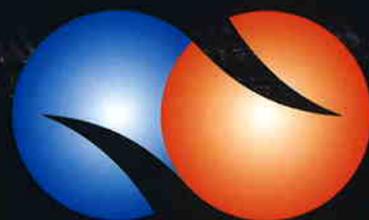


Annual Report 2003



NEXI

Nippon Export and Investment Insurance



NEXI Mission

NEXI's Resolution

S

SPEED

P

PROFESSIONAL

I

INTEGRATION

R

REFORMATION

I

IT ORIENTED

T

TRANSPARENCY



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

Management Principle

Nippon Export and Investment Insurance (NEXI) commits itself to contributing to the economy and society of Japan through efficient and effective insurance business operations. It does this by responding precisely to customers' needs with a quick perception of market changes and by underwriting the risks inherent in international transactions that cannot be adequately protected by conventional commercial insurance.



Management Policy

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



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Message from the Chairman



Hidehiro Konno, Chairman and CEO

It is my pleasure to announce that Nippon Export and Investment Insurance (NEXI), having been established at the dawn of the new millennium successfully ended its third fiscal year and is now entering a new fiscal year. I hereby express my sincere appreciation for the kind assistance and support that our customers and the stakeholders have continued to extend to us.

In reviewing the fiscal year 2003, we saw signs of economic recovery with actual improvements in corporate profits and modest increases in consumer spending in spite of the fact that we were still caught up in a world of uncertainties as represented by terrorism in the Middle East. In such a situation where the economy has been showing an upturn, it is essential for companies with diversified activities to acquire skill in controlling the various "risks" that have come to the surface as a result of globalization.

NEXI has provided various kinds of products to mitigate risks in exports and in overseas investments and loans and to assist our customers by serving their needs in expanding their business activities. In April of 2003, NEXI set up our Customer Service Charter and both management and employees have been making every effort to streamline procedures and improve the efficiency of our services. For NEXI, this new fiscal year 2004 is the last year of the first medium-term plan and we have started to work for the completion of the initial foundation period as an independent administrative institution. It is our intention to continue our efforts to make NEXI more serviceable and to keep on growing together with our customers.

We look forward to continuing to serve you all in the future.

We continued our efforts to serve our customers' needs as much as possible by improving the quality of our customer services

We have continued to improve our customer services in various areas through the spirit of our Customer Service Charter

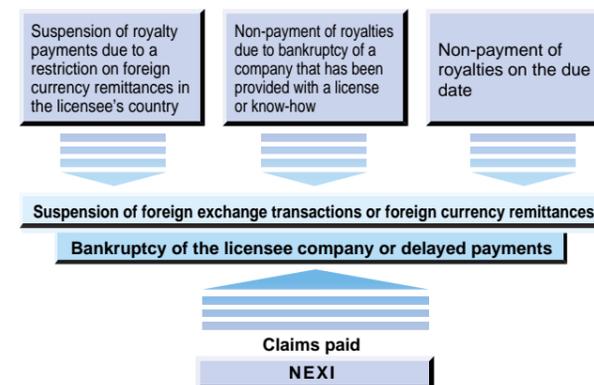
In accordance with the principles of our Customer Service Charter we have streamlined various operational procedures in order to ease the burden of paperwork on our customers and to accelerate our services.

Below are examples of our newly streamlined procedures.

- Started to make combined use of OCR and Excel sheets for the required submittal documents.
- Streamlined the application forms required for the Overseas Untied Loan Insurance and unified the closing dates for application acceptance.
- Simplified the procedures for the preliminary approval notices for small amount transactions.
- Integrated the supplementary and additional supplementary agreement documents for Short-Term Comprehensive Insurance.
- Started electronic database services for the renewal of insurance claim payment limit data for Short-Term Comprehensive Insurance.
- Reduced the number of required submittal documents for insurance claim payments.

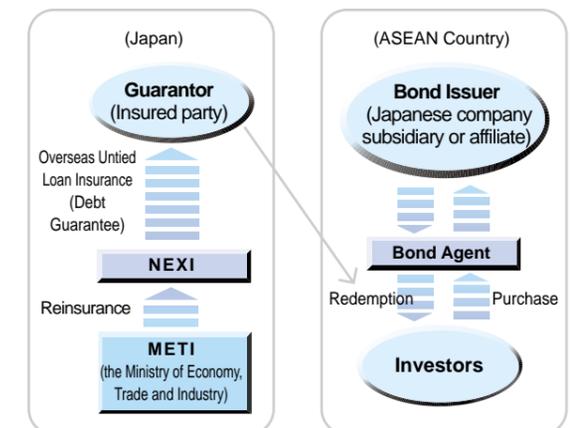
Inauguration of Intellectual Property License Insurance

License-related business such as intellectual property rights has been growing as a result of the expansion of the content trade. In order to deal effectively with this trend, we have inaugurated an Intellectual Property License Insurance. Losses arising from unrecoverable royalties including intellectual property rights will be covered by this insurance. Non-payment of the royalties related to copyright of animations and games software or introduction of foreign currency remittance restrictions in the licensee's countries are the main reasons for these losses. In addition, this insurance has a new policy based on the characteristics of the license contracts, i.e. to cover royalty payment risks for the first five years of the license contract as a principle and to set the maximum amount of insurance claim payments.



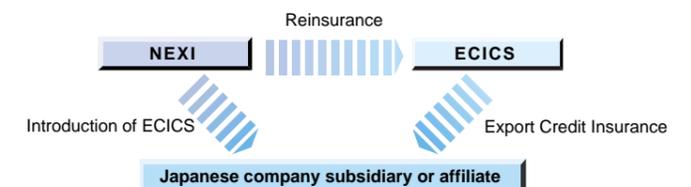
We have started to underwrite bonds issued in the local currency of the countries (Asian Bonds)

Based on the government's new initiative "Cooperation towards Intra-ASEAN/ASEAN—Japan Economic Integration", we have inaugurated the system of underwriting the Overseas Untied Loan Insurance for guarantees extended by Japanese companies for the corporate bonds which are issued in local currencies by Japanese corporations in ASEAN countries. As a result of this system, the Japanese corporations in ASEAN countries will be able to diversify their fund raising methods.



Reinsurance agreement with an Export Credit Agency in Asia

We have concluded a reinsurance agreement with ECICS (ECICS Limited), the Export Credit Agency of Singapore. NEXI provides reinsurance for the export credit insurance that ECICS underwrites for Japanese company subsidiaries and affiliates in Asia. This agreement helps ECICS to expand its individual underwriting and to enable Japanese company subsidiaries or affiliates in Asian countries to reduce the risks arising from their overseas business.





Main Data for Fiscal 2003

An increase in the amount of underwriting of medium and long-term transactions as a result of expansion of percentage of indemnity

Percentage of indemnity of Export Credit Insurance (Medium and Long-Term) and Overseas Untied Loan Insurance have been improved in order to meet our customers' requests. Consequently the number of underwriting transactions has increased.

Underwriting amount for medium and long-term transactions (Non-LG)
 ·399.29 billion (FY2002) → ·673.99 billion (FY2003)

The Short-Term Trade Insurance for Manufacturers

The Short-Term Trade Insurance for Manufacturers which was developed in 2003 to meet the needs of the manufacturers is making a good start.

Newly contracted companies in FY2003: 15 companies
 (11 companies as of September 1st, FY2004)

Alleviation on terms of claim payments for pledged stocks (Overseas Investment Insurance)

In order to receive claim payments for Overseas Investment Insurance, it was considered to be essential to release the right of pledge that had been established on the stocks invested. However, in response to the requests of our customers we have made it possible to receive claim payments without releasing the pledge. (This is subject to the Overseas Untied Loan Insurance being contracted for the same transaction or with additional premium payment.) As a result, our customers can avoid investment risks by insurance coverage especially in the case of project finance and it will be easier for the project organizer to collect sponsors. At the same time, lenders can receive claim payments for their loans by exercising their right of pledge. Thus, the whole structure of the scheme becomes more stable.

Measures to cope with SARS problems have been taken (Overseas Investment Insurance)

Taking account of the spread of SARS in China where many Japanese company subsidiaries and affiliates are operating, NEXI has made the decision to underwrite losses that may arise from SARS. Losses caused by suspension of their business activity due to an outbreak or the spread of SARS are covered by the Overseas Investment Insurance as losses under force majeure.

Commencing Overseas Trading Companies' Rating Database Services

We have provided database services for Overseas Trading Companies' Rating only to those holding charged membership of the JTIO (Japan Trade and Investment Organization). Now we have made these services available to our customers and also to our future customers, either free of charge or at a low cost.

Approval of "Participation" for transfer schemes of uncovered part of Paris Club claims (debt portions held by policyholders)

Formerly assignment was the only way of transferring the economic interests of the creditor's rights to the third party. Recently in order to meet our customer's requests, we have appended the approval of transfer according to "Participation Scheme".

Debts with respect to Export Bill Insurance and Short-Term Trade Insurance for Manufacturers will be collected through the collection agency

By making it mandatory to collect debts through the collection agency, the insured are essentially relieved from the obligation of collecting debts. This system applies to the cases in which NEXI paid insurance claims due to commercial risks after October 1, 2003 in the cases of Export Bill Insurance, and after April 1, 2004 in the cases of Short-Term Trade Insurance for Manufacturers.

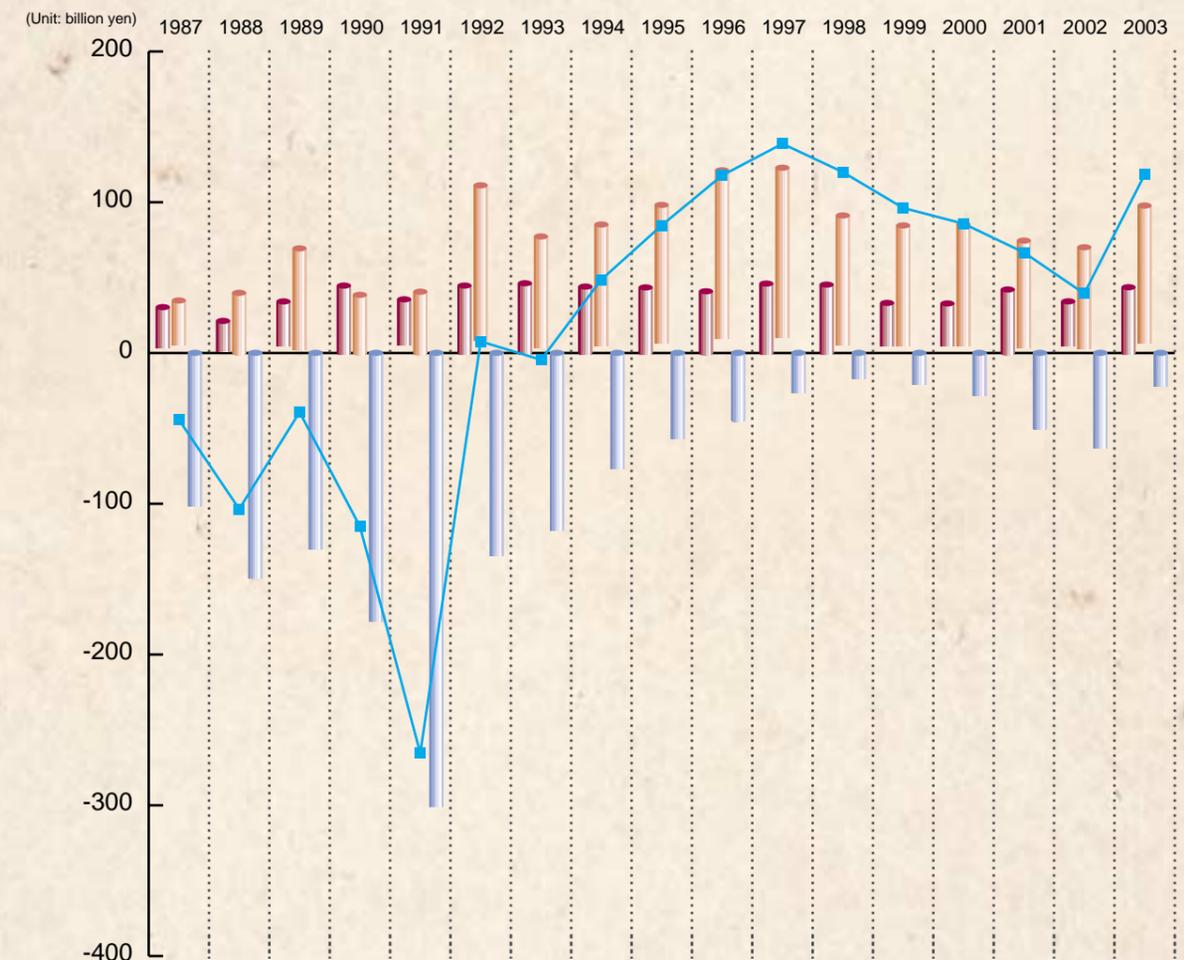
Enforcement of the new environmental guidelines

The new environmental guidelines the "Guidelines on Environmental and Social Consideration in Trade Insurance" was put into force on October 1st, 2003 with the completion of necessary procedures. Based on these new guidelines, we have confirmed whether appropriate measures in regard to environment are taken by the project organizers to prevent or mitigate negative influences to the environment in putting the project indemnified by NEXI into operation. Moreover to comply with these new guidelines, we have set up procedures for submitting objections and have instituted in NEXI an examiner of Environmental and Social Guidelines.

For details of any revisions of the above systems and any other systems, please visit our website (<http://www.nexi.go.jp>).

1. Result of Trade and Investment Insurance Business

Result of Trade and Investment Insurance Business (from FY1987 to FY2003)

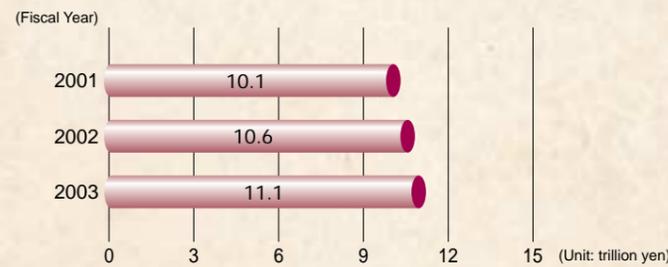


Fiscal Year	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Premium income	30.4	21.3	34.2	44.8	35.7	44.7	46.2	44.1	43.5	41.0	46.0	45.4	33.2	32.9	42.1	34.3	43.6
Recoveries and other income	34.9	40.0	69.3	38.7	40.7	111.2	77.3	85.2	98.3	121.2	123.0	91.3	84.6	85.3	74.5	70.2	97.7
Claims paid	-109.5	-164.8	-142.7	-198.6	-341.9	-148.2	-128.0	-80.6	-57.1	-44.4	-30.2	-16.7	-21.6	-32.4	-49.9	-65.1	-23.0
(Premium + Recoveries - Claims paid)	-44.2	-103.5	-39.2	-115.1	-265.5	7.7	-4.5	48.7	84.7	117.8	138.8	120.0	96.2	85.8	66.7	39.4	118.3

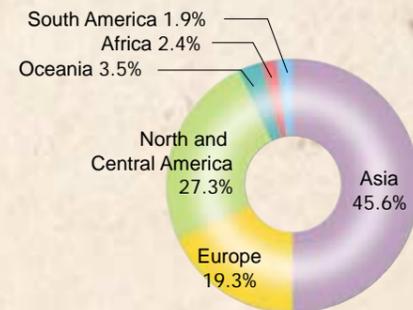
2. Underwritten Amount

In fiscal 2003 the total amount underwritten was 11.1 trillion yen, up 4.6% from the previous year.

Underwritten Amount



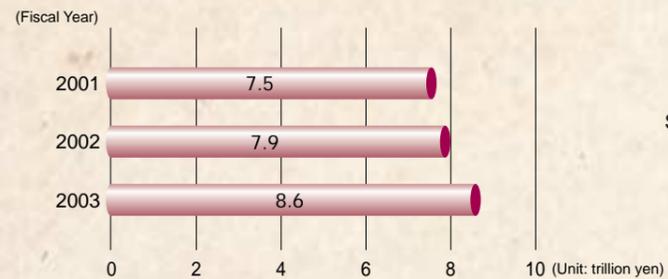
Underwritten Amount by Region in Fiscal 2003



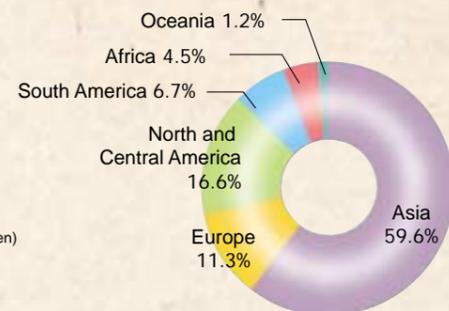
3. Outstanding Commitment

In fiscal 2003 the outstanding commitment balance on a direct insurance basis was 8.6 trillion yen, which was 9.1% up from the previous year.

Outstanding Commitment



Outstanding Commitment by Region in Fiscal 2003



4. Premium Income

Premium income in fiscal 2003 (Issued invoices basis) rose to 43.6 billion yen with a 27% increase from the previous year.

Premium Income



5. Claims Paid

The amount of claims paid in fiscal 2003 was 23 billion yen with a significant fall of 64.7% from the previous year. This was due to the completion of a large amount of claims payments caused by commercial events in Thailand and Indonesia and the Paris Club's rescheduling of the Indonesian sovereign debt.

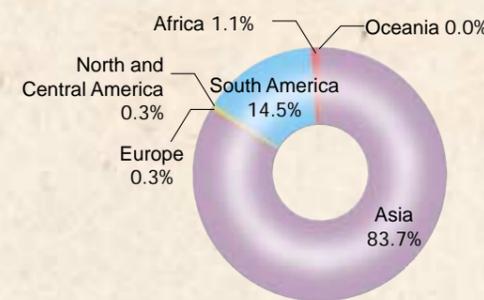
Claims Paid by Risk (Commercial/Political)



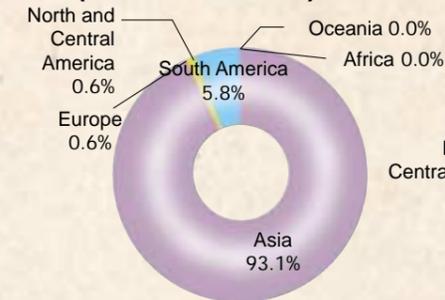
Claims Paid by Policy Term



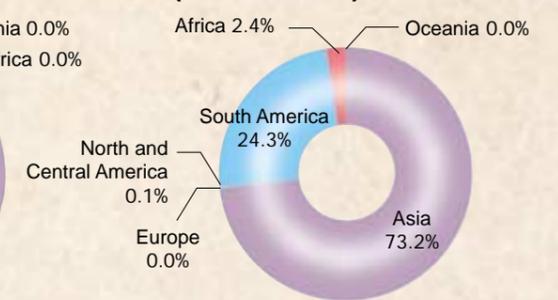
Claims Paid by Region



Claims Paid by Region (Commercial Risk)



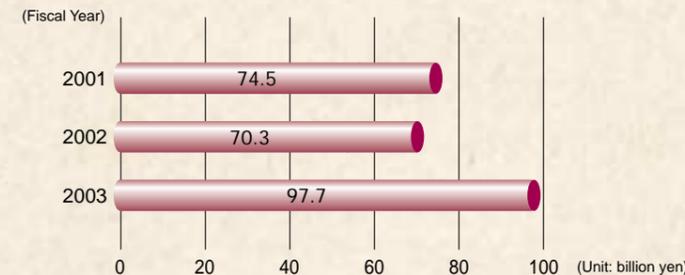
Claims Paid by Region (Political Risk)



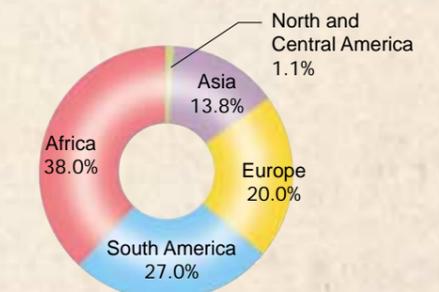
6. Recoveries

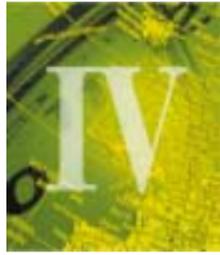
The total amount of recoveries in fiscal 2003 was 97.7 billion yen with a 39% increase from the previous year being helped by the large amount of recoveries resulting from rescheduling agreements with the Nigerian government.

Recoveries



Recoveries by Region





Major Projects Recently Underwritten



Asia

Taiwan

Taiwan Power Company - Dah Tarn Gas Turbine Power Plant Construction Project

Mitsubishi Heavy Industries, Ltd. and the Mitsubishi Corporation undertook the project for a gas turbine combined cycle power plant for the Taiwan Power Company. The power station will be constructed in Dah Tarn in northern Taiwan and will be the world's largest scale gas turbine combined cycle power plant with a total output of 4,250 megawatts. NEXI underwrote the -180 billion Export Credit Insurance for this project.

(The insurance contract was concluded on December 26th, 2003)



Thailand

BLCP Coal-Fired Power Plant Project

Mitsubishi Heavy Industries, Ltd. and the Mitsubishi Corporation were awarded the export of the power generating machinery for the project to construct a power plant in Thailand. This project is being undertaken by a special purpose company established by CLP Holdings Limited (a Hong Kong based power company) and the Banpu Public Company (Thailand's coal supply and power company). The power plant will supply generated electric power to EGAT (The Electricity Generating Authority of Thailand) under a sales contract. A syndicate of Japanese private financial institutions led by the Bank of Tokyo-Mitsubishi, Ltd. has provided finance of approximately US\$163 million for this export. NEXI underwrote the Export Credit Insurance for this finance.

(The insurance contract was concluded on April 1st, 2004)



Thailand

Isuzu (Thailand) Co., Ltd. Corporate Bond Issue

Isuzu (Thailand) Co., Ltd., a subsidiary of Isuzu Motors Limited issued a 1 billion Thai Baht (approximately -2.7 billion) corporate bond for Thai investors in order to raise a plant and equipment investment fund to develop and reinforce the production capacity of pickup trucks in Thailand. The Mizuho Corporate Bank, Ltd. provided a guarantee for the bond and NEXI underwrote the Overseas Untied Loan Insurance for the bank's guarantee.

(The insurance contract was concluded on April 26th, 2004)

Malaysia

Export of LNG Carriers for Malaysia International Shipping Corporation Berhad (MISC)

Mitsubishi Heavy Industries, Ltd. and Mitsui Engineering & Shipbuilding Co., Ltd. were awarded the export contracts of six LNG carriers for MISC (Malaysia International Shipping Corporation Berhad), Malaysia's largest shipping company. A syndicate of Japanese private financial institutions led by the Mizuho Corporate Bank, Ltd. extended loans of US\$410 million to MISC for the purchasing fund of the carriers. NEXI underwrote the Export Credit Insurance for this loan.

(The insurance contract for the first and second carriers was concluded on March 31st, 2003 and for the remaining four carriers on April 3rd, 2003)



Indonesia

Tuban Petrochemical Project

NEXI underwrote the Overseas Untied Loan Insurance for the finance of US\$200 million that was extended by a syndicate of Japanese private financial institutions led by the Sumitomo Mitsui Banking Corporation for the petrochemical plant project in Indonesia. This is a project for the construction and operation of a petrochemical plant undertaken by Trans-Pacific Petrochemical Indonesia (TPPI) in Tuban in Eastern Java. A financial resource for the repayment of the loan which will be provided by P.T.Pertamina, the state-owned petroleum company of Indonesia represents the proceeds of their sales of low-sulfur residual oil to Mitsui & Co., Ltd. This is the first transaction for NEXI to cover the commercial risk of P.T.Pertamina.

(The insurance contract was concluded on May 18th, 2004)



Indonesia

Tanjung Jati 'B' Coal-Fired Power Plant Project

The Sumitomo Corporation was awarded the export of power generating machinery for a power plant project in Tanjung Jati, Indonesia. This project is to construct a power plant with the purpose of leasing it to the state-owned electricity firm of Indonesia, PT PLN. A special purpose company has been established by a subsidiary company of the Sumitomo Corporation in order to undertake this project. A syndicate of Japanese financial institutions led by the Sumitomo Mitsui Banking Corporation financed approximately -57.8 billion for this export. The Export Credit Insurance for this project was underwritten by NEXI.

(The insurance contract was concluded on July 23rd, 2003)





The Middle East

Oman

Sohar Oil Refinery Construction Project

The JGC Corporation undertook the project of an oil refinery plant led by the government of Oman. The project consists of the construction of an oil refinery in the Sohar industrial area of northwestern Oman with a design capacity of 116,400 barrels of oil per day and the production of petroleum products for the existing refinery on a consignment contract basis. A syndicate of Japanese private financial institutions led by the Bank of Tokyo-Mitsubishi, Ltd. provided the finance of approximately US\$261 million for the export and construction of the plant. NEXI underwrote the Export Credit Insurance for this finance by the banks. This is the first transaction in which NEXI will cover a 95 % commercial risk for a project without a government guarantee.

(The insurance contract was concluded on February 4th, 2004)

NEXI also underwrote the Export Credit Insurance for the export of commissioning services for the design, procurement and construction related to the oil refinery construction project, which amounts to approximately US\$900 million.

(The insurance contract was concluded on March 26th, 2004)



Iran

Fertilizer Plant Construction Project for the National Petrochemical Corporation (NPC)

The Toyo Engineering Corporation and the Chiyoda Corporation were awarded the contract for the project of fertilizer plant construction to be undertaken by an affiliated company of the state-owned petrochemical company, the National Petrochemical Corporation (NPC). The finance of approximately 8.3 billion for the export of the plant was provided by the Hongkong and Shanghai Banking Corporation, Ltd., Tokyo Branch (the agent bank), The Bank of Tokyo-Mitsubishi, Ltd. and the Soci t G n rale, Tokyo Branch. NEXI underwrote the Export Credit Insurance for this finance and this was the first time for NEXI to cover the commercial risk of NPC.

(The insurance contract was concluded on April 30th, 2004)



Iran

South Pars Gas Fields Development Project

A consortium led by the Toyo Engineering Corporation and the JGC Corporation was awarded the contract to provide a natural gas processing plant in Iran. This is a project undertaken by the National Iranian Oil Company (NIOC) to process natural gas in the South Pars gas fields of the Persian Gulf. NEXI underwrote the Export Credit Insurance for this project, which amounts to approximately US\$1,200 million.

(The insurance contract was concluded on July 10th, 2003)

Europe

Romania

Export of Medical Equipment for the Romanian Ministry of Health

A Japanese company exported medical equipment for hospitals under the influence of the Ministry of Health of Romania. The Romanian government has been addressing the improvement of its domestic infrastructure with the aim of a future EU membership application. ING Bank N.V. Tokyo Branch financed approximately US\$2 million for this export contract and the Export Credit Insurance for this finance was underwritten by NEXI.

(The insurance contract was concluded on August 7th, 2003)

Russia

Export of Construction Machines for a Russian Leasing Company

A Japanese company exported construction machines for a Russian leasing company of construction machines. Approximately 400 million sales proceeds is to be paid by medium and long term deferred payments. The Export Credit Insurance for this contract was underwritten by NEXI.

(The insurance contract was concluded on December 24th, 2003)

Croatia

Zagreb-Split Motorway Construction Project

For the motorway construction project in Croatia, NEXI underwrote the Overseas Untied Loan Insurance for the finance of Euro 250 million extended by a syndicate of Japanese financial institutions led by the Bank of Tokyo-Mitsubishi, Ltd., the Mizuho Corporate Bank, Ltd. and Deutsche Bank A.G., Tokyo Branch. This project is to construct a motorway connecting Zagreb and Split, the capital and the second largest city of Croatia being undertaken by the Hrvatske Autoceste d.o.o (Croatian Motorways Ltd.). The finance by Japanese financial institutions is for the construction of the motorway section that connects Zadar and Prgomet. This is a significant project for Croatia in terms of providing a direct motorway route to the EU market.

(The insurance contract was concluded on November 25th, 2003)





Azerbaijan, Georgia and Turkey

BTC (Baku-Tbilisi-Ceyhan) Pipeline Project

For a project of the oil pipeline from Azerbaijan to Turkey, NEXI underwrote the Export Credit Insurance for the portion of US\$120 million out of the US\$950 million loan extended by a syndicate of Japanese private financial institutions led by the Mizuho Corporate Bank, Ltd. This is a project with a total cost of US\$3.6 billion for the construction and implementation of a 1,750 km-crude oil pipeline with a design capacity of 1 million barrels of oil per day. Its function is to transport the crude oil production of the Caspian Sea oil fields, from Baku in Azerbaijan to Ceyhan in Turkey via Tbilisi in Georgia. The total financial arrangements for the project represented the co-finance of the export credit agencies of various countries and international financial institutions. These include the Japan Bank for International Cooperation, EXIM Bank of the United States, ECGD of United Kingdom, Euler Hermes of Germany, Coface of France, SACE of Italy, the Overseas Private Investment Corporation of the United States, International Finance Corporation and European Bank for Reconstruction and Development.

[\(The insurance contract was concluded on March 4th, 2004\)](#)



Latin America

Brazil

The Petrobras (Petroleo Brasileiro S.A.), Malhas Project: Improvement of the Domestic Gas Pipeline Network

For the project for the gas pipeline network improvement in Brazil, NEXI underwrote the Overseas Untied Loan Insurance for the US\$250 million loan extended by a syndicate of Japanese financial institutions led by the Bank of Tokyo-Mitsubishi, Ltd. This is a project for the improvement of the domestic gas pipeline network with the aim of supplying natural gas to the north-eastern and south-western districts of Brazil. The project is very important for the Brazilian government as it will enable them to supply natural gas to thermal power stations in the area. The Brazilian government is striving to establish a stable electricity supply system in order to meet the projected increase in future electricity demand. Their energy infrastructure is being changed from being heavily dependent on hydro-electric power generation to the adoption of more diversified power generation sources such as thermal power generation etc.

[\(The insurance contract was concluded on December 12th, 2003\)](#)



Brazil

Companhia Vale Do Rio Doce S.A.(CVRD), Sossego Copper Mine Development Project

For the copper mine development project in Brazil, NEXI underwrote the Overseas Untied Loan Insurance for the US\$300 million loan provided by a syndicate of Japanese financial institutions led by the Bank of Tokyo-Mitsubishi, Ltd. The purpose of the finance is for the mining development equipment and the cost of the construction and development of the infrastructure for the project. Located in the Carajas District of northern Brazil, this is the first copper mine development project by the Companhia Vale Do Rio Doce S.A.(CVRD), which is the world's largest exporter of iron ore.

[\(The insurance contract was concluded on April 8th, 2004\)](#)





Review of Performance in Fiscal 2003

1. Economic Trends in Fiscal Year 2003

During FY 2003 Japanese companies increased production and exports as the world economy was heading for recovery. Exports to Asian and EU countries were brisk, and exports of digital consumer electronics and electronic components such as semiconductors were quite strong. The total amount of Japan's exports was a record high of ¥56.6 trillion with a 6.3% increase from the previous fiscal year. In particular, the export to the People's Republic of China accounted for 12.4% of the total, which is 2.5 times that of 10 years ago.

Japan's current account surplus also reached a new high of ¥17,266.6 billion. The Japanese corporate sector recognized profit recovery with the growth in capital investments being helped by the increased foreign demand and the accelerated disposal of non-performing debts.

Japan's Export (for reference)

(Unit: billion)

Fiscal Year	1998	1999	2000	2001	2002	2003
Total Export	49,449.3	48,547.6	52,045.2	48,592.8	52,727.1	56,060.9
Year-to-year change (%)	△3.8	△1.8	7.2	△6.6	8.5	6.3

(Source: Trade Statistics, Ministry of Finance)

2. Summary of Trade and Investment Insurance Business

Underwritten Amount

(Unit: billion)

Fiscal Year	1998	1999	2000	2001	2002	2003	Year-to-year change (%)
Underwritten Amount	13,968.9	12,024.7	10,811.6	10,136.6	10,618.0	11,119.3	4.7

Outstanding Commitment

(Unit: billion)

Fiscal Year	1998	1999	2000	2001	2002	2003	Year-to-year change (%)
Outstanding Commitment	8,569.2	7,315.6	7,523.0	7,549.1	7,874.2	8,593.9	9.1

Operating Income

(Unit: billion)

Fiscal Year	1998	1999	2000	2001	2002	2003	Year-to-year change (%)
Premium Income (Note 1)	45.4	33.2	32.9	42.1	34.3	43.6	27.0
Recoveries (Note 2)	91.2	84.6	85.3	74.5	70.3	97.7	39.0
Total	136.6	117.7	118.2	116.6	104.6	141.3	35.1

(Note 1) The amount of insurance premiums income includes the refunded insurance premiums.

The premium income after FY2001 is on an issued bill basis. However, the premium income from FY1987 to FY2000 is on an actual payment receipt basis (the calculation basis is different for the periods before and after FY2001).

(Note 2) The amounts of recoveries from FY2001 are on a payment notice receipt basis. However, the amounts of recoveries from FY1987 to FY2000 are on an actual payment receipt basis (the calculation basis is different for the periods before and after FY2001).

Claims Paid

(Unit: billion)

Fiscal Year	1998	1999	2000	2001	2002	2003	Year-to-year change (%)
Claims Paid	16.7	21.6	32.4	49.9	65.1	23.0	△64.7

3. Summary of Underwriting

Underwritten Amount by Insurance Type

The total underwritten amount was ¥11,119.3 billion showing a 4.7% increase from the previous fiscal year.

In terms of the breakdown of types of insurance, export credit insurance held the largest share with ¥10,796.9 billion, 6.0% up from the previous fiscal year. In particular, export credit insurance for medium and long-term transactions showed strong results with ¥577.5 billion, a huge increase of 118.2% from the previous fiscal year. Meanwhile, overseas untied loan insurance showed a 36.7% decline from the previous fiscal year but still kept the second largest share next to the export credit insurance sector.

(Unit: billion/\$ million)

Fiscal Year	2000	2001	2002	2003		Composition(%)	Year-to-year change (%)
Export Credit Insurance	10,380.9	9,737.9	10,182.9	10,796.9	\$101,858	97.1	6.0
Short term	10,113.7	9,647.1	9,918.2	10,219.5	\$96,410	91.9	3.0
Medium and long term	267.2	90.8	264.7	577.5	\$5,448	5.2	118.2
Export Bill Insurance	67.3	60.6	53.5	41.9	\$395	0.4	△21.8
Export Bond Insurance	51.6	50.2	-	-	-	-	-
Prepayment Import Insurance	1.2	1.8	0.6	0.8	\$7	0.0	35.5
Overseas Investment Insurance	85.9	55.6	41.8	63.8	\$602	0.6	52.8
Overseas Untied Loan Insurance	224.8	230.6	339.3	214.8	\$2,026	1.9	△36.7
Short-Term Trade Insurance for Manufacturers	-	-	-	1.2	\$11	0.0	-
Total	10,811.6	10,136.6	10,618.0	11,119.3	\$104,899	100.0	4.7

(Note 3) Because of the rounding up or down of the fractions, the sum of the items in the columns does not necessarily coincide with the total amount.

Underwritten Amount by Region

In terms of a regional breakdown based on original insurance, insurance for Asian transactions held the largest share of ¥5,633.4 billion, followed by insurance for North and Central American transactions of ¥3,370.4 billion. Meanwhile, insurance for European transactions showed a sharp rise by 31.9% from the previous fiscal year.

(Unit: billion/\$ million)

Region	FY2000	FY2001	FY2002	FY2003		Composition(%)	Year-to-year change (%)
Asia	4,101.6	4,334.6	4,943.6	5,633.4	\$53,145	45.6	14.0
Europe	2,236.2	1,708.3	1,799.9	2,373.6	\$22,393	19.3	31.9
North and Central America	4,427.3	4,074.3	4,036.4	3,370.4	\$31,796	27.3	△16.5
South America	469.2	379.0	226.8	238.3	\$2,248	1.9	5.1
Africa	211.8	273.8	402.6	293.5	\$2,769	2.4	△27.1
Oceania	339.9	276.2	341.2	433.8	\$4,093	3.5	27.2

(Note 4) Methods used to identify each transaction by country are as follows.

Pre-shipment - country of the consignee of the shipment

Post-shipment - country of the payer (when guaranteed, country of the guarantor)

(Note 5) The total underwritten amount by region does not coincide with that by insurance type because it includes some transactions that are doubly computed, i.e., for both pre-shipment and post-shipment.

(Note 6) Middle East and Central Asia are included in Asia (the same applies hereafter).

(Note 7) Central and Eastern Europe and Russia are included in Europe (the same applies hereafter).

Top Ten Countries and Regions of Underwritten Amount in FY2003

(Unit: billion/\$ million)

Order	Country	Underwritten Amount	
1	U.S.A.	2,291.0	\$21,613
2	People's Republic of China	1,254.0	\$11,833
3	Taiwan	595.7	\$5,620
4	U.K.	561.0	\$5,292
5	Singapore	437.0	\$4,123
6	Panama (flag of convenience vessel)	423.4	\$3,995
7	South Korea	413.6	\$3,902
8	Hong Kong	412.8	\$3,894
9	Indonesia	400.6	\$3,779
10	Australia	375.1	\$3,538

4. Outstanding Commitment

Outstanding Commitment by Insurance Type

In fiscal year 2003, the outstanding commitment totaled ¥8,593.9 billion with a 9.1% increase from the previous fiscal year. Reviewed by insurance type, export credit insurance showed the largest amount of ¥6,995.4 billion, followed by overseas untied loan insurance of ¥1,047.3 billion.

(Unit: billion/\$ million)

Fiscal Year	2000	2001	2002	2003		Composition(%)	Year-to-year change (%)
Export Credit Insurance	5,933.9	5,938.9	6,144.4	6,995.4	\$65,995	81.4	13.8
Short term	4,188.6	4,465.8	4,723.3	5,327.2	\$50,257	62.0	12.8
Medium and long term	1,745.3	1,473.1	1,421.1	1,668.2	\$15,738	19.4	17.4
Export Bill Insurance	16.8	15.4	10.5	9.4	\$89	0.1	△9.9
Export Bond Insurance	56.7	9.9	8.3	6.8	\$65	0.1	△17.5
Prepayment Import Insurance	0.5	0.8	0.3	0.5	\$4	0.0	55.5
Overseas Investment Insurance	819.0	747.0	630.3	533.2	\$5,030	6.2	△15.4
Overseas Untied Loan Insurance	696.1	837.2	1,080.4	1,047.3	\$9,881	12.2	△3.1
Short-Term Trade Insurance for Manufacturers	-	-	-	1.2	\$11	0.0	-
Total	7,523.0	7,549.1	7,874.2	8,593.9	\$81,074	100.0	9.1

Outstanding Commitment Balance by Region

Reviewed from the perspective of regional breakdown, the outstanding commitment balance for Asian transactions was the largest with ¥5,234.9 billion, 10.9% up from the previous fiscal year. The outstanding commitment balance for European transactions was relatively small with ¥993.0 billion but this marked a sharp rise of 43.1% from the previous fiscal year.

(Unit: billion/\$ million)

Region	FY2000	FY2001	FY2002	FY2003		Composition(%)	Year-to-year change (%)
Asia	4,466.4	4,396.0	4,719.8	5,234.9	\$49,386	59.6	10.9
Europe	786.7	684.7	693.8	993.0	\$9,368	11.3	43.1
North and Central America	1,411.0	1,476.0	1,427.7	1,461.5	\$13,787	16.6	2.4
South America	633.1	658.0	607.6	591.7	\$5,583	6.7	△2.6
Africa	274.1	349.9	517.7	393.2	\$3,710	4.5	△24.0
Oceania	87.1	86.4	72.2	108.0	\$1,019	1.2	49.6

(Note 8) Methods used to identify each transaction by country are as follows.

Pre-shipment - country of the consignee of the shipment

Post-shipment - country of the payer (when guaranteed, country of the guarantor)

(Note 9) The total outstanding commitment by region does not coincide with that by insurance type because it includes some transactions that are doubly computed, i.e., for both pre-shipment and post-shipment.

5. Insurance Claims Paid

Insurance Claims Paid by Insurance Type and by Risk

In FY2003 the total amount of insurance claim payments declined to 23.0 billion with a significant fall of 64.7% from the previous fiscal year. This was because a series of large insurance claim payments had been completed.

(Unit: billion/\$ million)

Type of Insurance	FY2000			FY2001			FY2002			FY2003					
	Total	Commercial Risk	Political Risk	Total	Commercial Risk	Political Risk									
Export Credit Insurance	31.9	12.5	19.4	49.5	29.4	20.1	49.6	13.9	35.7	20.1	\$190	10.0	\$94	10.1	\$96
Short term	7.8	7.7	0.1	28.2	27.9	0.3	30.3	13.9	16.4	10.1	\$95	10.0	\$94	0.1	\$1
Medium and long term	24.1	4.8	19.3	21.3	1.5	19.8	19.4	0.1	19.3	10.1	\$95	0	\$0	10.1	\$95
Export Bill Insurance	0.4	0.4	-	0.2	0.2	-	0.3	0.3	-	0.2	\$2	0.2	\$2	-	-
Export Bond Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepayment Import Insurance	0.1	0.1	-	0	0	-	-	-	-	-	-	-	-	-	-
Overseas Investment Insurance	-	-	-	-	-	-	-	-	-	0.5	\$5	-	-	0.5	\$5
Overseas Untied Loan Insurance	-	-	-	0.2	-	0.2	15.2	14.6	0.6	2.1	\$20	2.0	\$19	0.1	\$1
Short-Term Trade Insurance for Manufacturers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	32.4	13.0	19.4	49.9	29.6	20.3	65.1	28.8	36.3	23.0	\$217	12.2	\$115	10.8	\$102

Insurance Claims Paid by Region

(Unit: billion/\$ million)

Region	FY2000			FY2001			FY2002			FY2003					
	Total	Commercial Risk	Political Risk	Total	Commercial Risk	Political Risk	Total	Commercial Risk	Political Risk	Total	Commercial Risk	Political Risk	Total	Commercial Risk	Political Risk
Asia	20.2	6.2	14.1	46	27.2	18.8	47.6	28.4	19.2	19.3	\$182	11.4	\$107	7.9	\$75
Europe	5.7	0.6	5.1	1.5	0.9	0.7	0.1	0.1	0	0.1	\$1	0.1	\$1	0	\$0
North and Central America	4.5	4.4	0	1	1	0	0.1	0.1	0	0.1	\$1	0.1	\$1	0	\$0
South America	1.7	1.7	0	0.2	0.2	0	17	0.3	16.6	3.3	\$31	0.7	\$7	2.6	\$25
Africa	0.3	0.1	0.2	1.1	0.3	0.9	0.5	0	0.5	0.3	\$3	0	\$0	0.3	\$3
Oceania	0	0	0	0	0	0	0	0	0	0	\$0	0	\$0	0	\$0
Total	32.4	13	19.4	49.9	29.6	20.3	65.1	28.8	36.3	23	\$217	12.2	\$115	10.8	\$102

Top Five Countries of Insurance Claims Paid in FY2003

(Unit: billion/\$ million)

Order	Country	Total Claims Paid		Commercial Risk		Political Risk	
1	Indonesia	8.9	\$84	2.1	\$20	6.8	\$64
2	South Korea	7.1	\$67	7.1	\$67	0	0
3	Argentina	3.3	\$31	0.7	\$6	2.6	\$25
4	Thailand	2.0	\$19	2.0	\$19	0	0
5	Iraq	1.0	\$9	0	0	1.0	\$9

6. Recoveries

Recoveries for FY2003 amounted to 97.7 billion, with an increase of 27.4 billion, showing a significant rise of 39% from the previous fiscal year. This was mainly helped by 27.5 billion recoveries from Nigeria, which represents 28% of the total recoveries, in accordance with the bilateral agreement concerning Paris Club rescheduling with the Nigerian Government. In terms of breakdown by risk, most of the recoveries were on political events, which accounted for 94.2 billion representing 96.5% of the total recoveries. Recoveries from commercial risk related transactions were small with 3.5 billion, or 3.5% of the total recoveries.

The top five countries of recoveries are as follows: Nigeria (27.5 billion), Brazil (24.6 billion), Russia (9.9 billion), Poland (8.0 billion), and Philippines (7.0 billion).

Recoveries by Risk

(Unit: billion/\$ million)

Fiscal Year	2000	2001	2002	2003
Political Risk	80.4	73.6	67.3	94.3
Commercial Risk	4.9	1.0	3.0	3.5
Total	85.3	74.5	70.3	97.7

(Note 10) The amount of recoveries from FY2001 is on a payment notice receipt basis. Whereas recoveries for FY2000 is on an actual payment receipt basis (the calculation basis is different for the periods before and after FY2001).

Recoveries by Region

Reviewed from the perspective of regional breakdown, recoveries from Asia totaled 13.5 billion with a 3.6% increase from the previous fiscal year. Of this figure, recoveries from the Philippines was 7.0 billion (7.3 billion for the previous fiscal year) and those from the People's Republic of China 2.9 billion (2.3 billion for the previous fiscal year), which includes recoveries concerning large-scale credit commercial events. These two countries accounted for 73% of the total recoveries from Asia.

Recoveries from Europe declined to 19.5 billion with 3.6 billion, a 15.7% decrease from the previous fiscal year. Recoveries from Russia were 9.9 billion (9.3 billion for the previous fiscal year), those from Poland 8.1 billion (10.5 billion for the previous fiscal year) and those from Bulgaria 0.9 billion (3.2 billion for the previous fiscal year), which together occupied 97% of the total recoveries from Europe.

Recoveries from North and Central America were 1.1 billion, down 28.6% from the previous fiscal year, among which recoveries from the Dominican Republic of 0.6 billion (1.2 billion for the previous fiscal year) which represented 54% of the total recoveries from the region.

26.4 billion was recovered from South America with a 3.3% increase from the previous year. Recoveries from Brazil were 24.6 billion (2.3 billion for the previous fiscal year), 1.0 billion from Ecuador (1.8 billion for the previous fiscal year) and 0.7 billion from Peru (0.6 billion for the previous fiscal year). Those three nations accounted for 99% of total recoveries from South America. The recoveries from Africa amounted to 37.1 billion with a huge increase of 434.7%. Recoveries from Nigeria were 27.5 billion (no recovery for the previous year), those from Egypt 3.6 billion (3.4 billion for the previous fiscal year) and those from Algeria 3.3 billion (3.0 billion for the previous fiscal year), which occupied 93% of total recoveries from Africa.

(Unit: billion/\$ million)

Region	FY2000	FY2001	FY2002	FY2003		Composition(%)	Year-to-year change (%)
Asia	16.3	10.4	13.1	13.5	\$128	13.8	3.6
Europe	12.4	28.1	23.2	19.6	\$185	20.0	△15.7
North and Central America	14.0	1.7	1.5	1.1	\$10	1.1	△28.6
South America	36.4	28.3	25.6	26.4	\$249	27.0	3.3
Africa	6.2	6.0	6.9	37.1	\$350	38.0	434.7
Oceania	0	0	0	0	\$0	0.0	-
Total	85.3	74.5	70.3	97.7	\$922	100.0	39



Financial Result for Fiscal 2003

1. Fiscal 2003 in Review

Nippon Export and Investment Insurance (NEXI), an independent administrative institution submitted the financial statements of the third year (fiscal year 2003, ended March 31st, 2004) to the Minister of Economy, Trade and Industry on June 25th, 2004 and the Ministry approval was obtained on July 1st, 2004.

Financial Statements Overview

Below are the highlights of NEXI's financial statements for the third year (fiscal year 2003), compared with the first and second years 2001 & 2002.

Item	3rd year (FY2003)	2nd year (FY2002)	1st year (FY2001)
Net premiums written	9,253	5,875	7,390
Ordinary profit and loss	931	825	△1,738
Extraordinary profit and loss	17,112	6,408	20,140
Total profit of the year	18,043	7,233	18,402
Total assets	217,309	166,125	150,084
Net assets	183,712	134,815	122,754

Profits and Losses

In fiscal 2003, underwritings of medium and long-term transactions both in export credit insurance and overseas untied loan insurance increased considerably. At the same time underwritings of NEXI's short-term export credit insurance, which represents the mainstream business, also increased owing to brisk exports by Japanese companies. Under these favorable circumstances, our financial results for fiscal 2003 marked · 9.25 billion of the net premiums written and · 0.9 billion of the ordinary profit.

In accordance with the ordinance of the Ministry of Economy, Trade and Industry, profits derived from recoveries of the debts provided by the government as capital investment are to be booked as an extraordinary profit (NEXI has been granted the right to receive recoveries relating to insurance claim payments made under rescheduling agreements between governments). In fiscal 2003, large amounts of recoveries were received as a result of the rescheduling agreement with the Nigerian Government and an extraordinary profit of · 17.1 billion was accordingly booked by statute.

As described above, the total profit for fiscal 2003 was · 18.0 billion and the entire amount was booked as the reserve according to the law.

Administrative Services Cost

The administrative services cost is computed by adding up the opportunity cost and the "operational expenses", i.e., the expenses on the statement of income deducting income other than operational expense subsidies. As NEXI does not receive any operational expense subsidies, the negative figure of the net profit for the current year is approximately equal to the "operational expenses". The administrative services cost for fiscal 2003 was minus · 16.3 billion which was computed by adding "operational expenses" to the opportunity cost of the investment by the government. The negative figure for the administrative services cost means that NEXI was able to perform its business without any burden on the taxpayers.

2. Financial Statements

Balance Sheet (As of March 31st, 2004)

(Unit: · million)

Titles	Amount	Titles	Amount
(Assets)		(Liabilities)	
Cash and cash items	61,104	Provision for outstanding claims	176
Securities	28,009	Provision for underwriting reserve	8,061
Receivables from subrogated claims	345,997	Reinsurance payable	9,800
Accrued income	125,479	Deposits received	278
Accrued premiums	5,316	Prepaid insurance premiums	5,238
Reinsurance recoverable	10,046	Accrued amount payable	8,731
Buildings (Note 2)	144	Suspense receipts	0
Equipments and fixtures (Note 3)	642	Reserve for bonus payments	117
Deposits	390	Reserve for retirement allowances	55
Other assets	1,328	Other liabilities	1,140
Reserve for uncollectibles	△361,147		
		Total Liabilities	33,596
		(Shareholders' Equity)	
		Capital stock	
		Government investment	104,352
		Capital surplus (Note 5)	35,683
		Retained earnings	
		Surplus reserve	25,635
		Unappropriated retained earnings	18,043
		(net profit of the current year)	(18,043)
		Total retained earnings	43,677
		Total Shareholders' Equity	183,712
Total Assets	217,309	Total Liabilities and Shareholders' Equity	217,309

(Notes) 1: Amounts less than one million yen but more than 500 thousand yen have been rounded up to one million yen. However, amounts less than 500 thousand yen have been omitted.

2: Accumulated depreciation of buildings is · 45 million.

3: Accumulated depreciation of equipment and fixtures is · 874 million.

4: Accumulated depreciation of vehicles is · 8 million.

5: Breakdown of capital surplus is as follows.

Amount of the difference related to the appraisal of receivables from subrogated claims	(Unit: · million)
Recognized amount of rescheduled receivables	113,347
Difference from foreign exchange rates of rescheduled claims	△13,872
Difference of credit claims	△3,990
Difference of reserve for uncollectibles	△59,803
Net	35,683

Profit and Loss Statement (From April 1st, 2003 to March 31st, 2004)

(Unit: - million)

	Titles	Amount
Ordinary Profit and Loss	Ordinary Income	9,436
	Net premiums written (Note 2)	9,253
	Interest income	14
	Interest on securities	9
	Other ordinary income	161
	Ordinary Expenses	8,505
	Net claims paid (Note 3)	402
	Amount allocated to provision for outstanding claims	76
	Expected amount of insurance claim recovery (Note 4)	△131
	Provision for underwriting reserve	3,327
	Foreign exchange loss	45
	Operating and administrative expenses	4,705
	Interest paid	20
	Other ordinary expenses	62
		Ordinary Profit
Extraordinary Profit and Loss	Extraordinary Profit	31,691
	Profit relating to subrogated claims invested by the government (Note 5)	31,691
	Extraordinary Loss	14,579
	Losses relating to subrogated claims invested by the government (Note 5)	495
	Amount allocated to reserve for uncollectible subrogated claims invested by the government	14,084
	Total Profit of the Current Year	18,043

(Notes) 1: Amounts less than one million yen but more than 500 thousand yen have been rounded up to one million yen. However, amounts less than 500 thousand yen have been omitted.

2: Breakdown of net premiums written is as

	(Unit: - million)
Premiums of original insurance written	44,783
Refund of outward reinsurance premiums paid	1,197
Premiums written on inward reinsurance	84
Premiums paid on outward reinsurance	△36,811
Sales commissions (General Insurance)	△0
Net	9,253

3: Breakdown of net claims paid is as follows:

	(Unit: - million)
Insurance claims paid	23,019
Reinsurance claims recovered	△22,618
Net	402

4: Breakdown of estimated amount of insurance claim recovery is as follows:

	(Unit: - million)
① Difference of the booking value of estimated recovery from subrogated claims due to commercial risks between the current year end and the previous year end	118
② Recovery of receivables subrogated by claims paid due to commercial risks	4
③ Recovery of non-ledger assets from subrogated claims due to political risks	9
Total	131

5: Profits and losses of receivables invested by the government have been booked as extraordinary profit and loss. This is in accordance with "Article 2 of the supplementary rules of the ministerial ordinance with regard to the finance and accounting of the Independent Administrative Institution Nippon Export Investment Insurance"(Ministry of Economy, Trade and Industry ordinance No.104 dated March 29th, 2001)

(1) Breakdown of profit concerning subrogated claims invested by the government is as follows: (Unit: - million)

	(Unit: - million)
Interest income from subrogated claims invested by the government	31,589
Recovery of unrescheduled subrogated claims invested by the government	77
Foreign exchange profit in rescheduled subrogated claims invested by the government	23
Others	2
Total	31,691

(2) Breakdown of loss concerning the subrogated claims invested by the government is as follows: (Unit: - million)

	(Unit: - million)
Elimination loss subrogated by claims paid	133
Recognized amount of subrogated claims invested by the government	357
Others	5
Total	495

Statement of Cash Flow (From April 1st, 2003 to March 31st, 2004)

(Unit: - million)

Cash Flow from Operating Activities		
	Premiums received	43,198
	Premiums paid on outward reinsurance	△32,574
	Payments for insurance claims	△23,019
	Claims received from outward reinsurance	14,371
	Income from recovery of subrogated claims by the government	36,995
	Income from recovery of subrogated claims	△3,539
	Outlays for distribution of money recovered related to subrogated claims	67,083
	Outlays for distribution of money recovered related to subrogated claims by the government	△77,577
	Personnel expenses	△1,504
	Other operating expenses	△2,705
	Others	2
	Sub-total	20,731
	Interest and dividends received	15,351
	Interest and dividends paid	△19
	Net cash flow of operating activities	36,063
Cash Flow from Investment Activities		
	Outlays for placing time deposits	△69,300
	Income from time deposits withdrawn	33,400
	Outlays for acquisition of securities	△28,093
	Income from redemption of securities	3,000
	Outlays for acquisition of fixed assets	△519
	Outlays for placing deposits	△87
	Net cash flow of investment activities	△61,600
Cash Flow from Financial Activities		
	Payments in financial lease	△345
	Net cash flow of financial activities	△345
	Foreign Exchange Difference related to Cash	△45
	Net Decrease of Cash	△25,927
	Balance of Cash at the Beginning of the Current Year	42,031
	Balance of Cash at the End of the Current Year	16,104

(Note 1) Amounts of less than one million yen but more than 500 thousand yen have been rounded up to one million yen. However, amounts less than 500 thousand yen have been omitted.

(Note 2) Breakdown of cash at the end of the current year by title of balance sheet is as follows:

	(Unit: - million)
Cash and cash items	61,104
Time deposits	△10,000
Certificate of deposits	△35,000
Balance of cash at the end of current year	16,104

(Note 3) Important noncash transactions

	(Unit: - million)
Acquisition of assets by financial lease	9
Equipment and fixtures (System-related assets)	9
Total	9

Statement of Administrative Services Costs (From April 1st, 2003 to March 31st, 2004)

(Unit: million)

Operating Expense				△17,884
Expense on Income Statement				
Net claims paid	402			
Amount allocated to provision for outstanding claims	76			
Estimated recoveries	△131			
Amount allocated to provision for underwriting reserve	3,327			
Foreign exchange losses	45			
Operating and administrative expenses	4,705			
Interest	20			
Other ordinary expenses	62			
Extraordinary Loss	14,579	23,084		
(Deduction)				
Net premiums written	△9,253			
Interest received	△14			
Interest on securities	△9			
Other ordinary income	△2			
Extraordinary Profit	△31,691	△40,968		-
Equivalent amount of depreciation out of profit and loss account				
Estimated increase of retirement allowances other than the reserve for retirement allowances				
Opportunity costs of increases in retirement allowances for employees who are on loan from governmental ministries	73			73
Opportunity costs				
Opportunity cost of using national property free of charge	38			
Opportunity cost concerning investment by the government	1,461			1,498
Administrative services cost				△16,312

(Notes) 1: Amounts of less than one million yen but more than 500 thousand yen have been rounded up to one million yen. However, amounts less than 500 thousand yen have been omitted.

2: Opportunity costs for increases in retirement allowances of employees who are on loan from governmental ministries had been posted up to the previous year in Section IV, Opportunity costs. However, due to the revision of Q & As concerning "Accounting Principles of Independent Administrative institutions" and "Interpretation of Accounting Principles of Independent Administrative institutions" (revised in March, 2003, Q 24-4), this item was consequently posted in Section III, Estimated increase of retirement allowances other than the reserve fund for retirement allowances.

Notes**Important Accounting Principles****1. Accounting procedures of depreciation****(1) Depreciation of tangible fixed assets**

Depreciation of tangible fixed assets purchased with a value exceeding ¥200,000, either singly or by set, has been calculated by adopting a straight-line depreciation method. This is in accordance with the estimated serviceable life stipulated in the Corporate Tax Law defining that the residual value is to be 10% of the purchase value. However, the depreciation of buildings (limited to incidental facilities), has been calculated by a straight-line depreciation method that sets its residual value at 1 as the memorandum value.

(2) Amortization of intangible fixed assets

Amortization of the trademark right has been calculated by a straight-line depreciation method which fixes its residual value at 0 in accordance with the estimated serviceable life stipulated in the Corporate Tax Law.

Amortization of computer software with a four year-availability period being used in-house has been calculated by a straight-line depreciation method that sets its residual value at 0 by applying the relative availability period to the estimated serviceable life.

However, part of the computer software will be replaced by the new system from April, 2006 notwithstanding the remaining period of its availability. Therefore, amortization of the software which will be disused has been calculated by applying March 2006 to the termination date of the estimated serviceable life. Consequently the amortization amount for the computer software is increased by ¥33 million, which has led to an increase in operating and administrative expenses of the same amount. As a result both the ordinary profit and the net profit of the current year have decreased by the same figure.

2. Calculation basis of the reserve for retirement allowances and its estimate

In order to prepare for retirement allowances payments for board members and employees, a reserve is provided based on 100% of the amount of retirement allowances that are required by the rules of payment of retirement allowances for board members and also by those that apply to employees respectively.

3. Calculation method of provision for underwriting reserve provision for outstanding claims, reserve for subrogated claims, and uncollectible subrogated claims

Provision for underwriting reserve, provision for outstanding claims, reserve for subrogated claims and reserve for uncollectible subrogated claims have been booked with the respective amount which has been calculated in accordance with the following ordinance. "Concerning the calculation methods ordained by the Minister of Economy, Trade and Industry, pursuant to the articles of the ministerial ordinance with regard to the finance and accounting of the Independent Administrative Institution Nippon Export Investment Insurance" (Heisei 13¥03¥27 Trade No.2 dated March 29th, 2001).

4. Calculation basis of reserve for bonus payments and its estimate

In order to prepare for payment of bonus for board members and employees, a reserve is provided based on the amount that resides in the current year according to the rules of remuneration of board members and employees respectively.

5. Appreciation basis and method for securities

Appreciation of bonds that are owned with the purpose of being held until maturity has been done by adopting an amortized cost method (straight-line method).

6. Appreciation method of money claims and debts in foreign currencies

Money claims and debts in foreign currencies have been translated into Japanese yen at the exchange rates prevailing at the end of the fiscal year.

7. Calculation method of opportunity costs in the statement of administrative services cost**(1) Calculation method of opportunity cost of using national property free of charge**

Opportunity cost arising from using national property free of charge for the facilities of NEXI, such as offices and so forth has been calculated by referring to the average rents stated in the White Paper on Real Estate 2003.

- ① Computer room on the second floor of the annex to the main building of the Ministry of Economy, Trade and Industry
- ② NEXI, Osaka in the Osaka Bureau of Economy, Trade and Industry facility of the joint government office building
- ③ NEXI, Nagoya in the main building of the Nagoya Bureau of Economy, Trade and Industry

(2) Interest rate for the calculation of opportunity costs relating to investment by the government

The yield of 10-year government bonds (1.4% p.a.) has been applied.

(3) Calculation of opportunity costs for increases in the retirement allowances of the employees who are on loan from governmental ministry

For the employees who are on loan from the Ministry of Economy, Trade and Industry, the increased amount of retirement allowances which occurred during the service period of the current year has been booked.

8. Accounting and depreciation methods applied to lease transactions

Financial lease transactions, of which the acquired value equivalent exceeds ¥3 million, either singly or by set, have been booked in accordance with the accounting procedures of typical sales transactions. Depreciation has been booked by a straight-line method, which sets its residual value at 0 by applying the relative contract period as the estimated serviceable life.

Important Debt Assumption Undertaken

Not applicable.

Important Subsequent Events

Not applicable.

. Translation of accounting titles distinctive to NEXI

Titles	Translation
Subrogated claims	Total of assets of subrogated insurance claims and estimated amount of potential subrogated insurance claims with regard to the reserve for outstanding claim payments.
Accrued Premiums	Accrued insurance premiums due from policyholders arising from insurance contracted.
Reinsurance recoverable	Receivables arising from reinsurance provided by the government. - Accrued premiums on reinsurance to be refunded by the government - Accrued claims from reinsurance to be paid by the government
Provision for outstanding claims	Amount which is considered to be necessary in order to cover losses under insurance contract which was incurred in the fiscal year and also losses recognized as having been incurred at the end of the fiscal year. This amount has been booked in accordance with the following ordinance: "Concerning the calculation methods ordained by the Minister of Economy, Trade and Industry, pursuant to the articles of the ministerial ordinance with regard to the finance and accounting of the Independent Administrative Institution, Nippon Export Investment Insurance" (Heisei 13¥03¥27 Trade No.2 dated March 29th, 2001).
Provision for underwriting reserve	Amount in order to prepare for possible future claim payments under insurance and reinsurance contracts that NEXI has accepted. This has been booked in accordance with the following ordinance: "Concerning calculation methods ordained by the Minister of Economy, Trade and Industry, pursuant to the articles of the ministerial ordinance with regard to the finance and accounting of the Independent Administrative Institution, Nippon Export Investment Insurance" (Heisei 13¥03¥27 Trade No.2 dated March 29th, 2001).
Reinsurance payable	Amount due from NEXI arising from reinsurance provided by the government
Prepaid insurance premiums	Insurance premiums received with insurance commitment contracts starting from the next fiscal year or
Net premiums written	Amount calculated by deducting premiums paid on reinsurance from insurance premiums written. Insurance premiums written are the total amount of original insurance premiums written and insurance premiums written on inward reinsurance.
Net claims paid	Amount calculated by deducting recoveries of reinsurance claims paid from insurance claims paid. Insurance claims paid are the total amount of insurance claim payments of original insurance and those on inward reinsurance.
Estimated insurance claim recovery	This title represents the total amount of the following items: - Subrogated claims that were incurred on claim payment. - Recoveries of subrogated claims due to commercial risks - Recoveries of non-ledger asset subrogated claims due to political risks. Difference of the booking value between the current year end and the previous year end, of the estimated amount of anticipated subrogated claims in relation to establishment of the reserve for outstanding claim payments - Difference of the booking value between the current year end and the previous year end, of the estimated amount of recoveries in relation to asset of subrogated claims due to commercial risks
Amount allocated to provision for outstanding claims	Amount allocated to the provision for outstanding claims of the current year.
Amount allocated to provision for underwriting reserve	Amount allocated to the provision for the underwriting reserve of the current year.
Capital Surplus Appreciation difference of receivables from subrogated claims	Appreciation difference of receivables from subrogated claims invested by the government excluding those related to accrued income. This has been calculated in accordance with the following ordinance: "The ministerial ordinance to correct the previous ministerial ordinance with regard to the finance and accounting of the Independent Administrative Institution, Nippon Export Investment Insurance" (Article No. 49 in the ministerial ordinance of the Ministry of Economy, Trade and Industry, dated March 31st, 2003). The amount has been booked as capital surplus as stipulated in the ministerial ordinance.
• Recognized amount of rescheduled receivables	Rescheduled subrogated claims due to political risks invested by the government, of which the rescheduling agreement was completed on or after April 1st, 2002.
• Foreign exchange difference of rescheduled receivables	Foreign exchange difference booked at the end of the fiscal year of the rescheduled receivables from subrogated claims in foreign currency due to political risks invested by the government.
• Appreciation difference of credit claims	Appreciation difference booked at the end of the fiscal year of the rescheduled receivables from subrogated claims due to commercial risks invested by the government. This is pursuant to the ministerial ordinance with regard to the finance and accounting of the Independent Administrative Institution, Nippon Export Investment Insurance" (Heisei 13¥03¥27 Trade No.2 dated March 29th, 2001).
• Differences in the reserve for uncollectibles	Differences in the reserve for uncollectibles booked at the end of the fiscal year, with regard to the rescheduled receivables from subrogated claims due to political risks invested by the government. This is pursuant to the ministerial ordinance with regard to the finance and accounting of the Independent Administrative Institution Nippon Export Investment Insurance" (Heisei 13¥03¥27 Trade No.2 dated March 29th, 2001).

Statement of Appropriation of Profit (Dated July 1st, 2004)

(Unit: -)

Inappropriate income of the year	18,042,684,147	
Total profit of the year	18,042,684,147	
Appropriation of profit		
Reserve	18,042,684,147	18,042,684,147

Accompanied Specifications

(Amounts of less than one million yen but more than 500 thousand yen have been rounded up to one million yen. However, amounts of less than 500 thousand yen have been omitted.)

1. Specification of Acquisition, Disposal and Depreciation of Fixed Assets

(Depreciation includes off-profit and loss account depreciation according to Article 86 of the ministerial ordinance)

(Unit: - million)

Type of Assets	Balance at the beginning of the year	Increase for the current year	Decrease for the current year	Balance at the end of the year	Accumulated depreciation (Depreciation for the current year)	Net balance for the current year	Remarks	
Tangible fixed assets (Depreciation on profit and loss account)	Building	171	18	0	189	45	16	144
	Equipment and fixtures	1,498	19	2	1,515	874	378	642
	Vehicles	8	-	-	8	8	3	0
	Total	1,677	37	2	1,712	926	396	786
Tangible fixed assets (Depreciation off profit and loss account)	N.A.	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-
Non-depreciable assets	N.A.	-	-	-	-	-	-	-
Total of tangible fixed assets	Building	171	18	0	189	45	16	144
	Equipment and fixtures	1,498	19	2	1,515	874	378	642
	Vehicles	8	-	-	8	8	3	0
	Total	1,677	37	2	1,712	926	396	786
Intangible fixed assets (Other assets)	Trademark rights	2	-	-	2	0	0	1
	Software	742	645	-	1,387	623	316	764
	Total	743	645	-	1,389	623	316	766
Other assets	Deposits	303	87	-	390	-	-	390
	Total	303	87	-	390	-	-	390
Securities	-	31,011	3,003	28,009	-	-	-	28,009

2. Specification of Inventories

Not applicable.

3. Specification of Securities

(1) Securities booked as liquid assets
Not applicable.

(2) Securities booked as investment and other assets

(Unit: - million)

Type and Description	Acquired value	Total amount of face value	Booking value on the Balance Sheet	Appreciation difference included in the expenses of the current year	Remarks	
						Securities owned with the purpose of being held until maturity
Coupon bearing 10-year Government Bond (The 220th Issue)	2,647	2,500	2,645	-		
Coupon bearing 10-year Government Bond (The 230th Issue)	2,557	2,500	2,556	-		
Coupon bearing 10-year Government Bond (The 238th Issue)	2,589	2,500	2,588	-		
Coupon bearing 10-year Government Bond (The 249th Issue)	2,388	2,500	2,389	-		
Coupon bearing 5-year Government Bond (The 35th Issue)	2,507	2,500	2,507	-		
Hokkaido Prefectural Government 5-year Public Issue Public Bond (The 9th Issue in 2003)	498	500	498	-		
Tokyo Metropolitan Government Public Issue Public Bond (The 607th Issue)	1,497	1,500	1,497	-		
Kanagawa Prefectural Government Public Issue Public Bond (The 125th Issue)	998	1,000	998	-		
Kanagawa Prefectural Government 5-year Public Issue Public Bond (The 9th Issue)	498	500	498	-		
Kyoto Prefectural Government Public Issue Public Bond (The 4th Issue in 2003)	498	500	498	-		
Osaka Prefectural Government 5-year Public Issue Public Bond (The 8th Issue)	995	1,000	995	-		
Hiroshima Prefectural Government Public Bond (The 2nd Special Issue in 2002)	943	1,000	943	-		
Osaka Prefectural Government Public Bond (The 217th Special Issue)	1,012	1,000	1,012	-		
Government-Guaranteed Public Corporation Bond (The 824th Issue)	2,431	2,500	2,431	-		
Government-Guaranteed Central Japan International Airport Co., Ltd. Bond (The 6th Issue)	1,199	1,200	1,199	-		
Government-Guaranteed Deposit Insurance Corporation of Japan Bond (The 94th Issue)	2,494	2,500	2,494	-		
Government-Guaranteed Nippon Life Finance Corporation Bond (The 12th Issue)	1,299	1,300	1,299	-		
Government-Guaranteed Public Corporation Bond (The 772nd Issue)	963	900	963	-		
Total	28,011	27,900	28,009	-		
Description	Acquired value	Value of net assets multiplied by holding share	Booking value on the Balance Sheet	Appreciation difference included in the expenses of the current year	Remarks	
Affiliated Companies' Shares						
N.A.	-	-	-	-		
Total	-	-	-	-		
Type and Description	Acquired value	Market Value	Booking value on the Balance Sheet	Appreciation difference included in the expenses of the current year	Appreciation difference of other securities	Remarks
Other Securities						
N.A.	-	-	-	-	-	
Total	-	-	-	-	-	
Total amount booked on the Balance Sheet			28,009			

4. Specification of Long-Term Loans

Not applicable.

5. Specification of Long-Term Borrowings

Not applicable.

6. Specification of Bonds

Not applicable.

7. Specification of Reserves

(Unit: - million)

Classification	Balance at the beginning of the year	Increase of the current year	Decrease of the current year		Balance at the end of the year	Remarks
			Purposive use	Others		
Reserve for Bonus Payments	129	117	129	-	117	
Total	129	117	129	-	117	

8. Specification of Reserve for Loan/Receivable Losses

(Unit: - million)

Classification	Balance of Loans/Receivables			Balance of Reserve for Loan/Receivable Losses			Remarks
	Balance at the beginning of the year	Changes in the current year	Balance at the end of the year	Balance at the beginning of the year	Changes in the current year	Balance at the end of the year	
Receivables from subrogated claims	262,555	83,442	345,997	168,266	75,463	243,729	
Accrued income							
Ordinary receivables	0	11	11	0	0	0	
Receivables related to subrogated claims	117,884	7,584	125,469	110,778	6,640	117,418	
Accrued Premiums written							
Ordinary receivables	5,894	△578	5,316	0	0	0	
Reinsurance recoverable							
Ordinary receivables	5,418	4,628	10,046	0	0	0	
Other assets							
Ordinary receivables	75	△14	61	0	0	0	
Total	391,828	95,072	486,900	279,043	82,103	361,147	

9. Specification of Reserve for Retirement Allowances

(Unit: - million)

Classification	Balance at the beginning of the year	Increase of the current year	Decrease of the current year	Balance at the end of the year	Remarks
Total amount of retirement allowances payables	-	-	-	-	
Retirement lump-sum money payables	-	-	-	-	
Welfare pension fund-related payables	-	-	-	-	
Payables related to contribution to resource reduction	-	-	-	-	
Payables related to contribution to government pension	-	-	-	-	
Payables due from employees' unrecognized services in the past and unrecognized differences in the mathematical calculations	-	-	-	-	
Pension assets	-	-	-	-	
Reserve for retirement allowances	26	32	3	55	Amounts to be paid at the end of the year are shown.

10. Specification of Statutory Reserve

(Unit: - million)

Classification	Balance at the beginning of the year	Increase for the current year	Decrease for the current year	Balance at the end of the year	Remarks
Provision for outstanding claims	100	176	100	176	(Note1)
Provision for underwriting reserve	4,734	8,061	4,734	8,061	(Note1)
Reserve for uncollectibles	279,043	361,147	279,043	361,147	(Note 2)
Total	283,877	369,384	283,877	369,384	

(Notes) 1: The amount booked has been calculated in accordance with the following ordinance: "About calculation methods ordained by the Minister of Economy, Trade and Industry, pursuant to the articles of the ministerial ordinance with regard to the finance and accounting of the Independent Administrative Institution, Nippon Export Investment Insurance" (Heisei 13/03/27 Trade No.2 dated 29th March, 2001). Accumulation and utilization of the reserve has been made based on re-evaluation of reserve at the end of each fiscal year.

2: The details of the reserve for loan/receivable losses and the balance of loans/receivables subject to reserve are shown for comparison in the above "8. Specification of Reserves for Loan/Receivable Losses".

11. Specification of Debt Guarantee

Not applicable.

12. Specification of Capital and Capital Surplus

(Unit: - million)

Classification	Balance at the beginning of the year	Increase for the current year	Decrease for the current year	Balance at the end of the year	Remarks
Capital					
Government Investment	104,352	-	-	104,352	
Total	104,352	-	-	104,352	
Capital Surplus					
Appreciation difference of receivables from subrogated claims	4,828	113,347	82,493	35,683	Amounts represent appreciation difference of subrogated claims invested by the government excluding those related to accrued income.
Total	4,828	113,347	82,493	35,683	
Accumulated depreciation off profit and loss account	-	-	-	-	
Net Amount	4,828	113,347	82,493	35,683	

13. Specification of Reserve Fund

(Unit: - million)

Classification	Balance at the beginning of the year	Increase for the current year	Decrease for the current year	Balance at the beginning of the year	Remarks
Reserve fund in accordance with the Item No.1 in the Article No. 44 of the Law concerning general rules of independent administrative institutions	18,402	7,233	-	25,635	The whole amount for the unappropriated income for the year as at the end of the previous year has been booked as the reserve fund.

14. Specification of Utilization of the Reserve for Specific Purpose

Not applicable.

15. Specification of Operational Expense Subsidies Payables and Income from Operational Expense Subsidies

Not applicable.

16. Specification of Financial Resource Procedures other than Operational Expense Subsidies provided by the Government

Not applicable.

17. Specification of Remunerations for Board Members and Salaries for Employees

(Unit: - thousand for the amount paid)

Classification	Remunerations/Salaries		Retirement allowances	
	Amount paid	Number of people paid	Amount paid	Number of people
Board members	(800) 67,206	(1) 4	(-) 3,246	(-) 1
Employees	(-) 1,281,692	(-) 151	(-) -	(-) -
Total	(800) 1,348,898	(1) 155	(-) 3,246	(-) 1

(Notes) 1: Outline of the remuneration standard for board members is as follows:

Chairman and CEO	-1,209,700
Vice Chairman (*)	-1,033,300
Vice Chairman	-958,000
Auditor	-755,900

(*)The Vice Chairman who is the first in line to undertake the Chairman's or CEO's job on his behalf.

Other benefits and allowances have been paid in accordance with "the rules of remuneration payments for board members of the independent administrative institution Nippon Export and Investment Insurance".

(The above amount represents monthly payments.) A part-time auditor is paid -800,000 as annual remuneration.

2: Number of people paid for employees' salary represents the annual average number of employees who received salaries.

3: Remuneration for a part-time auditor is shown above separately with the figure in brackets. (This figure is included in the amount of remunerations for board members)

4: Outline of the salary standard for employees is as follows: Employee's salary consists of wages and some benefits and allowances. Salaries are paid in accordance with "the rules of salary payments of the independent administrative institution Nippon Export and Investment Insurance".

5: Retirement allowances for board members are to be paid in accordance with "the rules of retirement allowances payments for board members of the independent administrative institution Nippon Export and Investment Insurance".

6: Retirement allowances for employees are to be paid in accordance with "the rules of retirement allowances of the independent administrative institution Nippon Export and Investment Insurance".

18. Segment Information to be disclosed

Disclosure of the relative information is omitted in this annual report, as NEXI is operated by single segment.

19. Specifications of the Essential Assets, Liabilities and Income**■ Cash and Cash Items**

(Unit: - million)

Classification	Amount	Remarks
Certificates of Deposit	35,000	
Ordinary Deposit	16,104	
Time Deposit	10,000	
Cash	0	
Total	61,104	

■ Subrogated claims

(Unit: - million)

Classification	Amount	Remarks
Rescheduled receivables due to political risks(breakdown by country)	341,941	
Nigeria	99,780	
Cuba	47,451	
Russia	44,033	
Argentina	39,623	
Algeria	17,338	
Others	93,715	
Receivables due to commercial risks	4,056	
Total	345,997	

■ Accrued income

(Unit: - million)

Classification	Amount	Remarks
Accrued interest from rescheduled receivables due to political risks	125,469	
Accrued interest from bank deposits	11	
Total	125,479	

■ Accrued premiums

(Unit: million)

Classification	Amount	Remarks
Export Credit Insurance	4,127	
Overseas Untied Loan Insurance	1,049	
Reinsurance accepted	82	
Export Bill Insurance	56	
Overseas Investment Insurance	2	
Prepayment Import Insurance	0	
Total	5,316	

■ Receivables on reinsurance

(Unit: million)

Classification	Amount	Remarks
Accrued reinsurance claim payments due from the government	9,401	
Accrued reinsurance premiums due to be refunded by the government	645	
Total	10,046	

■ Reinsurance payable

(Unit: million)

Classification	Amount	Remarks
Accrued reinsurance premiums due to the government	8,559	
Accrued recoveries of reinsurance claims due to the government	1,242	
Total	9,800	

■ Prepaid Insurance Premium

(Unit: million)

Classification	Amount	Remarks
Insurance premiums received with insurance commitment contracts starting from the next fiscal year or later	5,238	
Total	5,238	

■ Accrued payables

(Unit: million)

Classification	Amount	Remarks
Interest subtracted relating to rescheduled receivables due to political risks	4,612	
Securities to be delivered in April, 2004	2,917	
Premiums planned to be refunded	469	
Development cost of the next computer system	335	
Remodeling cost of the current computer system	267	
Interest subtracted relating to receivables due to commercial risks	115	
Others	16	
Total	8,731	

■ Net premiums written

(Unit: million)

Classification	Amount	Remarks
Export Credit Insurance	6,858	
Overseas Untied Loan Insurance	1,832	
Overseas Investment Insurance	465	
Export Bill Insurance	75	
Inward Reinsurance	17	
Short-Term Trade Insurance for Manufacturers	6	
Prepayment Import Insurance	1	
Total	9,253	

■ Operating expense and administrative expense

(Unit: million)

Classification	Amount	Remarks
Business consignment cost	1,051	
Salaries	940	
Data processing cost	570	
Depreciation Cost	397	
Rents	360	
Amortization of software	316	
Bonus	282	
Statutory welfare cost	145	
Consulting fees (Lawyers, Accountants and so forth)	144	
Allocation of bonus payments reserve	117	
Overseas traveling cost	98	
Communication and transportation cost	67	
Maintenance fee	62	
Allocation of retirement allowances payments reserve	32	
Advertising expenses	22	
Water and electricity costs	19	
Training cost	14	
Membership cost	14	
Consumables	13	
Printing and book binding costs	12	
Others	31	
Total	4,705	



Profile of NEXI



Yukio Kitazume
Vice Chairman

Hidehiro Konno
Chairman and CEO

Mutsuo Hatano
Vice Chairman



Yutaka Miyake
Corporate Auditor



Takashi Imai
Corporate Auditor

Members of the Board and the Audit Board

Chairman and CEO	Hidehiro Konno
Vice Chairman	Mutsuo Hatano
Vice Chairman	Yukio Kitazume
Corporate Auditor (Full time)	Yutaka Miyake
Corporate Auditor (Part time)	Takashi Imai

Date of Establishment

April 1st, 2001

Governing Law

The Law concerning the general rules of independent administrative institutions
The Trade and Investment Insurance Law

Business Aim

To perform insurance business efficiently and effectively by underwriting those risks occurring through international business activities that cannot be covered by ordinary insurances.

Competent Minister

The Minister of Economy, Trade and Industry

Capital

· 104,352,324,369 (Fully invested by the Japanese Government) (Unchanged from the previous year)

Number of Employees

153 (as at the end of March, 2004) (Unchanged from the previous year)

Scope of Business

1. To perform trade and investment insurance business according to Chapter 3 of the Trade and Investment Insurance Law.
2. To perform any business accompanied by the above.
3. To accept reinsurance of the insurance commitment of international institutions, foreign governments and foreign corporations that perform insurance business, including reinsurance of undertaking losses covered by trade and investment insurance and corresponding losses.
4. To reinsure NEXI's insurance commitment under the Trade and Investment Law, having the Japanese government as the other party of the (insurance) contract according to Chapter 4 of the Trade and Investment Insurance Law. In addition, to reinsure NEXI's insurance commitments with contracted parties such as international institutions, foreign governments and foreign corporations, including the reinsurance of undertaking losses covered by trade and investment.

Brief History

- July, 1999 The Law concerning the general rules of Independent Administrative Institutions was approved.
- December, 1999 The Law to partly amend the Trade and Investment Insurance Law was approved.
- April, 2001 The independent administrative institution, Nippon Export and Investment Insurance was established.

(For reference)

March, 1950 The Trade and Investment Insurance Law was approved.
Thereafter, trade and investment insurance has been managed by the Ministry of Economy, Trade and Industry (formerly the Ministry of International Trade and Industry).

Offices

Head Office

Chiyoda First Building, East Wing 3rd Floor, 3-8-1, Nishi-Kanda, Chiyoda-ku,
Tokyo 101-8359, Japan
Tel: 81-(0)3-3512-7650
Fax: 81-(0)3-3512-7660

NEXI, Osaka

Aioi-sonpo Yodoyabashi Building 8th Floor, 3-1-22, Kitahama, Chuo-ku, Osaka City,
Osaka 541-0041, Japan
Tel: 81-(0)6-6233-4017
Fax: 81-(0)6-6233-4001

Main Insurance Products

¥Export Credit Insurance
¥Short-Term Trade Insurance for Manufacturers
¥Overseas Untied Loan Insurance
¥Overseas Investment Insurance
¥Export Bill Insurance
¥Prepayment Import Insurance



NEXI Customer Service Charter (July 1, 2004)

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 their 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 suspect that your international transactions, including exports, foreign investment and overseas lending, may incur any risk, please visit our website (<http://www.nexi.go.jp>) and find the insurance product section, or contact the following offices.

Customer Relations Office (Head Office):
Tel: 81-(0)3-3512-7712 (Direct)
Customer Relations Office (NEXI, Osaka):
Tel: 81-(0)6-6233-4018
 - 2) To provide customers with further knowledge about our insurance products that are beneficial to international business, we are always pleased to dispatch our staff 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 for 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 your enquiries, please see the NEXI directory as below, in order to find out where to contact or phone us.

Customer Relations Office (Head Office):
Tel: 81-(0)3-3512-7712 (Direct)
Fax: 81-(0)3-3512-7687
E-mail: okyakusama@nexi.go.jp
Customer Relations Office (NEXI, Osaka):
Fax: 81-(0)6-6233-4001

- (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 website. 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 time limits, 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 customers' 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 will 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 the customers' insurance claims, 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. This rule does not apply, however, in case where more time is required for survey.) For the application 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 other regulations. We will notify the customers 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 other regulations, we appreciate your 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 our website (<http://www.nexi.go.jp>) and in our annual report.

- (1) Please visit our website for comprehensive information on trade insurance, which we hope will be helpful.

NEXI website 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 collection 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) Procedures to be adopted after occurrence of an insured event

- 9) Examples of insurance claim payments cases

- 10) Brochures on NEXI's insurance products

11) 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 Public Relations Group or the Customer Relations Office of the Head Office.

- (3) For inquiries regarding our website, annual report or any other public relations material, please contact the Public Relations Group of the Head Office.

Your Comments and Complaints

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) NEXI has established the "Customer Relations Office" to provide more efficient services for our customers in accordance with our customer-oriented policy.

Customer Relations Office (Head Office):
Tel: 81-(0)3-3512-7712 (Direct)
Fax: 81-(0)3-3512-7687
E-mail: okyakusama@nexi.go.jp
Customer Relations Office (NEXI, Osaka):
Tel: 81-(0)6-6233-4018
Fax: 81-(0)6-6233-4001

(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 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 (Head Office):
Tel: 81-(0)3-3512-7712 (Direct)
Fax: 81-(0)3-3512-7687
E-mail: okyakusama@nexi.go.jp
Head Office - Underwriting Group No.1
Tel: 81-(0)3-3512-7667 (Direct)
NEXI, Osaka - Customer Relations Office
Tel: 81-(0)6-6233-4018
Fax: 81-(0)6-6233-4001

For inquiries about matters ranging from consultation over trade insurance underwriting to assessment associated with specific transactions (including terms of cover, country categories, international agreements and insurance application

procedures, such as buyer registration), please contact:

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

Head Office - Underwriting Group No.2
(Tel: 81-(0)3-3512-7668)
- Consultation, individual assessment and issuance of informal approval of transactions for Export Credit Insurance, Export Bond Insurance and Prepayment Import Insurance which do not fulfill the insurance requirements by country such as for amount limits

Head Office - Business Administration Group
(Tel: 81-(0)3-3512-7664)
- Consultation and individual assessment of transactions for all kinds of insurances fulfilling the insurance requirements by country such as for amount limits
- Consultation and individual assessment of insurance claims for Export Bill Insurance

NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)
- Consultation and individual assessment of transactions for Export Credit Insurance (Specific Insurance, Comprehensive Insurance with Exporters' Association, Short-Term Comprehensive Insurance) fulfilling the insurance requirements by country such as for amount limits
- Consultation and individual assessment of transactions for Short-Term Trade Insurance for Manufacturers
- Consultation and individual assessment of insurance claims for Export Bill Insurance

Medium & Long-Term Transactions (Terms of Two Years or Over)

Head Office - Underwriting Group No.2
(Tel: 81-(0)3-3512-7668)
- Consultation, individual assessment and issuance of informal approval of transactions for Export Credit Insurance, 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.
- Consultation, individual assessment and issuance of informal approval of transactions for Overseas Investment Insurance

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 telecommunications, 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)

Insurance application forms:

Head Office - Business Administration Group
(Tel: 81-(0)3-3512-7664)
NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

Issue of insurance policies

Head Office - Business Administration Group
(Tel: 81-(0)3-3512-7664)
NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

Collection or refund of insurance premiums

Head Office - Business Administration Group
(Tel: 81-(0)3-3512-7664)
NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

Acceptance and handling of applications for alteration

Head Office - Business Administration Group
(Tel: 81-(0)3-3512-7664)
NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

Various application procedures, including approval of pledge

Head Office - Business Administration Group
(Tel: 81-(0)3-3512-7664)
NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

Various types of notification, such as notification of redemption date

Head Office - Business Administration Group
(Tel: 81-(0)3-3512-7664)
NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

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

Head Office - Claims Service & Recovery Group
(Tel: 81-(0)3-3512-7663)
NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

Claim and assessment of insured events

Head Office - Claims Service & Recovery Group
(Tel: 81-(0)3-3512-7663)
NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

For inquiries about Paris Club rescheduling, allocation of recoveries and so forth

Head Office - Asset Management Department,
Recovery Services Group
(Tel: 81-(0)3-3512-7725)

For inquiries about assessments of recoverable assets other than the above and recovery business in general

Head Office - Asset Management Department, Asset
Planning Group
(Tel: 81-(0)3-3512-7658)
NEXI, Osaka - Underwriting Group
(Tel: 81-(0)6-6233-4018)

"Guidelines on Environmental and Social Considerations in Trade Insurance"

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

Disclosure

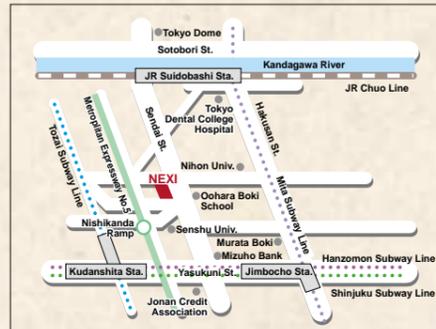
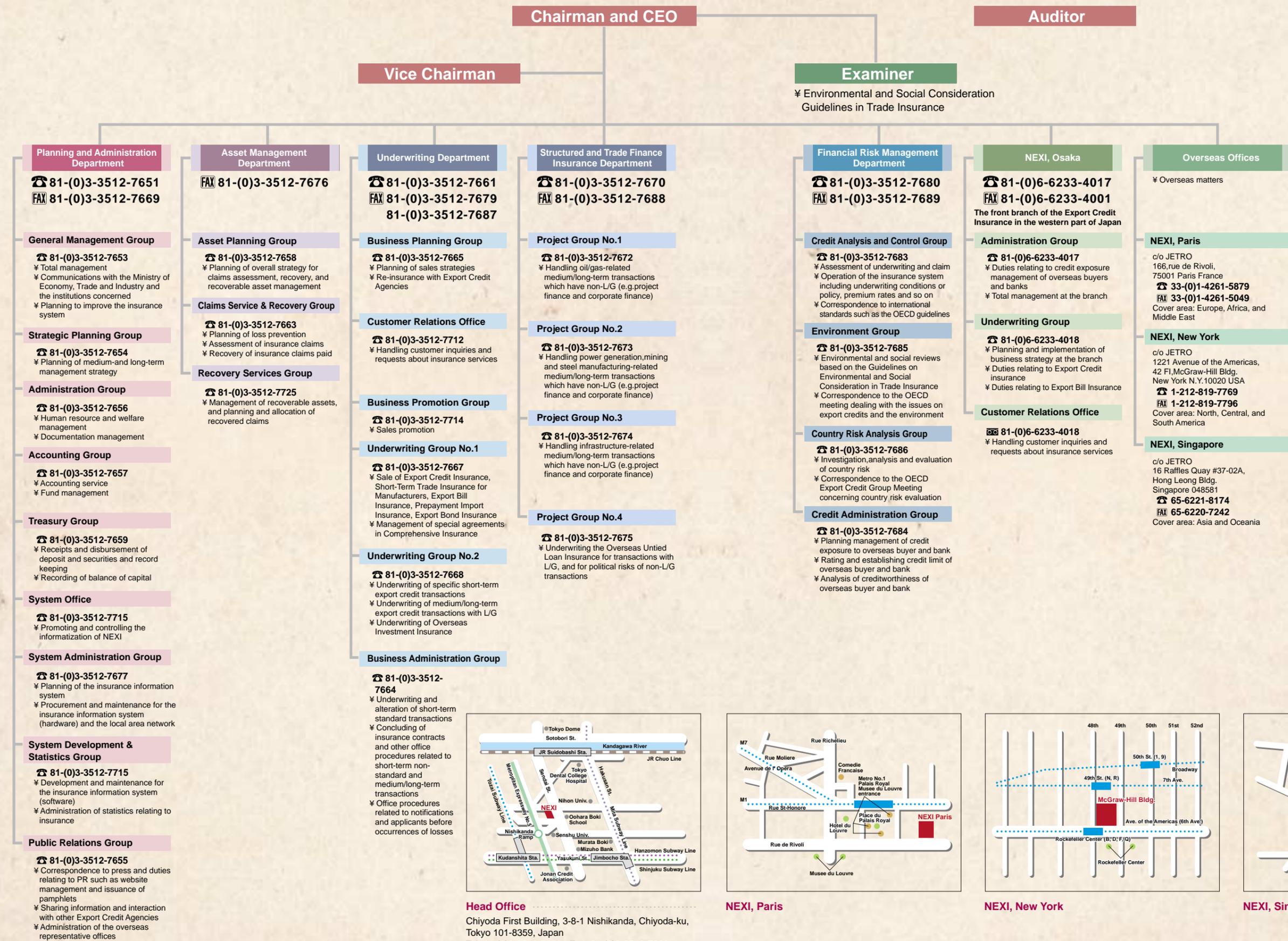
Head Office - Administration Group
(Tel: 81-(0)3-3512-7656)

Public relations, including our website and annual report

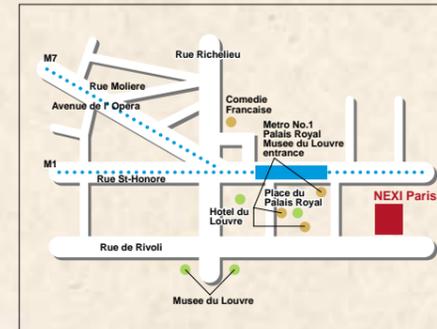
Head Office - Public Relations Group
(Tel: 81-(0)3-3512-7655)

Nippon Export and Investment Insurance Organization Chart

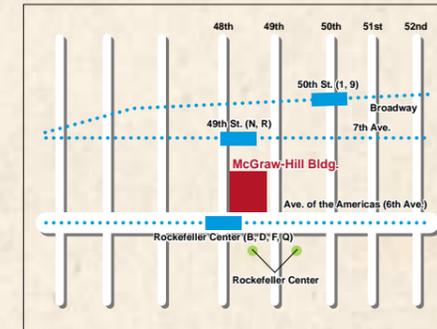
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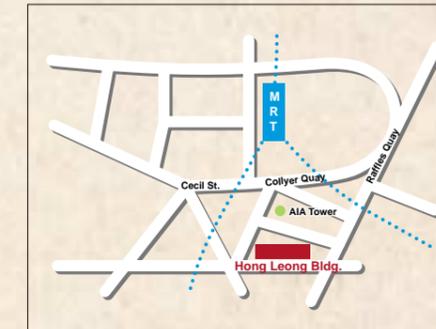
Head Office
 Chiyoda First Building, 3-8-1 Nishikanda, Chiyoda-ku,
 Tokyo 101-8359, Japan
 Tel: 81-(0)3-3512-7650 Fax: 81-(0)3-3512-7660



NEXI, Paris



NEXI, New York



NEXI, Singapore



Nippon Export and Investment Insurance

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info@nexi.go.jp