

# NEXI

Nippon Export and Investment Insurance

## Annual Report FY2009

(Apr.2009-Mar.2010)



## ■ Message from the Chairman



In this preface to the annual report for FY2009, I would like to first express our sincerest appreciation of your understanding and support for Nippon Export and Investment Insurance (NEXI) over the years.

The financial crisis which started in September 2008 completely changed the face of global economy, which until that time had remained quite stable. Subsequent funding difficulties in the interbank market and the worldwide stock market crash caused turmoil in international financial markets, which also took a huge toll on the Japanese economy. In February 2009, Japan's total exports fell by 49.4% compared to the same month of the previous year.

At the London G20 economic summit in April 2009, the Japanese government confirmed additional support totaling USD22 billion over the next two years, and NEXI announced to take charge of USD16 billion trade finance support. In the post-crisis climate, expectations for NEXI to play the role of stabilizing the markets, by providing trade insurance in unity with the government, became higher than ever.

Throughout the fiscal year, NEXI reviewed its services constantly in order to further promote international business. In April 2009, NEXI broadened the scope of insurance coverage for transactions by overseas branches and for sales of goods held in bond. In December 2009, following the government's Emergency Economic Countermeasures, NEXI raised cover ratio for Buyer's Credit Insurance and implemented a program to ensure greater liquidity for SMEs' insured export receivables. NEXI strengthened its financial support for the business of overseas subsidiaries by underwriting approximately JPY500 billion.

Also, NEXI reinforces its cooperation with other Asian countries that were the first to emerge from the

financial crisis and are currently developing steadily. In June 2009, NEXI signed a reinsurance agreement with THAI EXIMBANK of Thailand. While we built up relations with the heads of Asian ECAs by participating in the special meetings of the Asian Regional Cooperation Group (RCG), we also held an annual training program for Asian ECA professional staff.

In addition, partnerships with organizations worldwide are enhanced through participation in the Berne Union, the leading international organization of public and private sector providers of export credit and investment insurance. Furthermore, NEXI signed memorandums of understanding (MOUs) with two institutions in Europe: Russia's Bank for Development and Foreign Economic Affairs (VEB) and Belarus's Joint Stock Company Savings Bank (Belarusbank).

As part of a support scheme for strategic priority sectors, a special framework of JPY2 trillion export credit insurance coverage was established to promote Asian infrastructure development, which is expected to generate demand equivalent to JPY70 trillion in the next five years. In accordance with the government's priority policies, NEXI has continued its efforts to secure a stable supply of natural resources and energy, as well as to support sectors of national interest such as aircraft and nuclear energy. NEXI also continues to support SMEs that are expanding into overseas business.

In order to realize sustainable growth, five projects were underwritten under Trade and Investment Insurance for Preventing Global Warming. Also, NEXI has implemented the revised Environmental and Social Consideration Guidelines since October 2009 to ensure appropriate consideration for projects to be covered.

As a means to provide information and knowledge for those who are interested in our business, seminars on various topics related to export credits were held throughout the fiscal year.

It is now increasingly important for all of our customers to advance into overseas markets that offer greater possibilities. NEXI will continue to support companies that actively take up the challenge of expanding their businesses overseas.

Takashi Suzuki  
Chairman and CEO  
July 2010

A handwritten signature in black ink that reads "Takashi Suzuki". The signature is written in a cursive, flowing style.

## Contents

■ Message from the Chairman	01
■ 2009 Business Overview	03
■ 2009 Performance Highlights	09
■ Review of Performance	17
■ Underwritten Projects	21
■ 2009 Financial Results	29
■ Third-Term Objectives	35
■ Customer Service Charter	37
■ Profile of NEXI	39

### Figures in this Annual Report

In principle, figures in this report are rounded to the nearest unit. Therefore, the sum of individual figures may deviate from the sum presented.

As a result of rounding, figures below the unit are indicated as "0," and if there is no corresponding figure, "-" is indicated.

Figures in the trade and investment insurance business are on a fiscal period basis unless otherwise noted.

Fiscal year 2009 (FY2009) is from April 2009 to March 2010. The year "2009" in this annual report indicates FY2009 unless otherwise noted.



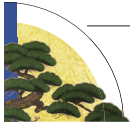
## NEXI Mission

### Management Principle

NEXI will contribute to Japan's economic community by anticipating changes in the market at all times, appropriately responding to customer needs, and efficiently and effectively conducting insurance business in covering risks that arise in international transactions but are not covered by regular commercial insurance.

### Management Policy

1. NEXI, realizing its role as an incorporated administrative agency, operates its business from the public standpoint and aims at being conducive to national stability and sound development of the economic community.
2. NEXI will observe the customer-first principle at all times, provide high-quality services by improving its expertise, and aim at increasing customer satisfaction and building strong trust relations with customers.
3. NEXI will systematically make use of its operating resources, work on quantitative and qualitative increases in the risks it underwrites, improve its profits through appropriate risk management, and aim for long-range development.
4. NEXI will develop human resources and promote strengthening of staff specialty, make use of staff diversity, and aim at creating a liberal and lively workspace where staff feels proud of their organization.



# 2009 Business Overview

## Addressing the Global Financial Crisis in a Quick and Responsible Manner

### Our Global Commitment to Overcoming the Crisis

The credit crunch triggered by the global financial crisis caused significant adverse impacts on financial markets in developing countries, especially in the supply of trade finance. Under such circumstances, the export credit agencies (ECAs) of each country were required to act as major public sector providers of trade finance to fulfill their function of ensuring smooth trade finance. In April 2009, the government of Japan pledged at the G20 Summit in London to provide financial support of approximately USD22 billion over the next two years in addition to the ordinary short-term trade finance support.

As part of this USD22 billion support, NEXI announced that it would take charge of providing at least USD16 billion by increasing short-term insurance underwriting as well as utilizing bank loans and facilitating liquidity of receivables and loans insured by NEXI.

Specifically in June 2009, NEXI entered into a memorandum of understanding (MOU) with the Korea Development Bank on a trade finance facility. Under this MOU the two institutions will start talks for the establishment of a loan facility of up to JPY20 billion for export payments by Korea to Japanese companies.

### Supporting Global Business of Japanese Companies

In May 2009, NEXI worked to increase insurance underwriting to further support the global business of Japanese companies by the following means.

#### (1) Business activities by overseas offices

In response to the increasing global activities of Japanese companies, NEXI decided to make its insurance more available to support the business activities of their overseas offices. Now NEXI's insurance covers the sales contracts, service contracts, and investment loan agreements that are concluded by the overseas offices.

#### (2) Insurance for supplier inventory and sales contracts

In response to increasing diversity in international

business activities, NEXI started to provide insurance for supplier inventory and sales contracts under which a Japanese exporter concludes a sales contract with a local buyer regarding the goods held in bond.

#### (3) Local costs included in the coverage

Responding to the globalization of overseas business activities, NEXI's coverage for export contracts now includes loans to be used for the purchase of goods and services from local or third-country companies.

### Response to Economic Measures by the Government

As part of "Emergency Economic Countermeasures for Future Growth and Security" announced by the government of Japan in December 2009, NEXI decided to implement the following coverage expansion measures.

#### (1) Buyer's Credit Insurance coverage increase

The percentage of cover of NEXI's Buyer's Credit Insurance has been raised to 100% from 97.5% for political risk and 95% for commercial risk regarding commercial banks' buyer's credit provided in co-financing with the Japan Bank of International Cooperation (JBIC). This improvement aims to facilitate financing for system exports and other projects in various sectors including projects set up to combat global warming, by further mitigating commercial banks' risks.

#### (2) Liquidity support for SME export receivables

Banks purchasing an SME's export receivables insured by NEXI are exempt from recovery obligations assumed in the case of an insured event. NEXI's exemption measures are expected to facilitate transfer of SMEs' receivables and improve their liquidity positions.

#### (3) Financial support for the activities of foreign companies

In FY2009, NEXI's underwritten amount for providing financial support to foreign companies totaled approximately JPY500 billion. This support facility was to be provided on a temporary basis, but has been extended until the end of March 2011.

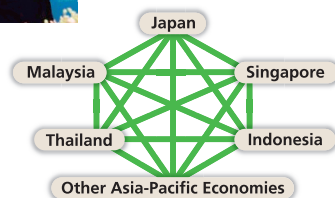
## Strengthening Relationships with Asian Countries

### Reinsurance Network with Asian ECAs

NEXI has been developing a reinsurance network with Asian ECAs to support Japanese business activities in Asia. In June 2009, NEXI signed a reinsurance agreement with THAI EXIMBANK of Thailand. NEXI had already signed reinsurance agreements with ECICS of Singapore (April 2004), MEXIM of Malaysia (June 2006) and ASEI of Indonesia (March 2009). The reinsurance amount underwritten by NEXI in FY2009 was JPY2,167 million (eight projects). NEXI will continue to strengthen relationships with Asian ECAs to support Japanese exports to third countries and cement economic ties between Japan and Asian countries.



NEXI – THAI EXIM signing ceremony



Asia-Pacific trade insurance network

### Participation in Special Meeting of Asian ECAs

The first Special Meeting of Berne Union Asian Regional Cooperation Group (RCG) was held in Tokyo in November 2008, hosted by NEXI. The second RCG meeting was held in Bangkok, Thailand on August 6 and 7, 2009, with the participation of top executives from the ECAs of Japan, Indonesia, India, Australia, Hong Kong, Korea, Malaysia, China, Sri Lanka, Taiwan and Thailand. At the meeting they exchanged information about their financial support measures and reaffirmed further cooperation among the ECAs through the reinsurance network.

### Training Program for Asian ECA Professional Staff

Every year Japan’s Ministry of Economy, Trade and Industry (METI) implements a training program for Asian ECA staff as part of “Facilitation of Cooperation in Trade Insurance Operation” and NEXI participates in the program as lecturers. The purpose of the program is to help further improve each ECA’s ability and develop trade insurance systems so that ties among ECAs can be strengthened and also to make their insurance services more available to Japanese companies.

The latest program was held from January 25 to February 4, 2010, with the participation of India, Indonesia, Philippines, Malaysia, Sri Lanka, Thailand, Kazakhstan and Uzbekistan. The major focus of the program was on the political significance of trade insurance and risk assessment as a basis for the trade insurance business. NEXI provided an overview of the Japanese trade insurance system, NEXI’s insurance products, risk assessment scheme and claims recovery. The participants asked numerous questions, expressing strong interest in Japan’s trade insurance program. Through this training program, NEXI has reinforced its cooperation with the participant ECAs.



Participants of the training program

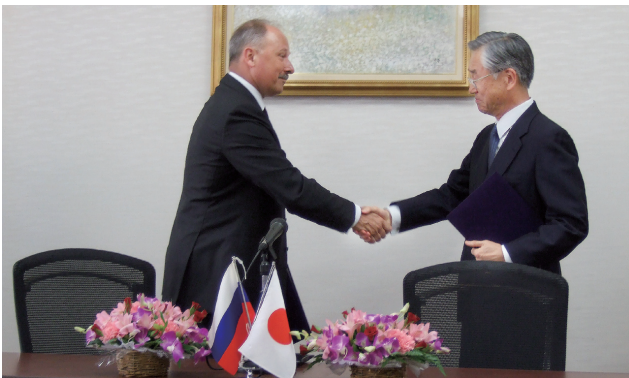


## Enhancing Partnerships with Overseas Organizations

NEXI has been actively promoting mutual cooperation with ECAs, banks, and organizations including resource businesses to form global networks. In FY2009, NEXI signed memorandums of understanding (MOUs) with three organizations.

### MOU with VEB

NEXI had supported exports to Russia and infrastructure projects in the country through Bank for Development and Foreign Economic Affairs (VEB), Russia's wholly state-owned corporation. NEXI supported Japanese exports via global bank loans to VEB and specifically in 2007 and 2009 NEXI provided Overseas Untied Loan Insurance regarding loans to VEB for the construction of Terminal 3 at Sheremetyevo Airport in Russia. In May 2009, NEXI signed an MOU to further strengthen trade and investment relations with VEB. This MOU is expected to lead to mutually beneficial economic relations between Japan and Russia in projects related to infrastructure, natural resources, industry and energy conservation.



Mr. Konno, former NEXI Chairman with Chairman of VEB at the signing ceremony



Signing ceremony between NEXI and Belarusbank

### MOU with SINOSURE

NEXI has promoted reinsurance agreements with public ECAs in the Asia-Pacific region to develop the "Asia-Pacific Trade Insurance Network," which Japan proposed at the APEC Peru Meeting held in November 2008. As part of the promotion activities, NEXI signed an MOU with China Export & Credit Insurance Corporation (SINOSURE) in November 2009 regarding future cooperation in the fields of reinsurance and claims recovery. China is one of the most important production bases and markets for Japanese companies, and they are steadily expanding their business in China. Under this MOU Japanese companies located in China are expected to receive trade insurance support for third country exports. NEXI and SINOSURE are planning to conclude an agreement on reinsurance and claims recovery based on the MOU.



Mr. Suzuki, NEXI Chairman with President of SINOSURE at the signing ceremony

### MOU with Belarusbank

On December 1, 2009, NEXI signed an MOU with Joint Stock Company Savings Bank (Belarusbank), the largest government-owned financial institution in the Republic of Belarus, regarding cooperation in promoting trade and investment between the two countries. The MOU aims to establish a framework of cooperation to promote trade and investment projects between the two countries and strengthen information exchange and a cooperative structure. NEXI and Belarusbank are planning to exchange views on export credit, visit each other, and implement joint training programs.

## Contributing to Discussions at Berne Union Meetings

The Berne Union (BU), the International Union of Credit and Investment Insurers, is a forum where ECAs in various countries exchange information on common issues related to export credit insurance and investment insurance. The name comes from Berne, Switzerland, where the ECAs of U.K., France, Italy and Spain gathered in 1934 to hold their first meeting. As of April 2010, there are 50 member institutions (38 countries, 2 regions, and 2 international institutions). Main activities involve biannual meetings in spring and autumn where members exchange opinions on coverage policies, specific projects, credibility of overseas buyers and other current issues.

### Spring Meeting in Istanbul

The Spring meeting of 2009 was held in Istanbul, Turkey, from May 4 to 6 in the midst of the global financial crisis. Under increased expectations for ECAs to function as safety nets in the turbulent market, members exchanged opinions on the impacts of the crisis on the market and on measures taken by each ECA. In addition to regular specialist discussion committees of the Short Term Committee, the Medium/Long Term Committee and the Investment Committee, the All-Member Day meeting was introduced to provide a forum for exchange on cross-cutting topics common to all committees.



Mr. Konno, then president of the BU, and the president of the host institution Turk Eximbank

### Annual General Meeting in Seoul

The annual general meeting of 2009 was held in Seoul, Korea, from October 12 to 16 with even more participants than in a usual year as it marked the 75th anniversary of the establishment of BU. With the financial crisis ongoing despite some signs of recovery, the discussion on the ECA's role and initiatives under the difficult conditions followed on from the May meeting. In the wake of two consecutive special meetings of the Asian Regional Cooperation Group (RCG) in 2008 and 2009, Asian ECAs actively contributed to the discussion.

The former chairman of NEXI served as president of the BU for two years from October 2007. During his term of office, such initiatives as development of Guiding Principles as new BU rules were undertaken. The initiatives increased the social significance of the BU while contributing to greater solidarity within the union.



BU meeting in Seoul

## Supporting Strategic Priority Sectors

### Promoting Asia's Infrastructure Development

Infrastructure in Asia is expected to generate enormous demand in coming years. Therefore, development in this sector in cooperation with Asian countries is considered to be vital. In April 2009, the Japanese government announced the establishment of a special framework of export credit insurance coverage of JPY2 trillion in order to steer private investment into Asia's infrastructure development. By underwriting insurance for export of equipment and services as well as investments and loans from Japanese companies to Asian infrastructure projects, NEXI supports infrastructure development in Asia. So far, we have underwritten thermal (such as coal-fired) and hydropower plant projects and an international airport upgrade project.

### Supporting International Development of SMEs

In order to support the international business development of SMEs, Export Credit Insurance for SMEs was established in April 2005. The number of underwritten cases in FY2009 was 352 (JPY646 million), an increase of 30% compared to the previous fiscal year.

We decided to continue with the program of providing our SME customers with buyer credit information free of charge (information of up to three buyers), which was initially introduced in October 2008 for a limited time period. This program had been utilized on 424 occasions as of the end of FY2009.

Furthermore, regarding insured export receivables of SMEs, we have facilitated their purchase by banks by exempting the insured from the debt collection obligation at the time of assignment, thereby supporting the financing of the SMEs.

### Securing a Stable Supply of Natural Resources and Energy

NEXI created Investment and Loan Insurance for Natural Resources and Energy in April 2007 in response to the government's priority policy of securing a stable supply of energy and natural resources for Japan. NEXI underwrote five projects in 2009, including the Sakhalin II Phase 2 Project in Russia, the Karebbe Hydropower Project being carried out by PT INCO in Indonesia, and the LNG Project in Papua New Guinea.

### Support for Aircraft and Nuclear Energy Sectors

In the aircraft sector, NEXI is providing reinsurance to US EXIMBANK to support the export of Boeing aircraft jointly developed by a Japanese heavy industries company and a U.S. aircraft manufacturer. In 2009, we provided reinsurance for the export of 16 aircraft destined for five airlines, reaching a total of 89 aircraft underwritten with 20 airlines and leasing companies since the conclusion of the reinsurance agreement with US EXIMBANK in 2004. We are also actively engaged in our support for acquiring orders for Japan-made small passenger planes (MRJ).

In the nuclear energy sector, we held discussions via the US-Japan Nuclear Energy Steering Committee on such issues as the support scheme in cooperation with the U.S. Department of Energy (DOE) in order to consider support measures for Japanese exporters.





## Working Toward Sustainable Growth

### Trade and Investment Insurance for Preventing Global Warming

Trade and Investment Insurance for Preventing Global Warming was created as part of the efforts to contribute to reducing greenhouse gas emissions through the transfer of Japan's energy conservation technology and new energy technology. In FY2009, we underwrote five projects including a sulfuric acid plant construction project for uranium development in Kazakhstan and a reforestation project in Vietnam.

### Implementing the Revised Environmental and Social Consideration Guidelines

In view of increased awareness of environmental issues, NEXI revised the Environmental and Social Consideration Guidelines in Trade Insurance in July 2009 to be implemented in October of the same

year. In the course of the revision, we held fourteen open consultation meetings jointly with JBIC, which has similar environmental guidelines, and we had discussions with a wide range of participants including industry groups, private enterprises, NGOs, researchers, governmental organizations and individual citizens as well as soliciting opinions through public comment. As a result, we clarified the international standards such as those of the World Bank benchmarked for project in the guidelines, enhanced the process of verifying whether environmental and social measures have been properly taken, and improved information disclosure. We will continue to verify whether appropriate environmental and social measures based on the Guidelines are taken for projects to be covered by our insurance.

## Providing Information through Seminars

### Seminars on Trade Insurance

NEXI holds annual seminars on trade insurance services. Seminars cover essential information on the trade insurance system, credit control, claims payment, debt recovery and specific products. In June 2009, seminars were held in Tokyo, Osaka and Nagoya. Over 400 people participated including first-time users of trade insurance.

### Seminars on Debt Recovery

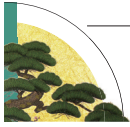
NEXI regularly holds debt recovery seminars. In November 2009, about 120 people took part in the seminar held in Tokyo. Based on the strong desire expressed by our customers, a guest lecturer from an international law firm explained the system of debt recovery in light of regional characteristics, with a focus on debt recovery and dispute resolution cases in China and Southeast Asia.

### Providing Knowledge through Seminars on Anti-Bribery Issues

NEXI makes efforts as an official ECA to prevent bribery when providing support. In June 2009, as part of NEXI's information activities, NEXI and a U.S. law specialist from the law firm O'Melveny & Myers LLP jointly gave an explanatory presentation on U.S. Foreign Corrupt Practices Act (FCPA) at the Research Institute of Economy, Trade and Industry (RIETI). About 100 people from public and private institutions participated in the seminar. In October, we also gave a lecture on the same content at Chiyoda Corporation's Intensive Compliance Campaign Month seminar to approximately 70 participants.



Trade Insurance Seminar (Tokyo)



# 2009 Performance Highlights

## Economic Trends

Japan's economy in FY2009 reflected the global recession that started with the financial crisis of the previous fiscal year. Exports fell 17.1% to JPY59.0 trillion, marking a decrease for two consecutive years. Exports to North America and EU dropped 22.5% and 27.5%, respectively. Looking at specific sectors, exports of cars and steel have significantly decreased.

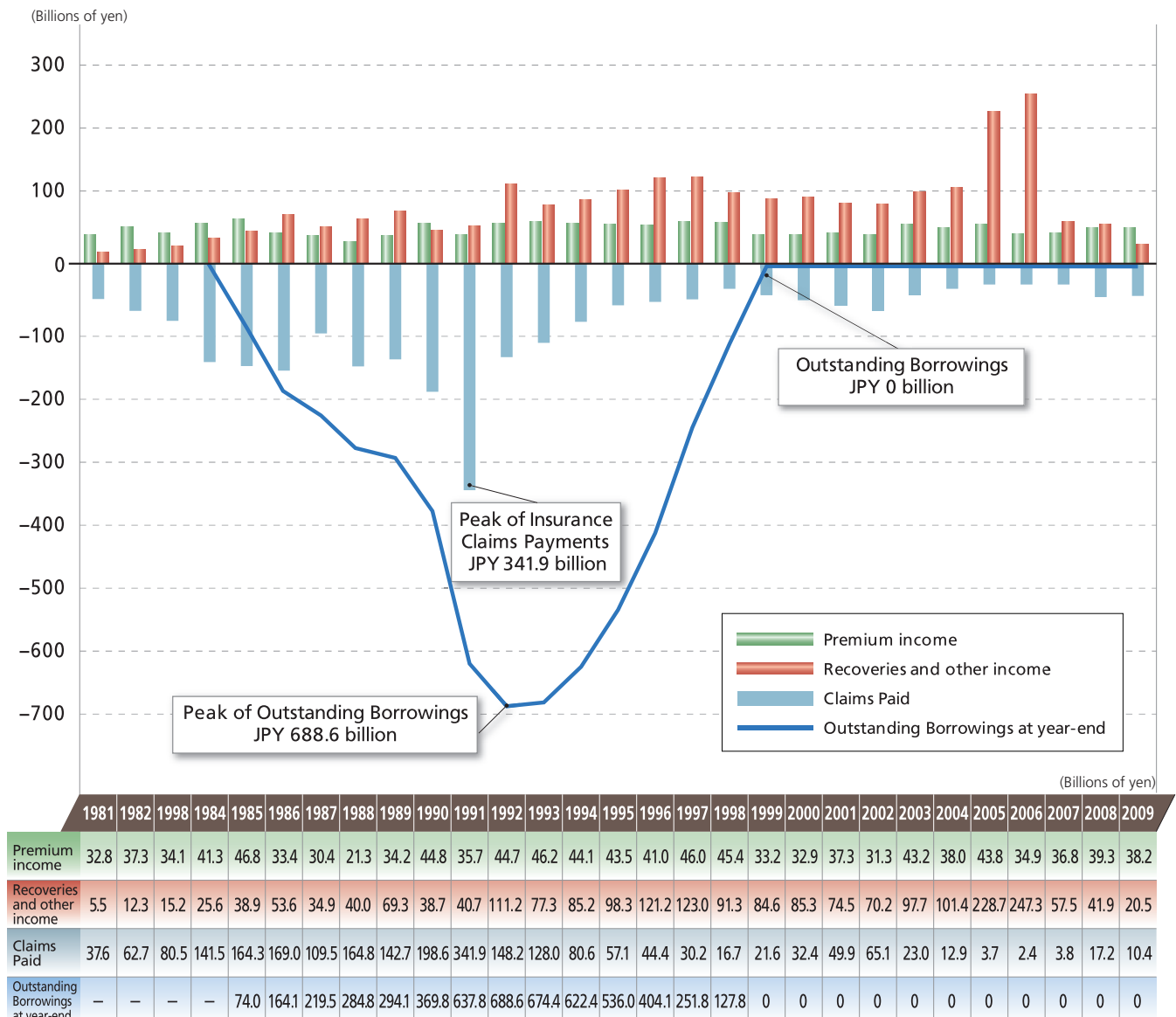
[Japan's exports]

(Millions of yen)

	2005	2006	2007	2008	2009
Total Exports	68,290,157	77,460,585	85,113,381	71,145,593	59,012,559
Year-on-year change (%)	10.6	13.4	9.9	(16.4)	(17.1)

(Source: Trade Statistics, Ministry of Finance)

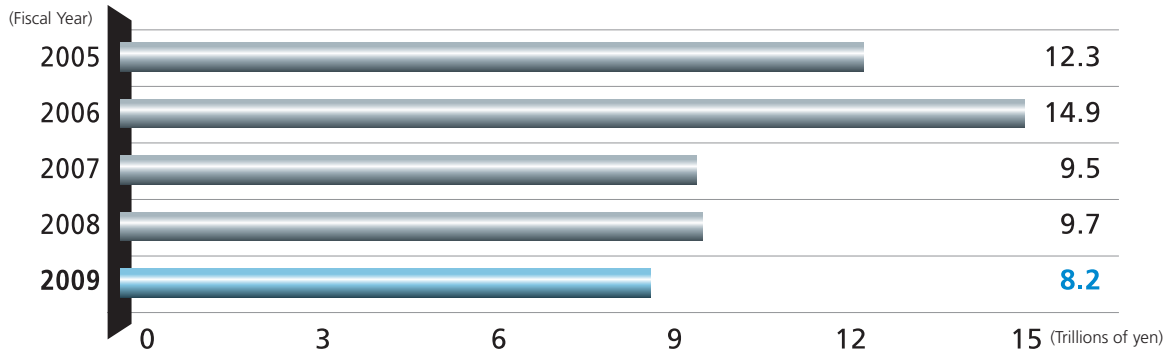
## Trends of the Trade and Investment Insurance Program



Note: The amount is based on cash.

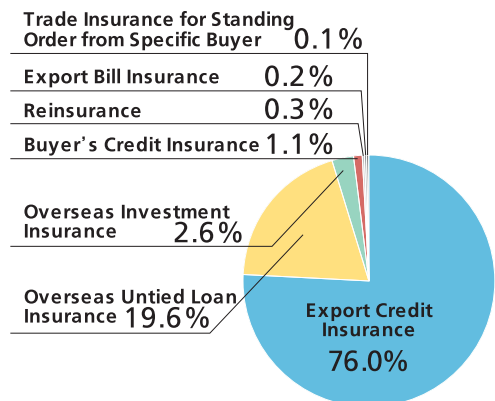
## Underwritten Amount

The total underwritten amount in FY2009 decreased 15.7% to JPY8.2 trillion compared to the previous fiscal year.



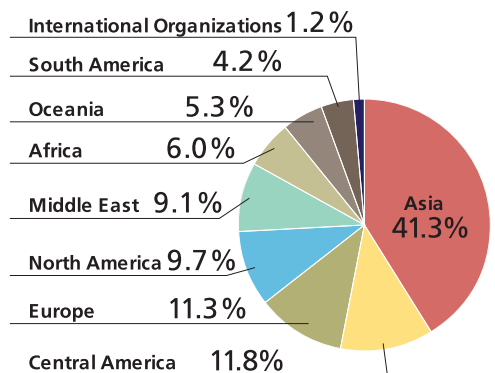
### Underwritten Amount by Insurance Type

In a breakdown by insurance type, the share of Export Credit Insurance in the total underwritten amount decreased from 85.8% for the previous fiscal year to 76.0%, following the decline in exports caused by the crisis and ensuing global economic downturn. On the other hand, the share of Overseas Untied Loan Insurance increased from the previous 10.1% to 19.6%, due to a substantial increase in the need for working capital to support overseas subsidiaries and coverage for large-scale natural resources projects.



### Underwritten Amount by Region

In a breakdown by region, coverage for Asian transactions was the largest with JPY3.6 trillion, or 41.3% of the total amount, followed by Central America at 11.8% and Europe at 11.3%.



### Top Ten Countries and Regions of Underwritten Amount in FY2009

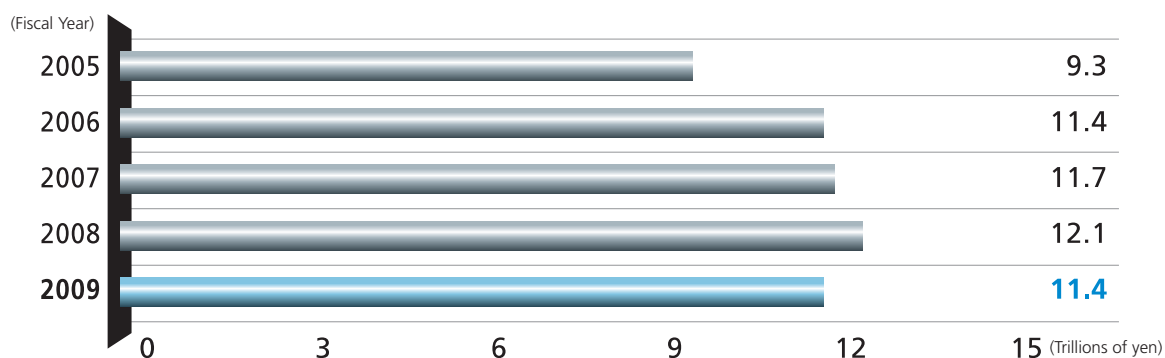
(Millions of yen)

Order	Country/Region	Underwritten amount	Composition(%)
1	China	795,731	9.1
2	Panama (flag of convenience vessel)	793,498	9.1
3	U.S.A	629,966	7.2
4	Korea	580,194	6.6
5	Indonesia	477,026	5.5

Order	Country/Region	Underwritten amount	Composition(%)
6	Russia	339,376	3.9
7	Thailand	303,429	3.5
8	United Arab Emirates	291,001	3.3
9	Singapore	281,156	3.2
10	Hong Kong	261,704	3.0

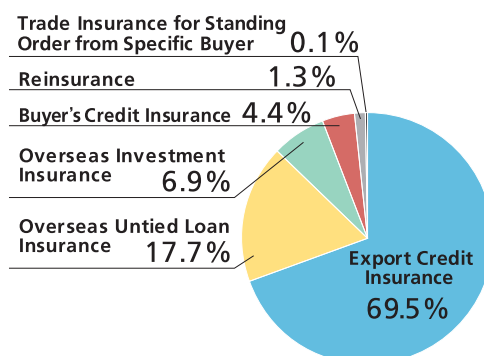
## Outstanding Commitment (As of fiscal year end)

Total outstanding commitment at the end of FY2009 decreased 5.1% to JPY11.4 trillion compared to the previous fiscal year.



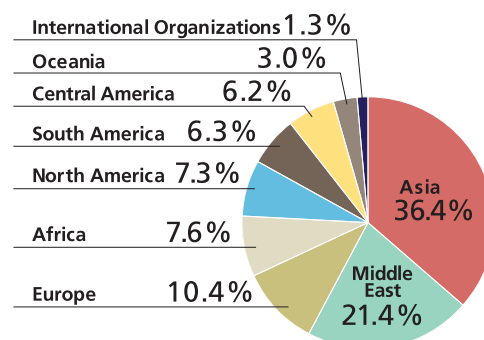
### Outstanding Commitment by Insurance Type

In a breakdown by insurance type, outstanding commitment for Export Credit Insurance was the largest at JPY8 trillion, or 69.5% of the total amount. Overseas United Loan Insurance followed at JPY2 trillion, or 17.7%. While outstanding commitment of Export Credit Insurance decreased 14.7% compared to the previous fiscal year, Overseas United Loan Insurance increased 62.8%.



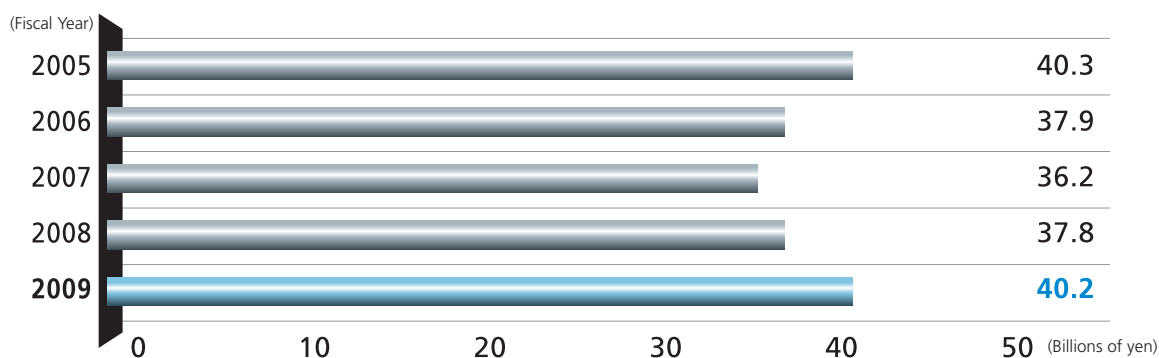
### Outstanding Commitment by Region

In a breakdown by region, outstanding commitment for Asia was the largest at JPY4.3 trillion, or 36.4% of the total amount. The Middle East followed at JPY2.5 trillion, or 21.4%.



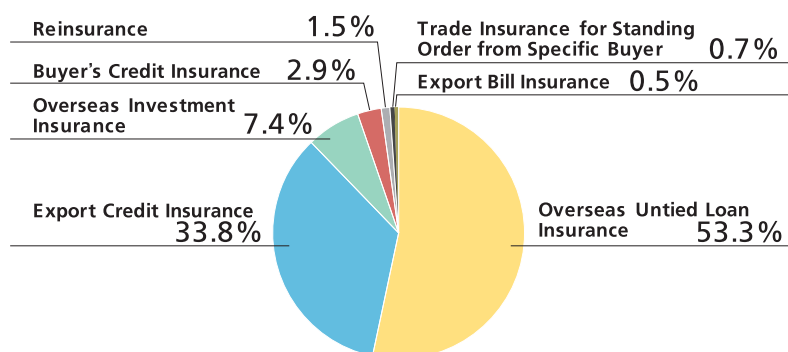
## Premium Income

Premium income for FY2009 increased 6.4% to JPY40.2 billion compared to the previous fiscal year.



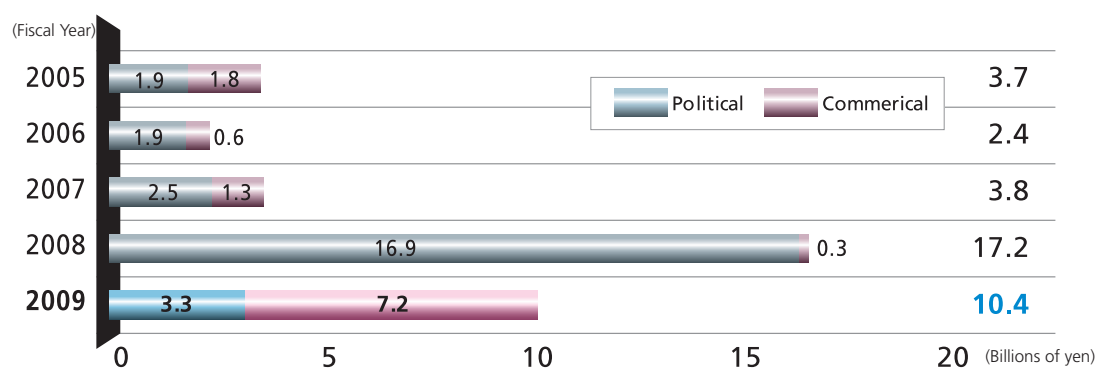
### ■ Premium Income by Insurance Type

In a breakdown by insurance type, in a similar trend to that of the underwritten amount, premium income for Export Credit Insurance dropped to 33.8% of the total amount, while Overseas Untied Loan Insurance increased to 53.3%

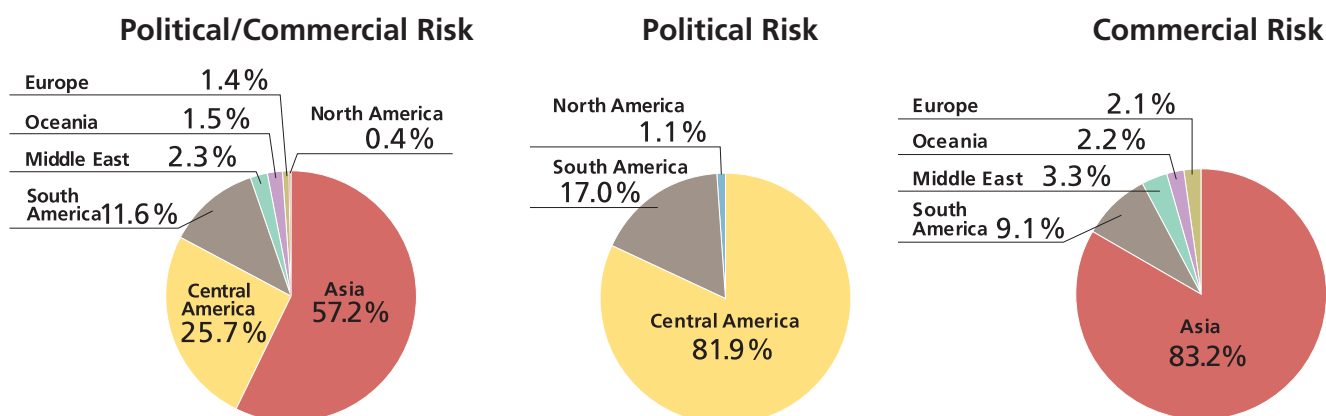


## Insurance Claims Paid

Claims paid for FY2009 decreased 39.2% to JPY10.4 billion compared to the previous fiscal year. This is because the claim payment for political events substantially decreased, due to factors such as fewer events related to remittance delays in Cuba.



### Insurance Claims Paid by Region



### Top Five Countries / Regions in terms of Insurance Claims Paid

(Millions of yen)

Order	Country/Region	Total	Political Risk	Commercial Risk
1	Hong Kong	3,754	0	3,754
2	Cuba	2,675	2,675	0
3	Taiwan	1,948	0	1,948
4	Brazil	644	6	638
5	Argentina	550	550	0

# Insured Events in 2009

## Insured Events by Risk —Year-on-Year Changes—

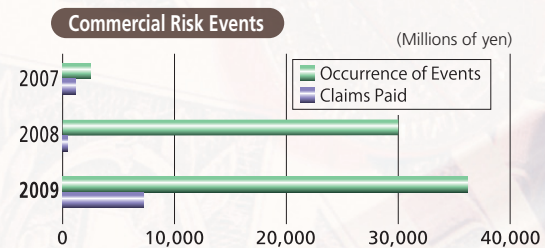
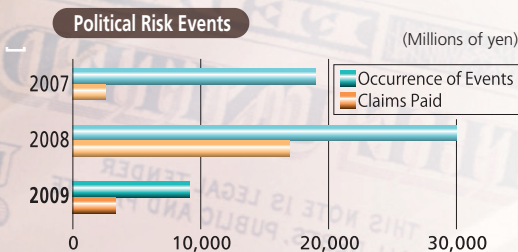
The number of commercial risk events in FY2009 continued to be high, surpassing the result for FY2008 when the number of insured events soared following the financial and economic crisis in the second half of the fiscal year. While commercial risk events in FY2008 after the crisis were spread across a wide range of areas worldwide, the greater part of insured events in FY2009 was due to large-scale defaults by a number of buyers. On the other hand, political risk events significantly decreased compared to FY2008, causing the total number of insured events to be 20% lower than FY2008.

Claims payments for commercial risk events in FY2009 soared because claims for the insured events that occurred in the second half of FY2008 concentrated. On the other hand, claims payments for political risk events significantly decreased, as payments for events related to remittance delays in Central America were mostly settled.

(Millions of yen)

	Type of Risks	2008	2009	Year-on-Year change
Occurrence of Events	Commercial Risk Events	30,351	36,043	18.8%
	Political Risk Events	30,045	9,034	(69.9%)
	Total	60,396	45,076	(25.4%)
Claims Paid	Commercial Risk Events	301	7,173	2283.1%
	Political Risk Events	16,858	3,268	(80.5%)
	Total	17,159	10,441	(39.2%)

Changes in Amount of Insured Events and Claims Paid (From FY2007 to FY2009)

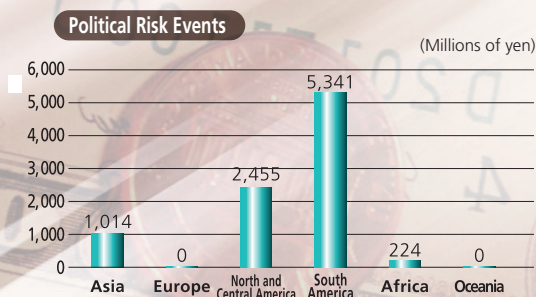


## Occurrence of Insured Events by Region

In FY2009, the majority of commercial risk events continued to occur in Asia (including the Middle East) and South America.

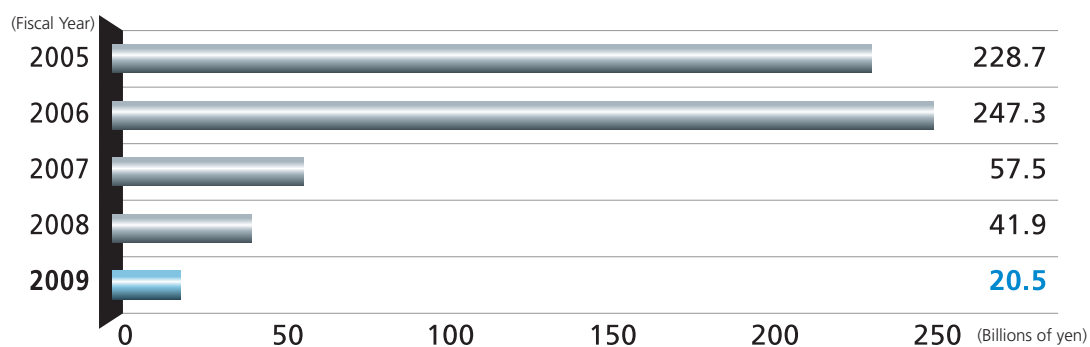
Political risk events were spread across all regions except Europe and Oceania, but the principal causes of most of the insured events were “remittance delay” in Central America and “other reasons” in South America.

Amount of Insured Events by Region (FY2009)

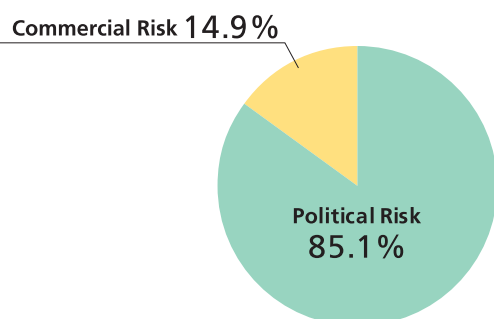


## Recoveries

Recoveries for FY2009 saw a large decrease of 51.0% to JPY20.5 billion compared to the previous fiscal year. This is because countries that rescheduled their debt successfully made repayment and the amount to be recovered has decreased as a result.



### Recoveries by Risk





# Implementation of Confirming Environmental and Social Considerations

## Environmental and Social Considerations in Trade Insurance



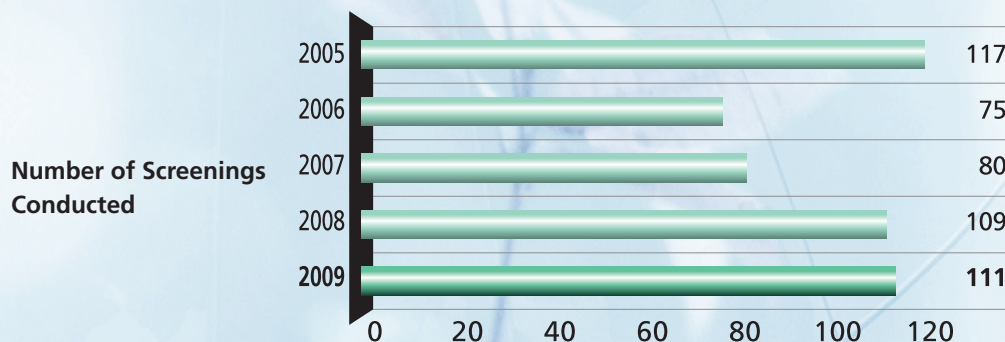
### (1) Environmental and Social Considerations in Trade Insurance

NEXI confirms whether appropriate environmental and social considerations are being addressed in projects that may be covered by NEXI's insurance, in accordance with the "Guidelines on Environmental and Social Considerations in Trade Insurance" (established April 1, 2001). Specifically, projects are screened, based on the screening forms submitted by insurance applicants, and classified into three categories A, B, or C in descending order of level of impact. The environmental impact of the projects is examined based on the classification results. For example, on-site visits are conducted for "Category A" projects.

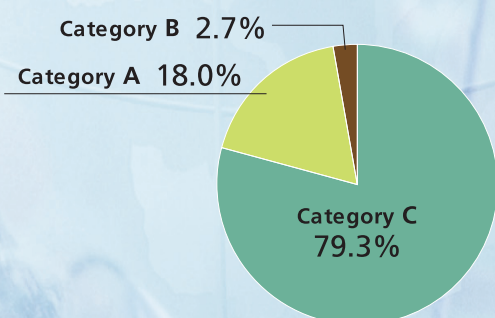
NEXI has also adopted the system of "Objection Procedures" and accordingly appoints an examiner who works under the direct control of the Chairman & CEO and independent of the section in charge of the underwriting business in order to ensure compliance with the Guidelines.

### (2) Implementation results in FY2009

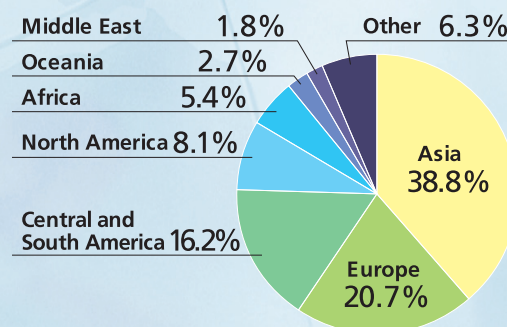
The number of projects screened in FY2009 was almost the same as the previous fiscal year. However, of the total number of screenings the number of category A projects increased from 6.4% for the previous year to 18.0%. We have made even greater efforts to ensure accuracy in the examination.



[ Percentage of Screening in FY 2009 ]



[ Percentage of Screening in FY2009 by Region ]





# Review of Performance

## 1 Underwritten Amount

### Underwritten Amount by Insurance Type

(Millions of yen)

Type of Insurance	FY2005	FY2006	FY2007	FY2008	FY2009	Composition (%)
Export Credit Insurance	11,499,704	14,290,499	9,084,734	8,344,955	6,231,455	76.0
One year or less	6,923,764	8,284,634	4,174,931	3,679,428	2,747,597	33.5
More than one year	4,575,940	6,005,865	4,909,803	4,665,528	3,483,858	42.5
Buyer's Credit Insurance	106,659	60,805	83,626	41,335	91,382	1.1
Export Bill Insurance	38,132	32,758	29,178	25,886	19,986	0.2
Export Bond Insurance	0	0	0	0	0	0.0
Prepayment Import Insurance	2,004	14	889	345	107	0.0
Overseas Investment Insurance	156,848	271,949	155,228	281,717	213,193	2.6
Overseas Untied Loan Insurance	505,094	189,732	101,905	984,806	1,606,754	19.6
Trade Insurance for Standing Order from Specific Buyer	7,786	3,436	7,405	5,928	9,653	0.1
Export Credit Insurance for SMEs	365	511	370	444	646	0.0
Reinsurance	11,101	29,742	57,710	41,552	25,885	0.3
<b>Total</b>	<b>12,327,692</b>	<b>14,879,447</b>	<b>9,521,044</b>	<b>9,726,968</b>	<b>8,199,062</b>	<b>100.0</b>

(Note 1) The total is based on the actual underwritten amount calculated by applying the exchange rate of the date of contract, not based on methods for responding to the exchange rate.

(Note 2) In accordance with the BU rules, export credit insurance with credit terms of more than one year includes figures on insurance for most capital goods, even if the credit period is one year or shorter.

### Underwritten Amount by Region

(Millions of yen)

Region	FY2005	FY2006	FY2007	FY2008	FY2009	Composition (%)	Year-on-year change (%)
Asia	4,126,797	5,100,905	4,817,700	4,437,621	3,604,106	41.3	(18.8)
Middle East	2,170,641	2,593,955	1,343,178	1,220,586	793,380	9.1	(35.0)
Europe	2,313,287	2,695,518	1,227,274	1,284,625	987,617	11.3	(23.1)
North America	2,971,894	3,718,850	634,598	617,350	842,520	9.7	36.5
Central America	749,609	910,831	976,957	1,147,354	1,029,527	11.8	(10.3)
South America	380,844	402,995	484,212	844,275	363,382	4.2	(57.0)
Africa	430,946	601,891	640,785	739,050	526,435	6.0	(28.8)
Oceania	531,051	560,916	228,385	251,302	463,329	5.3	84.4
International Organizations	168,531	74,660	66,100	58,023	106,123	1.2	82.9

(Note 1) Classification used to compute the above amount:

Pre-shipment: Country of the shipment consignee

Post-shipment: Country of the payer (or country of the guarantor when guaranteed)

(Note 2) The amount includes transactions that are doubly computed, i.e. for both pre-shipment (country of the consignee) and post-shipment (country of the payer).

(Note 3) Central Asia is included in Asia. (The same applies hereafter.)

(Note 4) Central and Eastern Europe and Russia are included in Europe. (The same applies hereafter.)

## 2 Outstanding Commitment (As of fiscal year end)

### Outstanding Commitment by Insurance Type

(Millions of yen)

Type of Insurance	FY2005	FY2006	FY2007	FY2008	FY2009	Composition (%)
Export Credit Insurance	6,865,294	8,746,616	9,452,265	9,336,297	7,959,765	69.5
One year or less	1,148,924	1,588,502	2,296,544	2,396,838	2,022,794	17.7
More than one year	5,716,370	7,158,114	7,155,721	6,939,458	5,936,971	51.9
Buyer's Credit Insurance	852,912	828,740	658,789	524,937	500,438	4.4
Export Bill Insurance	7,855	7,310	7,849	6,373	4,992	0.0
Export Bond Insurance	5,648	383	0	0	0	0.0
Prepayment Import Insurance	2,113	14	589	345	107	0.0
Overseas Investment Insurance	461,490	635,840	666,499	809,504	790,936	6.9
Overseas Untied Loan Insurance	1,046,441	1,139,627	820,981	1,247,619	2,030,689	17.7
Trade Insurance for Standing Order from Specific Buyer	8,576	9,518	8,514	10,554	11,952	0.1
Export Credit Insurance for SMEs	110	105	67	83	161	0.0
Reinsurance	17,841	58,839	91,129	124,769	147,313	1.3
<b>Total</b>	<b>9,268,280</b>	<b>11,426,992</b>	<b>11,706,683</b>	<b>12,060,482</b>	<b>11,446,354</b>	<b>100.0</b>

(Note 1) The total is based on the exchange rate of each fiscal year-end.

(Note 2) In accordance with the BU rules, export credit insurance with credit terms of more than one year includes figures on insurance for all capital goods, even if the credit period is one year or shorter.

### Outstanding Commitment by Region

(Millions of yen)

Region	FY2005	FY2006	FY2007	FY2008	FY2009	Composition (%)
Asia	3,613,667	4,318,977	5,033,273	4,852,423	4,305,435	36.4
Middle East	2,447,143	3,506,244	3,391,304	3,228,462	2,531,022	21.4
Europe	1,070,816	1,160,782	961,229	1,133,428	1,237,234	10.4
North America	559,228	746,514	485,556	616,611	869,422	7.3
Central America	755,131	680,694	674,646	681,062	735,762	6.2
South America	540,260	577,912	581,118	788,489	750,377	6.3
Africa	254,352	400,279	564,374	796,105	903,281	7.6
Oceania	152,107	191,673	177,410	249,099	349,574	3.0
International Organizations	175,016	154,641	159,662	95,667	158,757	1.3

(Note 1) Classification used to compute the above amount:

Pre-shipment: Country of the shipment consignee

Post-shipment: Country of the payer (or country of the guarantor when guaranteed)

(Note 2) The amount includes transactions that are doubly computed, i.e., for both pre-shipment (country of the consignee) and post-shipment (country of the payer).

(Note 3) Transactions guaranteed by an international organization are reported separately.

### 3 Premium Income

#### ■ Premium Income by Insurance Type

(Millions of yen)

Type of Insurance	FY2005	FY2006	FY2007	FY2008	FY2009	Composition (%)	Year-on-year change (%)
Export Credit Insurance	21,772	24,499	23,977	17,708	13,596	33.8	(23.1)
One year or less	18,891	8,216	7,315	4,786	3,866	9.6	(19.2)
More than one year	2,881	16,284	16,662	12,922	9,730	24.2	(24.5)
Buyer's Credit Insurance	2,850	1,004	739	1,422	1,155	2.9	(20.8)
Export Bill Insurance	323	268	245	221	184	0.5	(16.8)
Export Bond Insurance	0	0	0	0	0	0.0	-
Prepayment Import Insurance	9	0	4	3	1	0.0	(81.5)
Overseas Investment Insurance	2,488	2,385	2,145	2,669	2,956	7.4	10.8
Overseas Untied Loan Insurance	12,472	8,930	7,334	14,592	21,425	53.3	46.8
Trade Insurance for Standing Order from Specific Buyer	107	86	194	196	283	0.7	44.4
Export Credit Insurance for SMEs	68	6	4	5	6	0.0	30.1
Reinsurance	223	702	1,527	953	597	1.5	(37.3)
<b>Total</b>	<b>40,311</b>	<b>37,880</b>	<b>36,171</b>	<b>37,769</b>	<b>40,203</b>	<b>100.0</b>	<b>6.4</b>

### 4 Insurance Claims Paid

#### ■ Insurance Claims Paid by Insurance Type and by Risk

(Millions of yen)

Type of Insurance	FY2005			FY2006			FY2007			FY2008			FY2009			Composition (%)
	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	
Export Credit Insurance	2,961	1,256	1,704	2,185	1,751	434	3,667	2,438	1,229	17,124	16,858	266	9,591	3,268	6,323	91.9
Buyer's Credit Insurance	0	0	0	0	0	0	0	0	0	0	0	0	97	0	97	0.9
Export Bill Insurance	54	1	53	124	0	124	66	0	66	31	0	31	187	0	187	1.8
Export Bond Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Prepayment Import Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Overseas Investment Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Overseas Untied Loan Insurance	652	652	0	118	118	0	57	57	0	0	0	0	0	0	0	0.0
Trade Insurance for Standing Orders from Specific Buyer	2	0	2	0	0	0	2	0	2	4	0	4	429	0	429	4.1
Export Credit Insurance for SMEs	11	0	11	5	0	5	6	0	6	0	0	0	0	0	0	0.0
Reinsurance	0	0	0	0	0	0	0	0	0	0	0	0	137	0	137	1.3
<b>Total</b>	<b>3,680</b>	<b>1,909</b>	<b>1,770</b>	<b>2,431</b>	<b>1,869</b>	<b>562</b>	<b>3,800</b>	<b>2,495</b>	<b>1,305</b>	<b>17,159</b>	<b>16,858</b>	<b>301</b>	<b>10,441</b>	<b>3,268</b>	<b>7,173</b>	<b>100.0</b>

#### ■ Insurance Claims Paid by Region

(Millions of yen)

Region	FY2005			FY2006			FY2007			FY2008			FY2009			Composition (%)
	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	Total	Political Risk	Commercial Risk	
Asia	1,436	60	1,375	189	0	189	631	0	631	235	0	235	5,971	0	5,971	57.2
Middle East	1,052	969	83	40	0	40	0	0	0	0	0	0	237	0	237	2.3
Europe	16	1	15	118	0	118	517	0	517	7	0	7	150	0	150	1.4
North America	50	40	11	65	65	0	94	44	49	23	13	9	38	35	3	0.4
Central America	269	0	269	50	3	47	90	0	90	15,547	15,497	50	2,680	2,677	3	25.7
South America	745	727	18	1,753	1,684	69	2,396	2,393	3	1,347	1,347	0	1,207	556	651	11.6
Africa	112	112	0	162	118	44	57	57	0	0	0	0	0	0	0	0.0
Oceania	0	0	0	56	0	56	15	0	15	1	0	1	158	0	158	1.5
<b>Total</b>	<b>3,680</b>	<b>1,909</b>	<b>1,770</b>	<b>2,431</b>	<b>1,869</b>	<b>562</b>	<b>3,800</b>	<b>2,495</b>	<b>1,305</b>	<b>17,159</b>	<b>16,858</b>	<b>301</b>	<b>10,441</b>	<b>3,268</b>	<b>7,173</b>	<b>100.0</b>

## 5 Recoveries

### Recoveries by Risk

(Millions of yen)

Type of Risks	FY2005	FY2006	FY2007	FY2008	FY2009
Political Risk	225,745	235,065	54,284	40,393	17,451
Commercial Risk	2,993	12,247	3,181	1,462	3,064
Total Recoveries	228,739	247,312	57,465	41,855	20,515

### Recoveries by Region

(Millions of yen)

Region	FY2005	FY2006	FY2007	FY2008	FY2009	Composition (%)	Year-on-year change (%)
Asia	11,548	23,874	7,451	6,354	8,397	40.9	32.2
Middle East	1,836	2,112	2,520	1,404	1,342	6.5	(4.4)
Europe	90,046	100,373	31,967	25,349	2,515	12.3	(90.1)
North America	0	0	0	1	0	0.0	(41.2)
Central America	2,360	3,051	2,483	480	571	2.8	19.0
South America	33,538	35,435	6,882	2,230	1,705	8.3	(23.5)
Africa	89,410	82,466	6,160	6,037	5,985	29.2	(0.9)
Oceania	0	0	3	1	0	0.0	(100.0)
Total	228,739	247,312	57,465	41,855	20,515	100.0	(51.0)

## Recoveries in FY2009

### Recoveries by Risk

Recoveries for FY2009 were JPY20.5 billion, a decrease of JPY 21.4 billion (51.0%) from the JPY41.9 billion of the previous fiscal year.

In a breakdown by type of risk, recoveries related to political risk due to rescheduling accounted for 85.1% (JPY17.5 billion) of the total recoveries, with those related to commercial risk comprising the remaining 14.9% (JPY3.1 billion).

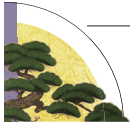
In a breakdown by country, the five largest recoveries were JPY5.2 billion from Egypt (JPY4.9 billion in the previous fiscal year), JPY4.6 billion from Indonesia (previously JPY4 billion), JPY1.7 billion from Poland (previously JPY23.7 billion), JPY1.3 billion from Jordan (previously JPY1.4 billion), and JPY1 billion from Myanmar (previously JPY1 billion). These five countries accounted for 66.9% of the total recoveries.

### Recoveries by Region

In a breakdown by region, recoveries from Asia were the largest with JPY8.4 billion, or 40.9% of the total recoveries, an increase of 32.2% compared to the previous fiscal year. Major recoveries by country include JPY4.6 billion from Indonesia, JPY1.8 billion from Taiwan, JPY1 billion from Myanmar, and JPY0.9 billion from Singapore.

Recoveries from Africa were the second largest with JPY6 billion, decreasing 0.9% from the previous fiscal year, and comprising 29.2% of the total recoveries. By country, the largest recoveries were JPY5.2 billion from Egypt, followed by JPY0.6 billion from Angola.

Recoveries from Europe were JPY2.5 billion (JPY1.7 billion from Poland and JPY0.6 billion from Serbia), and South America were JPY1.7 billion (JPY0.9 billion from Argentina and JPY0.5 billion from Ecuador). Recoveries from the Middle East were JPY1.3 billion, which mainly comprised recoveries from Jordan. Cuba accounted for the large part of the JPY0.6 billion recoveries from North and Central America.



# Underwritten Projects

## Asia

### Papua New Guinea

#### PNG LNG Project

Papua New Guinea's first Liquefied Natural Gas (LNG) project will be undertaken by Nippon Oil Exploration (Japan), ExxonMobil (US), Oil Search (Papua New Guinea), Santos (Australia), and the government of Papua New Guinea. Natural gas from land and offshore gas fields is to be transported through pipelines to the LNG plant near the capital Port Moresby for liquefaction. About 6.6 million tons of LNG is expected to be produced and exported annually, 50% of which will be exported to Japan.

This first LNG project will have an enormous impact on the economy of Papua New Guinea, with current gas exports expected to quadruple, causing the GDP to double.

Japanese financial institutions including Sumitomo Mitsui Banking Corporation provided loans totaling USD950 million, and NEXI underwrote Investment and



Photograph courtesy of Oil Search Limited

Loan Insurance for Natural Resources and Energy.

NEXI's contribution will provide financial support for the development and diversification of supply sources in the aim of realizing stable LNG procurement, and will also encourage Japanese companies to further develop resources.

The insurance contract was entered into in February 2010.

### Indonesia

#### Tanjung Priok Gas-Fired Combined Cycle Power Plant Project

PT PLN (Persero), a state-owned electricity company in Indonesia, will construct a new gas-fired combined cycle power plant as well as enhance auxiliary substation and transmission facilities in the existing Tanjung Priok power plant, utilizing yen loan funds.

This project aims to improve power generation capacity and to stabilize electricity supply in Indonesia where a severe power shortage continues. The new high-efficiency 740MW natural gas-fired gas turbine combined cycle (GTCC) power plant generates electricity with a gas turbine, and the waste heat produced in the process is used to generate additional electricity via a steam turbine. This will lead to effective energy use and a reduction in greenhouse gas emissions in Indonesia.

NEXI has underwritten Export Credit Insurance for an export and service contract undertaken by Mitsubishi Corporation for this project (total of approximately JPY48.6 billion) including the export of F-type gas turbines and heat recovery steam generators.



Rendering of the finished power plant

The equipment is manufactured by Mitsubishi Heavy Industries, LTD. and Mitsubishi Electric Corporation among others.

NEXI's support for this project will contribute to the promotion of equipment export by Japanese trading and manufacturing companies, while improved stability of the power supply in Indonesia will lead to a better investment environment for Japanese enterprises in this country.

The insurance contract was entered into in November 2009.

# Middle East

## United Arab Emirates

### Integrated Gas Development (IGD) Project

Abu Dhabi Gas Industries Ltd. (GASCO), a group company of Abu Dhabi National Oil Company (ADNOC), UAE, has implemented a large-scale gas processing project in Habshan, Abu Dhabi.

Habshan 5 Process Plant is to process associated gas which becomes available as a result of expansion of offshore HP gas and onshore oil production. The Project will enhance the hydrocarbon chain by additional sales gas, naphtha, LPG and sulphur production at Habshan. As one of the national priority projects of the UAE, it aims to meet the increased demand for electric power within the Emirates.

JGC Corporation of Japan and its partner Tecnimont S.p.A. of Italy were awarded the contact to provide the engineering, procurement, construction and commissioning of the gas processing facilities. NEXI



provided Export Credit Insurance for the JGC portion.

NEXI's support will help strengthen relations between Japan and the UAE, one of Japan's most important oil suppliers.

The insurance contract was entered into in November 2009.

## Turkey

### Project for Export of a Bulk Carrier to YASA Shipping Industry & Trading S.A.

In December 2009, NEXI and the Japan Bank for International Cooperation (JBIC) established a JPY10 billion credit line for ship exports to Turkiye Is Bankasi A.S. (Isbank), the largest private commercial bank in the Republic of Turkey.

YASA Shipping Industry & Trading S.A., a major shipping company in Turkey, was the first company to utilize financing through Isbank under this framework to purchase from Mitsui & Co., Ltd. a 56,000 DWT type bulk carrier built by Mitsui Engineering & Shipbuilding Co., Ltd.

NEXI has underwritten Buyer's Credit Insurance for the portion of the funds extended by the Bank of Tokyo-Mitsubishi UFJ.

NEXI's contribution will financially support ship exports by Japanese companies and will spur business in the shipbuilding industry in Japan.



The insurance contract was entered into in January 2010.

# Europe

## Russia

### Sakhalin II Phase 2 Project

The Sakhalin II Phase 2 Project has been implemented to produce crude oil and LNG (liquefied natural gas) from the oil and gas field off the north-eastern shore of Sakhalin Oblast, and export these products globally including Japan. The project is operated by Sakhalin Energy Investment Company Ltd. (SEIC), sponsored by Mitsui & Co Ltd., Mitsubishi Corporation, Gazprom OAO (Russia), and Shell Petroleum N.V. (Netherlands and U.K.)

SEIC acquired a new loan of USD1.4 billion from financial institutions, the remainder of the funds SEIC had planned to acquire first. The new loan will be used for building facilities such as offshore platforms, pipelines and a natural gas liquefaction plant. NEXI underwrote Investment and Loan Insurance for Natural Resources and Energy for this new fund. NEXI's support enabled SEIC to realize the initial financing plan and



enhance the stability and economic efficiency of the project.

A large part of the oil and LNG produced in this project will be exported to Japan, which will contribute to the secure supply of energy resources to Japan.

The insurance contract was entered into in October 2009.

## Kazakhstan

### Sulfuric Acid Plant Construction Project

Mining Company LLP (MCLLP) in Almaty, Kazakhstan has established a project company to construct a sulfuric acid plant. MCLLP is a subsidiary of Kazatomprom, a state-owned nuclear fuel enterprise in Kazakhstan.

The sulfuric acid produced at the new plant, construction of which will be completed in the second half of 2011, will be injected into underground uranium deposits to mine and recover uranium. Kazakhstan has the world's second largest uranium reserves and with an increase in uranium production, demand for sulfuric acid has also increased. This project is expected to contribute to steady increase in uranium production.

Japanese banks including ING Bank N.V. Tokyo Branch made loans to the project company of MCLLP and NEXI provided Overseas Untied Loan Insurance for their 30 million euro investment.

About 80 percent of the sulfuric acid produced in the plant will be supplied to Kharassan uranium



deposits that have been invested by Japanese power companies. NEXI's contribution to the project has helped strengthen relations between NEXI and Kazatomprom that is engaged in production and export of uranium in Kazakhstan. NEXI's support is also expected to help stabilize uranium production, which will lead to a more stable uranium supply to Japan.

The insurance contract was entered into in August 2009.



## Denmark

### Bulk Carrier Export Project for J. Lauritzen A/S

J. Lauritzen A/S, a major shipping company in Denmark, entered into ship purchase agreements with Japanese companies including Mitsui & Co., Ltd., and Namura Shipbuilding Co., Ltd. regarding the purchase of six bulk carriers to be built by Japanese shipyards including Imabari Shipbuilding Co., Ltd. and the Hakodate Dock Co., Ltd.

Société Générale, Tokyo Branch and Bank of Tokyo-Mitsubishi UFJ signed a JPY15.5 billion loan agreement with J. Lauritzen A/S to finance the purchase of the bulk carriers. NEXI provided Buyer's Credit Insurance as "pure cover," a support provided by NEXI on a stand-alone basis that is applicable to Japanese exports destined to developed countries.

In response to the current financial climate that



has changed drastically since the crisis, NEXI is actively supporting exports from Japanese shipbuilding companies that have a reputation for high-quality technology by providing insurance for loans extended to foreign ship buyers.

The insurance contract was entered into in March 2010.



# Central America / South America

## Mexico

### Pacifico Coal Thermal Power Plant project

Carboelectrica Diamante, S.A. de C.V. (CDSA), established by Mitsubishi Corporation in Mexico, constructed a 648 MW thermal power plant for Comisión Federal de Electricidad (CFE), the Mexican state-owned power company. The plant started commercial operation in March 2010. Mitsubishi Corporation and Mitsubishi Heavy Industries Ltd. had exported major equipment for the plant construction through their consortium.

In 2007 Mexico's President Calderon produced the national infrastructure development plan for 2007-2012 to promote investment in infrastructure projects. Among them strengthening of areas of power generation, transmission, distribution and maintenance were particularly needed to meet increased demand for electricity. This project is expected to meet such demand.

The Japan Bank for International Cooperation (JBIC) and Japanese commercial banks (Bank of



Tokyo-Mitsubishi UFJ and Sumitomo Mitsui Banking Corporation) provided a loan to CFE to be used for the payment to CDSA at the time of the power plant completion. NEXI provided Buyer's Credit Insurance for the USD109 million loan provided by the commercial banks.

Japan's advanced power equipment technology contributes to this project and such support by the Japanese companies is expected to lead to more business opportunities in Mexico.

The insurance contract was entered into in March 2010.

## Bolivia

### San Cristobal Mine Project

In 2006, Sumitomo Corporation first participated in the San Cristobal Mine Project located in the Potosi district of southwestern Bolivia, by acquiring a 35% stake. Sumitomo gained a full ownership later in 2009 and started to develop and operate the mine at the initiative of the company.

The San Cristobal Mine Project is the first project in which a Japanese company assumes a full ownership and operational control, regarded highly by the Bolivian government. In FY2009, the project produced 642 tons of silver, 500 thousand tons of zinc concentrate and 110 thousand tons of lead concentrate. Zinc and lead concentrates have been exported to Japan under a long-term purchase agreement with a Japanese refinery. The exports of zinc and lead concentrates from the mine account for 13% and 9% of Japan's import demand.

NEXI provided Investment and Loan Insurance for Natural Resources and Energy for Sumitomo's



investment of about USD380 million in the project. With importance of securing a supply source becoming more and more important as resource prices have risen, this project is expected to contribute to stable zinc and lead supply to Japan.

The insurance contract was entered into in July 2009.

# Africa

## Madagascar

### Ambatovy Nickel Mining Project

The Ambatovy Project is a green field mining development project in which production process from ore mining to metal manufacturing is integrated. Sumitomo Corporation of Japan and three other companies (Sherritt of Canada, SNC Lavalin of Canada and KORES of Korea) have jointly invested in the project. Sumitomo has participated since 2005 with a 27.5% stake in the project, and is engaged in the project's overall management, marketing and finance.

Construction of the production facilities started in late 2007 at the project site and production is due to start in the 4th quarter of 2010 or the 1st quarter of 2011. The Ambatovy Mine is expected to become one of the world's largest nickel and cobalt mines by 2013 with an average annual production of 60 thousand tons of nickel and 5.6 thousand tons of cobalt when operating at its full capacity.

NEXI provided Investment and Loan Insurance for



Natural Resources and Energy for part of Sumitomo's investment of USD254 million. The project is the first large-scale nickel metal integrated production project participated in by a Japanese company. As part of the nickel metal produced in the project will be exported to Japan, this project is expected to contribute to stable supply of nickel to Japan.

The insurance contract was entered into in February 2010.

## Algeria

### Gassi Touil Project

Natural gas processing facilities have been constructed in Gassi Touil, Algeria, for gas gathering and separation with a throughput of 12 million CBM per day from several oil production wells. Pipelines have also been constructed to transport the separated sales gas, LPG and condensate to existing pipelines.

The project aims to increase gas production in Algeria, which is expected to contribute to the country's industrial development and foreign currency earnings. The gas products including LNG will be transported to the country's coast for export or for domestic use in power generation.

JGC Corporation (JGC) of Japan and its subsidiary JGC Algeria S.p.A. were awarded the project by Sonatrach, Algeria's state-owned oil and gas company, while NEXI provided Export Credit Insurance. NEXI's support for the project will contribute to further strengthening economic relations between Algeria and Japan.



The insurance contract was entered into in December 2009.

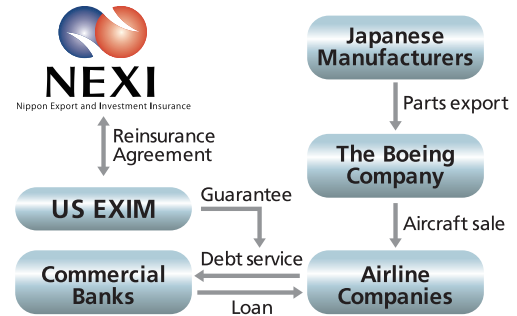
# Reinsurance Projects

## Reinsurance with US EXIMBANK

### Project to Export Boeing Aircraft to Etihad Airways / UAE

Based on the Reinsurance Agreement concluded with the Ex-Im Bank of the United States (US EXIMBANK), an export credit agency in the United States, NEXI provided reinsurance for several export finance transactions of Boeing aircraft, such as B777 export to Etihad Airways, the national flag carrier of UAE. Etihad Airways has been growing steadily since its establishment in 2003 and it launched its non-stop services from Abu Dhabi to Tokyo in March 2010.

Japanese companies have been playing a major role in the development and manufacture of Boeing aircraft and have become a major partner in international joint projects. In response to their activities in the international projects, NEXI has been supporting exports of Boeing aircraft to the world's major airlines including TAM Brazil Airlines and Air India. NEXI's reinsurance program to US EXIMBANK for Boeing aircraft strengthens the competitiveness of Japanese manufacturers expanding in the aerospace industry, and is proving to be an effective strategy for achieving the policy objective of the Japanese government. NEXI will continue to support international joint projects in which Japanese companies participate.



Photograph courtesy of Boeing



## Close Cooperation with World Bank Group

### Russia / Kupol Mining Project

In July 2009, NEXI accepted reinsurance for the Kupol mining project in Russia to which MIGA provides a guarantee. This is the first project where NEXI provides reinsurance (inward insurance) for MIGA.

Kupol mining property is located in the Chukotka autonomous region of Far Eastern Russia, where a Canadian mining company has developed and is operating gold and silver mine. MIGA has provided investment guarantee for this project against potential country risks (currency transfer restriction, expropriation, war and civil disturbance). Under request from MIGA, NEXI has underwritten Overseas Investment Insurance to cover a portion of MIGA's guarantee.

NEXI's reinsurance will reduce MIGA's country risk exposure in Russia, which will increase its capacity to provide guarantee for investment and financing projects in Russia undertaken by MIGA members (175 countries worldwide) including Japan. This is particularly meaningful under the global financial turmoil.

A Japanese financial institution is involved in this project through loan structuring. Furthermore, as a Japanese trading company has an off-take contract of the mineral resources, secure resource supply to Japan can be expected.

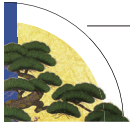


## MIGA Multilateral Investment Guarantee Agency

Established as a member of World Bank Group in April 1988, MIGA promotes foreign direct investment into developing countries by providing guarantee to the members against non-commercial risks (expropriation, foreign exchange control or transfer restriction, war and civil disturbance, and breach of contract).

MIGA is headquartered in Washington, D.C.





# 2009 Financial Results

## 1 Fiscal Year 2009 in Review

NEXI submitted financial statements and other financial information for fiscal year 2009 ending March 31, 2010 (its ninth year of operation) to the Minister of Economy, Trade and Industry and obtained Ministry approval on July 26, 2010.

### Overview of Financial Statements

Financial highlights of NEXI's business (Year end: March 31)

(Millions of yen)

Year of operation	5th (FY2005)	6th (FY2006)	7th (FY2007)	8th (FY2008)	9th (FY2009)
<b>Ordinary profit (loss)</b>	<b>4,041</b>	<b>5,439</b>	<b>1,273</b>	<b>1,899</b>	<b>5,724</b>
Ordinary income	11,585	12,520	12,706	13,306	17,286
(Underwriting income)	9,671	9,189	9,616	10,051	12,504
(reference) Premium of original insurance written	40,088	37,178	34,644	36,816	39,606
Net premium written	9,586	9,187	9,615	10,051	10,784
Reversal of outstanding claims provision	83	—	—	—	1,713
(Investment income)	1,179	2,701	2,978	3,153	4,409
(Foreign exchange gain)	720	614	—	—	198
Ordinary expenses	7,544	7,081	11,433	11,408	11,562
(Underwriting expenses)	2,063	575	1,136	3,774	4,431
(reference) Insurance claims paid	3,680	2,431	3,800	17,159	10,441
Net claims paid	74	62	103	1,582	976
Provision for outstanding claims reserves	—	37	511	2,198	—
Provision for outstanding commitments reserves	2,008	510	625	912	3,012
(Foreign exchange loss)	—	—	2,236	77	—
(Operating and administrative expenses)	5,476	6,405	7,985	7,543	7,116
<b>Extraordinary profit (loss)</b>	<b>52,501</b>	<b>18,953</b>	<b>(84,981)</b>	<b>(3,360)</b>	<b>11,009</b>
<b>Net profit (loss)</b>	<b>56,542</b>	<b>24,392</b>	<b>(83,709)</b>	<b>(1,461)</b>	<b>16,733</b>
<b>Total assets</b>	<b>398,588</b>	<b>377,995</b>	<b>302,164</b>	<b>305,703</b>	<b>315,683</b>
<b>Net worth</b>	<b>326,131</b>	<b>350,522</b>	<b>266,814</b>	<b>265,359</b>	<b>282,092</b>

(Note) Extraordinary profit (loss) includes valuation profit or loss related to assets invested by the government.

### Profits and Losses

In fiscal year 2009, the net premium written increased by 7.3% to JPY10,784 million compared with the previous fiscal year. Although insurance premium received from exports declined due to a drop in Japanese exports for two consecutive years, the number of insurance contracts to support foreign affiliates' working capital surged. Net claims paid decreased by 38.3% to JPY976 million in spite of an increase in the number of credit risk events, mainly because a claim payment for losses incurred by a political event in Cuba was almost settled. Also, investment income increased and operating and administrative expenses decreased. As a result, ordinary profit was JPY5,724 million.

Extraordinary profit (or loss) includes interest on the assets invested by the government and profit (or loss) from valuation. Due to a higher market price for debt such as Iraqi and Indonesian debt, an extraordinary profit of JPY11,009 million was recorded. As a result, net profit for the fiscal year was JPY16,733 million.

## 2 Financial Statements

### Balance Sheet (As of March 31, 2010)

(Millions of yen)

(Assets)		(Liabilities)	
Cash and cash equivalents	9,373	Outstanding claims reserves	1,124
Securities	261,301	Reserves for outstanding commitments	17,108
Receivables subrogated by paying claims	238,526	Amount due to the reinsurer	11,859
Accrued income	1,206	Deposits received	35
Accrued premium	4,808	Advance insurance premium	2,436
Reinsurance credit	607	Accrued amount payable	248
Buildings <sup>(Note 2)</sup>	148	Accrued bonuses	127
Equipment and fixtures <sup>(Note 4)</sup>	271	Reserves for retirement allowance	241
Accounts receivable	171	Other liabilities	413
Deposits	489	<b>Total liabilities</b>	<b>33,591</b>
Software	1,433	(Net Worth)	
Other assets	1,221	Capital	
Allowance for uncollectible receivables	(203,872)	Government investment	104,352
		Capital surplus <sup>(Note 5)</sup>	140,658
		Retained earnings	
		Second target period reserve fund carried forward	20,349
		Unappropriated retained earnings	16,733
		(of which profit for the current year)	(16,733)
		Total retained earnings	37,082
		<b>Total net worth</b>	<b>282,092</b>
<b>Total assets</b>	<b>315,683</b>	<b>Total liabilities and net worth</b>	<b>315,683</b>

(Notes)

1. Amounts between one million yen and 0.5 million yen were rounded up to one million yen. Amounts less than 0.5 million yen were omitted.

2. Accumulated depreciation on buildings is JPY160 million.

3. Accumulated depreciation on vehicles is JPY8 million.

4. Accumulated depreciation on equipment and fixtures is JPY490 million.

5. The breakdown of capital surplus is as follows:

(Millions of yen)

Valuation difference of receivables subrogated by paying claims	45,386
Valuation difference of rescheduled claims	49,225
Valuation difference of commercial risk subrogated receivables	(3,838)
Valuation difference of capitalized amount	95,271
(Net)	140,658

## Statement of Income (From April 1, 2009 to March 31, 2010)

(Millions of yen)

<b>Ordinary income</b>	<b>17,286</b>
<b>Underwriting income</b>	<b>12,504</b>
Net premium written (Note 2)	10,784
Reversal of outstanding claims provision	1,713
Interest income on receivables subrogated by paying claims	8
<b>Investment income</b>	<b>4,409</b>
Income from interest	7
Interest on securities	4,064
Gain on sales of securities	338
<b>Foreign exchange gain</b>	<b>198</b>
<b>Others</b>	<b>175</b>
Other ordinary income	175
<b>Ordinary expenses</b>	<b>11,562</b>
<b>Underwriting expenses</b>	<b>4,431</b>
Net claims paid (Note 3)	976
Estimated amount of insurance claims recovery (Note 4)	443
Provision for outstanding commitments reserves	3,012
<b>Operating and administrative expenses</b>	<b>7,116</b>
<b>Others</b>	<b>15</b>
Interest paid	0
Other ordinary expenses	15
<b>Ordinary profit</b>	<b>5,724</b>
<b>Extraordinary income</b>	<b>11,580</b>
Profit relating to in-kind contribution of receivables acquired by government subrogation (Note 5)	4,774
Reversal of provision for uncollectible receivables relating to in-kind contribution of receivables acquired by government subrogation	6,806
<b>Extraordinary loss</b>	<b>571</b>
Losses relating to in-kind contribution of receivables acquired by government subrogation (Note 5)	571
<b>Net profit</b>	<b>16,733</b>

(Notes)

1. Amounts between one million yen and 0.5 million yen were rounded up to one million yen. Amounts less than 0.5 million yen were omitted.

2. The breakdown of net premium written is as follows: (Millions of yen)

Premium of original insurance written	39,606
Refund of premium paid for reinsurance	745
Premium received for reinsurance	597
Premium paid for reinsurance	(30,165)
(Net)	10,784

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

Insurance claims paid	10,441
Reinsurance claims recovered	(9,466)
(Net)	976

4. The breakdown of the estimated amount of insurance claims recovery is as follows: (Millions of yen)

<b>(1) Capitalized and evaluated amount of subrogated receivables in connection with rescheduling agreements</b>	
(i) Political-risk subrogated receivables	(249)
(ii) Difference of value between the current year and the previous year concerning estimated value of subrogated receivables capitalized in line with the outstanding claims provision	266
(iii) Provision for uncollectible receivables	238
<b>(2) Capitalized and evaluated amount of subrogated receivables in relation to commercial risk claims paid</b>	
(i) Commercial-risk subrogated receivables	(719)
(ii) Difference of estimated value between the current year and the previous year concerning subrogated receivables capitalized in line with the outstanding claims provision	479
(iii) Bad debt loss	0
(iv) Provision for uncollectible receivables	429
(Total)	443

5. The profits and losses related to assets invested by the government were entered as extraordinary income and loss.

(1) Breakdown of profits related to assets invested by the government

Interest income	4,773
Bad debt recovered	1
(Total)	4,774

(2) Breakdown of losses related to assets invested by the government

Bad debt loss	0
Foreign exchange loss	571
Other extraordinary loss	1
(Total)	571



**Statement of Cash Flows** (From April 1, 2009 to March 31, 2010)

(Millions of yen)

<b>I . Cash flows from operating activities</b>	
Premium received	38,176
Reinsurance premium paid	(26,051)
Insurance claims paid	(10,445)
Reinsurance claims received	10,454
Income from recovery of receivables subrogated by paying claims	11,976
Payment of recovered receivables subrogated by paying claims	(8,456)
Income from recovery of receivables subrogated to the government	9,224
Payment of recovered receivables subrogated to the government	(21,067)
Personnel expenses	(1,603)
Other operating expenses	(3,859)
Others	207
<b>Subtotal</b>	<b>(1,442)</b>
Interests received	6,239
Interests paid	(0)
<b>Net cash provided by operating activities</b>	<b>4,796</b>
<b>II . Cash flows from investing activities</b>	
Purchase of securities	(94,618)
Redemption and sales of securities	56,182
Purchase of fixed assets	(1,362)
<b>Net cash (used in) provided by investing activities</b>	<b>(39,798)</b>
<b>III . Cash flows from financing activities</b>	
Finance lease payment	(3)
<b>Net cash (used in) provided by financing activities</b>	<b>(3)</b>
<b>IV . Foreign exchange difference related to cash and cash equivalents</b>	<b>186</b>
<b>V . Net increase (decrease) in cash and cash equivalents</b>	<b>(34,819)</b>
<b>VI . Cash and cash equivalents at the beginning of the current year</b>	<b>44,192</b>
<b>VII . Cash and cash equivalents at the end of the current year</b>	<b>9,373</b>

(Notes)

1. Amounts are stated in millions of yen.

2. The breakdown of cash at the end of the current year by title of balance sheet is as follows:

(Millions of yen)

Cash and cash equivalents	9,373
Balance of cash at the end of the current year	Total 9,373

## Notes (excerpt)

### I. Important Accounting Principles

(Omitted because of no change in Important Accounting Principles)

### II. Financial Instruments

#### 1. Financial instruments

##### a. Management of financial instruments held by NEXI

NEXI is engaged in the trade and investment insurance business. Recoveries of receivables subrogated by paying claims are invested in securities to strengthen NEXI's financial base. The securities held by NEXI include government bonds, municipal bonds and government-backed bonds.

##### b. Financial instruments and risk

The receivables subrogated by paying insurance claims are exposed to debtor countries' or debtors' credit risk. The securities are exposed to interest rate risk and market fluctuation risk.

##### c. Financial instruments and risk management

###### (1) Country risk management

In concluding insurance contracts (that could cause the acquisition of the receivables subrogated by paying insurance claims), NEXI's Country Risk Analysis Group conducts risk assessment by gathering information through the Berne Union and OECD, researching and evaluating country risk. Contracts concluded are monitored by the Monitoring Committee for continued risk management.

###### (2) Credit risk management

For the management of credit risk of an export contract counterparty (overseas buyer), NEXI's Credit Administration Group conducts a credit check and assessment of the overseas buyers.

###### (3) Market risk management

Market risk such as interest rate and price fluctuation associated with investment in securities is managed by the Fund Operation Meeting that discusses NEXI's investment policy and checks the investment status. In addition, NEXI's Accounting Group, the secretariat of the Fund Operation Meeting, is monitoring the bond market and liquidity risk.

##### d. Supplementary explanation regarding fair value of financial instruments

Fair value of the financial instruments is based on the quoted market price. If the market price is not available, the fair value is based on the reasonably assessed value. Fair value of financial instruments is measured based on certain assumptions, and it might differ if measured based on different assumptions.

#### 2. Fair value of financial instruments

The carrying amounts on the balance sheet, fair value and differences as of the end of the fiscal year 2009 are as follows:

(Millions of yen)

	Carrying amount	Fair value	Differences
(1) Cash and cash equivalents	9,373	9,373	-
(2) Securities			
Held-to-maturity securities	261,301	266,158	4,858
(3) Receivables subrogated by paying claims			
Receivables subrogated by paying claims	238,526		
Allowance for uncollectible receivables(*)	(203,872)		
(Net)	34,654	34,654	-
Assets	305,328	310,185	4,858
(4) Amount due to the reinsurer	11,859	11,859	-
Liabilities	11,859	11,859	-

(\*) Allowance for uncollectible receivables associated with receivables subrogated by paying claims is deducted.

(Note1) Fair value measurement of financial instruments and securities

##### (1) Cash and cash equivalents

Fair value of deposits with no stated maturity is equal to carrying value, since it approximates the carrying value.

##### (2) Securities

Fair value of securities is based on the quoted market value or value quoted by financial institutions. Carrying amount, fair value and differences of held-to-maturity securities (in accordance with the accounting standards for incorporated administrative agencies and notes) are as follows:

(Millions of yen)

	Type of securities	Carrying amount	Fair value	Differences
Fair value > Carrying amount	Government bonds and municipal bonds	177,971	183,328	5,357
Fair value ≤ Carrying amount	Government bonds and municipal bonds	83,330	82,831	(500)
Total		261,301	266,158	4,858

Aggregate sale price of held-to-maturity securities sold during the fiscal year is JPY15,429 million. The aggregate gain on sale is JPY338 million. These securities, which had been purchased before the previous medium term, were sold for the reinvestment into higher yielding securities in response to the changing interest-rate environment. Therefore they continue to be classified as held-to-maturity securities in accordance with the provision of Note 23 (2) of the accounting standards for incorporated administrative agencies.

##### (3) Receivables subrogated by paying claims

Regarding receivables subrogated by paying claims, allowance for uncollectible receivables is recorded pursuant to the ordinance "Concerning the calculation methods specified by the Ministry of Economy, Trade and Industry, pursuant to the articles of the ministerial ordinance with regard to the finance and accounting of the Incorporated Administrative Agency Nippon Export and Investment Insurance" (2001 / 03 / 27 Trade No.2).

- (i) Allowance for uncollectible receivables associated with receivables subrogated by paying political risk claims is calculated using a ratio based on the valuation by the global financial market regarding repayment prospects of each debtor country or using a given ratio.
- (ii) Allowance for uncollectible receivables associated with receivables subrogated by paying commercial risk claims is calculated in two different ways. As for receivables from debtors that are actually bankrupt or nearly bankrupt, allowance is calculated by deducting foreclosure estimates and estimated amount recoverable under a payment guarantee. As for receivables from other debtors, allowance is obtained by calculating loss estimates based on the present value of estimated future cash flow or estimated amount recoverable by foreclosure or under a payment guarantee.

Fair value of receivables subrogated by paying claims is equal to the carrying value at the fiscal year end less allowance for uncollectible receivables, since it approximates this net carrying value.

##### (4) Amount due to the reinsurer

Fair value of amount due to the reinsurer is equal to the carrying value, since it approximates the carrying value as they are settled in a short period of time.

(Note2) Expected payment and redemption amount of money claims and securities with maturity after the fiscal year end

(Millions of yen)

	1 year or less	More than 1 year through 3 years	More than 3 years through 5 years	More than 5 years through 10 years	More than 10 years through 20 years	More than 20 years	Undetermined
Securities							
Held-to-maturity securities							
Receivables subrogated by paying claims	10,000	20,000	27,500	68,000	135,500	-	-
Total	10,965	7,447	20,172	44,607	63,542	437	91,356
Total	20,965	27,447	47,672	112,607	199,042	437	91,356

(\*) The receivables subrogated by paying claims that are in arrears are classified as "Undetermined."

**III. Material Debt Assumption**  
Not applicable

**IV. Material Subsequent Events**  
Not applicable

**V. Account Titles Used by NEXI**

**1. Balance sheet**

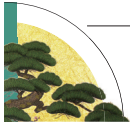
Receivables subrogated by paying claims	Total assets of receivables subrogated by NEXI's paying claims and the estimated amount of potential subrogated receivables (recorded as assets with outstanding claims reserves being reported)
Accrued income	Total accrued interest on time deposits, securities and receivables subrogated by paying claims (receivables subrogated by paying political risk claims) as of the end of the fiscal year.
Accrued premium	Accrued insurance premium incurred associated with insurance application.
Reinsurance credit	Amount receivable from the government such as reinsurance claims
Outstanding claims reserves	Amount considered necessary under an insurance contract to cover incurred losses or losses recognized as having been incurred at the end of the fiscal year
Reserves for outstanding commitments	Amount reserved to prepare for possible future claim payments under insurance and reinsurance contracts
Amount due to the reinsurer	Amount payable to the government such as reinsurance premium
Advance insurance premium	Insurance premium received with NEXI's obligation starting from the next fiscal year or later
Capital surplus	The valuation difference of an in-kind contribution of receivables acquired by government subrogation

**2. Statement of income**

Net premium written	Amount calculated by deducting reinsurance premium paid from premium written. Premium written includes premium received from foreign ECAs.
Reversal of outstanding claims provision	Reversal of outstanding claims provision for the current fiscal year
Net claims paid	Amount calculated by deducting reinsurance claims recovered from insurance claims paid. Insurance claims paid include claims paid to foreign ECAs.
Estimated amount of insurance claims recovery	Valuation gain or loss of receivables subrogated by paying insurance claims
Provision for outstanding commitments reserves	Provision for outstanding commitments reserves for the current fiscal year
Extraordinary income Extraordinary loss	Interest income relating to assets invested by the government (receivables subrogated by paying claims) and valuation difference between the current fiscal year and the previous fiscal year

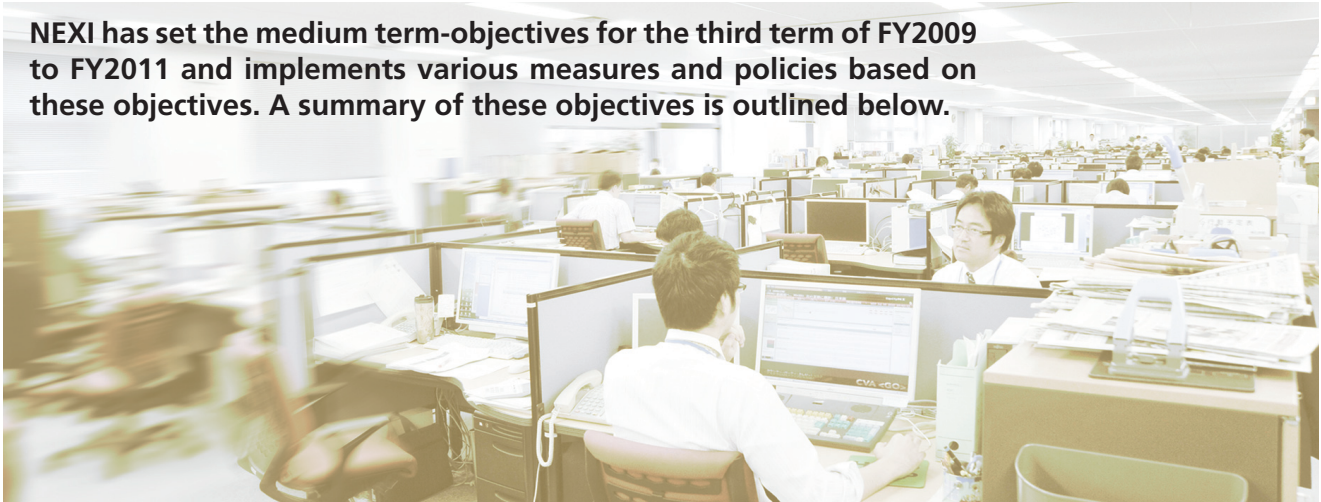
**VI. Other Accounting Information Necessary to Understand the Current Situation of NEXI**  
Not applicable





# Third-Term Objectives

NEXI has set the medium term-objectives for the third term of FY2009 to FY2011 and implements various measures and policies based on these objectives. A summary of these objectives is outlined below.



## 1 Measures to improve the quality of NEXI's services and other operations

### 1 — Improvement of products —

From the perspective of securing the international competitiveness of Japanese companies, we will take the demands of customers and the requirements of trade and industry policies into consideration, and improve the insurance products we currently offer as well as develop new products in order to provide high-quality services equal to those in other countries.

### 2 — Improvement of services —

Adopting the "customer perspective" at all times, we will make efforts to improve and enhance our services by reducing the burden on customers and promoting prompt decision-making and business proceedings. Further, we will build a relationship of trust with our customers by ensuring increased transparency of operations and the enforcement of compliance.

### 3 — Streamlining the system to ascertain and reflect customer needs and to enhance risk analysis/assessment —

We will increase publicity activities regarding existing insurance products and more thoroughly meet customer needs, making use of customer feedback on our insurance products. Further, we will streamline the system for enhanced risk analysis/assessment by refining risk management methods and improving the expertise of our staff.

### 4 — Emphasizing strategic priority policy issues —

In light of our role as the public institution responsible for developing Japan's overseas trade and taking heed of the requirements regarding Japan's trade policies, industrial policies, natural resources and energy policies, etc., we will give priority to accomplishing such policy issues as securing a stable supply of natural resources and energy, establishment of an environmentally friendly society and international development of SMEs. We will qualitatively and quantitatively expand the scope of insured risks with regard to these areas.

### 5 — Smooth entry of private insurers into the market —

We will continue to improve the diversity of the products in order to provide our customers with greater choice, and will establish an environment for the smooth entry of private insurers into the market.

## 2 Improvement in Business Efficiency

### 1 Promotion of efficient business operations

When making disbursements, we will be thoroughly cost-conscious and fully consider cost-effectiveness in order to improve the efficiency of our business operations.

- We will further improve operation efficiency by measures such as rationalization of the operating process, while also revising the structure of the organization and personnel assignment. We will also increase cost-effectiveness in all areas including personnel expenses. Operating costs shall be lower than the level achieved in the second medium-term objectives period.
- In FY2010, we will reduce the workforce by at least 5% compared with the level in FY2005. We will also make necessary revisions for appropriate wage standards.
- We will steadily implement reforms based on “program for reviewing no-bid contracts”
- We will promote the efficiency of operations through consignment of part of our office work and business operations to private financial institutions, etc.

### 2 Efficient development and smooth operation of the information system

We will realize efficient and prompt operations and improved services through efficient and prompt maintenance and upgrading of the current information system. Further, we will make efforts to keep the maintenance cost lower than that of the previous system.

## 3 Improvement in composition of finances

### 1 Reinforcement of financial foundation

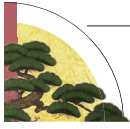
In order to continuously and stably offer our customers “assured peace of mind,” we will improve the efficiency of business operations and hold down expenditure by thorough risk management, as well as reinforcing appropriate management and recovery of debts incurred by insured risks, and will maintain a sound financial foundation.

### 2 Reinforcement of credit management and debt recovery

We will strengthen our recovery capacity through meticulous management of credit data and close coordination with relevant governmental organizations. Further, we will strive to prevent the occurrence of insured risk and to alleviate any loss by swiftly implementing necessary measures in cooperation with customers and relevant governmental organizations.

## 4 Fostering of personnel with high degree of specialist knowledge

We will further raise the specialization level of our staff through a more comprehensive in-service training system and effective implementation of a personnel system that places a high priority on the development of expertise.



# Customer Service Charter

## I NEXI Spirit

- (1) Our mission is to assist customers to conduct international business with a sense of reassurance by reducing incidental business risks. To this end, we take time to ascertain the customers' situation so that we can meet customer needs precisely and provide efficient and high-quality services, thereby enhancing customer satisfaction and establishing mutual trust.
- (2) By implementing our customer-focused policy, we will continue to:
  1. Improve the quality of service,
  2. Broaden the range of risk coverage,
  3. Promote the efficiency of operations, and
  4. Increase the transparency of management.

## II NEXI Pledges to Customers

We are committed to:

- (1) Providing insurance products that make our customers feel secure and protected when conducting overseas transactions
  - (2) Providing advice to our customers from the preliminary stage of planning
  - (3) Responding promptly to inquiries and acting in the interests of our customers
  - (4) Meeting our customers' demands and business needs
  - (5) Promptly completing the assessment of insurance claims and paying insurance claims, and
  - (6) Promptly allocating the recovery
- (1) Providing insurance products that make our customers feel secure and protected when conducting overseas transactions
    - 1) If you suspect that your international transactions, including exports, foreign investment and overseas loans, may incur any risk, please visit our Website (URL : <http://www.nexi.go.jp>) and go to the insurance product section, or contact NEXI's Customer Relations Office.
    - 2) To provide further information on our insurance products that support and protect your international business, our staff can be despatched to your office at your request. Please feel free to contact us.
  - (2) Providing advice to our customers from the preliminary stage of planning  
If you plan to initiate international transactions, such as exports and overseas investments, NEXI is ready to serve you. We will be pleased to talk with you at an early stage of your project formation and propose the most appropriate insurance product to minimize any risk involved.
  - (3) Responding promptly to inquiries and acting in the interests of our customers
    - 1) If you have any questions about insurance products, please call or email our Customer Relations Office or any relevant group.
    - 2) To estimate your insurance premium, our premium calculator is available on the Website. If you give us information on your planned transaction, the group in charge can generally estimate the premium on the same day of your inquiry, or on the following business day at the latest. (For medium or long-term non-L/G transactions, however, we will respond within five business days.)  
If the group in charge finds it difficult to respond to your inquiry

within the specified time limits, it will promptly notify you to that effect along with the reason for the delay and the expected date of response.

- 3) Should the group in charge find any inadequacy in the forms submitted, such as a pre-application form or an insurance application form (other than environment-related forms), we will notify you within the five business days of our receipt at the latest.
  - 4) If you have any questions about NEXI's insurance system for a specific project, please inform the group in charge or the Customer Relations Office. We will respond within five business days at the latest. Should we find it difficult to respond within the stated period, we will promptly notify you to that effect with the reason for the delay and the expected date of response.
- (4) Meeting our customers' demands and business needs
    - 1) It would be appreciated if you could give us sufficient time when consulting with us as our assessment may take longer than expected. If it becomes necessary to accelerate procedures for such a reason as an export contract proceeding more rapidly than anticipated, please inform us.
    - 2) Your business needs are always important to us and we will do our utmost to meet your accelerated deadline. If we find it difficult to meet the new deadline, we will immediately inform you of how long it will take to complete the necessary procedures.
  - (5) Promptly completing the assessment of insurance claims and paying the insurance claim payment
    - 1) As soon as we receive an insurance claim form, we will assess the details in light of the insurance policy provisions to determine the amount of the claim to be paid. We will then make a payment within a stipulated time. This is generally within two months of receipt of the claim; however, in a situation where more time is required for assessment, this rule does not apply. For an application for insurance claims, we may request you to execute the obligations of notification and of loss prevention and reduction stipulated in such documents as insurance policy provisions. In addition, we may also request you to submit all necessary documents stipulated in the insurance policy provisions and other regulations within a specified time.
    - 2) In the event of any inadequacy being found in a submitted claim form or in other documents in light of insurance policy provisions or other regulations, we will notify you no later than three business days after receiving the documents.
    - 3) In order to pay claims within the period stipulated in the insurance policy provisions or other regulations, we would appreciate your understanding and cooperation, including the early submission of documents necessary for the assessment.
  - (6) Promptly allocating recovery
    - 1) When all or part of the subrogated claims is recovered, we will promptly allocate the recoveries in accordance with insurance policy provisions and other contracts.
    - 2) In allocating the recoveries in accordance with a Paris Club debt rescheduling program or other programs, we will in principle complete procedures of remittance to your accounts by the business day following the confirmation of the full amount receipt in NEXI's account.

### III Information

A range of information is available on our Website (URL : <http://www.nexi.go.jp>) and in our annual report.

- (1) Please visit our Website for comprehensive information on our insurance

NEXI Website includes the following information

- 1) Recent developments (including changes in systems, cover conditions and recent underwritten projects)
  - 2) Description of our insurance products (pamphlets available)
  - 3) Rules concerning trade insurance (including insurance policy provisions for all of NEXI's insurance products)
  - 4) Terms of cover
  - 5) Country and region category
  - 6) Premium calculator
  - 7) Application procedures
  - 8) Procedures to be adopted after occurrence of an insured event
  - 9) Case examples of insurance claim payment
  - 10) Downloadable insurance policy provisions, detailed rules concerning procedures, and application forms
  - 11) WEB service
- (2) Information on NEXI board and staff salaries and benefits is available on our Website  
[http://www.nexi.go.jp/service/sv\\_j-koukai/pdf/yakuin.pdf](http://www.nexi.go.jp/service/sv_j-koukai/pdf/yakuin.pdf)  
 For inquiries, please call NEXI Personnel Group  
 (Phone: 81-(0)3-3512-7656).
- (3) 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 the NEXI corporate brochure and leaflets on our insurance products (though there is a limited supply of these). Please feel free to call the Public Relations Group (Phone: 81-(0)3-3512-7655) or the Customer Relations Office.
- (4) For inquiries regarding our Website, annual report and any other public relations matters, please contact the Public Relations Group. (Phone: 81-(0)3-3512-7655)



### IV Your Comments and Complaints

Enhancing customer satisfaction is our constant aim. If you experience difficulty with any procedure or have a complaint about our services, please do not hesitate to contact us. Your problem will be rapidly addressed.

- (1) If you inform us of any problem you may have encountered, we will do whatever is necessary to solve it. Please provide details of the problem and what you wish to be done. We will immediately find the source of the problem and solve it.
- (2) If you have any complaints about our services or the handling of your project, please inform the Customer Relations Office.
- 1) For any complaints about our services, please provide the details to the Customer Relations Office in writing or via email. The Customer Relations Office will examine your problem and inform you on how it will be dealt with. If it is difficult for us to take immediate action, we will provide the reason for the difficulty and how we intend to proceed with it
  - 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 email. The Customer Relations Office will review the details and provide the results of our review without delay. If immediate action cannot be taken, the Customer Relations Officer will inform you of the reason and when the problem will be resolved.

#### Customer Relations Office

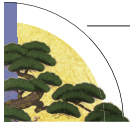
- (1) NEXI has established a "Customer Relations Office" to provide more efficient services to our customers in accordance with our customer-oriented policy.
- (2) The Customer Relations Office offers customer support by seeing the situation from the customer's viewpoint. Any question or inquiry is welcome, including questions and views about trade insurance, what section of NEXI should be in charge, and specific projects. We will take prompt action regarding these matters  
 Information about NEXI's sections and groups in charge is available on our website.

##### Customer Relations Office (Head Office)

Phone ————— **81- (0) 3-3512-7712**  
 Fax ————— **81- (0) 3-3512-7687**  
 E-mail ————— **info@nexi.go.jp**

##### Customer Relations Office (NEXI, Osaka)

Phone ————— **81- (0) 6-6233-4019**  
 Fax ————— **81- (0) 6-6233-4001**



# Profile of NEXI



From the left: Fumihiko Kato (Vice Chairman), Takashi Suzuki (Chairman and CEO), and Naoki Obayashi (Vice Chairman)



Shigeki Nishikawa  
(Corporate Auditor)



Takashi Imai  
(Corporate Auditor)

## Members of the Board and the Audit Board

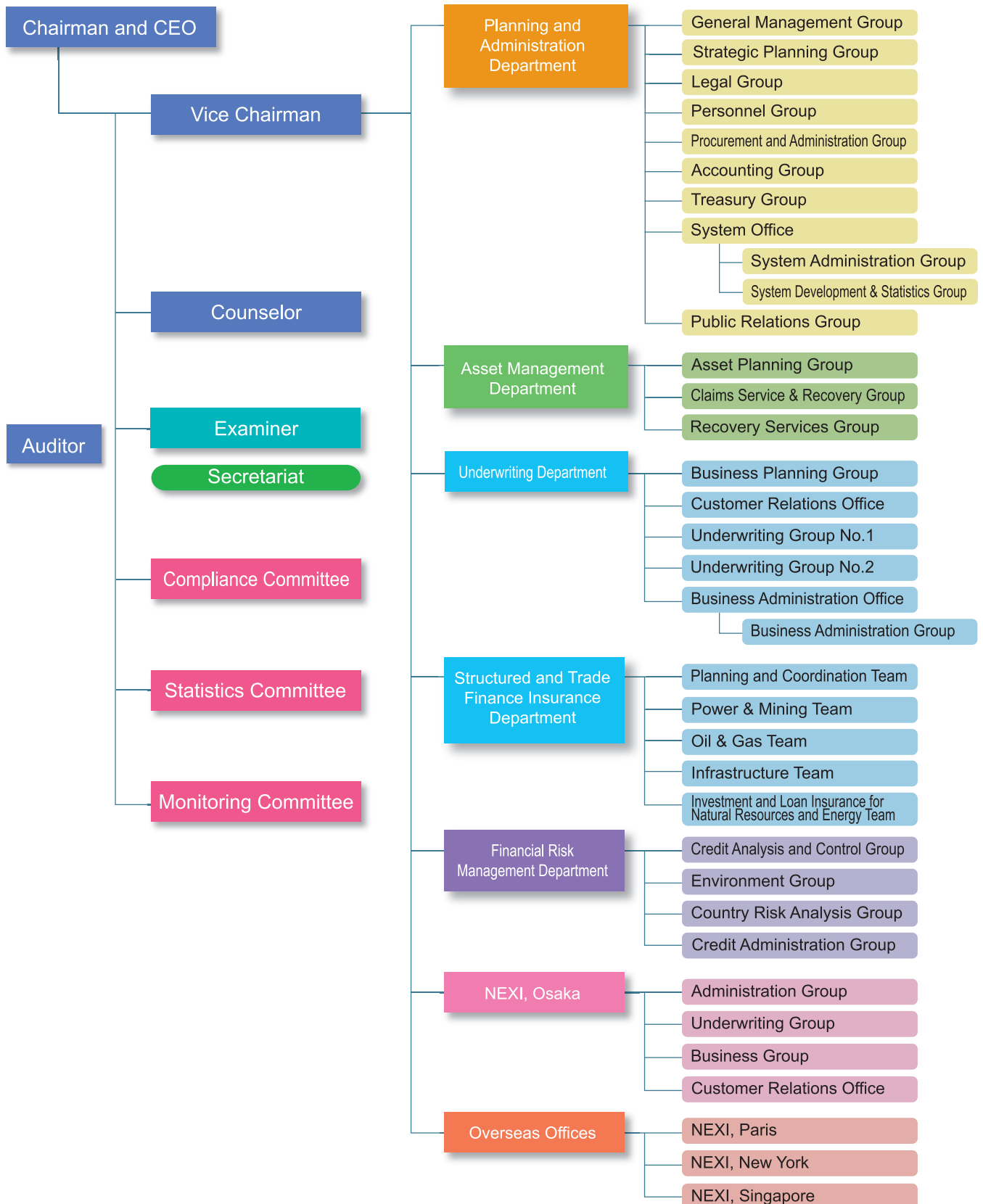
- Chairman and CEO ————— Takashi Suzuki
- Vice Chairman ————— Naoki Obayashi
- Vice Chairman ————— Fumihiko Kato
- Corporate Auditor (Full Time) Shigeki Nishikawa
- Corporate Auditor (Part Time) ——— Takashi Imai

Name	Incorporated Administrative Agency, Nippon Export and Investment Insurance ("NEXI")
Date of Establishment	April 1, 2001
Acts	Act on General Rules for Incorporated Administrative Agency Trade and Investment Insurance Act
Purpose	To efficiently and effectively conduct insurance business of covering risks which arise in foreign transactions and which are not covered by commercial insurance.
Competent Minister	The Minister of Economy, Trade and Industry
Capital	JPY104.4 billion (Fully contributed by the Japanese Government) (Unchanged from the previous year)
Number of Full-time Employees	156 (As of March 31, 2010)



Scope of Business	<ol style="list-style-type: none"> <li>1. To conduct trade and investment insurance business operations complying with the regulations of Chapter 3 of the Trade and Investment Insurance Act.</li> <li>2. To conduct business which is incidental to the business stated in 1.</li> <li>3. To underwrite reinsurance under the insurance obligations of international institutions, foreign governments, or international companies that conduct insurance business (including reinsurance) which indemnifies losses similar to the losses covered by trade and investment insurance.</li> <li>4. To entrust reinsurance for the insurance obligation of NEXI under the Trade and Investment Insurance Act to international institutions, foreign governments, or international companies that conduct insurance business (including reinsurance) which indemnifies losses similar to the losses covered by trade insurance as well as the reinsurance with the Government complying with the regulations of Chapter 4 of the Trade and Investment Insurance Act.</li> </ol>
Brief History	<p>Jul. 1999 Enactment of Act on General Rules for Incorporated Administrative Agency  Dec. 1999 Enactment of the Act which partly amended the Trade and Investment Insurance Act  Apr. 2001 Establishment of Nippon Export and Investment Insurance</p> <p><small>[For reference] The Trade and Investment Insurance Act was enacted in March 1950 and thereafter trade and investment insurance was managed by the Ministry of Economy, Trade and Industry (former Ministry of International Trade and Industry) until the end of March 2001.</small></p>
Office	<p><b>Head office</b> Chiyoda First Building, East Wing 3rd Floor, 3-8-1 Nishikanda, Chiyoda-ku, Tokyo 101-8359, Japan  Phone: 81-(0) 3-3512-7650  Fax: 81-(0) 3-3512-7660</p> <p><b>Osaka Branch</b> 3-1-22 Kitahama, Chuo-ku, Osaka City, Osaka 541-0041, Japan  Phone: 81-(0) 6-6233-4019  Fax: 81-(0) 6-6233-4001</p> <p><b>Overseas Offices</b> NEXI Paris, NEXI New York, and NEXI Singapore (See page 42.)</p>
Main Insurance Products	<p>Export Credit Insurance / Buyer's Credit Insurance / Trade Insurance for Standing Orders with Specific Buyer / Export Credit Insurance for SMEs / Intellectual Property License Insurance / Overseas Untied Loan Insurance / Overseas Investment Insurance / Export Bill Insurance / Prepayment Import Insurance / Investment and Loan Insurance for Natural Resources and Energy / Trade and Investment Insurance for Preventing Global Warming / Comprehensive Export Insurance with Simplified Procedure</p>
URL	<p><a href="http://www.nexi.go.jp">http://www.nexi.go.jp</a></p>

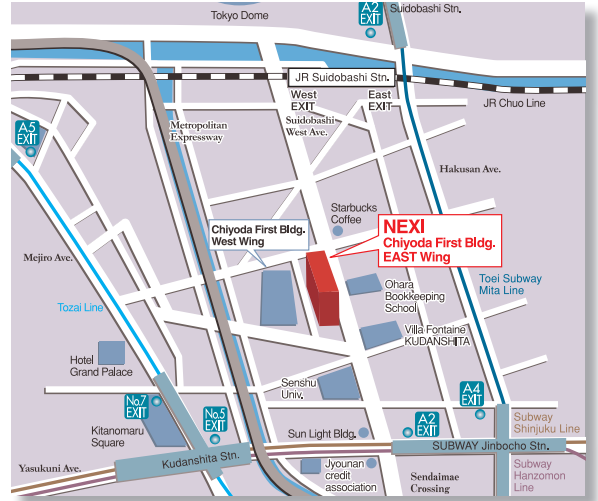
■ Organization chart (as of July 2010)



## Contact Information

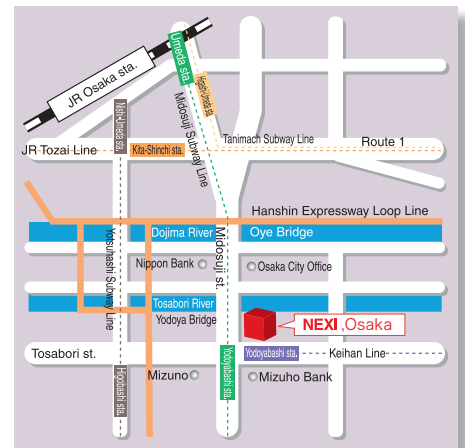
### Head Office

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



### Osaka Branch

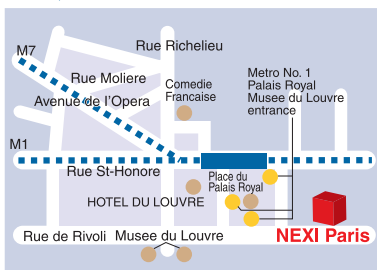
3-1-22 Kitahama, Chuou-ku, Osaka City, Osaka  
541-0041, Japan  
Phone: 81-(0)6-6233-4019  
Fax: 81-(0)6-6233-4001



### Overseas Offices

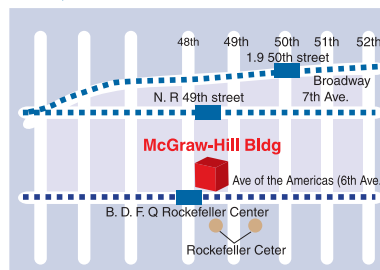
#### NEXI, Paris

c/o JETRO 166, rue de Rivoli,  
75001 Paris France  
Phone: 33-(0)1-4261-5879  
Fax: 33-(0)1-4261-5049



#### NEXI, New York

c/o JETRO 1221 Avenue of the  
Americas,  
42nd Floor, McGraw-Hill Bldg.  
New York N. Y. 10020 USA  
Phone: 1-212-819-7769  
Fax: 1-212-819-7796



#### NEXI, Singapore

c/o JETRO 16 Raffles Quay #38-05,  
Hong Leong Bldg.  
Singapore 048581  
Phone: 65-6429-9582  
Fax: 65-6220-7242





**NEXI**

Nippon Export and Investment Ins

**Nippon Export and Investment Insurance**

Chiyoda First Building, East Wing 3rd Floor, 3-8-1 Nishikanda,  
Chiyoda-ku, Tokyo 101-8359, Japan

Phone: 81-(0)3-3512-7650 Fax: 81-(0)3-3512-7660

<http://www.nexi.go.jp>

Inquiries:

Public Relations Group,

Planning and Administration Department

Phone: 81-(0)3-3512-7655 Fax: 81-(0)3-3512-7660

E-mail: [info@nexi.go.jp](mailto:info@nexi.go.jp)