JBIC is a policy-based financial institution wholly owned

JBIC’s mission is to contribute to the sound development of Japan and the international economy and society by conducting its 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

History

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

Operational Principles

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 or 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.

Profile

Name: Japan Bank for International Cooperation (JBIC)
Office: 4-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8144, Japan
Capital: ¥1,785.3 billion (as of March 22, 2019)
Outstanding (Loans and Equity Participations): ¥14,017.3 billion (as of March 31, 2019)
Outstanding (Guarantees): ¥2,493.3 billion (as of March 31, 2019)
Missions

Promoting the overseas development and securement of resources which are important for Japan

As demand continues to rise for energy resources such as oil and liquefied natural gas (LNG), as well as for metals such as iron, copper and other rare materials, countries around the world are stepping up efforts to secure long-term, stable supplies of these essential resources. JBIC, by supporting the efforts of Japanese companies to acquire interests in and develop natural resources overseas, and to import them to Japan, contributes to ensuring a stable supply of the resources that are essential to the sound development of the Japanese economy.
Maintaining and improving the international competitiveness of Japanese industries

Economic globalization has led to increasingly intense competition worldwide. Under these circumstances, JBIC provides support to maintain and raise the international competitiveness of Japanese industries by utilizing a variety of financing methods to support the export of machinery, equipment, marine vessels and other infrastructure and the participation in overseas infrastructure projects by Japanese companies, and to support overseas manufacturing and sales activities by Japanese companies seeking growth in foreign markets, including mid-tier enterprises and small and medium-sized enterprises (SMEs).
Climate change mitigation is an urgent issue for the entire world. JBIC supports projects undertaken in foreign countries that are having a favorable impact on the preservation of the global environment, including construction of renewable energy power plants such as wind power systems utilizing advanced environmental technologies as well as installation of energy-saving equipment. In doing so, JBIC will utilize its loans, equity participations and guarantees through the mobilization of private financing.

Under GREEN (Global action for Reconciling Economic growth and ENvironmental preservation) operations, JBIC, taking into account the need to bring Japanese advanced environmental technologies to the world, works in cooperation with international organizations and local financial institutions in developing countries to provide support for projects with a focus on environmental conservation, such as those anticipated to make a considerable contribution to reducing greenhouse gases (GHGs).
Preventing disruptions to international financial order or taking appropriate measures with respect to damages caused by such disruptions

Disruptions in the international financial order have a serious impact on the Japanese and world economies and corporate activities. JBIC has worked in coordination with the Japanese government to implement various measures during previous crises, such as during the Asian currency crisis in 1997 and the global financial crisis in 2008. In particular, after the global financial crisis in 2008, the Japanese government took measures to empower JBIC to launch three financial operations (Emergency Operations to Support Japanese Overseas Business Activities*) as time-bound, exceptional measures: (1) supplier’s credits to finance exports to developing countries; (2) loans to finance major Japanese companies for continuing investment projects in developing countries; and (3) loans and guarantees to finance Japanese companies’ business operations in developed countries.

JBIC supported overseas operations of a large number of Japanese companies in a diverse range of industries including mid-tier enterprises and SME. As a part of these facilities, JBIC also provided two-step loans (TSL) to domestic financial institutions in an effort to support overseas business activities of Japanese enterprises that were facing funding difficulties, and established a fund together with the International Finance Corporation (IFC) to recapitalize financial institutions in developing countries, contributing to the stabilization of the international financial order.

Commitments in Emergency Operations to Support Japanese Overseas Business Activities
(Loans, Equity Participations and Guarantees)

<table>
<thead>
<tr>
<th></th>
<th>Developed Countries</th>
<th>Developing Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSL to Japanese Financial Institutions</td>
<td>1,048.6 (43%)</td>
<td>180.6 (7%)</td>
</tr>
<tr>
<td>Cumulative financing since FY2008</td>
<td>2,446.1</td>
<td></td>
</tr>
</tbody>
</table>

**JBIC at a Glance**

**Total Number and Amount of Loan and Equity Participation Commitments**
(as of March 31, 2019)

- **Europe**
  - 3,902
  - ¥10,990.6 billion

- **Asia**
  - 11,424
  - ¥23,149.5 billion

- **The Middle East**
  - 822
  - ¥7,188.3 billion

- **Africa**
  - 2,375
  - ¥4,317.1 billion

- **Oceania**
  - 1,134
  - ¥3,704.6 billion

**Projects**

- Project finance* for Moray East offshore wind power generation project
- Equity participation in fund that invests in deep-tech startups
- Project finance for Intercity express programme
- Project finance for Safi coal-fired power generation project
- Project finance for Nacala railway and port infrastructure project
- Support for acquiring interests in offshore oil field in Abu Dhabi
- Project finance for expansion of Rabigh integrated oil refinery and petrochemical plant
- Support for operation of a private general hospital
- Support for export of multipurpose vessels
- Project finance for Rantau Dedap geothermal power project
- Project finance and political risk guarantee for Ikiteli hospital PPP project
- Project finance for Shams Ma’an photovoltaic power generation project
- Support for export of terrestrial digital broadcasting equipment
- Support for export of mining equipment
- Project finance for Facility D natural gas-fired power generation and desalination project
- Support for export of mining equipment
- Support for export of equipment and service related to the Harbor sector
- Project finance for Jawa 1 Gas-to-power project

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

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

(Unit: billions of yen)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Export Loans</th>
<th>Import Loans</th>
<th>Overseas Investment Loans</th>
<th>Untied Loans</th>
<th>Governmental Loans</th>
<th>Guarantees</th>
<th>Equity Participations</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY1955</td>
<td>60.3 (9%)</td>
<td>7.4 (1%)</td>
<td>402.8 (74%)</td>
<td>33.3 (6%)</td>
<td>68.5 (13%)</td>
<td>31.1 (5%)</td>
<td>1.0 (2%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>7.4 (1%)</td>
<td></td>
<td></td>
<td></td>
<td>61.3</td>
</tr>
<tr>
<td>FY1970</td>
<td>356.4 (40%)</td>
<td>233.5 (26%)</td>
<td>182.4 (21%)</td>
<td>101.4 (11%)</td>
<td></td>
<td></td>
<td>543.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>888.4</td>
</tr>
<tr>
<td>FY1985</td>
<td>321.4 (27%)</td>
<td>523.7 (43%)</td>
<td>67.4 (8%)</td>
<td>118.3 (10%)</td>
<td></td>
<td></td>
<td>1,204.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,717.1</td>
</tr>
<tr>
<td>FY2000</td>
<td>174.0 (14%)</td>
<td>503.7 (43%)</td>
<td>61.7 (8%)</td>
<td>89.1 (11%)</td>
<td></td>
<td></td>
<td>1,717.1</td>
</tr>
<tr>
<td>FY2018</td>
<td>102.7 (8%)</td>
<td>1,178.0 (69%)</td>
<td>350.7 (20%)</td>
<td>41.7 (2%)</td>
<td></td>
<td>43.7 (3%)</td>
<td></td>
</tr>
</tbody>
</table>

North America
3,047
¥9,741.4 billion

Latin America and the Caribbean
4,192
¥10,654.3 billion

- Changing Composition of Loans, Equity Participations, and Guarantees (Commitments)
- North America
- Latin America and the Caribbean
- Australia
- Peru
- Brazil
- Mexico
- Trinidad and Tobago
- United States
- Project finance for acquisition of a U.S. company which makes and sells spirits
- Project finance for Freeport LNG project
- Project finance for CO2-EOR* project
- Project finance for CO2-EOR* project
- Project finance for CO2-EOR* project
- Project finance for methanol and dimethyl ether production plant
- Project finance for methanol and dimethyl ether production plant
- Project finance for methanol and dimethyl ether production plant
- Support for renewable energy and energy efficiency projects
- Support for acquiring interest in Quellaveco copper mine
- Project finance for FPSO operation project
- Project finance for FPSO operation project
- Project finance for FPSO operation project
- An FPSO vessel of the same type used in the project (provided by MODEC, Inc.)
- Changing Composition of Loans, Equity Participations, and Guarantees (Commitments)
- North America
- Latin America and the Caribbean
- Australia
- Peru
- Brazil
- Mexico
- Trinidad and Tobago
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- Project finance for acquisition of a U.S. company which makes and sells spirits
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- Project finance for FPSO operation project
- Project finance for FPSO operation project
- An FPSO vessel of the same type used in the project (provided by MODEC, Inc.)
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 SME producing parts and components, and thus the loans are expected to positively contribute to the business of these Japanese companies. Export loans in specific sectors are also available to developed countries.*

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

* Eligible Sectors of Export Loans in Developed Countries (as of January 29, 2020)

[Integrated Infrastructure System Projects]
- Railways (high-speed, inter-city projects and projects in major cities), road business, airports, ports, water business, biomass fuel production, renewable energy power generation, nuclear power generation, hydrogen, power transformation, transmission and distribution, highly efficient coal-fired power generation, coal gasification, carbon capture and storage (CCS), highly efficient gas-fired power generation, electricity storage, development of telecommunications network, manufacture of chemicals that use organic substances derived from animals and plants, waste incineration and waste to energy, smart grid

[Other Export Transactions]
- Ships, satellites, aircraft, medical positron beam therapy equipment

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**Export Loans**

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**Supporting Export of a Polyethylene Manufacturing Plant by Japanese Company**

JBIC concluded a buyer’s credit agreement with PT. Chandra Asri Petrochemical Tbk (CAP) of Indonesia. The loan is intended to provide financing for CAP to establish a polyethylene manufacturing plant in the western part of the island of Java. The loan is used to purchase a whole set of plant facilities from Toyo Engineering Corporation and its subsidiary.

The demand for petrochemical products in Indonesia has been increasing along with the economic growth, but the domestic supply has not been catching up and a large part of the country’s demand continues to be met by imports. The project will contribute to Japanese industry maintaining and enhancing its international competitiveness through creating business opportunities for Japanese companies in the petrochemical field in Indonesia.
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 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 13 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, biomass fuel, hydrogen, salt, lumber, wood chips, pulp, and other materials.

Securing long-term supply of crude oil and strengthening strategic partnership with the UAE

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

Abu Dhabi is vital to Japan’s energy resource strategy as it has been a stable source of crude oil for more than 30 years. Additionally, Abu Dhabi allows foreign oil companies to conduct business based on oil concession agreements. This facility aims to support Japanese companies in renewing their existing concessions in the offshore oil fields in Abu Dhabi as well as acquiring new concessions. This facility will also help the strengthening of Japan’s relationships with ADNOC as well as the UAE, which is an important country in terms of Japan’s energy resource strategy.
Overseas Investment Loans

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

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

Eligible Sectors of Overseas Investment Loans in Developed Countries (as of January 29, 2020)
- Railways (high-speed, inter-city projects and projects in major cities), road business, airports, ports, water business, biomass fuel production, renewable energy power generation, nuclear power generation, hydrogen, power transformation, transmission and distribution, highly efficient coal-fired power generation, coal gasification, CCS, highly efficient gas-fired power generation, smart grid, electricity storage, development of telecommunications network, shipbuilding and marine transport, satellite launching and operation, aircraft maintenance and sales, medical business (related to positron beam therapy facility), manufacture of chemicals that use organic substances derived from animals and plants, waste incineration and waste to energy, M&A activities, etc.

Supporting Offshore Wind Power Generation Project in the United Kingdom

JBIC concluded a loan agreement in project financing with British company Moray Offshore Windfarm (East) Limited (MOWEL), invested in by Mitsubishi Corporation, Kansai Electric Power Co., Inc., Mitsubishi UFJ Lease & Finance Company Limited and others, for the Moray East offshore wind power generation project in the United Kingdom (UK). For this project, MOWEL builds, owns and operates an offshore wind farm to be located off the coast of Moray, Scotland, in northern Great Britain. Under the Contracts for Difference (CfD),* a UK renewable energy subsidy scheme, MOWEL will sell electricity to power retailers for 15 years after the start of commercial operations.

In June 2019, the UK government legislated to pursue net zero emissions of greenhouse gases (GHGs) by 2050. Also, under the Energy Act 2013, it is striving to expand low carbon energy sources as a replacement for existing power plants through the CfD scheme. This project will contribute to the reduction of GHGs emissions in the country.

*CfD is a contract between the UK government’s wholly owned Low Carbon Contracts Company and power developers, and the scheme ensures long-term income for power developers by adjusting for the difference between the price determined by the UK government and the index price in the power market.
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.

**Credit Line for CABEI to Support Renewable Energy Projects**

JBIC concluded a loan agreement to set up a credit line with the Central American Bank for Economic Integration (CABEI).* This credit line is intended to finance, through CABEI, smart energy projects such as maintenance and upgrading of transmission and distribution networks in Central America, as part of GREEN operations.

CABEI is a multilateral regional development financial institution whose objective is to promote the economic integration and balanced economic and social development of the Central American region. Advocating “environmental sustainability” as a component of its business strategy, it is enhancing initiatives targeting renewable energy and efficient transmission and distribution networks. JBIC and CABEI have built up close cooperative ties since the late 1960s through loans financing Japanese exports of machinery and equipment to Central American countries and their infrastructure projects. This loan, which finances the environment sector, will further deepen cooperative relations between the two institutions.

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* Spanish name: Banco Centroamericano de Integración Económica
Equity participations are capital contributions to companies where Japanese companies have equity stakes to undertake overseas projects, as well as funds where Japanese companies perform significant roles. In principle, equity participations take the following forms.

- **Japanese companies make equity participations in an overseas project**
- **Japanese companies participate in a fund (and perform such major role as general partner in their management and investment decisions)**
- **Japanese companies acquire equity interests in a foreign company to form business alliance**
- **Japanese companies form a consortium and participate in an international fund**

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**Supporting overseas business development and securing stable supplies of mineral resources**

JBIC concluded a shareholders’ agreement with Daichi Kigenso Kagaku Kogyo Co., Ltd. (DKKK) and other shareholders for an investment in Vietnam Rare Elements Chemical Joint Stock Company (VREC).

With a background of technological strength in refining and manufacturing zirconium compounds,* DKKK holds the world’s top class share in production output of these compounds. This transaction is intended to support, through JBIC’s investment, the provision of funds necessary for DKKK’s consolidated subsidiary, VREC, to manufacture zirconium oxychloride, which is used as a raw material of zirconium compounds and export it to Japan.

Zirconium is listed as one of the Strategic Mineral Resources marked for prioritized effort in the Japanese government’s Strategy for Securing Natural Resources, as it is essential to ensuring the competitiveness of the chemical industry. This transaction contributes to DKKK’s overseas business development as well as the stable supply of zirconium, a strategic mineral resource.

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* Zirconium compounds used for various industrial products such as industrial catalysts and automobile catalytic converters, electronic materials and oxygen sensors, refractory and brake materials, fine ceramics, and solid electrolytes for fuel cells.
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 Co-financing, Overseas Syndicated Loans and Public Sector Bonds**
  Loans to developing countries involve, among others, currency conversion and transfer risks, as well as country risks. Guarantees that JBIC issues to cover such risks will enable Japanese private financial institutions to provide medium- and long-term financing for developing countries, and contribute to developing countries to bringing in private capital and facilitating private companies to expand international business activities.

- **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.

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**Export Loans**

**Import Loans**

**Overseas Investment Loans**

**Tied Loans**

**Equity Participations**

**Guarantees**

**Bridge Loans and Others**

**Research and Studies**

**Securitization and other Financial Instruments**

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13
**Bridge Loans**

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

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

**Acquisition of Loan Assets and Public and Corporate Bonds**

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

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

**Research and Studies**

JBIC conducts research and studies on individual projects during their initial stage, as well as those focused on specific regions or industry sectors that may be conductive 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 conductive 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 (SPCs) or trust companies issue asset-backed securities (ABSs) 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 ABSs issued by SPCs 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.

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 SPCs or trust companies in cases where these securities have monetary claims acquired from overseas Japanese subsidiaries on collateral.
Prominent Initiatives in Recent Years

**Special Operations Regarding Overseas Infrastructure Project**

Following economic growth and rapid urbanization in emerging economies, global demand for infrastructure development is expected to continue expanding. Based on the Japanese government’s policies including “Partnership for Quality Infrastructure,” JBIC launched the Special Operations, enabling JBIC to take further risks regarding overseas infrastructure project. By demonstrating its risk assuming functions, JBIC supports commercialization of Japanese companies’ overseas infrastructure projects with cutting-edge technology.

<table>
<thead>
<tr>
<th>Eligible Projects for the Special Operations*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public infrastructure projects which provide finance to the government, governmental entities or local authorities</td>
</tr>
<tr>
<td>Projects developed by private companies where demand fluctuations could impact the repayment of the finance</td>
</tr>
<tr>
<td>Projects developed by private companies where the off-taker would be the government, governmental entities or local authorities</td>
</tr>
<tr>
<td>Projects developed by private companies where uncertainty of the technology (technology risk) or uncertainty of the project-formation (project-formation risk) could impact the repayment of the finance</td>
</tr>
</tbody>
</table>

* Only eligible to overseas infrastructure projects with risks that JBIC is unable to assume under the Ordinary Operations. The classification into either Ordinary Operations or Special Operations is determined at the point when JBIC approves each individual project in light of relevant regulations.

**Growth Investment Facility**

JBIC established and launched the Growth Investment Facility. Its purpose is to provide wide-ranging support in assisting Japanese companies with overseas M&As and global value chain restructuring as well as development of quality infrastructure. The establishment of this facility was announced in the “Comprehensive Economic Measures to Create a Future with Security and Growth” (December 5, 2019, Cabinet decision). The Global Facility to Promote Quality Infrastructure Investment for Environmental Preservation and Sustainable Growth (QI-ESG), established in July 2018, is revised and incorporated into this new facility.

Depending upon the project targeted, the facility comprises of two windows: (1) the Facility Window for the Development of Quality Infrastructure for Environmental Preservation and Sustainable Growth (“QI-ESG Window”) and (2) the Facility Window for Supporting Japanese Companies’ Overseas Business Expansion (“Overseas Business Expansion Window”).

<table>
<thead>
<tr>
<th>Growth Investment Facility*</th>
</tr>
</thead>
<tbody>
<tr>
<td>QI-ESG Window</td>
</tr>
<tr>
<td>Mission for maintaining and improving international competitiveness of Japanese Industries (contributing to preserving the global environment)</td>
</tr>
<tr>
<td>Mission for promoting the overseas business having the purpose of preserving the global environment</td>
</tr>
<tr>
<td>GREEN (Global action for Reconciling Economic growth and Environmental preservation)</td>
</tr>
<tr>
<td>Overseas Business Expansion Window</td>
</tr>
<tr>
<td>Mission for maintaining and improving international competitiveness of Japanese industries</td>
</tr>
<tr>
<td>Mission for promoting the overseas development and securement of resources which are important for Japan</td>
</tr>
</tbody>
</table>

* Excluding Special Operations
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.

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.

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

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

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

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

JBIC actively supports Japanese mid-tier enterprises and small and medium-sized enterprises (hereinafter collectively referred to as “SMEs”) expanding overseas in response to economic globalization. In recent years, following the economic growth of emerging market countries, especially in Asia, an increasing number of 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 purposes of SMEs’ overseas expansion, the need for funds among SMEs has grown more diverse.

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

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

Example of SME* support schemes

1) Individual loan scheme
   - Overseas project
   - Overseas subsidiary
   - Domestic loans (Dollar/Yen/Euro/other local currencies)
   - Parent company (Japan)
   - Japanese financial institutions
   - Equity participations, increase of capital, parent company/subsidiary loan

2) Two-step loan scheme (via Japanese financial institution)
   - Overseas project
   - Overseas subsidiary
   - Overseas
   - Domestic loans (Dollar/Yen/Euro/other local currencies)
   - Parent company (Japan)
   - Japanese financial institutions
   - Overseas financial institutions

Cooperation with Japanese Regional Financial Institutions

Regional financial institutions that SMEs work with play an important role when SMEs seek to expand overseas. Through collaboration with regional financial institutions, JBIC provides wide range of support to facilitate the overseas expansion of local companies, including co-financing, concluding general agreements with regional financial institutions for setting up credit lines to support SME in developing countries, and holding joint seminars on overseas business expansion and other issues.

Cooperation with Local Financial Institutions in Developing Countries

Securing the support of local financial institutions in developing countries well acquainted with the local area is also vital for SMEs. Besides supporting Japanese affiliates overseas, JBIC has also strengthened its relationships with local financial institutions, by, for example, offering two-step loans to local financial institutions with the objective of fostering and supporting local companies that supply raw materials and parts to Japanese affiliates overseas. JBIC has also concluded MOUs with local financial institutions to develop a support system for SMEs’ overseas business expansion that involves regional financial institutions in Japan. Under these MOUs, JBIC encourages local financial institutions to set up and expand single contact points “Japan desks” for Japanese companies, and builds frameworks that enable consultations on specific cooperation and coordination together with the regional financial institutions that have business relationships with the SMEs in Japan.

Providing Local Currency-denominated Loans

JBIC provides loans in various local currencies. Especially for SMEs running domestic demand-based businesses in developing countries, stable financing of local currency funds is an important issue in business strategy. JBIC prepares long-term fixed-rate local currency loans and provides co-financing with private financial institutions directly to the local subsidiaries of Japanese companies who are the clients of those financial institutions. The co-financing sometimes involves JBIC providing local currency-denominated loans and the private financial institutions providing yen-denominated loans through the parent company in Japan.

* Definition of SME: Companies capitalized at less than ¥1 billion or with not more than 300 employees. Consolidated subsidiaries of large companies are excluded.
** In principle, intended to developing countries.
Information Services and Seminars

In addition to individual consulting services for SME overseas expansion, JBIC provides advisory services through experts concerning the legal, accounting, and currency regulations related to tax affairs, employment and labor issues, contracts, company establishment, and other issues for China, India, the 10 member states of ASEAN, North America, Latin America, and the Middle East.

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

Case Studies

Cambodia / Vietnam

NAKAZAWA GROUP (Shiga Prefecture)

Wristwatch Sales and Repair Business

NAKAZAWA GROUP is engaged in the sale and repair of wristwatches. By establishing NAKAZAWA VIETNAM CO., LTD. (NKV) in Vietnam in 2013 and NAKAZAWA (CAMBODIA) CO., LTD. (NCC) in Cambodia in 2014, NAKAZAWA GROUP started business in both countries where consumer spending is expected to rise with a growing middle class. NAKAZAWA GROUP seeks to expand its sales share by opening new stores. JBIC provided the funds necessary for NKV to open its fourth store in Vietnam, and for NCC to open its second store in Cambodia.

Thailand

JET8 Co., Ltd. (Tokyo)

International Freight Transport Business

JET8’s main business area is international logistics hang on advantage of temperature-controlled transport. In 2009, it established JET8 (Thailand) Co., Ltd. (J8TH) in Thailand and has engaged in many transportation projects for cargo such as medical products, vaccines, and medical samples. In addition to expanding its capacity and upgrading its temperature-controlled logistics services, J8TH seeks to expand its business into logistics service supporting import and export of refrigerated cargo as well as temperature-controlled supply chains among third-countries and within Thailand. JBIC provided J8TH with Thai baht-denominated funds necessary to expand its capacity.

Myanmar

SUNTECH Co., Ltd. (Kagawa Prefecture)

Plant Machinery and Equipment Manufacturing and Sales Business

TAKAHATA Inc. (Kagawa Prefecture)

Switchboard and Power Controller Manufacturing and Sales Business

SUNTECH, which manufactures and sells a wide range of plant machineries and equipment mainly made of stainless steel, and TAKAHATA, which manufactures and sells switchboards, power controllers and etc., established the joint venture Mooz & Company Myanmar Limited (MCM) in Myanmar. Development of transportation and electricity infrastructure is expected to grow in Myanmar, and MCM seeks to enter and capture a market share of the gasoline stand gas tanks and electrical distribution systems. JBIC provided SUNTECH and TAKAHATA with the funds necessary to establish MCM.

Mexico

Beyonz Co., Ltd. (Shizuoka Prefecture)

Automotive Parts Manufacturing and Sales Business

Beyonz is engaged in the manufacture and sale of automotive parts. Driven by steadily growing automobile demand in North America, Mexico, as a production base for automotive parts, is anticipated to see an increase in trade for North American export. Beyonz established BEYONZ MEXICANA, S.A. DE C.V. (BM) in 2013 and aims to expand its business in Mexico. JBIC concluded an individual loan under a preset credit line* with the Shizuoka Bank, Ltd. and provided, through the Shizuoka Bank, BM with the funds necessary for its automotive parts manufacturing and sale business.

* JBIC concluded an investment credit line with the Shizuoka Bank in December 2016 to support the overseas business deployment of Japanese SMEs.
Corporate Philosophy

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.

Organizational Chart (as of March 19, 2020)

- **Domestic**
  - 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
  - Equity Finance Group
  - Corporate Planning Department
  - Legal Affairs and Compliance Office
  - Human Resources Management Office
  - Strategic Research Department
  - Credit Department
  - Environmental Assessment Office
  - Country Credit Department
  - Risk Management Department
  - Treasury Department
  - Administration and General Services Department
  - IT Planning and Operations Administration Department
  - Oil and Gas Finance Department
  - Mining and Metals Finance Department
  - New Energy and Power Finance Department I
  - New Energy and Power Finance Department II
  - Social Infrastructure Finance Department
  - Corporate Finance Department
  - Finance Office for SMEs
  - Marine and Aviation Finance Department
  - Osaka Branch
  - Equity Investment Department
  - Internal Audit Department
  - Office of Corporate Auditor

- **Overseas**
  - Regional Head for Asia and Pacific
    - Singapore*
      - Beijing, Bangkok, Hanoi, Jakarta, Manila, New Delhi
    - Regional Head for Europe, the Middle East and Africa
      - London*
      - Moscow, Paris, Istanbul, Dubai
    - Regional Head for the Americas
      - New York*
        - 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.
### Funding Sources

**Financial Market**

- **FILP Bonds**
- **Foreign Exchange Fund Special Account**
- **Investment and Loan Fund Account**
- **Capital Contribution**
- **Government-guaranteed Foreign Bonds**
- **Loans**
- **Internal Funds**

**Japanese and foreign companies, foreign financial institutions, foreign governments and government agencies, multilateral financial institutions, etc.**

**J B I C**

Loans/Investments

### Overseas Network (as of March 19, 2020)

- **Regional Headquarters**
  - **Regional Headquarters for Asia and Pacific**
  - **Regional Headquarters for Europe, Americas**
  - **Regional Headquarters for Middle East and Africa**

- **Representative Offices**
  - **Representative Office in Singapore**
  - **Representative Office in Jakarta**
  - **Representative Office in Tokyo**
  - **Representative Office in Beijing**
  - **Representative Office in Bangkok**
  - **Representative Office in Hong Kong**
  - **Representative Office in London**
  - **Representative Office in New Delhi**
  - **Representative Office in Moscow**
  - **Representative Office in Istanbul**

### Funding Sources: Actual

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<th></th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
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<tbody>
<tr>
<td>Capital Contribution from FILP Industrial Investment</td>
<td>142.0</td>
<td>82.2</td>
<td>20.1</td>
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<td>724.2</td>
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<td>—</td>
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<td>Other Sources of Funds, Including Repayments</td>
<td>(721.0)</td>
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<td>Total</td>
<td>2,200.4</td>
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<td>1,451.3</td>
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* Figures for bonds are indicated at face value.

Unit: billions of yen

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**Notes:**

- **Special Account for Fiscal Investment and Loan Program (FILP) Fund**
- **Government-guaranteed Long-term Loans in Foreign Currency**
- **Internal Funds**
- **Other Sources of Funds**
- **Japanese and foreign companies, foreign financial institutions, foreign governments and government agencies, multilateral financial institutions, etc.**

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**Unit: billions of yen**

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