi-bankrupt Assets	—	—
	Doubtful Assets	111,415	3,748
	Substandard Loans	143,433	235,834
	Subtotal (1)	254,849	239,582
	Normal Assets	15,799,431	16,522,319
	Total (2)	16,054,280	16,761,902
(1) / (2) (%)		1.59	1.43

[Special Operations Account]

Not applicable

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 ¥162,008 million as of the end of the fiscal year ended March 31, 2017.

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 ¥109,436 million.

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

Data

2

Financial Statements

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 issued by the International Accounting Standards Board (IASB) as of March 31, 2017. Unless otherwise stated, all amounts 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, 2017 and 2016, 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 in accordance with IFRS as issued by the IASB 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, 2017	March 31, 2016
Assets		
Cash and due from banks	1,526,209	1,220,187
Derivative financial instrument assets	167,277	237,274
Securities	190,155	154,976
Loans and other receivables	14,352,720	13,460,347
Equity method investments	114,204	106,618
Property and equipment	27,613	27,804
Other assets	194,762	166,661
Total assets	16,572,942	15,373,870
Liabilities		
Derivative financial instrument liabilities	498,928	570,245
Borrowings	9,908,705	9,438,450
Bonds payable	3,299,498	2,668,872
Financial guarantee contracts	84,912	76,710
Other liabilities	98,486	127,941
Total liabilities	13,890,532	12,882,220
Equity		
Capital stock	1,683,000	1,391,000
Retained earnings	969,264	1,066,533
Other reserves	30,145	34,116
Total equity	2,682,409	2,491,649
Total liabilities and equity	16,572,942	15,373,870

Income Statement

(Millions of yen)

	March 31, 2017	March 31, 2016
Interest income	261,372	216,592
Interest expense	150,223	116,024
Net interest income	111,148	100,567
Fee and commission income	15,542	14,523
Fee and commission expense	1,919	1,653
Net income (expense) from derivative financial instruments	(149,316)	56,227
Net investment income	—	3,708
Other income	223	1,718
Income (expense) other than interest income	(135,470)	74,524
Total operating income (loss)*1	(24,322)	175,091
Impairment losses (reversals) on financial assets	(108,639)	12,320
Net operating income*2	84,317	162,771
Operating expenses	17,017	16,734
Other expenses	1,508	883
Total operating expenses	18,525	17,618
Profits of equity method investments	8,151	436
Net profit	73,944	145,589

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

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

Statement of Comprehensive Income

(Millions of yen)

	March 31, 2017	March 31, 2016
Net profit	73,944	145,589
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans:		
Remeasurement arising during the year	173	(537)
Total of items that will not be reclassified to profit or loss	173	(537)
Items that may be reclassified to profit or loss:		
Available-for-sale financial assets:		
Net gains arising during the year	1,070	176
Reclassification adjustments	(553)	(2,726)
Deferred gains (losses) on hedges:		
Reclassification adjustments	(2,842)	(3,461)
Exchange differences on translation of foreign operations:		
Net gains (losses) arising during the year	(1,645)	(7,927)
Total of items that may be reclassified to profit or loss	(3,971)	(13,938)
Other comprehensive income	(3,797)	(14,476)
Total comprehensive income	70,146	131,112

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, 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
Net profit	—	73,944	—	—	—	—	—	73,944
Other comprehensive income	—	—	173	516	(2,842)	(1,645)	(3,797)	(3,797)
Total comprehensive income	—	73,944	173	516	(2,842)	(1,645)	(3,797)	70,146
Transfer to capital stock based on Article 3 (3) of the Supplementary Provisions of the Act for Partial Revision of the Japan Bank for International Cooperation Act	150,000	(150,000)	—	—	—	—	—	—
Issuance of new shares	142,000	—	—	—	—	—	—	142,000
Payment to national treasury	—	(21,386)	—	—	—	—	—	(21,386)
Other	—	173	(173)	—	—	—	(173)	—
March 31, 2017	1,683,000	969,264	—	3,304	6,368	20,471	30,145	2,682,409

(Note) In accordance with a plan under Article 3 of the Supplementary Provisions of the Act for Partial Revision of the Japan Bank for International Cooperation Act (Act No. 41 of 2016) (the "Supplementary Provisions of the Act"), due from banks and ¥150,000 million of legal retained earnings were transferred from the "Ordinary Operations" account to the "Special Operations" account. ¥150,000 million of legal retained earnings transferred to the "Special Operations" account was reclassified as Capital stock in the "Special Operations" account based on Article 3 Paragraph (3) of the Supplementary Provisions of the Act.

Statement of Cash Flows

(Millions of yen)

	March 31, 2017	March 31, 2016
Cash flows from operating activities		
Net profit	73,944	145,589
Depreciation and amortization	1,209	1,302
Increase (decrease) in liability for retirement benefits	(188)	344
Profits of equity method investments	(8,151)	(436)
Net decrease (increase) in loans and other receivables	(892,373)	896,839
Net increase (decrease) in borrowings	470,255	13,134
Net decrease (increase) in deposits (excluding demand deposits)	(336,276)	171,193
Net change of derivative financial instrument assets and liabilities	(1,319)	(483,244)
Net increase (decrease) in financial guarantee contracts	8,201	(7,997)
Net increase (decrease) in bonds payable	630,625	(389,626)
Other	(48,695)	258,744
Net cash provided by (used in) operating activities	(102,768)	605,843
Cash flows from investing activities		
Purchase of securities	(41,726)	(55,373)
Proceeds from sales or redemption of securities	4,975	75,960
Purchase of equity method investments	(2,101)	(181)
Proceeds from return of equity method investments	1,210	1,850
Other	(917)	(367)
Net cash provided by (used in) investing activities	(38,559)	21,888
Cash flows from financing activities		
Proceeds from issuance of new shares	142,000	—
Payment to national treasury	(21,386)	(63,684)
Other	(12)	(13)
Net cash provided by (used in) financing activities	120,601	(63,698)
Exchange difference on cash and cash equivalents	(9,528)	(23,150)
Net increase (decrease) in cash and cash equivalents	(30,254)	540,884
Cash and cash equivalents at the beginning of the year	1,112,579	571,695
Cash and cash equivalents at the end of the year	1,082,325	1,112,579
Net cash provided by (used in) operating activities includes the following:		
Interest received	240,874	194,052
Interest paid	(137,157)	(118,022)

2. Reconciliation of assets, liabilities, and equity as of March 31, 2017 and 2016, and reconciliation of net profit for the fiscal years ended March 31, 2017 and 2016, between accounting principles generally accepted in Japan ("Japanese GAAP") and IFRS as issued by the IASB, 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 years ended March 31, 2017 and 2016 prepared in accordance 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, 2017

(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	1,526,209	—	—	1,526,209		Cash and due from banks
	—	167,277	—	167,277	A	Derivative financial instrument assets
Securities	281,249	(93,732)	2,638	190,155	B, F	Securities
Loans and bills discounted	14,309,138	(154,268)	197,851	14,352,720	C, E	Loans and other receivables
	—	93,732	20,471	114,204	F	Equity method investments
Property, plant and equipment	27,613	—	—	27,613		Property and equipment
Intangible assets	2,711	(2,711)	—	—		
Other assets	261,790	(67,028)	—	194,762	A, C	Other assets
Customers' liabilities for acceptances and guarantees	2,384,997	—	(2,384,997)	—	E	
Allowance for loan losses	(222,036)	222,036	—	—	C	
Total assets	18,571,673	165,304	(2,164,035)	16,572,942		Total assets
Liabilities						Liabilities
	—	498,211	717	498,928	A	Derivative financial instrument liabilities
Borrowed money	9,908,705	—	—	9,908,705		Borrowings
Bonds payable	3,301,565	—	(2,067)	3,299,498	D	Bonds payable
	—	—	84,912	84,912	E	Financial guarantee contracts
Provision for retirement benefits	6,807	(6,807)	—	—	G	
Provision for directors' retirement benefits	16	(16)	—	—	G	
Other liabilities	461,442	(325,556)	(37,399)	98,486	A, G	Other liabilities
Provision for bonuses	519	(519)	—	—		
Provision for directors' bonuses	6	(6)	—	—		
Acceptances and guarantees	2,384,997	—	(2,384,997)	—	E	
Total liabilities	16,064,061	165,304	(2,338,833)	13,890,532		Total liabilities
Net assets						Equity
Capital stock	1,683,000	—	—	1,683,000		Capital stock
Retained earnings	842,366	—	126,897	969,264		Retained earnings
	—	(17,755)	47,900	30,145	A	Other reserves
Valuation difference on available-for-sale securities	2,468	(2,468)	—	—		
Deferred gains or losses on hedges	(20,223)	20,223	—	—		
Total net assets	2,507,611	—	174,798	2,682,409		Total equity
Total liabilities and net assets	18,571,673	165,304	(2,164,035)	16,572,942		Total liabilities and equity

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 and bills discounted	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, plant 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
Net assets						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 net assets	2,472,367	—	19,282	2,491,649		Total equity
Total liabilities and net assets	17,580,622	193,979	(2,400,731)	15,373,870		Total liabilities and equity

Reconciliation of net profit for the year ended March 31, 2017

(Millions of yen)

Accounts under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Notes	Accounts under IFRS
Interest income	259,250	0	2,121	261,372	C	Interest income
Interest expense	177,433	(26,836)	(372)	150,223	D	Interest expense
				111,148		Net interest income
Fees and commissions	26,836	—	(11,293)	15,542	C	Fee and commission income
Fees and commissions payments	1,919	—	—	1,919		Fee and commission expense
	—	27,259	122,057	149,316	A	Net expense from derivative financial instruments
	—	493	(269)	223		Other income
Other income *1	148	(148)	—	—		
Extraordinary income	75	(75)	—	—		
				135,470		Expense other than interest income
				24,322		Total operating loss
	—	(53,855)	162,495	108,639	B, C	Reversal of impairment losses on financial assets
Recoveries of written-off claims*1	0	(0)	—	—	C	
Provision of allowance for loan losses*2	53,855	(53,855)	—	—	C	
				84,317		Net operating income
General and administrative expenses	16,726	—	290	17,017	G	Operating expenses
	—	2,760	(1,252)	1,508		Other expenses
Other ordinary expenses	3,136	(3,136)	—	—	D	
Other*2	46	(46)	—	—		
				18,525		Total operating expenses
	—	8,151	—	8,151	F	Profits of equity method investments
Gain on investments in partnerships*1	8,421	(8,421)	—	—		
Net income	41,612	—	32,331	73,944		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, 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 expense	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
Gain 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		Other expenses
Other ordinary expenses	1,310	(1,310)	—	—	D	
Loss 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.

Notes to the reconciliation of assets, liabilities, and equity as of March 31, 2017 and 2016, and the reconciliation of net profit for the fiscal years ended March 31, 2017 and 2016

A. Derivative financial instrument assets and liabilities

JBIC presents derivative financial instrument assets and derivative financial instrument liabilities as separate line items under IFRS, not as "Other assets" or "Other liabilities" under Japanese GAAP. While JBIC offsets derivative financial instrument assets and liabilities under Japanese GAAP, JBIC presents those assets and liabilities not qualifying for offsetting criteria under IFRS on a gross basis.

Under IFRS, JBIC determines fair values of derivative financial instrument assets and liabilities by considering the counterparty credit risk or own credit risk derived from observable market data.

JBIC does not apply hedge accounting under IFRS, which is applied under Japanese GAAP. At the date of transition, JBIC applied International Accounting Standard (IAS) 39 *Financial Instruments: Recognition and Measurement* to the hedges to which hedge accounting was applied under Japanese GAAP. JBIC reclassified deferred gains or losses on hedges whose hedging relationships did not qualify for IAS 39 to retained earnings. For the hedges which did not meet the conditions for hedge accounting under IAS 39, JBIC discontinued hedge accounting by the types of hedges according to IFRS 1 *First-time Adoption of International Financial Reporting Standards* as follows:

i. Cash flow hedges

JBIC reclassifies deferred gains or losses on hedges from equity to profit or loss according to cash flows from the hedged transactions.

ii. Fair value hedges

JBIC reclassified deferred gains or losses on hedges under Japanese GAAP to retained earnings at the date of transition and adjusted carrying amounts of the hedged items at the lower of the following (a) and (b). JBIC amortizes the adjusted amounts of the hedged items using the effective interest method and recognizes them in profit or loss.

- a. cumulative changes in fair values of the hedged items attributable to designated hedged risks and not recognized under Japanese GAAP; and
- b. cumulative changes in fair values of the hedging instruments attributable to designated hedged risks and either not recognized or deferred in equity in the balance sheet under Japanese GAAP.

B. Securities

JBIC presents investments in associates as "Equity method investments" under IFRS, not as "Securities" under Japanese GAAP. For the differences in the measurement method between the accounting standards, see "F. Equity method investments."

Under Japanese GAAP, JBIC measures unlisted stocks in securities at cost. Under IFRS, JBIC classifies them as available-for-sale financial assets and measures principally at fair value. JBIC recognizes changes in fair values in "Other comprehensive income" and impairment losses as necessary.

Under Japanese GAAP, JBIC measures investments in partnerships included in securities at net amounts equivalent to its interest in their most recent financial statements available at the reporting date defined in the partnership agreement. Under IFRS, JBIC measures them at fair value in principle and recognizes changes in fair values in "Other comprehensive income" and impairment losses as necessary.

C. Loans and other receivables

JBIC includes accrued interest income on loans included in "Other assets" under Japanese GAAP and financial assets associated with financial guarantee contracts described in "E. Financial guarantee contracts" in "Loans and other receivables" under IFRS.

Under IFRS, JBIC measures loans and other receivables at fair value plus direct transaction costs at initial recognition and subsequently at amortized cost using the effective interest method. JBIC amortizes loan origination fees which are considered indispensable to the origination using the effective interest method. As described in "A. ii. Fair value hedges," JBIC adjusted the carrying amounts of loans for which hedge accounting was discontinued at the date of transition and amortizes them accordingly.

Under Japanese GAAP, JBIC recognizes general allowance as well as specific allowance for loan losses.

Adopting the incurred loss model under IFRS, JBIC recognizes impairment losses when it concludes 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 measured after its assessment at the reporting date. JBIC recognizes collectively evaluated impairment losses such as incurred but not reported losses by applying historical loss experience to a group of loans and other receivables with similar credit risk characteristics. The carrying amount of loans and other receivables is reduced by the amount of impairment losses through allowance for loan losses.

D. Bonds payable

Under Japanese GAAP, JBIC expenses bond issuance costs as incurred. Under IFRS, JBIC measures bonds payable initially at fair value less transaction costs directly attributable to bond issuance, such as fees paid to underwriters and discounts at issuance, and subsequently at amortized cost using the effective interest method. As described in "A. ii. Fair value hedges," JBIC adjusted the carrying amounts of bonds payable for which hedge accounting was discontinued at the date of transition and amortizes them accordingly.

E. Financial guarantee contracts

Under Japanese GAAP, JBIC records the same contractual amounts of financial guarantee obligations in both "Customers' liabilities for acceptances and guarantees" as assets and in "Acceptances and guarantees" as liabilities. Under IFRS, JBIC initially measures "Financial liabilities associated with financial guarantee contracts" at fair value as well as financial assets associated with financial guarantee contracts, and subsequently measures financial liabilities associated with financial guarantee contracts 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 are comprised mainly of investments in partnerships. Under Japanese GAAP, JBIC does not prepare consolidated financial statements and does not adopt the equity method for separate financial statements. JBIC measures those investments at net amounts equivalent to its interest in their most recent financial statements available at the reporting date defined in the partnership agreement.

Under IFRS, JBIC adopts the equity method to those investments. JBIC presents profits or losses of those investments, which are included in "Gain on investments in partnerships" under Japanese GAAP, as "Profits of equity method investment", and exchange differences on translation of foreign operations from adopting the equity method as "Other comprehensive income."

G. Liability for retirement benefits

Under Japanese GAAP, JBIC expenses actuarial gains or losses on defined benefit plans in profit or loss as incurred.

Under IFRS, JBIC recognizes directly remeasurement of defined benefit plans in "Other comprehensive income" as incurred and reclassifies immediately to retained earnings. JBIC remeasures retirement benefit obligations according to applicable IFRS and recognizes the remeasurement difference due to such as the period allocation method as "Operating expenses." JBIC includes a liability for retirement benefits in "Other liabilities."

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 uses derivatives exclusively to hedge interest rate risk and foreign exchange risk. Under Japanese GAAP, JBIC applies hedge accounting in order to not recognize net gains (losses) from the valuation of derivatives deferred by hedge accounting in net profit. As JBIC discloses its financial statements under IFRS for reference purposes and does not apply hedge accounting under IAS 39, "Net gains (losses) from the valuation of derivative financial instruments" and "Net gains from hedge accounting discontinued at the date of transition" are recognized in net profit in accordance with IFRS*.

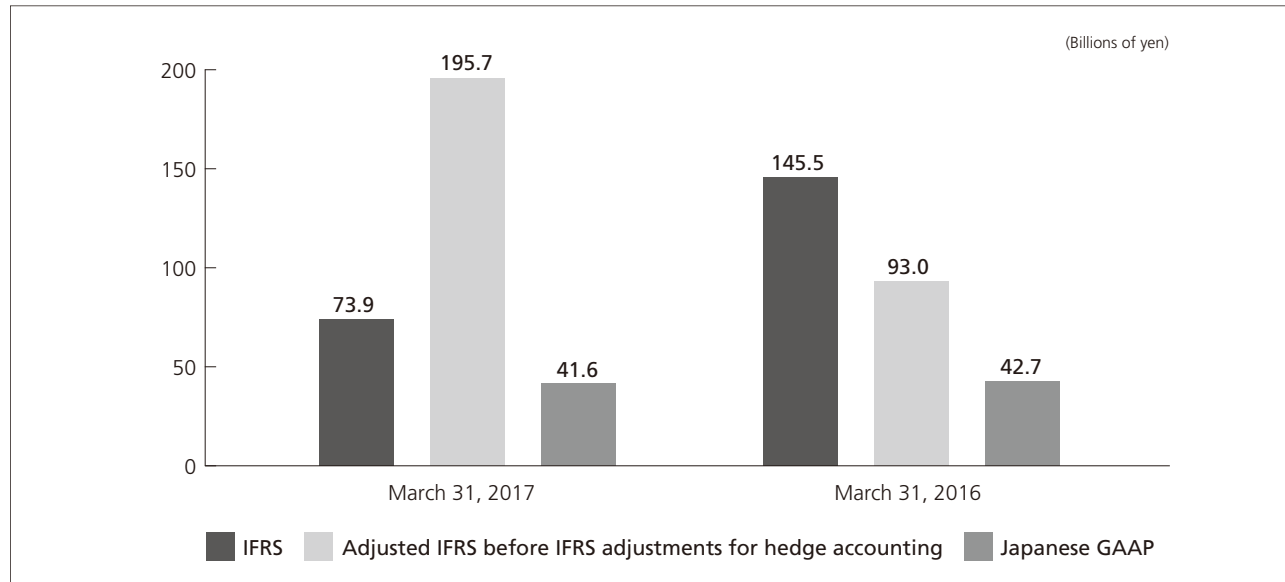
As JBIC uses these derivatives for hedging purposes, these derivatives will not be canceled for realizing temporal net gains (losses) from valuation before their maturity dates. However, depending on market conditions, these net gains (losses) from valuation might have a substantial impact on net profit in accordance with IFRS. Therefore, "Adjusted net profit in accordance with IFRS before IFRS adjustments for hedge accounting" calculated by excluding temporal net gains (losses) from valuation from net profit in accordance with IFRS is useful for the users of JBIC's financial statements under IFRS to understand its financial performance and disclosed as a supplementary explanation for 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 derivatives as follows:

(Billions of yen)

	March 31, 2017	March 31, 2016
Net profit in accordance with IFRS (A)	73.9	145.5
Net gains (losses) from the valuation of derivative financial instruments	(124.6)	41.6
Net gains from hedge accounting discontinued at the date of transition	2.8	10.8
Sub-total (B)	(121.8)	52.5
Adjusted net profit in accordance with IFRS before IFRS adjustments for hedge accounting (A)-(B)	195.7	93.0

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, 2017 and 2016



* See "A. Derivative financial instrument assets and liabilities" for the difference between Japanese GAAP and IFRS regarding the accounting policies for derivative financial instruments.

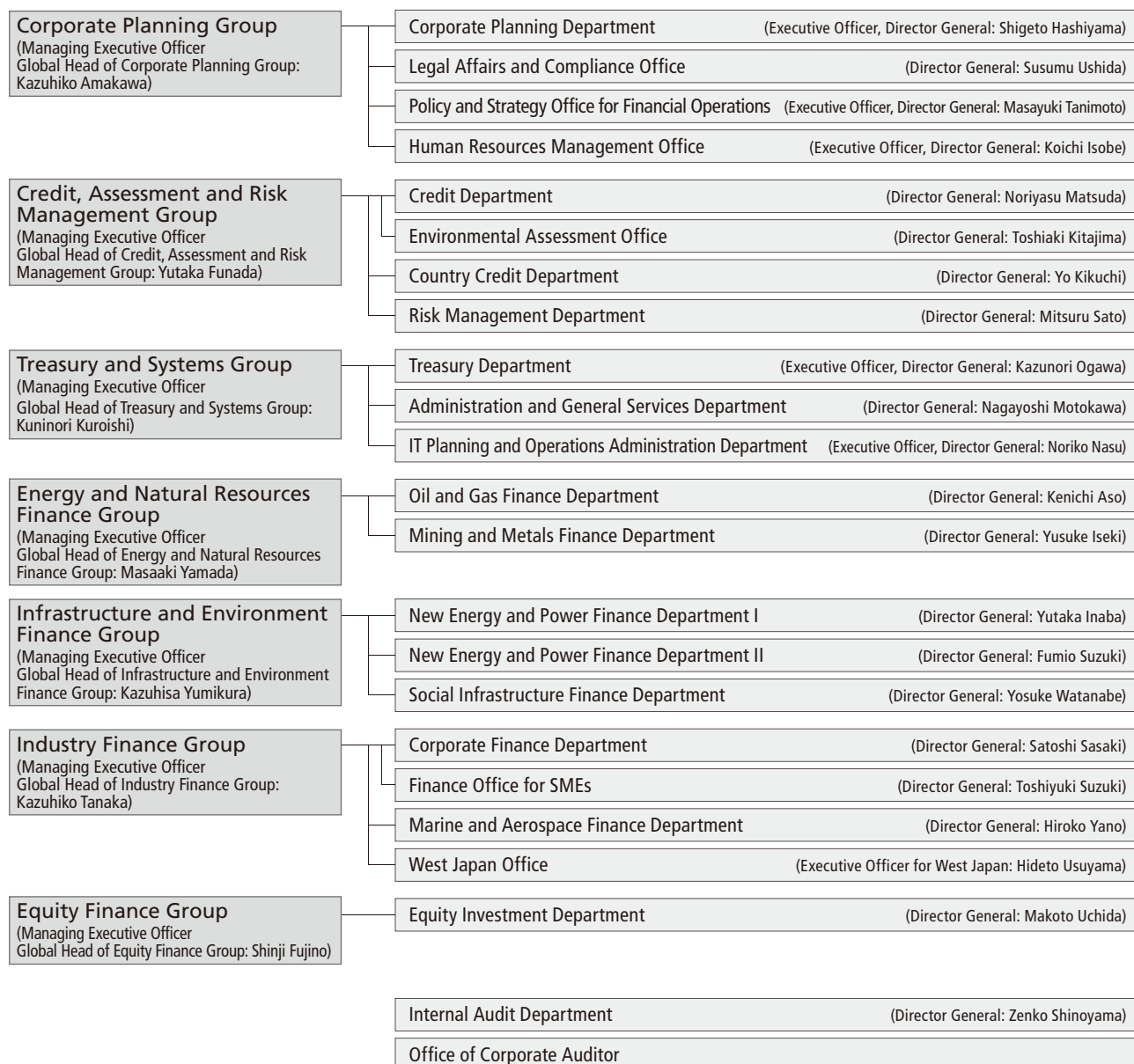
Corporate Data

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JBIC is constituted by 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 Planning Group, the Credit, Assessment and Risk Management Group and the Treasury 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.



Overseas Representative Offices

(Regional Head for Asia and Pacific: Tsuyoshi Nishitani)	Singapore* (Regional Headquarters for Asia and Pacific), Beijing, Bangkok, Hanoi, Jakarta, Manila, New Delhi
(Regional Head for Europe, the Middle East and Africa: Yoshimasa Ohashi)	London* (Regional Headquarters for Europe, the Middle East and Africa), Moscow, Paris, Dubai
(Regional Head for the Americas: Shinya Miyake)	New York* (Regional Headquarters for the Americas), Washington, D.C., Buenos Aires, Mexico City, Rio de Janeiro

* Singapore, London and New York are assigned as core regional headquarters to supervise business and administrative activities and support project formulation in Asia and Pacific; Europe, the Middle East and Africa; and the Americas, respectively.

2 Overseas Network (As of September 1, 2017)



Data

3

Corporate Data

2

Overseas Network

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3 History

Data

3

Corporate Data

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 (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

4 Japan Bank for International Cooperation Act

Excerpt of the Japan Bank for International Cooperation Act (Act No. 39 of 2011)

Article 1: Purpose

Japan Bank for International Cooperation shall be a *Kabushiki-Kaisha*, which has the purpose of contributing to the sound development of Japan and the international economy and society, by taking responsibility for the financial function to promote the overseas development and securement of resources which are important for Japan, to maintain and improve the international competitiveness of Japanese industries and to promote the overseas business having the purpose of preserving the global environment, such as preventing global warming, also providing the financial services that are necessary to prevent disruptions to international financial order or to take appropriate measures with respect to damages caused by such disruption, while having the objective of supplementing the financial transactions implemented by ordinary financial institutions.

Article 3: Holding of Shares by Government

The Government shall, at all times, hold the total number of outstanding shares of JBIC.

Article 4: Government's Contribution

1. The Government may, when it finds it to be necessary, make contributions to JBIC within the amount appropriated in the budget.
2. When a contribution is made by the Government pursuant to the provisions of the preceding Paragraph, JBIC shall, notwithstanding the provisions of Paragraph 2 of Article 445 of the Companies Act (Act No. 86 of 2005), be allowed not to record the amount exceeding half of such contribution amount as the capital. In this case, "this Act" referenced in Paragraph 1 of the same Article shall be deemed to be replaced with "this Act or Japan Bank for International Cooperation Act (Act No. 39 of 2011)."
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 Article 26-2 of Japan Bank for International Cooperation Act"; and the term, "the stated capital", also referenced therein, 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.

5 Basic Policy for the Internal Control System

Data

3

Corporate Data

5

Basic Policy for the Internal Control System

Article 1. Ensuring Compliance with Laws, Regulations, and Articles of Incorporation in Performance of Duties by Directors and Employees

1. The Japan Bank for International Cooperation ("JBIC") and its subsidiaries (both collectively called "JBIC Group") shall establish a corporate philosophy, code of conduct, as well as the policy for compliance with laws and regulations and other internal rules for compliance, and notify directors and employees of those principles and rules, for the purpose of ensuring that directors and employees including temporary workers (this definition is applied throughout this document) perform their duties in compliance with laws, regulations, and the articles of incorporation ("Laws and Regulations").
2. Directors and employees of the JBIC Group shall abide by the internal rules for compliance.
3. JBIC shall set up a department responsible for compliance and appoint a compliance officer in order to establish and reinforce a framework for compliance with Laws and Regulations within the JBIC Group.
4. JBIC shall establish a committee chaired by the Governor to deliberate important matters related to compliance within the JBIC Group and monitor the status of compliance with Laws and Regulations.
5. JBIC shall establish an effective internal anonymous reporting system and implement it in an appropriate manner so that important facts related to compliance within the JBIC Group can be detected earlier and necessary corrective measures can be taken.
6. The JBIC Group shall not have any connections whatsoever with antisocial forces. It shall adopt an uncompromising attitude, throughout its organization, toward antisocial forces, and decisively reject all improper demands from such forces.

Article 2. Retention and Management of Information concerning Performance of Duties by Directors

1. JBIC shall establish the information asset management regulations and other internal rules for retention and management of information in order 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 relating to the performance of duties by directors, in accordance with laws, regulations, or internal rules for retention and management of information.
3. Directors and employees shall retain and manage information in an appropriate manner according to the internal rules for retention and management of information.

Article 3. Rules and Structures for Managing Risk of Loss

1. In recognition of the importance of risk management practices throughout its entire organization, JBIC and its subsidiaries shall individually control various risks in an appropriate manner by establishing the integrated risk management regulations and other internal rules for risk management, which stipulate the management of various risks that should be recognized in the course of business operations at the JBIC Group as well as the organizational structure that is needed for integrated risk management.
2. JBIC shall set up a department responsible for risk management and appoint a risk management officer. In addition, JBIC shall establish a committee chaired by the Governor to conduct deliberations and considerations on

implementing effective risk management practices.

3. JBIC and its subsidiaries shall strive to create a crisis management structure in preparation for disasters and other crisis situations, by individually establishing the crisis management regulations and other internal rules for crisis management.
4. In the case where normal business operations of the JBIC Group are disrupted or might be affected by crisis situations, JBIC shall set up an emergency response office as necessary, in accordance with the internal rules for crisis management, to restore operations in a prompt and efficient manner.

Article 4. Ensuring Efficient Execution of Directors' Duties

1. The Board of Directors shall establish business plans and properly manage business of the JBIC Group.
2. JBIC shall establish the Executive Committee to which authority is delegated by the Board of Directors for approval of certain matters. In addition to making decisions on those specific matters by exercising the delegated authority, the Executive Committee shall deliberate matters requiring approval of the Board of Directors prior to Board of Directors meetings, in order to aid decision-making among the Board of Directors. Moreover, JBIC shall establish an advisory body to the Executive Committee or other various committees to which authority is delegated by the Executive Committee for approval of certain matters.
3. JBIC shall establish the internal rules for organizational structure stipulating the roles and responsibilities of the Board of Directors, for the purpose of efficiently executing matters approved by a Board of Directors meeting.
4. To expedite the decision-making process, JBIC shall introduce a function-based organization and an executive officer system in which authority is delegated by management for approval of specific matters in accordance with the organization rules, authority rules and other related internal rules.

Article 4 (2). Structures for Ensuring Proper Operations of JBIC Group's Business

1. JBIC shall take appropriate measures for business management and operations in its subsidiaries, to ensure proper operations of JBIC Group's business.
2. JBIC shall establish a structure where its subsidiaries report to JBIC, in a proper manner, the important matters that their Board of Directors execute.

Article 5. Internal Audit for Ensuring Proper Operations of JBIC's Business

1. JBIC shall establish the internal audit regulations and other internal rules for internal audit to ensure the appropriateness and soundness of its operations.
2. JBIC shall set up the Internal Audit Committee to make decisions or deliberations on important matters related to internal audit for the JBIC Group.
3. JBIC shall set up the Internal Audit Department, separated from the departments subject to audit, to supervise the operations of internal audit.
4. The Internal Audit Department shall conduct an internal audit for JBIC and its subsidiaries as necessary, and report to the director responsible for internal audit on the results, pursuant to the internal rules for internal audit.
5. The Internal Audit Department shall periodically and as necessary, as well as upon request of a director or a corporate auditor of JBIC ("Corporate Auditor"), report the results of internal audits to the Board of Directors, other bodies or committees.

6. The Internal Audit Department shall strive to perform an internal audit in an efficient manner by collaborating and exchanging necessary information with Corporate Auditors and accounting auditors.

Article 6. Assignment of Employees who Assist Corporate Auditors in Performing Their Duties

1. JBIC shall set up the Office of Corporate Auditor and assign employees to assist Corporate Auditors in performing their duties.
2. Those employees shall perform their duties in accordance with the instructions from the Corporate Auditors.
3. When deemed necessary, the Corporate Auditors may assign employees other than those stipulated in the above paragraph 1, on a temporary basis, to assist in conducting audit work, by obtaining prior approval from the Governor.

Article 7. Securing Effectiveness of Instructions to Employees Assisting Audit Work and Independence of Instructions from the Director of Organization where They Concurrently Work

1. JBIC shall obtain prior approval of the full-time Corporate Auditor on the personnel evaluation and transfer of, and other personnel matters relating to employees who assist Corporate Auditors in auditing ("the auditor's office staff"), before making decisions on those matters.
2. JBIC shall make the auditor's office staff engaged in audit work only as per the instructions given by corporate auditors, to secure the effectiveness of their instructions to the auditor's office staff. However, in the case where the auditor's office staff need to concurrently works in another department/office, JBIC shall obtain prior approval of the full-time Corporate Auditor on their duties in another position, by clearly stating the following points in writing:
 - (1) There is a rational reason why the auditor's office staff need to concurrently serve in another organization.
 - (2) In assisting with the duties of the Corporate Auditors, the auditor's office staff shall follow the instructions from the Corporate Auditors and not the instructions from a director in an organization 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 Office of Corporate Auditor shall be expressly limited.
 - (4) The auditor's office staff shall not share, with others in another department/office where he/she concurrently serves, the information obtained from performing their duties at the Office of Corporate Auditor.
 - (5) The auditor's office staff shall always give priority to the duties of assisting the Corporate Auditors ahead of the duties in another organization where the staff serve concurrently, to ensure the effectiveness of audits by the Corporate Auditors.
 - (6) When deemed necessary, the full-time Corporate Auditor may withdraw his/her approval of the auditor's office staff's duties in another position while working at the Office of Corporate Auditor.

Article 8. Internal Reporting by Directors and Employees to Corporate Auditors and Preventing Unfair Treatment of Individuals who Reported to Corporate Auditors

1. Directors and employees of the JBIC Group, as well as corporate auditors of JBIC's subsidiaries shall, directly or indirectly, report the status of performance of their duties

to the Corporate Auditors when required, in an accurate manner.

2. In the event that any fact that has the potential to inflict substantial harm upon the JBIC Group, or material facts of wrongdoing or violations of Laws and Regulations are detected, both directors and employees of the JBIC Group, as well as corporate auditors of JBIC's subsidiaries shall, directly or indirectly, report the fact to the Corporate Auditors without any delay.
3. JBIC Group shall ensure that an individual who reports unlawful, improper conduct or activity pursuant to the preceding paragraph shall be protected from being treated unfairly as a result of reporting such information.

Article 9. Securing Effectiveness in Auditing by Corporate Auditors

1. The Corporate Auditors shall be allowed to request directors and employees of the JBIC Group, as well as the corporate auditors of JBIC's subsidiaries, to report the status of performance of their duties, whenever they determine such reports are necessary to conduct audits in an effective manner. A director or employee of the JBIC Group as well as the corporate auditors of JBIC's subsidiaries who receive such a request shall promptly submit a report to the Corporate Auditors.
2. The Corporate Auditors may express their opinions as necessary at the Board of Directors meetings, Executive Committee meetings and other important committee meetings. The Corporate Auditors shall also be allowed to review the minutes of those committee meetings 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 responsible for compliance matters.
5. The Corporate Auditors may seek advice on audits from lawyers and certified public accountants when they consider it necessary for conducting audits in an effective manner.

Article 10. Procedures for Advance Payment and Payment of Fees, and Treatment of Other Fees and Liabilities Incurred by Corporate Auditors in Executing Their Duties

In the case where Corporate Auditors seek advice from lawyers and/or certified public accountants regarding audits pursuant to the provision of the preceding article, JBIC shall pay fees, expenses and liabilities arising from the execution of their duties based on the advice received from those specialists.

6 Security Policy

Japan Bank for International Cooperation (hereinafter "JBIC") adopts the following fundamental policy concerning the use and management of information assets and will properly handle, manage, protect, and maintain information assets to achieve information security that meets the highest standards so as to support its proper and efficient operations.

(1) Basic Principles

JBIC shall use and manage information assets in line with the basic principles set forth hereunder while complying with all applicable laws, regulations, and rules.

- A. Information assets shall be used appropriately and only for their intended purposes.
- B. Authority concerning the management of information assets shall be granted only after careful consideration of the nature of the work and necessity.
- C. When adopting and implementing information security measures, the following matters shall be taken into consideration, based on the nature of the work:
 - (a) Clarification of responsibilities and roles within implementation structures
 - (b) Timely and prompt implementation of necessary, sufficient, effective, and efficient measures

(2) Proper Management of Information Assets

Information assets refer to information and information systems. JBIC classifies them according to such factors as their degree of confidentiality, completeness, usability, and importance, and manages them appropriately in accordance with their classification.

(3) Information Asset Management Structures

JBIC shall establish a structure for ensuring the security of information assets.

(4) Protection of Personal Information

JBIC shall protect and manage personal information by establishing and making public our Privacy Policy and pursuant to the provisions of the Act on the Protection of Personal Information Held by Independent Administrative Agencies (Law No. 59 of 2003).

(5) Protection of Client Information

JBIC shall establish the basic policy for protecting its clients and increasing their convenience for the purpose of appropriate protection and management of information pertaining to them in accordance with this basic policy.

(6) Training on Information Asset Management

JBIC shall provide necessary training to all officers and employees who handle information assets to ensure that they understand requirements in the applicable laws and regulations, as well as in this policy and other applicable rules, and prevent the occurrence of information security problems.

(7) Outsourcing Work

In the event that JBIC engages persons other than its officers and employees to manage its information assets by outsourcing such work, it shall verify that information security is ensured and that appropriate measures have been taken in accordance with the content of the information assets.

(8) Responses to Incidents Concerning Information Assets

In the event of improper disclosure of personal or client information or other incidents causing a problem on information security, JBIC shall promptly take appropriate measures.

(9) Evaluation and Review

JBIC shall evaluate and review this policy, as necessary, to make flexible responses to changes in the external environment, such as the enactment, amendment, or repeal of applicable laws and regulations, as well as innovations in information security technology, and to changes in the internal environment, including organizational and operational changes and updates to JBIC's information systems.

7 Privacy Policy

Data

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Corporate Data

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Privacy Policy

Japan Bank for International Cooperation (hereinafter "JBIC") positions the trust of our clients as our first priority, deeply recognizes the importance of our clients' personal information, and believes that it is our duty to our clients to properly manage and protect their personal information.

With a view to protecting our clients' personal information, JBIC will conduct our operations in a manner whereby we observe the Act on the Protection of Personal Information Held by Independent Administrative Agencies, etc. (hereinafter "Act"), the Guidance concerning the Measures to Properly Manage the Personal Information held by Independent Administrative Agencies, etc. and so forth.

(1) Acquisition of Personal Information

JBIC will acquire our clients' personal information through proper and lawful means. When we acquire personal information from our clients directly in writing, we will specify in advance the purposes for its use that are within the necessary scope of JBIC's operations.

(2) Use of Personal Information

JBIC will specify the purposes for use in obtaining the necessary personal information of our clients as listed below, and will use it within the scope that is necessary to achieve such purposes:

- A. Loan, equity participation, and guarantee operations, and their related due diligence exercise and research (or their supplementary work)
- B. 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.

Access to JBIC Head Office and West Japan Office

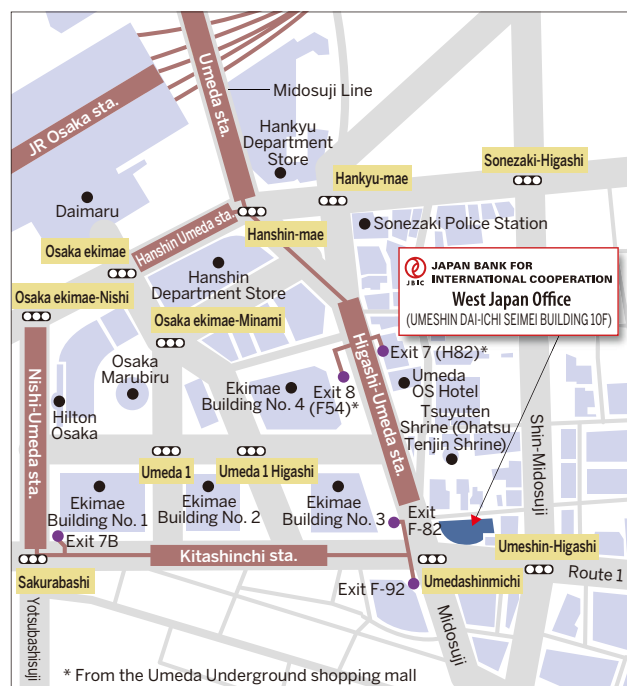
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For further information, please contact

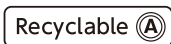
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Annual reports, news releases and bulletins, etc., are
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Printed in Japan