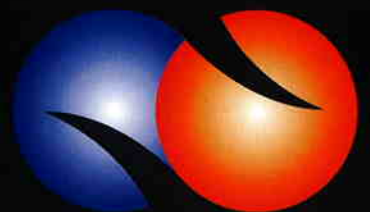


Annual Report 2002



NEXI

Nippon Export and Investment Insurance

I NEXI Mission

N E X I
S_{peed} P_{rofessional} I_{ntegration} R_{eformation} I_{T oriented} T_{ransparency}



NEXI is committed to:

1. Providing insurance products that will make customers feel secure and protected in overseas transactions
2. Readily providing information and advice to customers on their transactions from a preliminary stage
3. Responding promptly to the inquiries and concerns of customers
4. Meeting the demands of customers and their business needs
5. Speedily completing the assessment of claims and promptly making claim payments
6. Speedily allocating recovered money

Management Principle

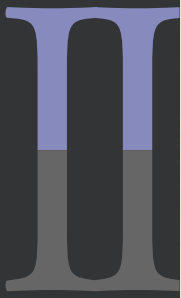
Nippon Export and Investment Insurance (NEXI) is committed to contributing to the economy and society of Japan through efficient and effective operations of insurance business by responding precisely to customers' needs with the quick perception of market changes and by underwriting risks which are inherent in international transactions, but cannot be adequately protected by commercial insurance.

Management Policy

1. NEXI as an independent administrative institution servicing the public aims at contributing to the stability of people's lives and to the sound growth of the economy through its operations.
2. NEXI adheres to giving first priority to the interests of customers, responding promptly and precisely to customers' individual needs, providing superior-quality customer services, and achieving the highest level of operating efficiency and effectiveness.
3. NEXI fully utilizes the talents of all of its management and human resources with the objective of undertaking more risk, developing new products and being creative in risk underwriting schemes that flexibly accommodate the anticipated changes in the market. It further aims at increasing profitability through prudent risk control and criteria ensuring long-term growth and prosperity.
4. NEXI encourages and fosters the development of knowledge and skills of employees through training and makes the best use of the staff's diverse professional background to create an ideal workplace that corresponds to the changes in society.

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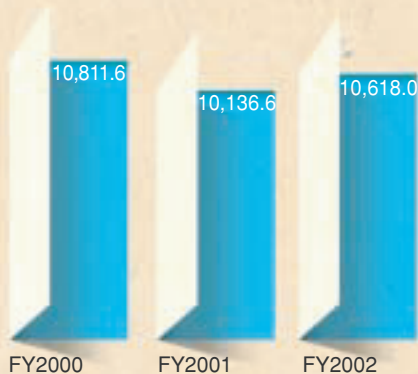


Main Data for Fiscal 2002

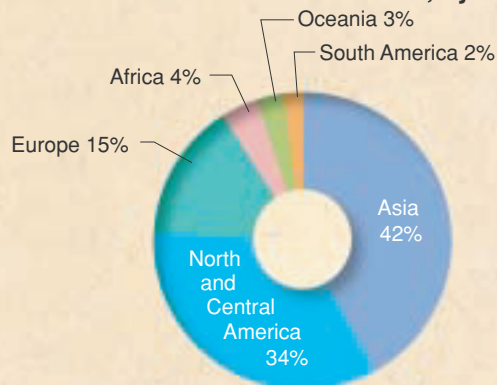
Amount underwritten

Supported by brisk automobile-related exports and other beneficial factors, the amount underwritten in fiscal 2002 rose 4.8% from the previous year, to ¥10,618 billion.

Amount underwritten (In billions of yen)



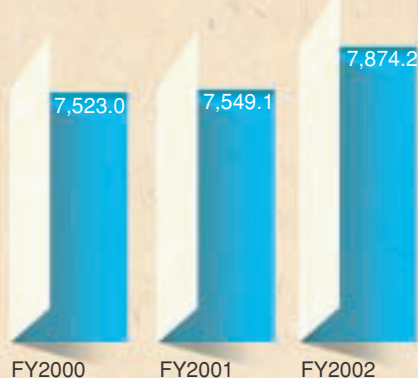
Breakdown of underwritten amount in fiscal 2002, by region



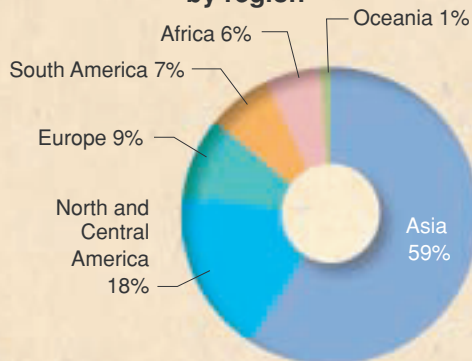
Outstanding commitment

The amount of outstanding commitment as of March 31, 2003, totaled ¥7,874.2 billion, up 4.3% from a year earlier.

Outstanding commitment (In billions of yen)



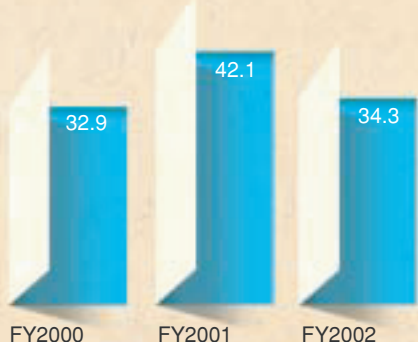
Breakdown of the outstanding commitment at the end of FY2002, by region



Premium income

Premium income in fiscal 2002 (on the basis of submitted bills) fell 18.5% from the previous year, to ¥34.34 billion — a decline that should be seen in contrast to an exceptionally sharp rise in fiscal 2001, when large projects were underwritten. But the 2002 figure was an improvement over the ¥32.9 billion posted in fiscal 2000.

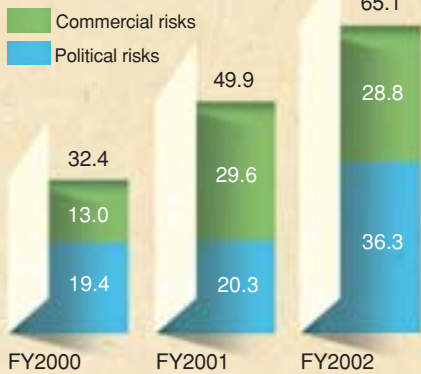
Premium income (In billions of yen)



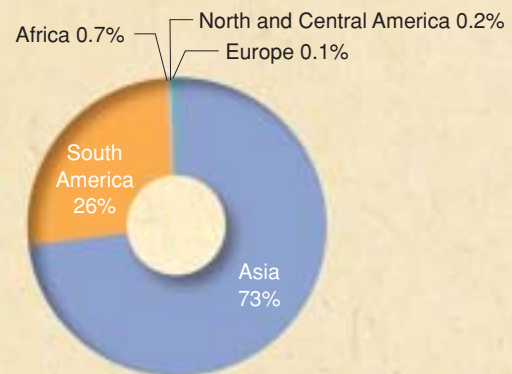
Insurance claims paid

Insurance claims paid in fiscal 2002 amounted to ¥65.1 billion, up 30.6% from the previous year due to some large insurance claims paid. The amount paid for commercial risk events was down 2.5% from fiscal 2001, which had posted a record high, while the amount paid for political risk events surged 78.6%.

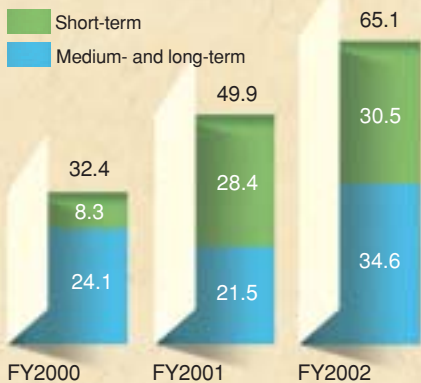
Insurance claims paid, by type of risk
(In billions of yen)



Breakdown of insurance claims paid in fiscal 2002, by region



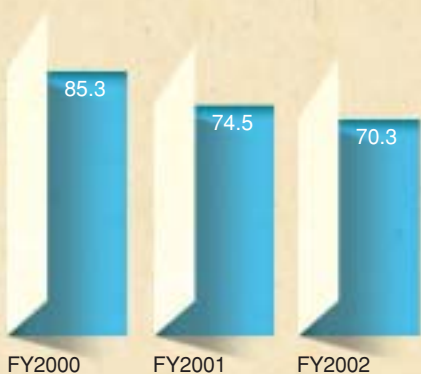
Insurance claims paid, by insurance policy term
(In billions of yen)



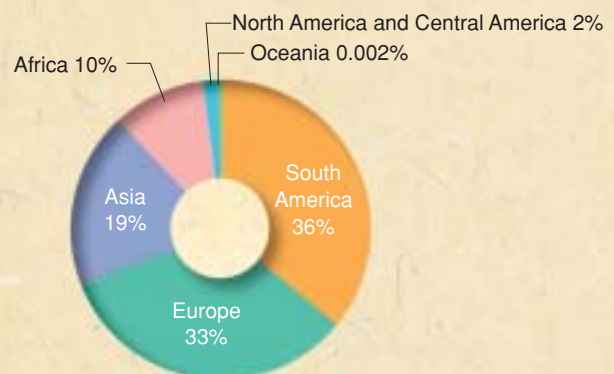
Recoveries

The amount of recoveries for commercial risk events increased in fiscal 2002, reflecting the fact that the number of such events has been on the rise in recent years. However, with recoveries decreasing from political risk events, the total recovery amount fell 5.7% from the previous year, to ¥70.3 billion.

Recoveries (In billions of yen)



Breakdown of recoveries in fiscal 2002, by region





Message from the Chairman and CEO

Nippon Export and Investment Insurance (NEXI), established in April 2001 as an independent administrative institution, has begun its third year of operation. We wish to express our sincere appreciation for the support of our customers during the past two years.

Japanese exports were comparatively firm in the first half of fiscal 2002. In the second half, however, exports began decelerating again because of such factors as growing uncertainty about the world situation due to the approach of war in Iraq and the outbreak of severe acute respiratory syndrome (SARS). In such a difficult business climate, customers are in greater need of risk control in their business than ever before.

Meanwhile, to define the NEXI mission more clearly, we formulated the Management Principle and the Management Policy in April 2002. The precept is that we will do our utmost to satisfy customer requirements by offering high-quality services. This is the firm resolution of the entire NEXI management and staff. The idea has been shaped into the Customer Service Charter, which has guided our operations since April 2003.

Today NEXI stands at the midpoint of its four-year medium-term plan. The results of our first two years will be assessed in the two years to come. With world affairs becoming increasingly complex, we fully realize the growing importance of customer-focused operations. We will contribute to the further development of Japan's international transactions, including exports and investment, through these operations.

We look forward to the continuing support and encouragement of our customers.



Hidehiro Konno, Chairman and CEO

In fiscal 2002, NEXI worked hard to improve the quality of services to satisfy customer requirements.

"Customer Service Charter" created.

We promise to see situations from the customer's standpoint and act quickly at all times. The Customer Service Charter is on page 33.

We increased the percentages of indemnity for insurance covering medium- and long-term transactions.

In response to customer requirements, we raised the percentages of indemnity for export credit insurance (medium- and long-term) and overseas untied loan insurance. The increased percentages are given below.

	Political risk	Commercial risk
Sovereign*	100%	-
Bank L/G	97.5%	95%
Non-L/G	97.5%	95% at maximum

* Government direct lending or transactions with government L/G.

"Short-term Trade Insurance for Manufacturers" started.

Our "Short-term Trade Insurance for Manufacturers" covers shipping risk and bill collection risk associated with exports by manufacturers and intermediary trade. This insurance dispenses with L/Cs, and it features very simple procedures. We believe, therefore, any customer, even one unfamiliar with trade insurance, will find this new service reassuring.

NEXI concluded reinsurance agreements with overseas export credit agencies to provide "one-stop shopping" convenience for trade insurance.

We concluded reinsurance agreements with overseas export credit agencies – SACE (Italy), NCM (Netherlands), OND (Belgium), HERMES (Germany) and OeKB (Austria). Under these agreements, NEXI provides "one-stop shopping" service for export insurance covering projects in which procurements are conducted in two or more countries. This will allow customers to reduce transaction costs and organize a flexible financing structure.

Debt collection service using servicers begun.

We began offering a new service that enables customers who hold NEXI trade insurance policies to use our affiliated servicers for debt collection. This service will improve the debt collection rate and reduce customer costs.

We were actively involved in environmental protection.

We have been consistently aware of environmental principles, mindful of our new environmental guidelines established on the basis of common approaches adopted by OECD member countries.

Other moves include the decision that our overseas investment insurance would cover risk associated with severe acute respiratory syndrome (SARS). This is consistent with our desire to place top priority on the needs of customers at all times. For details about our improved services, please visit our Web site (<http://nexi.go.jp>).

Major Projects Underwritten During Fiscal 2002

Major projects underwritten by NEXI during FY2002 are listed below by region.



Malaysia — Semiconductor manufacturing plant

A Japanese company received an order from a manufacturer engaged in upstream operations of semiconductor production in Sarawak, Malaysia for the export of a semiconductor manufacturing plant. NEXI underwrote export credit insurance for loans of about ¥23.3 billion lent by Japanese banks for the purchase of the plant.

[The insurance contract was concluded on April 26, 2002.](#)

Vietnam — Construction of the Phu My 4 combined-cycle power plant

A Japanese company signed a full turnkey contract for the construction of a 450 MW combined power plant in the Taintain-Phu My district in Baria-Vungtau, Vietnam. NEXI underwrote export credit insurance of about ¥8 billion for this project.

[The insurance contract was concluded on July 31, 2002.](#)

United Arab Emirates — Supply and installation of the Shuweihat water conveyance facilities

A Japanese company received an order for the supply and installation of two water pipelines of about 480 kilometers total and the related pumping station that transport fresh water produced by the seawater desalination plant in Shuweihat to Mussafah via Mirfa. NEXI underwrote export credit insurance in the amount of about ¥80 billion for this project.

[The insurance contract was concluded on August 6, 2002.](#)



Taiwan — Construction of the Taiwan High Speed Railway

A consortium of Japanese companies received an order for track construction (the second to the fifth construction sections) for the Taiwan High Speed Railway, which will link the distance of about 345 kilometers between Taipei and Gaoxiong in about 90 minutes. NEXI underwrote export credit insurance of approximately ¥170 billion for this project.

The insurance contracts were concluded on August 22, 2002, for the fourth and fifth construction sections, and on February 21, 2003, for the second and third construction sections.



Photo courtesy of Taiwan High Speed Rail Corporation



Asia

Indonesia — Capital increase by an automobile-related local joint venture

A Japanese company increased its capital investment in a joint venture engaged in the manufacturing and sales of automobiles in Indonesia in order to strengthen its business base. NEXI underwrote overseas investment insurance for the increased portion of capital (approximately ¥5.6 billion).

The insurance contract was concluded on December 6, 2002.

Philippines — Fiber Optic Backbone Network Project

Globe Telecom, a Philippine full-service telecommunications company engaged in the provision of both wireless and wireline services, signed a contract with Japanese companies to acquire a large amount of transmission equipment and fiber optic cable in order to provide facilities for Globe's growing number of subscribers. The total loan facility amounted to US\$72.25 million. Nippon Export and Investment Insurance (NEXI) guaranteed the portion of the facility funded by commercial banks.

The insurance contract was concluded on February 23, 2003.



Eastern Europe and Central Asia

Kazakhstan — Modernization of an oil refinery

A Japanese company concluded a turnkey contract with an oil company in Kazakhstan for an oil refinery modernization project. NEXI underwrote export credit insurance to cover a buyer credit of approximately ¥9.9 billion.

The insurance contract was concluded on February 19, 2003.

Romania — Modernization of a thermal power plant

A Japanese company concluded a turnkey contract with a Romanian electric power company for a thermal power plant modernization project. NEXI underwrote export credit insurance to cover a buyer credit of approximately ¥4.3 billion extended by a consortium of Japanese banks.

The insurance contract was concluded on March 19, 2003.



Algeria — Construction of the Arzew desalination and power generation plant project

A Japanese company won contracts for a seawater desalination plant and a gas turbine power generation plant in Arzew, Algeria. NEXI underwrote export credit insurance of about ¥30 billion for the contracts.

The insurance contract was concluded on February 27, 2003.

Algeria — Finance for LNG carrier to be chartered to Sonatrach

NEXI underwrote overseas untied loan insurance to cover the loan of \$60 million offered by a Japanese financial institution for an LNG carrier chartering project involving Sonatrach, Algeria's state-owned oil and gas company. According to this project, Japanese companies, Sonatrach and its subsidiary are to jointly establish a special purpose company (SPC) to run an LNG carrier under a time charter agreement between the SPC and Sonatrach.

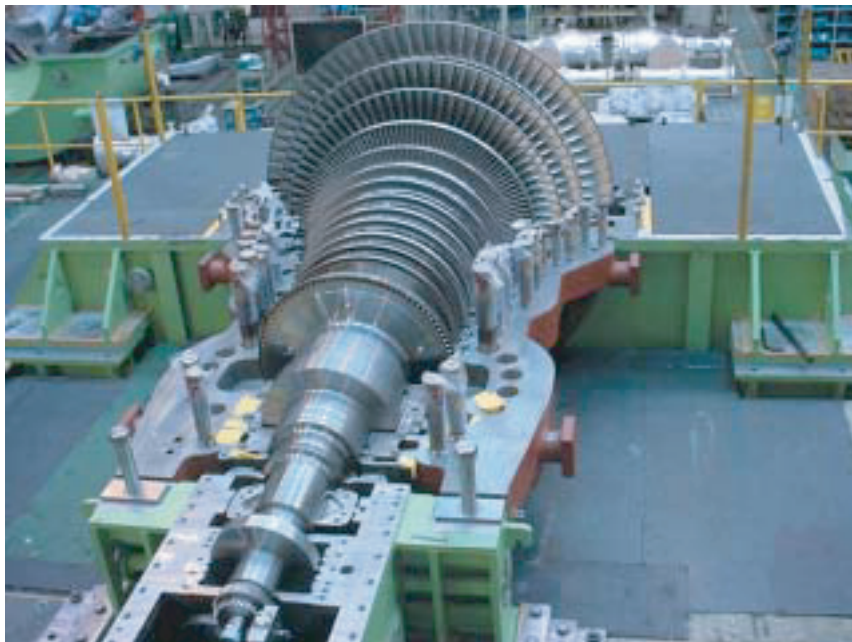
The insurance contract was concluded on March 28, 2003.



Brazil — Captive power plant and gas recovery equipment for a steelmaker

A Japanese company concluded a turnkey contract with Companhia Siderúrgica de Tubarão, a major Brazilian steelmaker, for the supply and installation of private electric power generation plant and gas recovery equipment. NEXI underwrote export credit insurance to cover a buyer credit of approximately ¥1.9 billion by a Japanese bank.

The insurance contract was concluded on February 18, 2003.





Review of Operations in Fiscal 2002

1. Economic trends in FY2002

The Japanese economy reached a significant turning point in December 2002. Until then, Japanese exports had been picking up, though only in limited areas. Behind this uptrend were some areas of recovery in the economy of the United States despite the continuing structural adjustments following the bursting of the information technology bubble. Also, exports to China and many other Asian countries were brisk, reflecting faster-than-expected growth in the region.

Going into January 2003, however, with the possibility of war in Iraq increasing, uncertainty over world affairs prevailed. In addition, the outbreak of severe acute respiratory syndrome (SARS), which affected the Asian region in particular, put downward pressure on the regional economy. These negative factors combined to push Japan's exports and economy overall downward once again.

(Reference) Japanese exports

(Unit: ¥ billion)

	FY1998	FY1999	FY2000	FY2001	FY2002	
Exports	49,449.3	48,547.6	52,045.2	48,592.8	52,732.9	
Year-to-year change (%)	-3.8	-1.8	7.2	-6.6	8.5	

Source: Trade Statistics, Ministry of Finance

2. Summary of trade insurance operations

Underwritten amount

(Unit: ¥ billion)

	FY1998	FY1999	FY2000	FY2001	FY2002	Year-to-year change (%)
Underwritten amount	13,968.9	12,024.7	10,811.6	10,136.6	10,618.0	4.7

Amount of outstanding commitment

(Unit: ¥ billion)

	FY1998	FY1999	FY2000	FY2001	FY2002	Year-to-year change (%)
Amount of outstanding commitment	8,569.2	7,315.6	7,523.0	7,549.1	7,874.2	4.3

Operating income

(Unit: ¥ billion)

	FY1998	FY1999	FY2000	FY2001	FY2002	Year-to-year change (%)
Premium income ¹	45.4	33.2	32.9	42.1	34.3	-18.5
Recovery ²	91.2	84.6	85.3	74.5	70.3	-5.7

Notes: 1. Premium income here does not exclude the amount of premiums returned. Premium income for FY2001 and FY2002 is on the basis of invoice issued, while that for FY2000 and earlier was based on actual receipt.

2. Recoveries for FY2001 and FY2002 are on the basis of reporting, while those recoveries up to FY2000 were on the basis of actual receipt.

Claims paid

(Unit: ¥ billion)

	FY1998	FY1999	FY2000	FY2001	FY2002	Year-to-year change (%)
Claims paid	16.7	21.6	32.4	49.9	65.1	30.6

3. Underwriting

Underwritten amount by type of insurance

(Unit: ¥ billion/\$ million)

	FY2000	FY2001	FY2002		Year-to-year change (%)
Export Credit Insurance	10,380.9	9,737.9	10,182.9	\$84,858	4.6
Short term	10,113.7	9,647.1	9,918.2	\$82,652	2.8
Medium to long term	267.2	90.8	264.7	\$2,206	191.5
Export Bill Insurance	67.3	60.6	53.5	\$446	-11.6
Export Bond Insurance	51.6	50.2	-	-	-
Prepayment Import Insurance	1.2	1.8	0.6	\$5	-67.7
Overseas Investment Insurance	85.9	55.6	41.8	\$348	-24.9
Overseas Untied Loan Insurance	224.8	230.6	339.3	\$2,827	47.1
Total	10,811.6	10,136.6	10,618.0	\$88,484	4.7

Notes: 1. Exchange rate of US\$1=¥120, as at the end of FY2002 (the same rate is used hereafter).

2. Since fractions are rounded up or down to the next whole number, the sum of items in a column does not necessarily equal the total figure (same applies to the charts that follow).

The underwritten amount of insurance in FY2002 totaled ¥10,618 billion, an increase of ¥481.5 billion (4.7%) from the previous fiscal year. This increase resulted from strong automobile-related exports and other factors. Notably, the underwritten amount of short-term export credit insurance, which accounts for about 90% of total trade insurance, marked year-on-year growth of ¥271.1 billion due to the strong performance of steel, chemical product and automobile exports.

Reviewed by type of insurance, the amount of medium- and long-term Export Credit Insurance recorded a sharp increase of 191.5% from the previous fiscal year, thanks mainly to the underwriting of buyer credits extended for large-scale power plants and fertilizer plants. Furthermore, the underwritten amount of Overseas Untied Loan Insurance continued to increase, rising 47.1% from the previous fiscal year, on the strength of large-scale gas and oil field development projects. Overseas Investment Insurance, meanwhile, has showed a downtrend in recent years, marking a year-on-year decrease of 24.9% in FY2002.

Underwritten amount by region

(Unit: ¥ billion/\$ million)

	FY2000	FY2001	FY2002		Year-to-year change (%)
Asia	4,101.6	4,334.6	4,943.6	\$41,197	14.0
Europe	2,236.2	1,708.3	1,799.9	\$14,999	5.4
North and Central America	4,427.3	4,074.3	4,036.4	\$33,636	-0.9
South America	469.2	379.0	226.8	\$1,890	-40.2
Africa	211.8	273.8	402.6	\$3,355	47.0
Oceania	339.9	276.2	341.2	\$2,843	23.5

Notes: 1. Methods of recording sums insured by country

Pre-shipment – Country of the consignee

Post-shipment – Country of the payer; however, if guaranteed, country where guarantee is provided.

2. Middle East and Central Asia are included in Asia (the same applies hereafter).

3. Central Europe, East Europe and Russia are included in Europe (the same applies hereafter).

4. Since the underwritten amount here is recorded for both the countries of the consignee and the countries of the payer or the guarantor's country, totals in this table are not consistent with those in "Underwritten amount by type of insurance," above.

Reviewed by region, the underwritten amount of insurance covering transactions in Asia totaled ¥4,943.6 billion, for the largest share, followed by ¥4,036.4 billion in North and Central America. The underwritten amount for projects in Africa marked a sharp increase of 47.0% from the previous fiscal year.

The underwritten amount of insurance covering transactions in Asia rose 14.0% from the previous year, lifted by large-scale projects in the United Arab Emirates, India and Indonesia. In addition, an increase in the underwriting related to both automobile exports to China and the exports of personal computer and automobile component to South Korea also contributed to the growth.

In North and Central America, in spite of the underwriting of a large-scale project in Mexico, the overall underwritten amount was down 0.9% from the previous fiscal year due to decreased U.S.-related underwriting concerning projects such as power plants and power generation equipment, and automobile exports.

European transactions increased 5.4% over the previous fiscal year's level, thanks to the growing amount of automobile exports to Belgium and Germany.

The top ten countries and regions in terms of amount underwritten by NEXI in FY2002 are shown on the next page.

Top ten countries and regions in terms of underwritten amount in FY2002

(Unit: ¥ billion/\$ million)

	Country/Region	Underwritten amount			Country/Region	Underwritten amount	
1	U.S.A.	2,849.9	\$23,749	6	Belgium	365.6	\$3,047
2	China	1,021.0	\$8,509	7	South Korea	354.2	\$2,951
3	Chinese Taipei	618.4	\$5,153	8	Canada	330.8	\$2,757
4	Hong Kong	404.1	\$3,368	9	Malaysia	325.0	\$2,709
5	Mexico	374.1	\$3,117	10	Singapore	318.4	\$2,653

Export Credit Insurance (medium- and long-term) and Overseas Untied Loan Insurance underwritten and percentage by sector

(Unit: ¥ billion/\$ million)

Sector	Underwritten amount		Percentage
Petroleum/gas	325.1	\$2,709	53.8
Electric utilities	113.0	\$942	18.7
Shipping	56.0	\$467	9.3
Manufacturing	23.5	\$196	3.9
Telecommunications	22.4	\$186	3.7
Mining	16.2	\$135	2.7
Chemical	11.2	\$94	1.9
Steel	5.9	\$49	1.0
Other	30.7	\$256	5.0
Total	603.9	\$5,033	100.0

The amount of Export Credit Insurance (medium- and long-term) and Overseas Untied Loan Insurance underwritten totaled ¥603.9 billion in FY2002.

Reviewed by sector, the amount of insurance for the petroleum and gas sector reached ¥325.1 billion, for 53.8% of the total, representing the largest share.

4. Amount of outstanding commitment

Amount of outstanding commitment by type of insurance

(Unit: ¥ billion/\$ million)

	End of FY2000	End of FY2001	End of FY2002		Year-to-year change (%)
			¥ billion	\$ million	
Export credit insurance	5,933.9	5,938.9	6,144.4	\$51,204	3.5
Short term	4,188.6	4,465.8	4,723.3	\$39,361	5.8
Medium to long term	1,745.3	1,473.1	1,421.1	\$11,843	-3.5
Export bill insurance	16.8	15.4	10.5	\$87	-32.0
Export bond insurance	56.7	9.9	8.3	\$69	-16.4
Prepayment import insurance	0.5	0.8	0.3	\$3	-61.2
Overseas investment insurance	819.0	747.0	630.3	\$5,253	-15.6
Overseas untied loan insurance	696.1	837.2	1,080.4	\$9,003	29.1
Total	7,523.0	7,549.1	7,874.2	\$65,618	4.3

Reviewed by type of insurance, Export Credit Insurance represented ¥6,144.4 billion, the largest amount, followed by ¥1,080.4 billion for Overseas Untied Loan Insurance.

Amount of outstanding commitment by region

(Unit: ¥ billion/\$ million)

	End of FY2000	End of FY2001	End of FY2002		Year-to-year change (%)
			¥ billion	\$ million	
Asia	4,466.4	4,396.0	4,719.8	\$39,331	7.4
Europe	786.7	684.7	693.8	\$5,782	1.3
North and Central America	1,411.0	1,476.0	1,427.7	\$11,897	-3.3
South America	633.1	658.0	607.6	\$5,064	-7.7
Africa	274.1	349.9	517.7	\$4,314	47.9
Oceania	87.1	86.4	72.2	\$602	-16.4

Notes: 1. Method of recording by country

Pre-shipment – Country of the consignee

Post-shipment – Country of the payer; however, if guaranteed, country where guarantee is provided.

2. Because the amount of a contract is included both in the country of consignee and either in the country of payer or in the country of guarantor when those countries differ, the total amount by region is not consistent with that by type of insurance, above

Reviewed by region, the amount of outstanding commitment involving transactions in Asia totaled ¥4,719.8 billion, representing the largest regional amount. This was up 7.4% from the previous fiscal year.

The amount of outstanding commitment for the projects in Africa showed a sharp increase of 47.9% from the previous fiscal year, though the share was relatively small compared with the total amount.

5. Claims paid

Claims paid by type of insurance and by type of risk

(Unit: ¥ billion/\$ million)

Type of insurance	FY2000			FY2001			FY2002					
	Total	Political risk	Commercial risk	Total	Political risk	Commercial risk	Total		Political risk		Commercial risk	
Export Credit Insurance	31.9	19.4	12.5	49.5	20.1	29.4	49.6	\$414	35.7	\$298	13.9	\$116
Short term	7.8	0.1	7.7	28.2	0.3	27.9	30.3	\$252	16.4	\$137	13.9	\$116
Medium to long term	24.1	19.3	4.8	21.3	19.8	1.5	19.4	\$161	19.3	\$161	0.1	\$1
Export Bill Insurance	0.4	-	0.4	0.2	-	0.2	0.3	\$2	-	-	0.3	\$2
Export Bond Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Prepayment Import Insurance	0.1	-	0.1	0.02	-	0.02	-	-	-	-	-	-
Overseas Investment Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Overseas Untied Loan Insurance	-	-	-	0.2	0.2	-	15.2	\$127	0.6	\$5	14.6	\$122
Total	32.4	19.4	13.0	49.9	20.3	29.6	65.1	\$543	36.3	\$303	28.8	\$240

Claims paid by region

(Unit: ¥ billion/\$ million)

Region	FY2000			FY2001			FY2002						
	Total	Political risk	Commercial risk	Total	Political risk	Commercial risk	Total		Political risk		Commercial risk		Year-to-year change (%)
Asia	20.2	14.1	6.2	46.0	18.8	27.2	47.6	\$396	19.2	\$160	28.4	\$236	3.4
Europe	5.7	5.1	0.6	1.5	0.7	0.9	0.1	\$1	0	\$0	0.1	\$1	-95.7
North and Central America	4.5	0.02	4.4	1.0	0	1.0	0.1	\$1	0.007	\$0.06	0.1	\$1	-91.2
South America	1.7	0	1.7	0.2	0	0.2	17.0	\$141	16.6	\$139	0.3	\$3	7,402.2
Africa	0.3	0.2	0.1	1.1	0.9	0.3	0.5	\$4	0.5	\$4	0	\$0	-58.2
Oceania	0.002	0	0.002	0.009	0	0.009	0	0	0	0	0	0	-
Total	32.4	19.4	13.0	49.9	20.3	29.6	65.1	\$543	36.3	\$303	28.8	\$240	30.6

Claims paid during FY2002 amounted to ¥65.1 billion, showing a year-on-year surge of 30.6%, due to large claims paid as in the previous fiscal year. Among political risk-related major events, a default by crisis-hit Argentina and a rescheduling for Indonesia are typical examples; claims paid related to these events amounted to ¥16.6 billion and ¥14.6 billion, respectively.

Major commercial risk-related events include the default of a Thai steelmaker, for which ¥14.6 billion was paid, whereas the defaults involving buyers in the pulp and paper industry in Indonesia, China and Singapore added ¥13 billion to the payment of claims.

The top five countries in terms of claims paid in FY2002 are shown below. Payments for credit events involving the five countries account for about 96% of total payments.

Top 5 countries in terms of claims paid in FY2002

(Unit: ¥ billion/\$ million)

	Country	Total claims paid		Political risk		Commercial risk	
		¥ billion	\$ million	¥ billion	\$ million	¥ billion	\$ million
1	Indonesia	23.0	\$192	14.6	\$121	8.5	\$71
2	Argentina	16.9	\$141	16.6	\$139	0.3	\$2
3	Thailand	14.6	\$122	-	-	14.6	\$122
4	China	4.2	\$35	1.0	\$8	3.3	\$27
5	Pakistan	3.5	\$29	3.5	\$29	-	-

6. Recovery

(Unit: ¥ billion/\$ million)

	FY2000	FY2001	FY2002		Year-to-year change (%)
			¥ billion	\$ million	
Asia	16.3	10.4	13.1	\$109	25.8
Europe	12.4	28.1	23.2	\$193	-17.3
North and Central America	14.0	1.7	1.5	\$12	-13.7
South America	36.4	28.3	25.6	\$213	-9.7
Africa	6.2	6.0	6.9	\$58	15.3
Oceania	0	0	0.001	\$0.008	-
Total	85.3	74.5	70.3	\$586	-5.7

Note: Recoveries for FY2001 and thereafter are on the basis of reporting, while those up to FY2000 were based on actual receipt.

Recoveries for FY2002 amounted to ¥70.3 billion, down by ¥4.2 billion (5.7%) from the previous fiscal year's ¥74.5 billion. Of the total recovered amount, only 4.3%, or ¥3 billion, was recovered from commercial risk events. The remaining 95.7% was in connection with political risk events, such as rescheduling; this type of recovery amounted to ¥67.3 billion. The slight drop in the amount recovered during FY2002 from the previous year was due in part to the fact that recoveries from Argentina and Poland decreased.

Reviewed by the amount recovered, the top five countries were Brazil (¥23 billion), Poland (¥10.5 billion), Russia (¥9.3 billion), the Philippines (¥7.3 billion) and Egypt (¥3.4 billion) (all approximate amounts).

By region, among Asian countries, recoveries from the Philippines totaled ¥7.3 billion (¥7.5 billion in FY2001), and recoveries from China in connection with major commercial risk events amounted to ¥2.3 billion. Thus, recoveries from the two countries account for about 74% of total recoveries from Asia. Among North and Central American countries, the amount recovered from the Dominican Republic reached ¥1.2 billion (¥1.4 billion in FY2001), about 81% of the total recoveries from the region. In South America, recoveries from Brazil, Ecuador and Peru amounted to ¥23 billion (¥19.8 billion in FY2001), ¥1.8 billion (¥0.6 billion in FY2001) and ¥0.6 billion (¥0.3 billion in FY2001), respectively. The combined amount recovered from these three countries constitutes about 99% of the total recoveries from the region. Meanwhile, the overall amount recovered from Europe dropped 17.3% compared with the previous fiscal year, owing to the decline in recoveries from Poland, Russia and Bulgaria. The respective amounts recovered from these countries decreased from ¥12.5 billion to ¥10.5 billion, from ¥10.8 billion to ¥9.3 billion, and from ¥4.6 billion to ¥3.2 billion (all approximate amounts).

Financial Results for Fiscal 2002

1. Overview

Nippon Export and Investment Insurance (NEXI), an independent administrative institution, submitted the financial statements for its second period (fiscal 2002, ended March 31, 2003) to the Minister of Economy, Trade and Industry on June 19, 2003, and obtained the Minister's approval for them on July 10.

Financial statements in outline

NEXI's financial statements for fiscal 2002 are outlined below.

(In millions of yen)

Item	2nd period (FY2002)	1st period (FY2001)
Net premiums written	5,875	7,390
Ordinary profit or loss	825	-1,738
Extraordinary profit or loss	6,408	20,140
Total profit for the year	7,233	18,402
Total assets	166,125	150,084
Net assets	134,815	122,754

Administrative service cost

The cost of providing administrative services is to be calculated by adding opportunity costs, etc. to "operational expenses." This is determined by subtracting income other than grants for working expenses from expenses on the profit and loss statements. Since NEXI has received no grants for working expenses from the government, the negative net income figure is approximately equal to operating expenses. Operating expenses plus opportunity costs related to government investment, which is the administrative service cost, was a negative ¥6.1 billion for the year under review. This negative cost means that NEXI carried out its operations without imposing a burden on taxpayers in fiscal 2002.

Profits and losses

In fiscal 2002, though underwriting of large-scale medium- and long-term projects declined, net premiums totaled ¥5.9 billion as a result of steady underwriting of short-term export credit insurance, which is NEXI's mainstay business. Ordinary income of ¥0.8 billion was attained in a turnaround from the ordinary loss of ¥1.7 billion posted the previous year because of a reversal of underwriting reserve from the previous year, which did not arise in fiscal 2001.

Extraordinary profit or loss is booked, in accordance with an ordinance of the Ministry of Economy, Trade and Industry that pertains to the recoveries from claims provided by the government as investment in NEXI (the right to obtain the payment of the recoveries related to claims paid under an intergovernmental rescheduling agreement). For the year under review, extraordinary profit reached ¥6.4 billion.

All told, total profit for fiscal 2002 amounted to ¥7.2 billion, the entire amount of which was appropriated to the reserve fund according to the provisions of the law.

2. Financial Statements

Balance Sheet (As of March 31, 2003)

(In millions of yen)

Item	Value	Item	Value
(Assets)		(Liabilities)	
Cash and cash equivalents	51,131	Outstanding claims	100
Receivables from subrogated claims	262,555	Underwriting reserve	4,734
Accrued income	117,885	Reinsurance payable	6,175
Accrued premiums	5,894	Deposits received	5,866
Reinsurance recoverable	5,418	Prepaid insurance premium	7,166
Buildings ²	142	Accrued amount payable	5,350
Equipment and fixtures ³	1,002	Suspense receipts	26
Vehicles ⁴	3	Reserve for bonus payments	129
Deposits	303	Reserve for retirement allowances	26
Other assets	836	Other liabilities	1,737
Allowance for uncollectibles	-279,043	Total liabilities	31,309
		(Shareholders' equity)	
		Capital stock	
		Government's investment	104,352
		Capital surplus ⁵	4,828
		Retained earnings	
		Surplus reserve	18,402
		Unappropriated retained earnings	7,233
		(Of which: total profit for the term)	(7,233)
		Total retained earnings	25,635
		Total shareholders' equity	134,815
Total assets	166,125	Total liabilities and shareholders' equity	166,125

Notes: 1. Fractions of less than ¥1 million (¥500,000 and over) are rounded up to ¥1 million. Amounts under ¥500,000 have been eliminated.

2. Accumulated depreciation for buildings is ¥29 million.

3. Accumulated depreciation for equipment and fixtures is ¥496 million.

4. Accumulated depreciation for vehicles is ¥5 million.

5. The breakdown of capital surplus is as follows:

(In millions of yen)

Amount of the difference related to the appraisal of receivables from subrogated claims, etc.	
The difference related to the translation of foreign currency of rescheduled claims, etc.	-6,597
The difference related to the appraisal of credit claims, etc.	-3,427
The difference related to the allowance for uncollectibles	14,852
Net	4,828

Profit and Loss Statement (From April 1, 2002 to March 31, 2003)

(In millions of yen)

	Item	Value
Ordinary Profit and Loss	Ordinary Income	6,317
	Net premiums written ²	5,875
	Reversal for outstanding claims	113
	Interest income	2
	Other ordinary income	327
	Ordinary Expenses	5,492
	Net claims paid ³	78
	Expected amount of insurance claim recovery ⁴	-10
	Provision for underwriting reserve	647
	Exchange loss	132
	Operating and general administrative expenses	4,543
	Interest paid	28
	Other ordinary expenses	74
	Ordinary Income	825
Extraordinary Profit and Loss	Extraordinary Profit	8,338
	Profit relating to subrogated claims invested by government ⁵	8,338
	Extraordinary Loss	1,930
	Loss relating to subrogated claims invested by government ⁵	308
	Reserve for uncollectible subrogated claims invested by government	1,621
Total profit for the term		7,233

Notes: 1. Fractions of less than ¥1 million (¥500,000 and over) are rounded up to ¥1 million. Amounts under ¥500,000 have been eliminated.

2. The breakdown of net premiums written is as follows:
(In millions of yen)

Direct premiums written	29,083
Refund of premiums of reinsurance ceded	1,316
Premiums written from reinsurance accepted	129
Premiums on reinsurance ceded	24,652
Net	5,875

3. The breakdown of net claims paid is as follows:
(In millions of yen)

Insurance claims paid	65,133
Reinsurance claims recovered	65,054
Recoveries before reinsurance claims	1
Net	78

4. The breakdown of expected amount of insurance claim recovery is as follows:
(In millions of yen)

Increase or decrease between the expected recovery from subrogated claims relating to commercial risks booked as assets at the end of the previous term and at the end of the term	9
Recovery from subrogated claims relating to political risks	1
Total	10

5. Profit and loss relating to assets invested by the government are booked as an extraordinary profit and loss pursuant to the provisions of Article 2 of supplementary rules of the ministerial ordinance relating to the finances and accounts of Nippon Export and Investment Insurance, an Independent Administrative Institution (Ordinance No. 104, March 29, 2001, Ministry of Economy, Trade and Industry).

As is stated in Notes below – 1. Important accounting policies, 7. Changes in important accounting policies – of the above-noted assets, profit or loss from the appraisal of those invested by the government (excluding accrued income) was included in capital surplus and booked starting from the year under review.

• The breakdown of profit relating to subrogated claims invested by government is as follows:

(In millions of yen)

Profit on bad debts recovered	128
Interest income from subrogated claims invested by government	8,120
Recovery of unrescheduled subrogated claims invested by government	64
Exchange profit in rescheduled subrogated claims invested by government	25
Total	8,338

• The breakdown of loss relating to subrogated claims invested by government is as follows:

(In millions of yen)

Recognition of subrogated claims invested by government	5
Other extraordinary loss	29
Loss on retirement of subrogated claims	275
Total	308

Cash Flow Statement

(From April 1, 2002, to March 31, 2003)

(In millions of yen)

I. Cash flow from operating activities	
Premiums received	31,357
Outlays of premiums of reinsurance ceded	-23,079
Payments of insurance claims	-65,264
Income of premiums on reinsurance ceded	73,766
Income from recovery of subrogated claims, etc.	15,449
Outlays in distribution of money recovered in relation to subrogated claims	-1,856
Income in recovery of subrogated claims belonging to government	63,136
Outlays in distribution of money recovered in relation to subrogated claims belonging to government	-61,898
Personnel expenses	-1,434
Other outlays in business activities	-3,131
Others	71
Sub-total	27,116
Interest and dividends received	5,234
Interest and dividends paid	-29
Net cash flow provided by operating activities	32,322
II. Cash flow from investment activities	
Income from disposition of time deposits, etc.	1,800
Outlays in establishment of time deposits, etc.	-10,900
Outlays in acquisition of securities	-3,500
Income on selling securities	3,500
Outlays in acquisition of fixed assets	-92
Outlays due to submission of deposits	-37
Net cash flow provided by investment activities	-9,230
III. Cash flow from financial activities	
Payments in financial lease	-362
Net cash flow provided by financial activities	-362
IV. Effect of exchange rate changes on funds	-37
V. Net change in funds	22,693
VI. Balance of funds at the beginning of the term	19,338
VII. Balance of funds at the end of the term	42,031

Notes: 1. Fractions of less than ¥1 million (¥500,000 and over) are rounded up to ¥1 million. Amounts under ¥500,000 are eliminated.

2. The breakdown of the balance of funds at the end of the term, by item of balance sheet (In millions of yen)

Cash and deposit accounts	51,131
Time deposits	-900
Certificate of deposits	-8,200
Balance of funds at the end of the term	42,031

3. Important noncash transactions
• Voluntary transfer from government (In millions of yen)

Buildings	164
Equipment and fixtures	3
Other assets	576
Total	742

• Acquisition of assets in financial lease (In millions of yen)

Equipment and fixtures (system assets)	10
Total	10

Notes

I. Important accounting policies

1. The methods of depreciation

(1) The method of depreciation for tangible fixed assets

For depreciation of tangible fixed assets whose acquisition cost per unit or per set of units exceeds ¥200,000, the straight-line method is used with 10% of the acquisition cost as the residual value on the basis of the service life stipulated in the Corporate Tax Law. However, to calculate the residual value of buildings (limited to buildings and their accessory equipment), the straight-line method is used on the basis of the memorandum value (¥1).

(2) The method of amortization for intangible fixed assets

For amortization of trademark rights, the straight-line method with ¥0 as the residual value is used on the basis of the service life stipulated in the Corporate Tax Law.

For amortization of software used in-house, the straight-line method is used, with the period of usability (four years) as the service life and ¥0 as the residual value.

2. The method of appraising monetary debts and credits in foreign currency

Monetary debts and credits in foreign currency are appraised by converting them into the yen value at the exchange rate prevailing at the time the accounts are settled.

3. Reserve for bonus payments and estimate

Reserve for bonus payments to board members and employees is calculated based on the rules for remuneration of board members and the pay rules for employees, and the amount allocated to the term under review is recorded.

4. Reserve for retirement allowances and estimate

Reserve for retirement allowances for board members and employees is recorded based on the rules for board members' retirement allowances and the retirement allowance rules for employees in the full amount payable.

5. Underwriting reserve, reserve for outstanding claims, subrogated claims and allowance for uncollectibles

Underwriting reserve, reserve for outstanding claims, subrogated claims and allowance for uncollectibles are calculated according to the "Method of calculation determined by the Minister of Economy, Trade and Industry under the provisions of the ministerial ordinance concerning the financial affairs and accounting of Nippon Export and Investment Insurance" (Ordinance of the Minister of Economy, Trade and Industry Bo No. 2, Heisei 13-03-27, issued March 29, 2001).

6. Opportunity cost in the statement of administrative service cost account

(1) Opportunity cost for free use of national property

The opportunity cost of using national property, such as offices and other facilities, free of charge is calculated using the average prevailing rent stated in "Fudosan Hakusho 2002" as a reference.

- Computer room: 2nd floor of Annex to the Head Office building of the Ministry of Economy, Trade and Industry
- NEXI, Osaka: Osaka Bureau of Economy, Trade and Industry (joint government building)
- NEXI, Nagoya: 1st floor of Nagoya Bureau of Economy, Trade and Industry

(2) Interest rate used for calculation of opportunity cost related to government investment, etc.

The yield on the benchmark ten-year government bond (0.7%) was used.

(3) Calculation of the increase in retirement allowances for staff members on loan from METI

For staff members on loan from the Ministry of Economy, Trade and Industry, the increase in their retirement allowances for their period of service at NEXI in the year under review is booked as opportunity cost.

7. Changes in important accounting policies

Previously, profit or loss associated with the assets specified in Article 36, 4-1 of the "Government ordinance (2000 ordinance No. 326) regarding revision of relevant ordinances and interim measures in connection with enforcement of general rules on independent administrative institutions" (hereinafter "assets invested by the government") had been recorded as extraordinary loss or profit pursuant to Article 2 of supplementary provisions of the "Ministerial ordinance concerning the financial affairs and accounting of Nippon Export and Investment Insurance" (Ordinance of the Ministry of Economy, Trade and Industry No. 104, issued March 29, 2001). However, in accordance with the "Ministerial ordinance to revise part of the ministerial ordinance concerning the financial affairs and accounting of Nippon Export and Investment Insurance" (Ordinance of the Ministry of Economy, Trade and Industry No. 49, issued March 31, 2003), profit or loss from appraisal of assets invested by the government (other than the amount related to accrued income) is calculated and included in capital surplus effective from the year under review.

As a result of this change, extraordinary profit and loss and net income dropped by ¥13,661 million, ¥8,833 million and ¥4,828 million, respectively, while retained earnings increased ¥4,828 million, compared with what would have been recorded under the previous methods.

8. Changes in the methods of presentation

Starting from the year under review, prepaid insurance premiums, which had previously been included in suspense receipt, are presented as an independent item for the sake of clarity.

For information, ¥4,945 million in prepaid insurance premiums was included in suspense receipt in the previous year.

II. Important obligations undertaken

There were no obligations undertaken.

III. Important subsequent developments

There were no important developments after the compilation of the financial statements.

IV. Description of items peculiar to NEXI

Item	Description
Subrogated claims	Subrogated insurance claims booked as assets and the expected subrogated insurance claims relating to outstanding claims are booked.
Accrued premiums	Booked as accrued claims against a policyholder that arise as a result of an application for a contract.
Reinsurance recoverable	Receivables that arise vis-à-vis the government as a result of reinsurance transactions with the government are booked: - Reinsurance premiums to be returned by the government - Reinsurance claims payable by the government
Outstanding claims	The monetary amount considered necessary for indemnification for losses that have arisen by the end of the term under review and losses considered to have arisen by the end of the term under review are booked pursuant to the provisions of "Ordinance of the Minister of Economy, Trade and Industry Bo No. 2, Heisei 13-03-27, issued March 29, 2001," titled the "Method of calculation determined by the Minister of Economy, Trade and Industry under the provisions of the ministerial ordinance concerning the financial affairs and accounting of Nippon Export and Investment Insurance."
Underwriting reserve	The monetary amount necessary for the performance of obligations in the future under an insurance contract and the monetary amount necessary for the performance of obligation in the future under a reinsurance contract accepted are booked pursuant to the provisions of "Ordinance of the Minister of Economy, Trade and Industry Bo No. 2, Heisei 13-03-27, issued March 29, 2001," titled the "Method of calculation determined by the Minister of Economy, Trade and Industry under the provisions of the ministerial ordinance concerning the financial affairs and accounting of Nippon Export and Investment Insurance."
Reinsurance payable	Payables that arise on the basis of a reinsurance contract are booked.
Prepaid insurance premiums	Premiums paid under insurance contracts that are to come into effect in the following year or later are booked.
Net premiums written	The monetary amount calculated by subtracting reinsurance premiums paid from gross premium income is booked. With respect to gross premium income, the sum of direct premiums and premiums for reinsurance accepted is booked.
Net claims paid	The monetary amount calculated by subtracting the collected reinsurance claims from the insurance claims paid is booked. With respect to gross insurance claims paid, the sum of direct insurance claims paid and claims paid for reinsurance accepted is booked.
Expected amount of insurance claim recovery	The sum obtained by adding up the following is booked: - Subrogated claims that have arisen by the time of insurance claim payments - Subrogated claims collected in connection with commercial risks - Subrogated claims collected but not booked as an asset in connection with political risks - An increase or decrease between the beginning and end of a fiscal year in the anticipated subrogated claims collected booked as an asset accompanying the registration of a reserve fund for outstanding claims - An increase or decrease between the beginning and end of a fiscal year in the anticipated subrogated claims collected booked as an asset in connection with commercial risks
Reversal for outstanding claims	The monetary amount appropriated to the outstanding claims during the year under review is booked.
Provision for underwriting reserve	The monetary amount transferred to the underwriting reserve during the year under review is booked.
Amount of difference related to the appraisal of receivables from subrogated claims, etc.	The difference related to the appraisal of subrogated insurance claims, etc. (excluding the amount related to accrued income) in accordance with the "Ministerial ordinance to revise part of the ministerial ordinance concerning the financial affairs and accounting of Nippon Export and Investment Insurance" (Ordinance of the Minister of Economy, Trade and Industry No. 49, issued March 31, 2003). This amount is to be included in capital surplus.
Amount of difference related to the transaction of foreign currency of rescheduled claims, etc.	The difference from currency translation associated with rescheduled subrogated claims pertaining to political risks in foreign currency invested by the government as of the end of the year under review.
Amount of difference related to the appraisal of credit claims, etc.	The difference from valuation of subrogated claims pertaining to commercial risks invested by the government as of the end of the year under review. This amount is to be calculated by the "Method of calculation determined by the Minister of Economy, Trade and Industry under the provisions of the ministerial ordinance concerning the financial affairs and accounting of Nippon Export and Investment Insurance" ("Ordinance of the Minister of Economy, Trade and Industry Bo No. 2, Heisei 13-03-27, issued March 29, 2001").
Amount of difference related to the allowance for uncollectibles	The difference associated with allowance for uncollectibles for subrogated claims pertaining to political risks invested by the government as of the end of the year under review. This amount is to be calculated by the "Method of calculation determined by the Minister of Economy, Trade and Industry under the provisions of the ministerial ordinance concerning the financial affairs and accounting of Nippon Export and Investment Insurance" ("Ordinance of the Minister of Economy, Trade and Industry Bo No. 2, Heisei 13-03-27, issued March 29, 2001").

Statement of Appropriation of Retained Earnings

(yen)

I. Unappropriated retained earnings at the end of the year		7,232,691,986
Total profit for the year	7,232,691,986	
II. Appropriation of retained earnings		
Reserve	7,232,691,986	7,232,691,986



Outline of NEXI



Vice Chairman Yukio Kitazume, Chairman and CEO Hidehiro Konno, and Vice Chairman Mutsuo Hatano

Members of the Board

Chairman and CEO Hidehiro Konno
Vice Chairman Mutsuo Hatano
Vice Chairman Yukio Kitazume

Members of the Audit Board

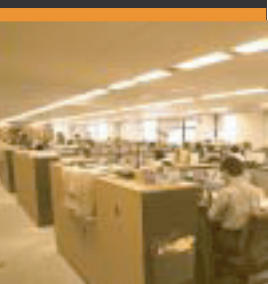
Corporate Auditor Yutaka Miyake
Corporate Auditor Takashi Imai



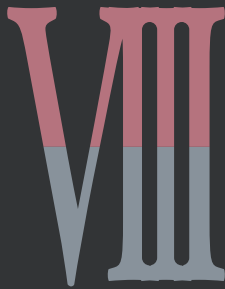
Corporate Auditor
Yutaka Miyake



Corporate Auditor
Takashi Imai



Established	April 1, 2001
Governing laws	The Law concerning the general rules of Independent Administrative Institutions The Trade and Investment Insurance Law
Purpose	To conduct, efficiently and effectively, the business of underwriting risks that arise in international transactions and from which the policyholders cannot be protected by commercial insurance.
Competent Minister	The Minister of Economy, Trade and Industry
Paid-in capital	¥104,352,324,369 (all invested by the Japanese government) (unchanged from the previous year)
Number of employees	153 (as of March 31, 2003) (5 fewer than a year earlier)
History	<p>July 1999 The Law concerning the general rules of the Independent Administrative Institutions enacted.</p> <p>December 1999 A law to make a partial amendment to the Trade and Investment Insurance Law enacted.</p> <p>April 2001 NEXI established.</p> <p>(Reference) The Export Credit Insurance Law (Today's Trade and Investment Insurance Law) was enacted in March 1950. Subsequently, the Ministry of Economy, Trade and Industry (the former Ministry of International Trade and industry) managed trade insurance business until March 31, 2001.</p>
Locations of offices	<p>Head Office Chiyoda First Building, 3-8-1, Nishikanda, Chiyoda-ku, Tokyo 101-8359 Japan Tel: 81-(0)3-3512-7650 Fax: 81-(0)3-3512-7660</p> <p>NEXI, Osaka Aioi-sonpo yodoyabashi Building 8F, 3-1-22, Kitahama, Chuo-ku, Osaka City, Osaka 541-0041 Japan Tel: 81-(0)6-6233-4017 Fax: 81-(0)6-6233-4001 (From October 14, 2003)</p> <p>NEXI, Nagoya Chubu Bureau of Economy, Trade and Industry Building, 2-5-2 Sannomaru, Naka-ku, Nagoya City, Aichi 460-8510 Japan Tel: 81-(0)52-951-2101 Fax: 81-(0)52-951-5115</p>



NEXI Customer Service Charter

NEXI Spirit

- (1) NEXI's mission is to assist customers in conducting international business with a sense of security by reducing the risks incidental to their businesses.
To this end, NEXI works hard to understand the customer viewpoints, precisely meet customer needs and provide efficient and high-quality services, thereby enhancing customer satisfaction and establishing mutual trust.
- (2) NEXI, implementing its customer-focused policy, will continue to:
 1. Improve the quality of services,
 2. Broaden the range of risk coverage,
 3. Promote the efficiency of operations, and
 4. Increase the transparency of management.

NEXI Pledges to the Customer

NEXI is committed to:

- (1) Providing insurance products that will make customers feel secure and protected in overseas transactions
 - (2) Readily providing information and advice to customers on their transactions from a preliminary stage
 - (3) Responding promptly to the inquiries and concerns of customers
 - (4) Meeting the demands of customers and business needs
 - (5) Speedily completing the assessment of a claim and promptly making a claim payment
 - (6) Speedily allocating recovered money
- (1) Providing insurance products that will make customers feel secure and protected in overseas transactions
 - 1) If you are concerned that your international transactions, including exports, foreign investment and overseas lending, may incur any risk, please visit our Web site (<http://nexi.go.jp>) and find the insurance product section, or contact the following offices.
Head Office Customer Relations Office:
81-(0)3-3512-7712
Underwriting Group, NEXI Osaka:
81-(0)6-6233-4018 (from Oct. 14, 2003)
NEXI Nagoya: 81-(0)52-951-2101
 - 2) To provide customers with further knowledge about our insurance products that are beneficial to international business, we are always pleased to dispatch staff members to your office at your request. Please feel free to contact us.

- (2) Readily providing information and advice to customers on their transactions from a preliminary stage
If you plan to initiate international transactions, such as exports and overseas investment, NEXI's service is available to you.
We will be pleased to consult with you at an early stage of project formation and propose the most appropriate insurance product to minimize any risk involved.
* For more information, please call or e-mail any of our groups in the following list or the Customer Relations Office (telephone: 81-(0)3-3512-7712; fax: 81-(0)3-3512-7687; e-mail: okyakusama@nexi.go.jp).
- (3) Responding promptly to the inquiries and concerns of customers
 - 1) If you have any questions about insurance products, please call or e-mail the Customer Relations Office or any relevant group. We will quickly respond.
 - 2) To estimate an insurance premium, please use the premium calculation simulator on our Web site.
If you give us information on your planned transaction, the group in charge will estimate a premium on the same day of the inquiry, in principle, or on the following business day at the latest. (For medium or long-term non-L/G transactions, however, we will answer within five business days.)
If the group in charge finds it difficult to answer your inquiry within these periods, the group will promptly notify you to that effect and give the reason for the delay and the expected date of answer.
 - 3) Should the group in charge find any inadequacy in the forms submitted, such as the pre-application form and the insurance application form (other than environment-related forms), we will notify you within five business days of our receipt at the latest.
 - 4) If you have any questions about trade insurance system for a specific project, please consult the group in charge or the Customer Relations Office. We will answer within five business days at the latest.
Should we find it difficult to answer within the stated period, you will be promptly notified to that effect and be given the reason for the delay and the expected date of answer.
- (4) Meeting the demands of customers and business needs
 - 1) We appreciate the customer consulting with us with sufficient lead time as our assessment may take longer than expected.
 - 2) If it becomes necessary to accelerate procedures for such reasons as faster-than-expected progress in negotiations for an export contract, please consult with us.
We always keep in mind the importance of your business needs and do our utmost to meet accelerated deadlines.
If we find it difficult to meet an accelerated deadline, we will promptly report the expected date of completion of necessary procedures.



- (5) Speedily completing the assessment of a claim and promptly making a claim payment
- 1) Upon receipt of a customer's insurance claim, we will assess the details in light of the insurance policy provisions to determine the amount of the claim to be paid. We will make a payment within a stipulated time (within two months of receipt of the claim, but this rule does not apply in cases in which more time is required). To file for insurance claims, customers are requested to steadily execute the duty of notification and the duty of loss prevention and reduction stipulated in such documents as the insurance policy provisions. In addition, customers are also requested to submit all necessary documents stipulated in the insurance policy provisions and other regulations within a specified time.
 - 2) In the event that any inadequacy is found in the submitted claim or other documents in light of the insurance policy provisions and relevant regulations, we will notify the customer to that effect within three days of the receipt of the documents.
 - 3) In order to pay claims within the period stipulated in the insurance policy provisions and relevant regulations, we appreciate receiving the customer's understanding and cooperation, including the early submission of documents necessary for assessment.
- (6) Speedily allocating recovered money.
- 1) When money is recovered with regard to the debt for which a customer has entrusted us with the exercise of recovery rights, we will promptly distribute the recovered money in accordance with the insurance policy provisions, etc.
 - 2) To allocate money recovered according to Paris Club debt rescheduling or other programs, in principle we will complete remittance procedures to the relevant customer accounts by the business day following the confirmation of the receipt of the full amount in a NEXI account.

Disclosure

NEXI discloses various kinds of information on its Web site (<http://nexi.go.jp>) and in its annual report.

- (1) Please visit our Web site for comprehensive information on trade insurance, which we hope will be helpful.
NEXI Web site features:
 - 1) Recent developments (including changes in systems and underwriting policies and business results for the last half-year period)
 - 2) Description of our insurance products
 - 3) A listing of rules concerning trade insurance (including insurance policy provisions for all of our insurance products)
 - 4) Underwriting policies
 - 5) Country categories
 - 6) Simulation of premium calculations
 - 7) Application procedures
 - 8) Brochures on NEXI's insurance products
 - 9) Downloadable insurance policy provisions, detailed rules concerning procedures, various application forms

- (2) Our annual report (in Japanese and English) offers the results of our trade insurance business and our financial statements.
Other publications are also available, including NEXI corporate brochures and leaflets on our insurance products. Please feel free to call the Head Office Public Relations Group or the Customer Relations Office.
- (3) For inquiries regarding our Web site, annual report or any other public relations material, please contact the Head Office Public Relations Group.

Your Complaints and Problems

We work constantly to enhance customer satisfaction. If you experience difficulty with any procedure or have a complaint about our services, we will quickly address the problem.

- (1) If you have trouble, we will quickly address the problem.
If any problem arises, such as insurance-related procedures, please let us know the details of the problem and your request. We will immediately ascertain the cause of the trouble and solve the problem.
- (2) If you have any complaint about our services or handling of a specific project, please inform the Customer Relations Office.
 - 1) For any complaint about our services, please provide the details to the Customer Relations Office in writing or via e-mail.
After examining your problem, the Customer Relations Office will notify you about how we will deal with it. When it is difficult for us to address the problem promptly, we will let you know the reason for the difficulty and what action we will take.
 - 2) If there is any complaint about the handling of a specific project, please provide the details to the Customer Relations Office in writing or via e-mail.
After re-examining details about the handling of the project, the Customer Relations Office will inform you of the results of our examination without delay.
If it is difficult for us to report the results promptly, the Customer Relations Office will inform you of its reason and expected schedule.

Customer Relations Office

- (1) To better serve the customer according to the principles of our customer-focused policy, NEXI has a Customer Relations Office at the Head Office (telephone: 81-(0)3-3512-7712; fax: 81-(0)3-3512-7687; e-mail: okyakusama@nexi.go.jp).
- (2) The Customer Relations Office offers customer support by looking at the situation from the customer's position. All types of questions and inquiries are welcome, including those about trade finance, the appropriate group to handle your planned project, and the handling of a specific project. We will take prompt action in these matters.

About This Customer Service Charter

NEXI staff members act quickly at all times, and this Charter will be kept under constant review. Please do not hesitate to make any comments, inquiries, or complaints about this Charter or NEXI in general.

NEXI Directory

For general inquiries, including questions about the outline of trade insurance, please contact:

Customer Relations Office	(Tel: 81-(0)3-3512-7712)
Head Office – Business Promotion Group	(Tel: 81-(0)3-3512-7665)
NEXI, Osaka – Underwriting Group	(Tel: 81-(0)6-6233-4018)*
NEXI, Nagoya	(Tel: 81-(0)52-951-2101)

For inquiries about matters ranging from consultation over trade insurance underwriting to assessment associated with specific transactions

(including underwriting standards, country categories, international agreements and trade insurance application procedures, such as buyer registration), please contact any appropriate group or office listed below according to your transaction:

Short-term Transactions (Terms of Less Than Two Years)

Head Office – Asia, Pacific and Middle East Group,
(Tel: 81-(0)3-3512-7668)

- Underwriting mainly Export Credit Insurance relating to all short-term non-standard transactions in the Asia Pacific region and Middle East.

Head Office – Europe, Africa and Americas Group
(Tel: 81-(0)3-3512-7667)

- Underwriting mainly Export Credit Insurance relating to all short-term non-standard transactions in Europe, Africa, and North and South America.

Head Office – Contract Documentation Group
(Tel: 81-(0)3-3512-7664)

- Consultation over underwriting and assessment with regard to transactions that are contracted to be carried out anywhere in the world with all types of insurance and that meet underwriting standards for relevant countries.
- Consultation over export bill insurance validity and assessment.

NEXI, Osaka – Underwriting Group
(Tel: 81-(0)6-6233-4018)*

- Consultation over underwriting and assessment with regard to transactions planned or contracted to be carried out anywhere in the world and that meet underwriting standards for relevant countries.
- Consultation over export bill insurance validity and assessment.

NEXI, Nagoya
(Tel: 81-(0)52-951-2101)

- Consultation over underwriting and assessment with regard to transactions planned or contracted to be carried out anywhere in the world and that meet underwriting standards for relevant countries.
- Consultation over export bill insurance validity and assessment.

Medium- and Long-term Transactions (Terms of Two Years or Over)

Head Office – Asia, Pacific, and Middle East Group,
Underwriting Department (Tel: 81-(0)3-3512-7668)

- Consultation over underwriting and assessment with regard to transactions planned or contracted to be carried out in these areas. (Types of insurance handled: Export Bond Insurance and Prepayment Import Insurance)
- Consultation over underwriting and assessment regarding transactions with direct government loans or government guarantees, or transactions without government guarantees for which insurance cover is requested only for political risks.

Head Office – Europe, Africa and Americas Group
(Tel: 81-(0)3-3512-7667)

- Consultation over underwriting and assessment with regard to transactions planned or contracted to be carried out in these areas. (Types of insurance handled: Export Bond Insurance and Prepayment Import Insurance)
- Consultation over underwriting and assessment regarding transactions with direct government loans or government guarantees, or transactions without government guarantees for which insurance cover is requested only for political risks.

Head Office – Overseas Investment Insurance Group
(Tel: 81-(0)3-3512-7666)

- Consultation over overseas investment insurance and assessment

Head Office – Project Group No. 1 (Tel: 81-(0)3-3512-7672)

- Consultation over underwriting and assessment with regard to non-L/G transactions (project finance and corporate finance) in the oil and gas fields

Head Office – Project Group No. 2 (Tel: 81-(0)3-3512-7673)

- Consultation over underwriting and assessment with regard to non-L/G transactions (project finance and corporate finance) in the fields of power generation and mining

Head Office – Project Group No. 3 (Tel: 81-(0)3-3512-7674)

- Consultation over underwriting and assessment with regard to non-L/G transactions (project finance and corporate finance) in fields related to infrastructure, including communications, railways, and manufacturing

Head Office – Project Group No. 4 (Tel: 81-(0)3-3512-7675)

- With respect to overseas untied loan insurance, consultation over underwriting and assessment regarding transactions with direct government loans or government guarantees and transactions without government or other guarantees for which insurance cover is requested only for political risks.

For inquiries about the following matters, please contact the respective office.

Ratings for, and credit management of, non-Japanese trading companies and banks:

Head Office – Credit Administration Group
(Tel: 81-(0)3-3512-7684)

NEXI, Osaka – Administration Group (Tel: 81-(0)6-6233-4017)*
NEXI, Nagoya (Tel: 81-(0)52-951-2101)

Insurance application forms

Head Office – Contract Documentation Group
(Tel: 81-(0)3-3512-7664)

Head Office – Overseas Investment Insurance Group
(Tel: 81-(0)3-3512-7666)

NEXI, Osaka – Underwriting Group (Tel: 81-(0)6-6233-4018)*
NEXI, Nagoya (Tel: 81-(0)52-951-2101)

Issue of insurance policies

Head Office – Contract Documentation Group, Underwriting
Department (Tel: 81-(0)3-3512-7664)
NEXI, Osaka – Underwriting Group (Tel: 81-(0)6-6233-4018)*
NEXI, Nagoya (Tel: 81-(0)52-951-2101)

Collection or refund of insurance premiums

Head Office – Contract Documentation Group
(Tel: 81-(0)3-3512-7664)
NEXI, Osaka – Underwriting Group (Tel: 81-(0)6-6233-4018)*
NEXI, Nagoya (Tel: 81-(0)52-951-2101)

Acceptance and handling of applications for alteration

Head Office – Contract Documentation Group
(Tel: 81-(0)3-3512-7664)
Head Office – Overseas Investment Insurance Group
(Tel: 81-(0)3-3512-7666)
NEXI, Osaka – Underwriting Group (Tel: 81-(0)6-6233-4018)*
NEXI, Nagoya (Tel: 81-(0)52-951-2101)

Various application procedures, including approval of pledges

Head Office – Contract Documentation Group
(Tel: 81-(0)3-3512-7664)
NEXI, Osaka – Underwriting Group (Tel: 81-(0)6-6233-4018)*
NEXI, Nagoya (Tel: 81-(0)52-951-2101)

Various types of notification, such as notification of redemption date

Head Office – Contract Documentation Group
(Tel: 81-(0)3-3512-7664)
NEXI, Osaka – Underwriting Group (Tel: 81-(0)6-6233-4018)*
NEXI, Nagoya (Tel: 81-(0)52-951-2101)

Notice of occurrence of risks, notification of losses and credit advice

Head Office – Claims Services Group (Tel: 81-(0)3-3512-7663)
NEXI, Osaka – Underwriting Group (Tel: 81-(0)6-6233-4018)*
NEXI, Nagoya (Tel: 81-(0)52-951-2101)

Claim and assessment of insured events

Head Office – Claims Services Group (Tel: 81-(0)3-3512-7663)
NEXI, Osaka – Underwriting Group
(Tel: 81-(0)6-6233-4018)*
NEXI, Nagoya (Tel: 81-(0)52-951-2101)

"Guidelines on Environmental and Social Considerations in Trade Insurance"

Head Office – Environment Group (Tel: 81-(0)3-3512-7685)

Recovery of claims paid

Head Office – Debt Management and Recovery Group
(Tel: 81-(0)3-3512-7658)
NEXI, Osaka – Underwriting Group (Tel: 81-(0)6-6233-4018)*
NEXI, Nagoya (Tel: 81-(0)52-951-2101)

Disclosure

Head Office – Administration Group (Tel: 81-(0)3-3512-7656)

Public relations, including our Web site and annual report
Head Office – Public Relations Group (Tel: 81-(0)3-3512-7655)

* From October 14, 2003