

NEXI

Nippon Export and Investment Insurance

Annual Report FY2012

About NEXI

Since its establishment in April 2001, Nippon Export and Investment Insurance (NEXI) has been providing export and investment insurance to protect Japanese businesses from risks involved in overseas transactions that cannot be covered by private-sector insurance. We provide reassurance and support to Japanese companies by anticipating changes in the market at all times, appropriately responding to customer needs, and efficiently and effectively conducting insurance business so that they may engage in international transactions with peace of mind and without fear of uncertain risks.

By implementing our customer-first policy, NEXI will continue to:

- (i) Improve the quality of our service;
- (ii) Broaden the range of risk coverage;
- (iii) Promote efficient operations; and
- (iv) Increase management transparency.



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Regarding 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.
Figures that fall below a unit as a result of rounding are indicated as "0"; 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.

Message from the Chairman

In presenting this annual report for fiscal year 2012, I would like to express our sincerest gratitude for your support and cooperation for Nippon Export and Investment Insurance (NEXI).

In FY2012, the world economy was still suffering from the effects of the eurozone debt crisis, and financial institutions and exporters in the US and Europe faced a difficult situation. On the other hand, Japanese companies showed an even stronger presence in trade financing and large-scale projects overseas. In this context, NEXI was committed to enhancing the competitiveness of Japanese companies in global markets and securing a stable supply of Japan's energy resources. Among other measures, we provided insurance for such projects as an LNG project in Australia, the largest ever NEXI-covered project in terms of insured value, and the Intercity Express Programme in the UK, which is first ultra long-term (30 years) support project ever undertaken by NEXI.

Since its establishment in 2001, NEXI has been seeking to improve insurance products and services by implementing a customer-first policy at all times. In 2012, we took various steps to make effective trade insurance products available to more and more customers. We enhanced our SME overseas business support network with regional banks, reduced premium rates, broadened the scope of eligible customers, and strengthened our fronting scheme in response to changing trading needs.

Although we are seeing some positive signs in the Japanese economy, thanks partly to a weaker yen and higher stock prices, the current global economy remains uncertain. Given the economy's ongoing globalization, NEXI will be providing high-quality trade insurance services that satisfy the diverse needs of Japanese companies, through the combined efforts of the public and private sectors, so that they may survive and thrive amid global competition.

As we move forward with all of these undertakings, we appreciate your continued understanding and support.

Kazuhiko Bando
Chairman and CEO
June 2013

2012 Business Overview

Enhancing NEXI's trade insurance services to meet the various needs of even more customers

●Increased support for overseas development of SMEs

In FY2012, NEXI further supported the rapidly growing overseas development of SMEs by expanding a support network for SME's overseas business with 18 regional or other banks.

The support network is intended to promote the use and diffusion of trade insurance through a total of 29 regional or other banks that are business partners with SMEs. In February 2013, a network meeting was held to offer an opportunity for mutual information exchange among banks.



Scene from a support network meeting for SMEs

In terms of insurance products, the Export Credit Insurance for SMEs was fundamentally revised in April 2012.

By reducing premium rates, increasing the claims payment limit, and providing insurance to middle-ranking enterprises, NEXI underwrote 435 transactions in FY2012, up about 50 percent from the previous year. In addition, the free buyer credit check for SMEs was continued.

NEXI is also providing support for SMEs in collaboration with Shoko Chukin Bank. Measures include a favorable loan program that uses NEXI-covered export receivables as collateral.

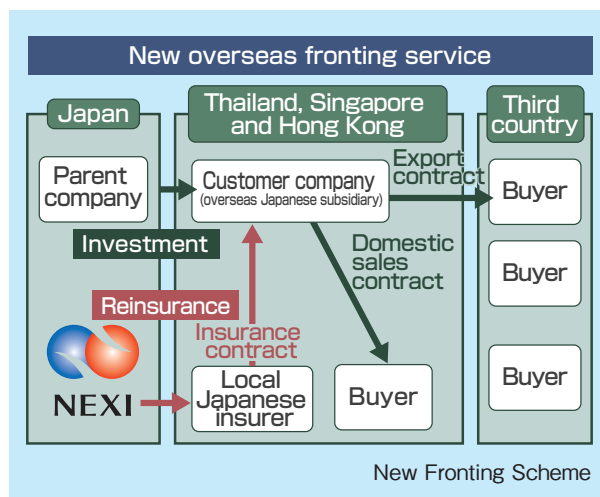
NEXI will earnestly continue to support the overseas development of SMEs.

●New services in response to changing trading needs

The total amount of exports and sales by overseas Japanese subsidiaries has increased to surpass direct exports from Japan.

In this context, NEXI has covered risks of collection of receivables for third country exports of overseas Japanese subsidiaries by introducing fronting services (arrangements in which a local insurer's primary insurance contract is 100% backed by NEXI's reinsurance) through Japanese insurance companies abroad. Under reinsurance agreements with Mitsui Sumitomo Insurance Co., Ltd., Tokio Marine & Nichido Fire Insurance Co., Ltd., and Sompo Japan Insurance Inc., NEXI underwrote a total of 76 transactions in FY2012, about seven times more than the previous year, in many sectors such as machinery and chemicals.

We also developed a new fronting insurance product to support the domestic sales of overseas Japanese subsidiaries (available since May 2013 in Thailand, Singapore and Hong Kong).



●Enhanced support system for investment

To meet various forms of investment by Japanese companies, we improved the trade insurance system so that it covers subordinated loans as well as reinvestment destinations.

Establishing a global support network

● Reinsurance agreements with Asian ECAs

NEXI concludes reinsurance agreements with Export Credit Agencies (ECAs) in Asian countries/regions to support third-country exports and domestic transactions by the Asian subsidiaries of Japanese companies. NEXI's reinsurance based on these agreements enables local ECAs to cover more risks associated with the transactions of overseas Japanese subsidiaries.

Currently, NEXI has reinsurance agreements with Singapore, Malaysia, Indonesia, Thailand, Taiwan, and Hong Kong. In April 2012, we expanded the scope of reinsurance with Indonesia by including domestic transactions in the coverage. In addition, NEXI held reinsurance seminars in Hong Kong, Jakarta and Bangkok to enhance local Japanese subsidiaries' understanding of this topic.

● Business cooperation agreement with Bangkok Bank

To facilitate SMEs' financing for their overseas operations, NEXI signed a business cooperation agreement in January 2013 with Bangkok Bank in Thailand, which is one of the top recipients of Japanese subsidiaries in the ASEAN region. The agreement allows NEXI to provide insurance for short-term loans extended by Bangkok Bank to Japanese SMEs' subsidiaries in Thailand, which is expected to further facilitate financing to SMEs.



Scene from the signing ceremony for the agreement with Bangkok Bank

● Reinsurance agreement with EDC of Canada

NEXI entered into a reinsurance agreement with Export Development Canada (EDC) in September 2012. Through this agreement, NEXI provides reinsurance to EDC for exports of Canadian resources to Japan. The agreement contributes to the stable supply of energy resources to Japan by facilitating trade with Canada, a nation possessing abundant supplies of oil, natural gas and coal. The agreement also allows NEXI to provide reinsurance to EDC concerning exports by Japanese subsidiaries located in Canada.

● Reinsurance agreement and MOU with private credit insurers

Many Japanese subsidiaries operating overseas use European private credit insurance; however, they are often not provided with a sufficient credit limit due to the reduced underwriting capacity of those insurers following the eurozone debt crisis. Under these circumstances, NEXI sought to globally support the business of Japanese companies operating overseas. Efforts here include signing a comprehensive reinsurance agreement in February 2013 with Euler Hermes of Germany, the world's largest private credit insurer, and an MOU in March 2013 to promote reinsurance cooperation with Coface of France, the world's second largest private credit insurer.



Scene from the signing ceremony for the MOU with Coface

Supporting strategic priority sectors

•Support for exports of infrastructure systems

With huge demand for infrastructure expected mainly in Asian countries, NEXI is supporting exports of infrastructure-related systems, including those for railways and utilities such as electricity and water supply.

In recent years, infrastructure projects have been becoming larger and requiring more time, while the lending environment has been changing with the credit crunch resulting from the eurozone financial crisis and implementation of new financial regulations such as Basel III. Under these circumstances, NEXI has proceeded with such measures as securitization of NEXI-insured loans using trustee schemes, thereby creating an environment that supports and facilitates loans by private banks and financing for Japanese companies.

Furthermore, we provide support to overseas Japanese subsidiaries to achieve cost competitiveness by locally producing products and shipping materials through insurance for Local Buyer's Credit (co-finance with the Japan Bank for International Cooperation or JBIC for third-country exports and domestic sales of overseas Japanese subsidiaries). Our support also includes providing insurance for loans in local currencies, with the number of currencies eligible for coverage now expanded to twenty.

One of the many important projects we underwrote in FY2012 is the Intercity Express Programme in the UK, an approximately thirty-year leasing of trains with maintenance services to a UK-based railway business operator led by Hitachi, Ltd.



Intercity Express Programme (Photograph courtesy of Hitachi)

•Efforts to secure a stable supply of natural resources and energy

Since the Great East Japan Earthquake, securing a stable supply of mineral resources and energy has been one of Japan's key policy issues. In November 2012, we provided Overseas Untied Loan Insurance cover for the Ichthys LNG Project in Australia, the largest project ever underwritten by NEXI in terms of insured value. About 70 percent of LNG exports from the project will be delivered to Japan.

•Support for the aircraft sector

For the aircraft sector, we supported the export of Boeing aircraft based on reinsurance cooperation with the Export-Import Bank of the United States. NEXI's support for export transactions of Boeing aircraft, a considerable portion of the components for which is supplied by Japanese manufacturers, grew significantly in FY2012 by about 70 percent from the previous year. NEXI thus supported both the US-Japan joint development program and the Japanese aircraft parts industry.

•Support for the marine transport sector

Seeking to improve a difficult situation facing ship finance that has been lingering since the financial crisis, NEXI is working on providing Buyer's Credit Insurance for the marine transport sector. In FY2012, we assisted Japanese shipbuilders in competing against China and Korea by, for example, supporting the export of a domestically-built bulk carrier that is one of the largest in the world.

•Support for the agricultural sector

NEXI continues to strengthen support for investments and loans for overseas agricultural business and to promote export of agricultural products in order to ensure food security and foster the growth of agriculture in Japan. In FY2012, we supported a project for exporting plant factories that introduces Japanese wholly-enclosed vegetable farming technology into Mongolia, where cold climates make it extremely difficult to grow vegetables during winter.

•Support for Japanese business in emerging markets

NEXI is supporting investments and other business activities by Japanese companies in high-risk emerging markets. After a hiatus of eight years, we resumed providing trade insurance for loans to Myanmar in FY2012 to help Japanese companies develop market opportunities there.

Also in Iraq, we resumed providing Export Credit Insurance (Comprehensive) in April 2012. In addition, we further eased the terms of cover in February 2013 and provided cover for about 50 deals in FY2012.

Toward an Environmentally Sustainable Society

●Environmental and Social Considerations in Trade Insurance

To fulfill its social responsibility vis-à-vis the environment, NEXI established Guidelines on Environmental and Social Considerations in Trade Insurance. These Guidelines are based on the OECD's Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (the "Common Approaches"). Based on the Guidelines, NEXI will continue to assure that project companies give appropriate environmental and social considerations to projects to be underwritten. More specifically, projects are classified into three categories based on their possible impact on the environment (i.e., Category A, B, or C in descending order of the intensity of environmental impact) using Screening Forms submitted by exporters. For Category A, for example, an on-site visit will be conducted.

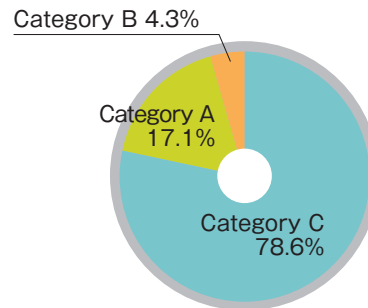
In addition, Objection Procedures are incorporated to ensure NEXI's compliance with the Environmental Guidelines. An independent Environmental Guidelines Examiner is assigned to report directly to the Chairman.

In FY2012, environmental reviews (including on-site visits) were implemented for 70 projects that were subject to Screening.

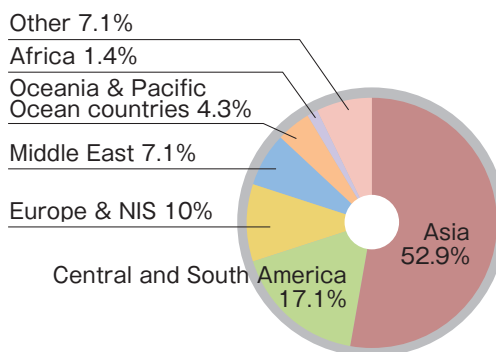


On-site visit concerning development of a salt lake

Screening results in FY2012 by category



Screening results in FY2012 by region



※The Middle East includes Turkey.
Central and South America includes Mexico.
Europe & NIS include Russia and Central Asia.

●Support for exports of Japanese environmental technologies

NEXI is actively supporting exports of environmental technologies, including those that reduce carbon dioxide emissions. In FY2012, we encouraged exports of advanced Japanese environmental technologies by underwriting a variety of projects. Among them were renewable energy projects (hydropower) in Vietnam and Colombia, the Intercity Express Programme in the UK that is adopting railway cars with lower environmental load, and export of Boeing aircraft that produce less emissions due to their reduced weight.

●Simpler and more efficient environmental review procedures for insurance users

NEXI revised a cooperation agreement on environmental review for a buyer's credit with JBIC in July 2012, thus strengthening cooperation between the two organizations. This revision will help develop and deepen opportunities to further share and exchange information with JBIC, thereby facilitating our environmental reviews and leading insurance users to simpler and more efficient procedures.

Disseminating information to enhance better understanding of trade and investment insurance

●NEXI seminars on trade insurance

NEXI regularly holds seminars on trade insurance services in order to enhance customers' understanding of trade insurance and to promote effective use of our services. Aimed mainly at first-time users of trade insurance, these seminars provide an outline of the trade insurance system and explain such fundamental items as credit control, claims payment, debt recovery, and types of insurance. In July 2012, the seminars were held in Tokyo, Osaka and Nagoya, and attended by as many as 501 participants, which was a record high.



Scene from a trade insurance seminar

●NEXI seminars on debt recovery

NEXI regularly holds seminars to provide practical information about recovering overseas debts. Guest lecturers with extensive experience in debt recovery from international law firms and our overseas partner servicers are invited to discuss and explain with concrete examples the economic trends and recovery processes of South Asia, the Middle East and Europe. In FY2012, the seminar was co-hosted by the Japan Foreign Trade Council in February 2013 in Tokyo. It was attended by a record 243 attendees.



Scene from a debt recovery seminar

●NEXI-sponsored symposium at the 2012 Annual Meetings of the IMF and the World Bank

Looking to take advantage of the opportunity presented by Japan's hosting the Annual Meetings of the IMF and the World Bank in October 2012, we held a NEXI-sponsored symposium on hedging risks involved in Japanese business development in Asia. The seminar introduced NEXI's activities and sought to spread knowledge of the trade insurance system, and invited experts from external institutions and representatives of partner institutions to discuss and provide information on business in Asia. The symposium was attended by 301 people, approximately 91% of whom indicated in a questionnaire that they found the proceedings highly helpful and informative.



Scene from a symposium

●NEXI seminars with regional partner banks

To support SMEs in cooperation with Japanese regional banks, we held 31 workshops with employees of those banks (948 participants in total), and also co-sponsored 26 customer seminars (1,453 participants in total) in FY2012.

Closer ties with relevant overseas organizations to deliver state-of-the-art trade insurance services

●Berne Union meetings

The Berne Union (the International Union of Credit and Investment Insurers) is a forum where ECAs from numerous countries around the world, international organizations, and private insurers discuss common issues related to export credit insurance and investment insurance from a technical perspective. Since the first meeting in Berne, Switzerland, in 1934, the union's membership has grown to 49 institutions in total as of April 2013.

The union holds regular biannual meetings; the 2012 spring meeting was held in April in Brussels and the autumn meeting was held in October in Stockholm.

●G11 meeting

The G11 meeting annually brings together government officials and ECA representatives from eleven countries, including: Brazil, Canada, China, France, Germany, Italy, India, Japan, Russia, UK and USA. The latest G11 meeting was held in Tokyo for the first time in March 2013 and was hosted by NEXI.

At the meeting, top representatives had an open discussion about the world economic situation and trends in trade insurance, including the OECD Arrangement on Officially Supported Export Credits. In addition, guest speakers were invited from private financial institutions to further review and recognize the roles expected of ECAs. Participants took the opportunity to enhance mutual cooperation and ties by sharing common perceptions of problems facing countries in terms of trade finance and their solutions.



Scene from the G11 meeting

●Bilateral meetings

NEXI holds annual bilateral meetings with ECAs and government officials of Austria, Korea, China, Germany and France, respectively. During the meetings, attendees exchange information and honest views about a wide range of topics, including international financial situations, each country's activities, potential country risks, and projects supported by the institutions of both sides. Through these regular meetings, relations are further strengthened and information on trade insurance trends in each country is shared between NEXI and its partner institutions.



Scene from a bilateral meeting with Korea

●Training program on trade insurance for Asian ECA professional staff

The Ministry of Economy, Trade and Industry of Japan invites ECA staff members and relevant government officials in countries where trade insurance systems are in a developmental stage to training held under its Program for the Facilitation of Cooperation on Trade Insurance. Lectures are provided by the NEXI staff. In FY2012, participants were invited from eight countries, including Brazil, India, Indonesia, Myanmar, Russia, Taiwan, Thailand, and Vietnam. Moreover, a special guest lecturer was also invited from SACE, the Italian ECA, to offer a program that enables participants to learn about efforts and activities by not only Japan but also European ECAs.



Scene from a training program for Asian ECAs

2012 Performance Highlights

Economic Trends

Japanese exports decreased for the second consecutive year in FY2012, by 2.1% to about JPY 63.9 trillion, mainly due to weaker exports of ships, electronic components (including semiconductors), and construction and mining machinery. Exports to Asia were about JPY 34.9 trillion (down by 3.3%), of which China decreased to about JPY 11.3 trillion (by 9.1%). Exports to the US increased to JPY 11.4 trillion (by 10.4%) while exports to the EU decreased to about JPY 6.4 trillion (down by 14.1%).

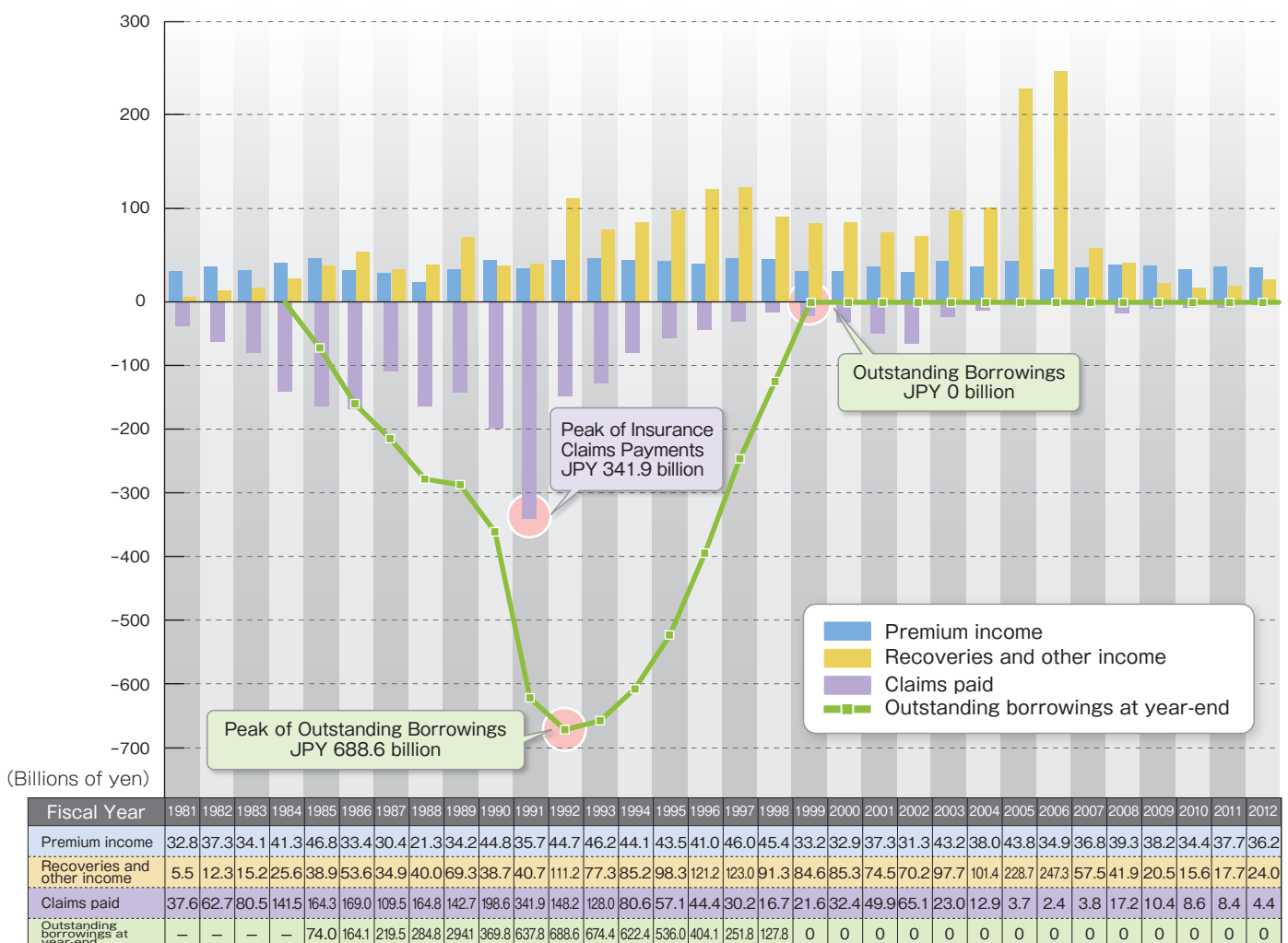
(Japan's exports)

(Millions of yen)

| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Total Exports | 85,113,381 | 71,145,593 | 59,007,879 | 67,788,838 | 65,288,487 | 63,940,544 |
| Year-on-year change(%) | 9.9 | (16.4) | (17.1) | 14.9 | (3.7) | (2.1) |

(Source: Trade Statistics, Ministry of Finance)

Trends of the Trade and Investment Insurance Program

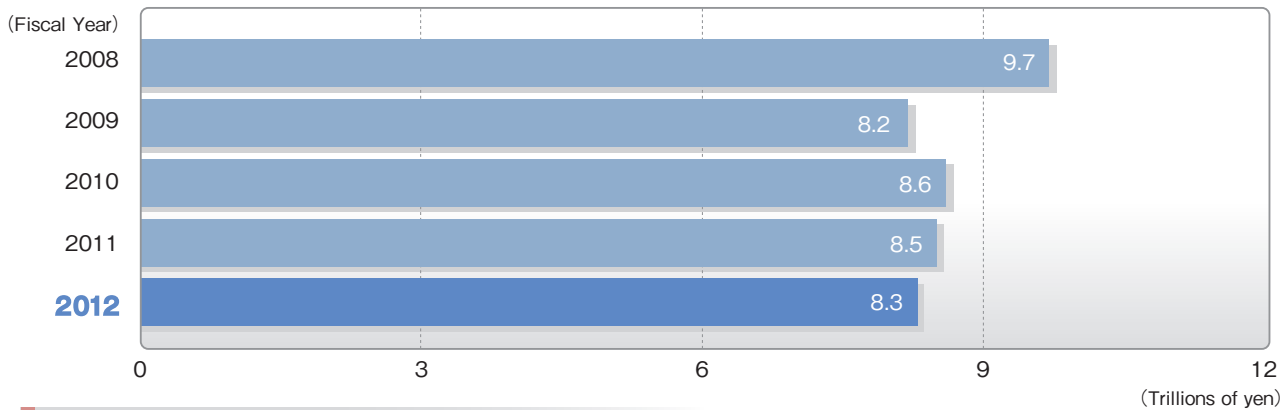


Note: The amount is based on cash.

(Billions of yen)

Underwritten Amount

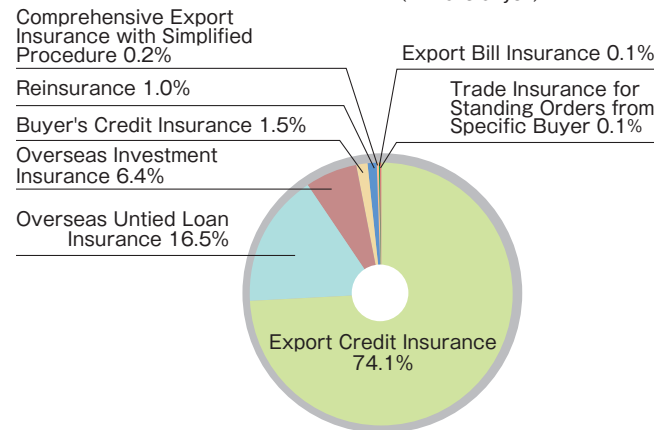
The total underwritten amount in FY2012 decreased by 2.8% to about JPY 8.3 trillion compared to the previous fiscal year.



Underwritten Amount by Insurance Type

In line with the decrease in exports, Export Credit Insurance decreased by 13.5% to JPY 6.2 trillion from the previous fiscal year.

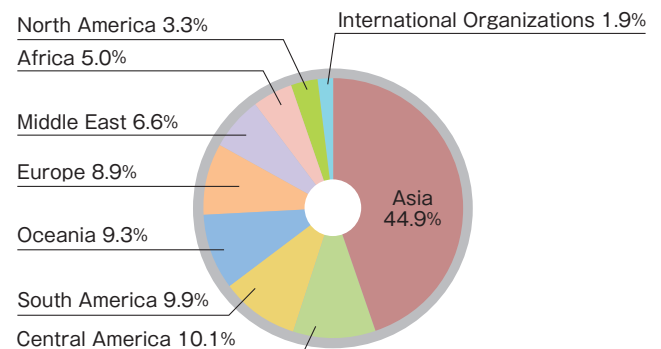
On the other hand, Overseas Untied Loan Insurance increased by 149.4% to JPY 1.4 trillion in line with an increase in large-scale projects.



Underwritten Amount by Region

Amount for Asia was the largest at about JPY 4 trillion or 44.9% of the total amount followed by Central America at 10.1% and South America at 9.9%.

The amount for Oceania accounted for 9.3% of the total amount, increasing by 460.9% compared to the previous fiscal year due to large-scale project coverage.

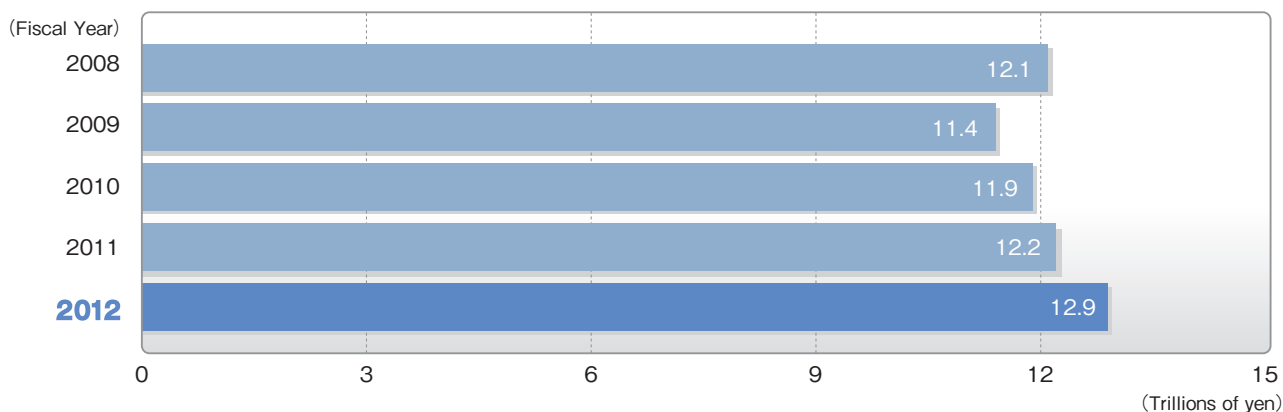


Top Ten Countries and Regions of Underwritten Amount in FY2012

| (Millions of yen) | | | |
|-------------------|-------------------------------------|---------------------|-----------------|
| | Country/Region | Underwritten amount | Composition (%) |
| 1 | Australia | 781,434 | 9.4 |
| 2 | Panama (flag of convenience vessel) | 691,758 | 8.3 |
| 3 | China | 642,642 | 7.7 |
| 4 | Thailand | 586,345 | 7.1 |
| 5 | Indonesia | 519,879 | 6.3 |
| 6 | Korea | 506,390 | 6.1 |
| 7 | Brazil | 408,296 | 4.9 |
| 8 | Vietnam | 327,904 | 4 |
| 9 | U.S.A. | 246,737 | 3 |
| 10 | Taiwan | 243,166 | 2.9 |

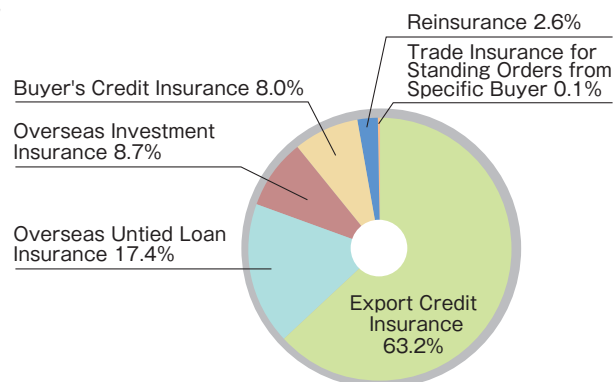
● Outstanding Commitment

Total outstanding commitment at the end of FY2012 increased by 5.4% to about JPY 12.9 trillion compared to the previous fiscal year.



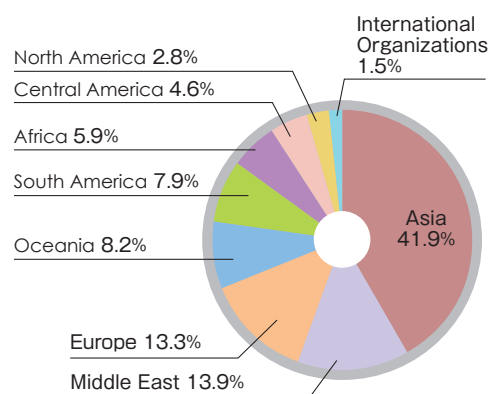
Outstanding Commitment by Insurance Type

The outstanding commitment for Export Credit Insurance was the largest at about JPY 8.2 trillion or 63.2% of the total amount, followed by Overseas Untied Loan Insurance at about JPY 2.2 trillion or 17.4%.



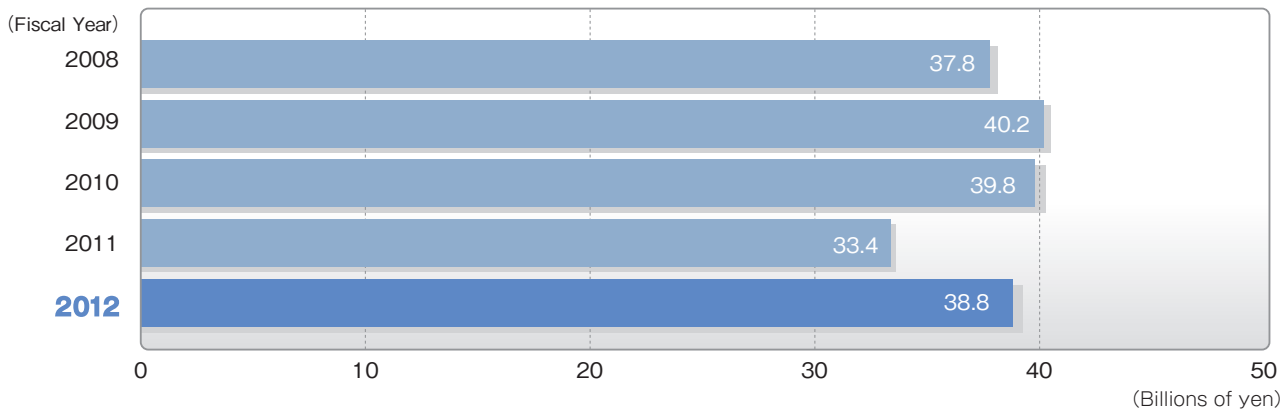
Outstanding Commitment by Region

The outstanding commitment for Asia was the largest at about JPY 5.6 trillion or 41.9% of the total amount, followed by the Middle East at about JPY 1.8 trillion or 13.9%.



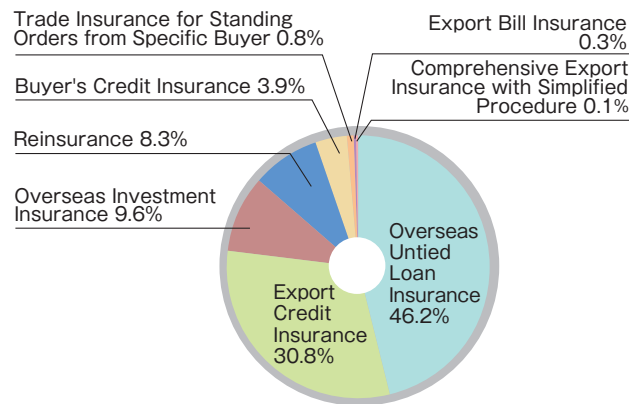
Premium Income

Premium income in FY2012 increased by 16.2% from the previous fiscal year to about JPY 38.8 billion.



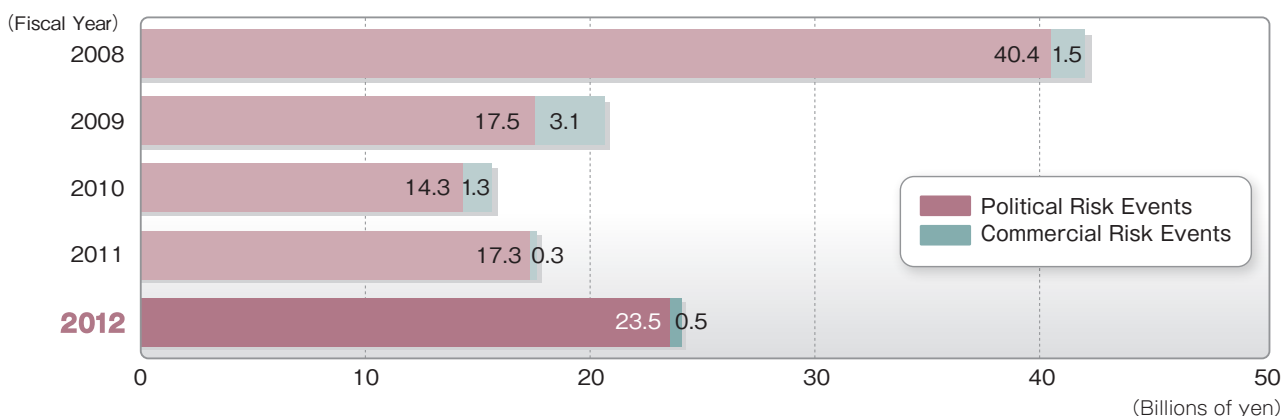
Premium Income by Insurance Type

Premium income for Overseas Untied Loan Insurance was the largest at about JPY 17.9 billion, or 46.2% of the total amount, due to large-scale project coverage, followed by Export Credit Insurance at about JPY 11.9 billion, or 30.8%.



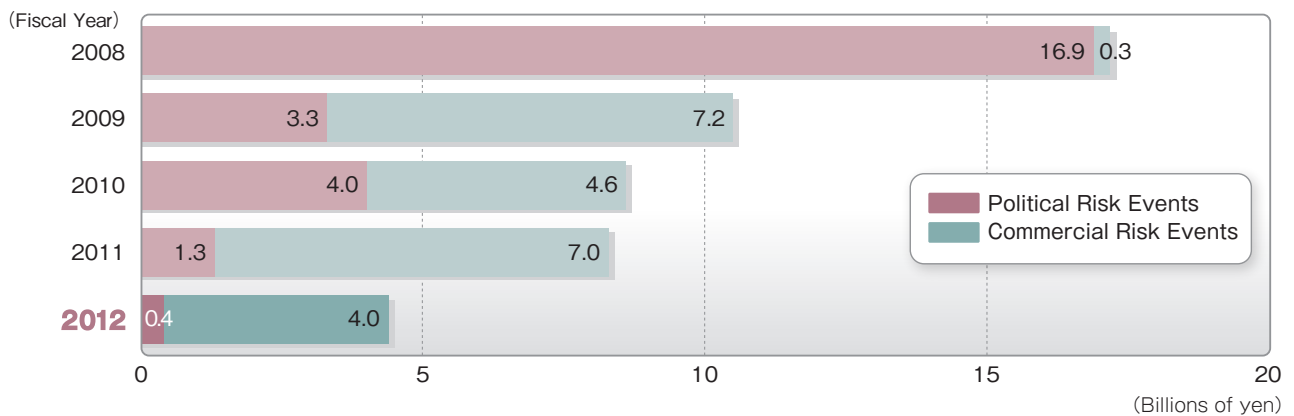
Recoveries

The amount of recoveries in FY2012 increased by 35.9% from the previous fiscal year to about JPY 24 billion. Recoveries of claims associated with commercial risk events accounted for 2% of the total recoveries, with the remaining 98% associated with political risk events such as rescheduling.



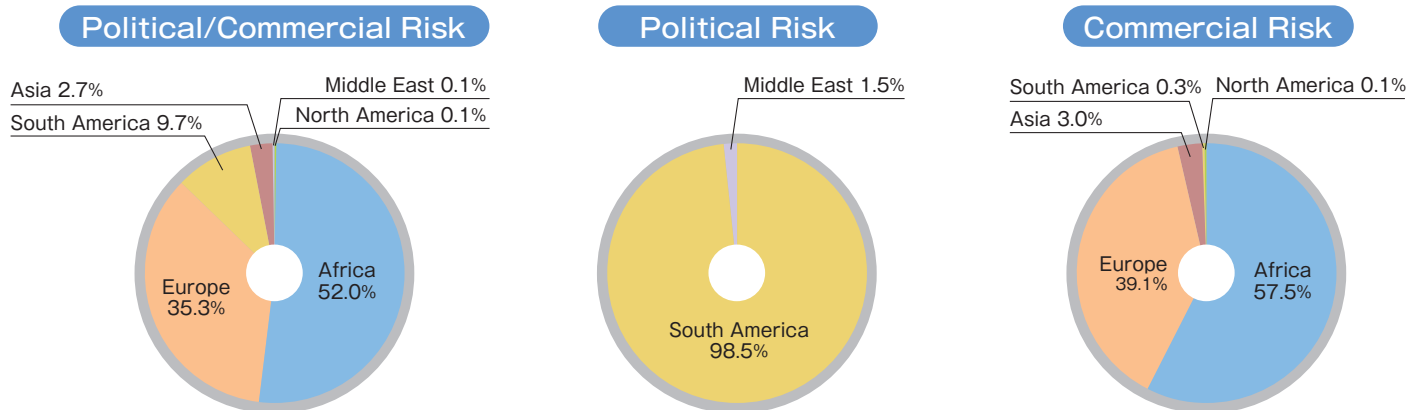
Insurance Claims Paid

Claims paid in FY2012 were down by 47.2% to about JPY 4.4 billion. This was because claims paid due to commercial risk events decreased compared to the previous fiscal year, when a large-scale commercial risk event occurred.



Insurance Claims Paid (By Region)

Amount of claims paid for African transactions was the largest at about JPY 2.3 billion or 52.0% of the total amount, largely due to a commercial risk event concerning exports to Liberia.



Top Five Countries/Regions in Terms of Insurance Claims Paid

(Millions of yen)

| | Country/Region | Total | Political Risk | Commercial Risk |
|---|----------------|-------|----------------|-----------------|
| 1 | Liberia | 2,297 | 0 | 2,297 |
| 2 | Ukraine | 1,165 | 0 | 1,165 |
| 3 | Argentina | 418 | 418 | 0 |
| 4 | Italy | 156 | 0 | 156 |
| 5 | France | 155 | 0 | 155 |

Insured Events in FY2012 (Based on the data as of the end of May 2013)

Insured Events by Risk (Year-on-Year Change)

Both political and commercial risk events increased in number and amount in FY2012. The reported 715 events amounted to JPY 39.6 billion in total. The political risk event increase was caused by events in South America and the Middle East, and the commercial risk events increased due to the eurozone crisis.

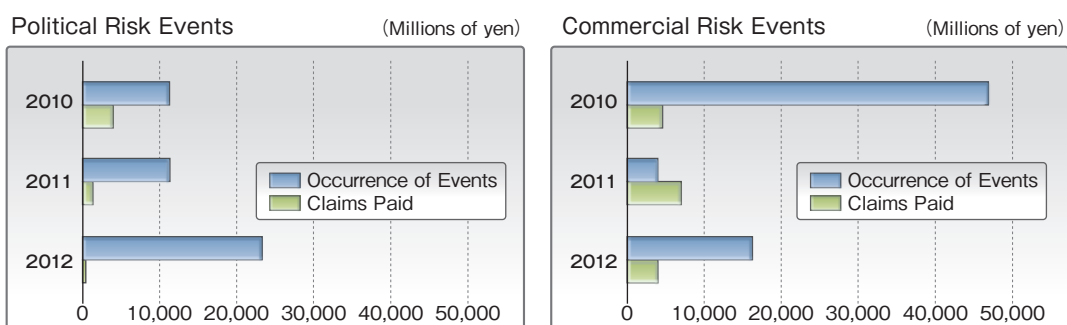
Claims payment in FY2012 amounted to about JPY 4.4 billion (59 events). Insured events increased in number while claims paid decreased, as most of the payments in arrears were paid before insurance claims were made.

(Millions of yen)

| Type of Risks | | | FY2010 | FY2011 | FY2012 | Year-on-Year Change (%) | |
|----------------------|------------------------|--------|--------|--------|--------|-------------------------|--------|
| Occurrence of Events | Political Risk Events | Amount | 11,283 | 11,333 | 23,303 | 105.6 | |
| | | Number | 139 | 99 | 522 | 427.3 | |
| | Commercial Risk Events | Amount | 46,872 | 3,974 | 16,262 | 309.2 | |
| | | Number | 285 | 133 | 193 | 45.1 | |
| | Amount Total | | | 58,154 | 15,307 | 39,565 | 158.5 |
| | Number Total | | | 424 | 232 | 715 | 208.2 |
| Claims Paid | Political Risk Events | Amount | 3,972 | 1,342 | 424 | (68.4) | |
| | | Number | 52 | 15 | 2 | (86.7) | |
| | Commercial Risk Events | Amount | 4,603 | 7,017 | 3,993 | (43.1) | |
| | | Number | 91 | 34 | 57 | 67.6 | |
| | Amount Total | | | 8,574 | 8,359 | 4,416 | (47.2) |
| | Number Total | | | 143 | 49 | 59 | 20.4 |

Note: The number and amount of insured events are based on Notice of Occurrence of Insured Risk and Notice of Occurrence of Losses received during each fiscal year.

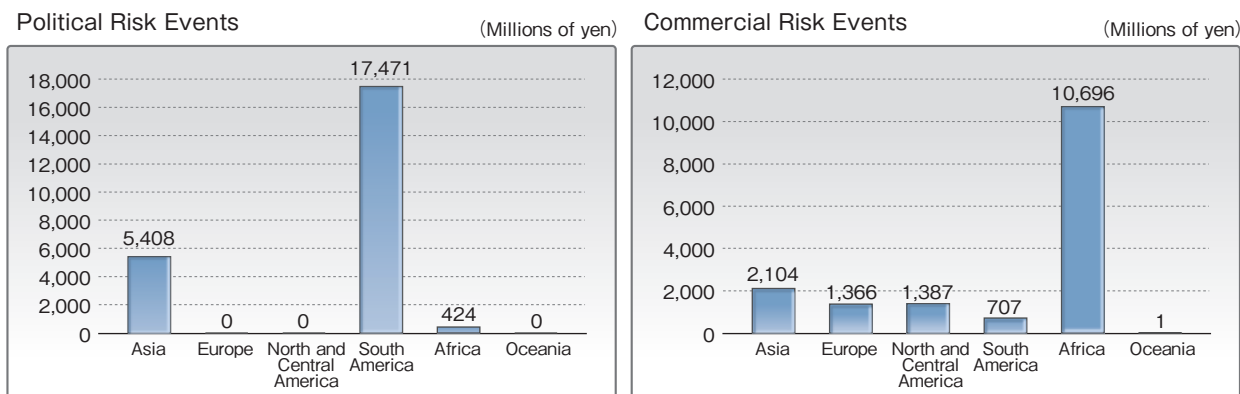
Changes in Amount of Insured Events and Claims Paid (FY2010 - FY2012)



Occurrence of Insured Events by Region

In FY2012, 98% of political risk events (in terms of amount) occurred in South America and Asia (including the Middle East). Major causes of the events were “restriction of currency exchanges” due to foreign currency quota (South America) and “other events outside Japan” (Middle East). Most of the commercial risk event amount was associated with Africa (accounting for about 66%) due to occurrence of a large-scale bankruptcy.

Amount of Insured Events by Region (FY2012)



Review of Performance

Underwritten Amount

Underwritten Amount by Insurance Type

(Millions of yen)

| Type of Insurance | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | Composition (%) | Year-on-year change (%) |
|--|------------------|------------------|------------------|------------------|------------------|-----------------|-------------------------|
| Export Credit Insurance | 8,344,955 | 6,231,455 | 7,308,903 | 7,110,487 | 6,151,894 | 74.1 | (13.5) |
| One year or less | 3,679,428 | 2,747,597 | 3,498,241 | 3,321,146 | 3,451,195 | 41.6 | 3.9 |
| More than one year | 4,665,528 | 3,483,858 | 3,810,662 | 3,789,341 | 2,700,699 | 32.5 | (28.7) |
| Buyer's Credit Insurance | 41,335 | 91,382 | 239,764 | 343,996 | 123,290 | 1.5 | (64.2) |
| Export Bill Insurance | 25,886 | 19,986 | 20,199 | 16,549 | 12,295 | 0.1 | (25.7) |
| Export Bond Insurance | 0 | 0 | 0 | 0 | 0 | 0.0 | — |
| Prepayment Import Insurance | 345 | 107 | 0 | 254 | 1 | 0.0 | — |
| Overseas Investment Insurance | 281,717 | 213,193 | 219,229 | 440,367 | 530,106 | 6.4 | 20.4 |
| Overseas Untied Loan Insurance | 984,806 | 1,606,754 | 741,082 | 549,068 | 1,369,370 | 16.5 | 149.4 |
| Trade Insurance for Standing Orders from Specific Buyer | 5,928 | 9,653 | 11,761 | 10,311 | 9,331 | 0.1 | (9.5) |
| Export Credit Insurance for SMEs | 444 | 646 | 624 | 567 | 1,304 | 0.0 | 130.0 |
| Comprehensive Export Insurance with Simplified Procedure | — | — | 1,392 | 14,340 | 19,162 | 0.2 | 33.6 |
| Reinsurance | 41,552 | 25,885 | 39,998 | 51,834 | 83,311 | 1.0 | 60.7 |
| Total | 9,726,968 | 8,199,062 | 8,582,951 | 8,537,772 | 8,300,064 | 100.0 | (2.8) |

(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. (The same applies to the table below.)

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

(Note 3) The floating interest coverage option in Buyer's Credit Insurance and Overseas Untied Loan Insurance is evaluated with an amount calculated using the maximum rate (20% per annum). (The same applies to the table below)

Underwritten Amount by Region

(Millions of yen)

| Region | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | Composition (%) | Year-on-year change (%) |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------------|-------------------------|
| Asia | 4,437,621 | 3,604,106 | 4,506,009 | 4,381,676 | 4,003,749 | 44.9 | (8.6) |
| Middle East | 1,220,586 | 793,380 | 711,115 | 947,276 | 591,102 | 6.6 | (37.6) |
| Europe | 1,284,625 | 987,617 | 965,790 | 895,278 | 795,756 | 8.9 | (11.1) |
| North America | 617,350 | 842,520 | 302,121 | 261,013 | 293,729 | 3.3 | 12.5 |
| Central America | 1,147,354 | 1,029,527 | 1,065,227 | 1,086,265 | 903,421 | 10.1 | (16.8) |
| South America | 844,275 | 363,382 | 601,494 | 825,627 | 883,707 | 9.9 | 7.0 |
| Africa | 739,050 | 526,435 | 469,999 | 479,742 | 447,219 | 5.0 | (6.8) |
| Oceania | 251,302 | 463,329 | 580,589 | 148,645 | 833,730 | 9.3 | 460.9 |
| International Organizations | 58,023 | 106,123 | 160,254 | 116,006 | 167,972 | 1.9 | 44.8 |

(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) The amount is classified in International Organizations instead of regions when guaranteed by an international organization.

(Note 4) Central Asia is included in Asia. (The same applies hereafter.)

(Note 5) Central and Eastern Europe and Russia are included in Europe. (The same applies hereafter.)

Outstanding Commitment (As of fiscal year end)

Outstanding Commitment by Insurance Type

(Millions of yen)

| Type of Insurance | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | Composition (%) | Year-on-year change (%) |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|-------------------------|
| Export Credit Insurance | 9,336,297 | 7,959,765 | 8,184,301 | 8,099,696 | 8,167,551 | 63.2 | 0.8 |
| One year or less | 2,396,838 | 2,022,794 | 2,601,992 | 2,337,812 | 3,097,421 | 24.0 | 32.5 |
| More than one year | 6,939,458 | 5,936,971 | 5,582,309 | 5,761,884 | 5,070,130 | 39.3 | (12.0) |
| Buyer's Credit Insurance | 524,937 | 500,438 | 577,707 | 832,267 | 1,032,720 | 8.0 | 24.1 |
| Export Bill Insurance | 6,373 | 4,992 | 5,137 | 3,323 | 3,336 | 0.0 | 0.4 |
| Export Bond Insurance | 0 | 0 | 0 | 0 | 0 | 0.0 | — |
| Prepayment Import Insurance | 345 | 107 | 0 | 0 | 0 | 0.0 | — |
| Overseas Investment Insurance | 809,504 | 790,936 | 776,508 | 944,798 | 1,117,154 | 8.7 | 18.2 |
| Overseas Untied Loan Insurance | 1,247,619 | 2,030,689 | 2,155,666 | 2,129,124 | 2,241,104 | 17.4 | 5.3 |
| Trade Insurance for Standing Orders from Specific Buyer | 10,554 | 11,952 | 16,226 | 15,147 | 15,340 | 0.1 | 1.3 |
| Export Credit Insurance for SMEs | 83 | 161 | 168 | 145 | 499 | 0.0 | 244.5 |
| Comprehensive Export Insurance with Simplified Procedure | — | — | 1,332 | 5,830 | 5,959 | 0.0 | 2.2 |
| Reinsurance | 124,769 | 147,313 | 174,558 | 219,207 | 330,785 | 2.6 | 50.9 |
| Total | 12,060,482 | 11,446,354 | 11,891,603 | 12,249,536 | 12,914,446 | 100.0 | 5.4 |

(Note 1) For transactions in foreign currency, the amount is based on the exchange rate of each fiscal year-end.

(Note 2) The floating interest coverage option of Buyer's Credit Insurance is evaluated with an amount calculated using the maximum rate (20% per annum). (The same applies to the table below)

Outstanding Commitment by Region

(Millions of yen)

| Region | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | Composition (%) | Year-on-year change (%) |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------------|-------------------------|
| Asia | 4,852,423 | 4,305,435 | 4,826,289 | 5,223,394 | 5,591,707 | 41.9 | 7.1 |
| Middle East | 3,228,462 | 2,531,022 | 2,096,943 | 1,919,569 | 1,852,988 | 13.9 | (3.5) |
| Europe | 1,133,428 | 1,237,234 | 1,361,156 | 1,563,996 | 1,778,936 | 13.3 | 13.7 |
| North America | 616,611 | 869,422 | 840,569 | 651,853 | 375,726 | 2.8 | (42.4) |
| Central America | 681,062 | 735,762 | 754,325 | 698,215 | 620,925 | 4.6 | (11.1) |
| South America | 788,489 | 750,377 | 675,266 | 824,239 | 1,050,016 | 7.9 | 27.4 |
| Africa | 796,105 | 903,281 | 864,959 | 890,361 | 788,076 | 5.9 | (11.5) |
| Oceania | 249,099 | 349,574 | 744,995 | 774,131 | 1,092,066 | 8.2 | 41.1 |
| International Organizations | 95,667 | 158,757 | 227,419 | 218,854 | 202,893 | 1.5 | (7.3) |

(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) The amount is classified in International Organizations instead of regions when guaranteed by an international Organization.

Premium Income

Premium Income by Insurance Type

(Millions of yen)

| Type of Insurance | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | Composition (%) | Year-on-year change (%) |
|--|---------------|---------------|---------------|---------------|---------------|-----------------|-------------------------|
| Export Credit Insurance | 17,708 | 13,596 | 15,157 | 14,074 | 11,943 | 30.8 | (15.1) |
| One year or less | 4,786 | 3,866 | 5,754 | 5,462 | 5,025 | 13.0 | (8.0) |
| More than one year | 12,922 | 9,730 | 9,403 | 8,611 | 6,918 | 17.8 | (19.7) |
| Buyer's Credit Insurance | 1,422 | 1,155 | 6,869 | 3,953 | 1,524 | 3.9 | (61.5) |
| Export Bill Insurance | 221 | 184 | 185 | 146 | 111 | 0.3 | (24.0) |
| Export Bond Insurance | 0 | 0 | 0 | 0 | 0 | 0.0 | — |
| Prepayment Import Insurance | 3 | 1 | 0 | 0 | 0 | 0.0 | — |
| Overseas Investment Insurance | 2,669 | 2,956 | 2,595 | 3,177 | 3,718 | 9.6 | 17.0 |
| Overseas Untied Loan Insurance | 14,592 | 21,425 | 13,477 | 10,065 | 17,924 | 46.2 | 78.1 |
| Trade Insurance for Standing Orders from Specific Buyer | 196 | 283 | 399 | 391 | 321 | 0.8 | (17.9) |
| Export Credit Insurance for SMEs | 5 | 6 | 6 | 6 | 12 | 0.0 | 102.4 |
| Comprehensive Export Insurance with Simplified Procedure | — | — | 6 | 38 | 38 | 0.1 | 0.7 |
| Reinsurance | 953 | 597 | 1,064 | 1,528 | 3,207 | 8.3 | 109.8 |
| Total | 37,769 | 40,203 | 39,757 | 33,378 | 38,797 | 100.0 | 16.2 |

Insurance Claims Paid

Insurance Claims Paid (By Insurance Type and by Risk)

(Millions of yen)

| Type of Insurance | FY2008 | | | FY2009 | | | FY2010 | | | FY2011 | | | FY2012 | | | Composition (%) | Year-on-year change (%) |
|--|---------------|---------------|------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|-----------------|-------------------------|
| | Political | Commercial | | Political | Commercial | | Political | Commercial | | Political | Commercial | | Political | Commercial | | | |
| Export Credit Insurance | 17,124 | 16,858 | 266 | 9,591 | 3,268 | 6,323 | 7,346 | 3,972 | 3,375 | 7,157 | 1,342 | 5,815 | 3,079 | 424 | 2,655 | 69.7 | (57.0) |
| Buyer's Credit Insurance | 0 | 0 | 0 | 97 | 0 | 97 | 1,209 | 0 | 1,209 | 1,165 | 0 | 1,165 | 1,165 | 0 | 1,165 | 26.4 | (0.0) |
| Export Bill Insurance | 31 | 0 | 31 | 187 | 0 | 187 | 16 | 0 | 16 | 34 | 0 | 34 | 3 | 0 | 3 | 0.1 | (91.5) |
| 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 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | — |
| Trade Insurance for Standing Orders from Specific Buyer | 4 | 0 | 4 | 429 | 0 | 429 | 1 | 0 | 1 | 0 | 0 | 0 | 168 | 0 | 168 | 3.8 | — |
| Export Credit Insurance for SMEs | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 2 | 3 | 0 | 3 | 2 | 0 | 2 | 0.0 | (43.2) |
| Comprehensive Export Insurance with Simplified Procedure | — | — | — | — | — | — | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | — |
| Reinsurance | 0 | 0 | 0 | 137 | 0 | 137 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | — |
| Total | 17,159 | 16,858 | 301 | 10,441 | 3,268 | 7,173 | 8,574 | 3,972 | 4,603 | 8,359 | 1,342 | 7,017 | 4,416 | 424 | 3,993 | 100.0 | (47.2) |

Insurance Claims Paid (By Region)

(Millions of yen)

| Region | FY2008 | | | FY2009 | | | FY2010 | | | FY2011 | | | FY2012 | | | Composition (%) | Year-on-year change (%) |
|-----------------|---------------|---------------|------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|-----------------|-------------------------|
| | Political | Commercial | | Political | Commercial | | Political | Commercial | | Political | Commercial | | Political | Commercial | | | |
| Asia | 235 | 0 | 235 | 5,971 | 0 | 5,971 | 48 | 0 | 48 | 5,624 | 0 | 5,624 | 121 | 0 | 121 | 2.7 | (97.8) |
| Middle East | 0 | 0 | 0 | 237 | 0 | 237 | 1,075 | 11 | 1,064 | 5 | 5 | 0 | 6 | 6 | 0 | 0.1 | 25.0 |
| Europe | 7 | 0 | 7 | 150 | 0 | 150 | 1,249 | 0 | 1,249 | 1,262 | 0 | 1,262 | 1,560 | 0 | 1,560 | 35.3 | 23.6 |
| North America | 23 | 13 | 9 | 38 | 35 | 3 | 2,119 | 0 | 2,119 | 0 | 0 | 0 | 2 | 0 | 2 | 0.0 | — |
| Central America | 15,547 | 15,497 | 50 | 2,680 | 2,677 | 3 | 2,974 | 2,851 | 123 | 88 | 77 | 10 | 0 | 0 | 0 | 0.0 | (100.0) |
| South America | 1,347 | 1,347 | 0 | 1,207 | 556 | 651 | 1,084 | 1,084 | 0 | 974 | 951 | 23 | 430 | 418 | 12 | 9.7 | (55.8) |
| Africa | 0 | 0 | 0 | 0 | 0 | 0 | 26 | 26 | 0 | 407 | 309 | 99 | 2,297 | 0 | 2,297 | 52.0 | 464.3 |
| Oceania | 1 | 0 | 1 | 158 | 0 | 158 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | — |
| Total | 17,159 | 16,858 | 301 | 10,441 | 3,268 | 7,173 | 8,574 | 3,972 | 4,603 | 8,359 | 1,342 | 7,017 | 4,416 | 424 | 3,993 | 100.0 | (47.2) |

Recoveries

Recoveries by Risk

(Millions of yen)

| Type of Risks | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | Composition (%) | Year-on-year change (%) |
|-----------------|---------|--------|--------|--------|--------|--------|--------|-----------------|-------------------------|
| Political Risk | 235,065 | 54,284 | 40,393 | 17,451 | 14,327 | 17,330 | 23,531 | 98.0 | 35.8 |
| Commercial Risk | 12,247 | 3,181 | 1,462 | 3,064 | 1,313 | 338 | 486 | 2.0 | 44.0 |
| Total | 247,312 | 57,465 | 41,855 | 20,515 | 15,640 | 17,668 | 24,017 | 100.0 | 35.9 |

Recoveries by Region

(Millions of yen)

| Region | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | Composition (%) | Year-on-year change (%) |
|-----------------|---------|--------|--------|--------|--------|--------|--------|-----------------|-------------------------|
| Asia | 23,874 | 7,451 | 6,354 | 8,397 | 5,523 | 5,673 | 6,298 | 26.2 | 11.0 |
| Middle East | 2,112 | 2,520 | 1,404 | 1,342 | 1,357 | 3,510 | 8,172 | 34.0 | 132.8 |
| Europe | 100,373 | 31,967 | 25,349 | 2,515 | 1,028 | 814 | 1,154 | 4.8 | 41.8 |
| North America | 0 | 0 | 1 | 0 | 778 | 1 | 30 | 0.1 | 2900.0 |
| Central America | 3,051 | 2,483 | 480 | 571 | 193 | 510 | 241 | 1.0 | (52.7) |
| South America | 35,435 | 6,882 | 2,230 | 1,705 | 1,155 | 1,176 | 1,536 | 6.4 | 30.9 |
| Africa | 82,466 | 6,160 | 6,037 | 5,985 | 5,608 | 5,970 | 6,587 | 27.4 | 10.3 |
| Oceania | 0 | 3 | 1 | 0 | 0 | 14 | 0 | 0.0 | (100.0) |
| Total | 247,312 | 57,465 | 41,855 | 20,515 | 15,640 | 17,668 | 24,017 | 100.0 | 35.9 |

Recoveries in FY2012

Recoveries by Risk

Recoveries for FY2012 increased by 35.9% (JPY 6.4 billion) to JPY 24 billion from the previous fiscal year's JPY 17.6 billion.

Looking at a breakdown by type of risk, recoveries for commercial risk events accounted for about 2% (JPY 0.5 billion) of the total recoveries, and recoveries for political risk events such as rescheduling accounted for the remaining 98% (JPY 23.5 billion). The commercial risk event recoveries declined for two consecutive years due to a decrease in large-scale project recoveries.

Recoveries by Region and Country

In a breakdown by region, recoveries from the Middle East accounted for the largest share of 34%, or JPY 8.1 billion, up by 132% from the previous fiscal year. Debts of JPY 6.6 billion were recovered from Iraq and JPY 1.4 billion were recovered from Jordan.

Recoveries from Africa accounted for the second largest share (26.2%), increasing by 11% from the previous fiscal year to JPY 6.5 billion. The amounts recovered include JPY 6.1 billion from Egypt, JPY 0.3 billion from Libya, and JPY 60 million from Gabon.

Recoveries from Asia were JPY 6.2 billion (JPY 5.1 billion from Indonesia, JPY 1.0 billion from Myanmar, and JPY 0.1 billion from Pakistan). Recoveries of JPY 1.5 billion were from South America (JPY 0.9 billion from Argentina, JPY 0.3 billion from Ecuador, and JPY 0.2 billion from Chile), and recoveries from North and Central America were JPY 0.2 billion (JPY 0.1 billion from Dominican Republic, JPY 80 million from Antigua and Barbuda, and JPY 30 million from Canada).

As for recoveries by country, countries with the largest recoveries were Iraq, Egypt, Indonesia, Jordan, and Myanmar. These five countries accounted for about 85% of the total recoveries from 34 countries. Recoveries from Iraq increased in this fiscal year because the country started to repay principal in July 2011.

Underwritten Projects

Asia

Vietnam

Vinacomin's Bauxite Mining and Alumina Refinery Project in Lam Dong Province

Vietnam National Coal and Mineral Industries Holding Corporation Limited (Vinacomin), Vietnam's state-owned coal mining firm, decided to develop a bauxite mine and construct the country's first alumina refinery in Lam Dong Province.

Citibank Japan Ltd., Mizuho Corporate Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, and The Bank of Tokyo-Mitsubishi UFJ, Ltd. agreed to provide loans of USD 300 million for this project, and NEXI provided Overseas Untied Loan Insurance for these loans.

The annual production of alumina is expected to be about 600 to 650 thousand tons, of which Marubeni Corporation has the right to purchase 160 to 180 thousand tons. The project will help secure stable supply of resources for Japanese businesses by ensuring a procurement source for alumina and providing a long-term supply of aluminum to Japanese companies, both in Japan and overseas.

The insurance contract was entered into in March 2013.



Photograph courtesy : Vinacomin

Singapore

Export of Equipment for a Desalination Plant

This is a project to export key desalination plant components from Mitsui & Co. Plant Systems, Ltd. of Japan to Hydrochem (S) Pte Ltd of Singapore. Hydrochem is a subsidiary of Hyflux Ltd., a global desalination plant supplier and one of the world's leading fully-integrated water solutions companies, with operations and projects in Southeast Asia, China, India and the Middle East and North Africa.

In June 2012, Mizuho Corporate Bank, Ltd. agreed to extend a loan for the purchase of key components for Hyflux's Tuaspring Desalination Plant in Singapore, one of Asia's largest seawater reverse osmosis desalination plants, and NEXI provided Buyer's Credit Insurance for Mizuho's loan.

Through Mitsui, Toray Industries Inc supplied reverse osmosis (RO) membrane elements and Torishima Pump Mfg. Co., Ltd supplied high pressure pumps. Tuaspring Desalination Plant, which will commence operations in the third quarter of 2013, will add another 318,500 m³/day of desalinated water to Singapore's water supply. Desalinated water, together with water with local catchments, imported water and NEWater, provide a diversified and sustainable water supply for Singapore.

Japanese companies have a competitive advantage in the field of water treatment membrane and high pressure pumps for seawater desalination plants, especially in terms of energy conservation and the environment. Even as the financial market remains difficult, NEXI will continue to provide financial support for exports by Japanese manufacturers with a reputation for advanced technology.

The insurance contract was entered into in June 2012



Photograph courtesy : Hyflux Ltd

South America

■ Colombia

Drummond Coal Mines Investment

ITOCHU Corporation has acquired a 20 percent stake in Colombian coal mining operations owned by Drummond Company Inc. of the US. ITOCHU and Drummond are planning to increase their current coal production of about 30 million tons per annum to about 35 to 40 million tons by expanding mining areas, railways and port facilities.

NEXI provided Overseas Investment Insurance to cover ITOCHU's investment made to acquire the stake through its US subsidiary. NEXI also provided Overseas Untied Loan Insurance to support ITOCHU's guarantee of its subsidiary's borrowing for the acquisition.

The coal interest acquired by ITOCHU accounts for about 4 percent of Japan's annual coal imports. As the project is expected to contribute to stable energy supply to Japan, NEXI applied coverage in the form of Investment and Loan Insurance for Natural Resources and Energy.

The insurance contract was entered into in October 2012.



Photograph courtesy : ITOCHU Corporation

■ Chile

Cochrane Coal-Fired Power Project

Mitsubishi Corporation has decided to construct and operate a 472MW coal-fired power plant at the northern end of Chile together with AES Gener, a Chilean company. When it begins commercial operation, the project will supply electricity under power purchase agreements to a number of projects and companies, including the Sierra Gorda Copper Mining Project, an undertaking in which Japanese companies are participating and for which NEXI decided to provide Overseas Untied Loan Insurance (Investment and Loan Insurance for Natural Resources and Energy).

The project company, Empresa Electrica Cochrane SpA, raised USD 1.0 billion through project financing, of which USD 250 million was provided in the form of loans by Japanese financial institutions (Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank, Ltd., and The Bank of Tokyo-Mitsubishi UFJ, Ltd.). NEXI provided Overseas Untied Loan Insurance for these loans.

This project promotes Japanese business expansion overseas and supports infrastructure development in the Sierra Gorda Copper Mining Project, which is an undertaking that contributes to stable natural resources supplies to Japan.

The insurance contract was entered into in March 2013.



Photograph courtesy : Mitsubishi Corporation

Oceania

Australia

Australia Ichthys LNG Project

The Ichthys LNG Project is a large-scale LNG development project led by INPEX CORPORATION, together with Total S.A. of France, Tokyo Gas Co., Ltd, Osaka Gas Co., Ltd, Chubu Electric Power Co., Inc, and Toho Gas Co., Ltd of Japan. The project is developing a new gas-condensate field called Ichthys located about 200km offshore Western Australia. It will send the natural gas it produces to Darwin from newly constructed offshore production facilities through an 889-km subsea gas pipeline. The natural gas will be liquefied at an onshore LNG plant in Darwin for export.

Of the USD 20 billion that Ichthys LNG Pty Ltd, the project company, raised in project financing, a portion was provided by loans from Japanese banks, among them Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation. NEXI's Overseas Untied Loan Insurance (Investment and Loan Insurance for Natural Resources and Energy) was provided to cover loans of USD 2.75 billion, the largest amount ever underwritten by NEXI.

The project will produce and ship 8.4 million tons of LNG per year, about 70 percent of which will be exported to Japan. Through its involvement in this project, INPEX has become the first Japanese company to plan, construct and operate an LNG project as operator. The project is expected to contribute to stable energy supply to Japan.

The insurance contract was entered into in December 2012.



Photograph courtesy : INPEX CORPORATION



Europe

UK

Intercity Express Project

Through its affiliate in the United Kingdom, Agility Trains West Limited, Hitachi, Ltd. concluded a contract for an Intercity Express Programme that is an initiative of the UK Department for Transport. The project will completely replace older intercity trains that have been in service for over three decades. Hitachi will come into possession of trains and maintenance yards through Agility, and will continuously lease trains in maintained condition for a period of around thirty years.

NEXI provided Overseas Untied Loan Insurance for loans extended to Agility by Japanese financial institutions (The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Corporate Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mitsubishi UFJ Trust and Banking Corporation and Sumitomo Mitsui Trust Bank, Limited).

The new set of high-speed trains will reduce the travel time between London and the southwestern UK. And the introduction of bi-mode trains that can switch back and forth between electric power in electrified sections and diesel power in non-electrified sections will reduce environmental impact.

NEXI's insurance coverage for this project will help increase opportunities for Japanese companies to expand their railcar businesses overseas, and will also contribute to the Japanese government's policy of promoting exports of packaged infrastructure systems.

The insurance contract was entered into in July 2012.



Photograph courtesy : Hitachi, Ltd



Middle East

Jordan

IPP3 Diesel Power Plant Project

Mitsubishi Corporation has launched a project for the construction and operation of a 573MW diesel power plant in eastern Amman, Jordan, with Korean and Finnish companies. Following the start of commercial operation, electricity from the plant will be sold to the National Electric Power Co. (NEPCO) based on a power purchase agreement.

Three Japanese banks (The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Corporate Bank, Ltd. and Sumitomo Mitsui Banking Corporation) agreed to provide a loan of USD 181 million to the project company, Amman Asia Electric Power PSC, and NEXI provided Overseas Untied Loan Insurance for the loan.

The insurance that NEXI provides for the project contributes to Japanese business expansion in the Middle East. NEXI will continue to actively support Japanese business overseas.

The insurance contract was entered into in January 2013.



Photograph courtesy : Amman Asia Electric Power Co.



Africa

■ Ethiopia

A project to export Boeing 787s to Ethiopian Airlines

NEXI provided reinsurance for Boeing's export of B787 aircraft to Ethiopian Airlines based on a reinsurance agreement concluded with the Export-Import Bank of the United States. The project involves the procurement of 10 highly fuel-efficient 787s by Ethiopian Airlines.

NEXI has supported the export of a total of 183 Boeing aircraft to 29 airlines since the reinsurance agreement was signed in 2004.

Japanese companies participated as partners in the joint development and production of the Boeing 787. Thus, Japanese technologies are used in a broad range of components, including the wings, fuselage, tires and cabin. NEXI will continue to support exports of aircraft parts by Japanese suppliers through reinsurance associated with exports by Boeing.

The insurance contract was entered into in August 2012.



Photograph courtesy : Boeing



2012 Financial Results

Fiscal Year 2012 in Review

On June 21, 2013, the Incorporated Administrative Agency Nippon Export and Investment Insurance (NEXI) submitted financial statements and other financial information for FY2012 ended March 31, 2013 (its 12th year of operation) to the Minister of Economy, Trade, and Industry.

Overview of Financial Statements

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

(Millions of yen)

| | 8th (FY2008) | 9th (FY2009) | 10th (FY2010) | 11th (FY2011) | 12th (FY2012) |
|---|-----------------|-----------------|------------------|------------------|------------------|
| Ordinary profit (loss) | 1,899 | 5,724 | 5,777 | 9,006 | 8,404 |
| Ordinary income | 13,306 | 17,286 | 17,111 | 16,240 | 16,866 |
| (Underwriting income) | 10,051 | 12,504 | 11,084 | 10,538 | 9,910 |
| (reference) Premium of original insurance written | 36,816 | 39,606 | 38,693 | 31,849 | 35,590 |
| Net premium written | 10,051 | 10,784 | 11,075 | 8,972 | 9,908 |
| Reversal of outstanding claims provision | — | 1,713 | — | 1,562 | — |
| (Investment income) | 3,153 | 4,409 | 5,869 | 5,503 | 6,524 |
| (Foreign exchange gain) | — | 198 | — | 31 | 182 |
| Ordinary expenses | 11,408 | 11,562 | 11,334 | 7,234 | 8,462 |
| (Underwriting expenses) | 3,774 | 4,431 | 4,184 | 1,394 | 3,185 |
| (reference) Insurance claims paid | 17,159 | 10,441 | 8,574 | 8,359 | 4,416 |
| Net claims paid | 1,582 | 976 | 749 | 741 | 388 |
| Provision for outstanding claims reserves | 2,198 | — | 1,768 | — | 342 |
| Provision for outstanding commitments reserves | 912 | 3,012 | 2,409 | 690 | 2,466 |
| (Foreign exchange loss) | 77 | — | 76 | — | — |
| (Operating and administrative expenses) | 7,543 | 7,116 | 7,075 | 5,840 | 5,261 |
| Extraordinary profit (loss) | (3,360) | 11,009 | 15,830 | 17,599 | 12,022 |
| Net profit (loss) | (1,461) | 16,733 | 21,607 | 26,605 | 20,426 |
| Total assets | 305,703 | 315,683 | 339,262 | 371,754 | 368,664 |
| Net worth | 265,359 | 282,092 | 303,699 | 330,304 | 321,002 |

(Note) Extraordinary profit (loss) includes valuation of profits or losses related to government-invested assets.

Profits and Losses

In FY2012, net premium written increased by 9% to JPY 9,908 million compared to the previous fiscal year. Premium income from Export Credit Insurance decreased as Japanese exports dropped for two consecutive years, while an increase in Overseas Untied Loan Insurance and Overseas Investment Insurance more than offset the decrease in Export Credit Insurance. Ordinary income also increased by 4% to JPY 16,866 million as a result of further exchange of securities for super long-term government bonds with a higher interest rate, which generated an investment income of JPY 6,524 million.

Net claims paid amounted to JPY 388 million, down 47% from the previous fiscal year, due to a lack of large commercial risk events. On the other hand, a large-scale project underwritten under the Overseas Untied Loan Insurance led to an increase in provision for outstanding commitments reserves by 257% to JPY 2,466 million. Ordinary expenses amounted to JPY 8,462 million, up 17% compared to the previous fiscal year.

As a result, ordinary profit in FY2012 was JPY 8,404 million, down 7% from the previous fiscal year.

Extraordinary profit was JPY 12,022 million, which includes valuation gains from receivables acquired by subrogation that were successfully recovered according to rescheduling agreement.

Net profit for the fiscal year was therefore JPY 20,426 million.

● Financial Statements

Balance Sheet (As of March 31, 2013)

| (Millions of yen) | | | |
|--|----------------|--|----------------|
| Account title | Amount | Account title | Amount |
| (Assets) | | (Liabilities) | |
| Cash and cash equivalents | 10,937 | Outstanding claims reserves | 1,673 |
| Securities | 274,238 | Reserves for outstanding commitments | 22,673 |
| Receivables subrogated by paying claims | 233,025 | Amount due to the reinsurer | 12,767 |
| Accrued income | 1,727 | Deposits received | 30 |
| Accrued premium | 10,912 | Advance insurance premium | 4,591 |
| Reinsurance credit | 3,177 | Accrued amount payable | 5,228 |
| Buildings ^(Note 2) | 99 | Accrued bonuses | 101 |
| Equipment and fixtures ^(Note 3) | 885 | Reserves for retirement allowance | 365 |
| Accounts receivable | 135 | Other liabilities | 234 |
| Deposits | 397 | Total liabilities | 47,662 |
| Software | 363 | (Net Worth) | |
| Other assets | 578 | Capital | |
| Allowance for uncollectible receivables | (167,809) | Government investment | 104,352 |
| | | Capital surplus ^(Note 4) | 143,402 |
| | | Retained earnings | |
| | | Third term period reserve fund carried forward | 52,822 |
| | | Unappropriated retained earnings | 20,426 |
| | | (of which profit for the current year) | 20,426 |
| | | Total retained earnings | 73,248 |
| | | Total net worth | 321,002 |
| Total assets | 368,664 | Total liabilities and net worth | 368,664 |

(Notes)

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

2. Accumulated depreciation on buildings is JPY 202 million.

3. Accumulated depreciation on equipment and fixtures is JPY 827 million.

4. The breakdown of capital surplus is as follows:

(Millions of yen)

| | |
|---|---------|
| Valuation difference of receivables subrogated by paying claims | 45,386 |
| Valuation difference of capitalized amount | 98,015 |
| (Total) | 143,402 |

Statement of Income (April 1, 2012–March 31, 2013)

(Millions of yen)

| Account title | Amount |
|--|---------------|
| Ordinary income | 16,866 |
| Underwriting income | 9,910 |
| Net premium written ^(Note 2) | 9,908 |
| Interest income on receivables subrogated by paying claims | 3 |
| Investment income | 6,524 |
| Income from interest | 2 |
| Interest on securities | 5,054 |
| Gain on sales of securities | 1,468 |
| Foreign exchange gain | 182 |
| Other | 250 |
| Other ordinary income | 250 |
| Ordinary expenses | 8,462 |
| Underwriting expenses | 3,185 |
| Net claims paid ^(Note 3) | 388 |
| Provision for outstanding claims reserves | 342 |
| Estimated amount of insurance claims recovery ^(Note 4) | (11) |
| Provision for outstanding commitments reserves | 2,466 |
| Operating and administrative expenses | 5,261 |
| Other | 16 |
| Other ordinary expenses | 16 |
| Ordinary profit | 8,404 |
| Extraordinary income | 12,024 |
| Profit relating to in-kind contribution of receivables acquired by government subrogation ^(Note 5) | 4,924 |
| Reversal of provision for uncollectible receivables relating to in-kind contribution of receivables acquired by government subrogation | 7,100 |
| Extraordinary loss | 2 |
| Losses relating to in-kind contribution of receivables acquired by government subrogation ^(Note 5) | 1 |
| Other extraordinary loss | 0 |
| Net profit | 20,426 |

(Notes)

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

2. Breakdown of net premium written (Millions of yen)

| | |
|--|--------------|
| Premium of original insurance written | 35,590 |
| Refund of premium paid for reinsurance | 1,830 |
| Premium received for reinsurance | 3,207 |
| Premium paid for reinsurance | (30,719) |
| (Net) | 9,908 |

3. Breakdown of net claims paid (Millions of yen)

| | |
|---------------------------------------|------------|
| Insurance claims paid | 4,416 |
| Reinsurance claims recovered | (4,022) |
| Refund of insurance claims paid | (70) |
| Refund of reinsurance claims received | 64 |
| (Net) | 388 |

4. Breakdown of the estimated amount of insurance claims recovery

(Millions of yen)

| | |
|---|-------------|
| (1) Capitalized and evaluated amount of subrogated receivables in connection with rescheduling agreements | |
| 1) Provision for uncollectible receivables | 6 |
| (2) Capitalized and evaluated amount of subrogated receivables in relation to commercial risk claims paid | |
| 1) Commercial-risk subrogated receivables | (386) |
| 2) Difference of estimated value between the current year and the previous year concerning subrogated receivables capitalized in line with the outstanding claims provision | 7 |
| 3) Bad debt loss | 2 |
| 4) Provision for uncollectible receivables | 391 |
| (3) Subrogated receivables recovered (not capitalized) | (31) |
| (Total) | (11) |

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

(1) Breakdown of profit relating to in-kind contribution of receivables acquired by government subrogation

| (Millions of yen) | |
|-----------------------|--------------|
| Interest income | 3,628 |
| Foreign exchange gain | 1,276 |
| Bad debt recovered | 20 |
| (Total) | 4,924 |

(2) Breakdown of losses relating to in-kind contribution of receivables acquired by government subrogation

| (Millions of yen) | |
|--------------------------|----------|
| Other extraordinary loss | 1 |
| (Total) | 1 |

Statement of Cash Flows (April 1, 2012–March 31, 2013)

(Millions of yen)

| | |
|---|----------------|
| I. Cash flows from operating activities | |
| Premium received | 36,176 |
| Reinsurance premium paid | (24,367) |
| Insurance claims paid | (4,349) |
| Reinsurance claims received | 7,224 |
| Income from recovery of receivables subrogated by paying claims | 24,057 |
| Payment of recovered receivables subrogated by paying claims | (14,003) |
| Income from recovery of receivables subrogated to the government | 9,025 |
| Payment of recovered receivables subrogated to the government | (9,188) |
| Personnel expenses | (1,312) |
| Other operating expenses | (3,318) |
| Other | 327 |
| Subtotal | 20,272 |
| Interests received | 8,753 |
| Interests paid | – |
| Payment to the national treasury | (32,473) |
| Net cash provided by operating activities | (3,448) |
| II. Cash flows from investing in activities | |
| Purchase of securities | (50,053) |
| Redemption and sale of securities | 54,428 |
| Purchase of fixed assets | (452) |
| Reversal of deposits | 9 |
| Net cash (used in) provided by investing activities | 3,933 |
| III. Cash flows from financing activities | |
| Net cash (used in) provided by financing activities | – |
| IV. Foreign exchange difference related to cash and cash equivalents | 11 |
| V. Net increase (decrease) in cash and cash equivalents | 496 |
| VI. Cash and cash equivalents at the beginning of the current year | 10,441 |
| VII. Cash and cash equivalents at the end of the current year | 10,937 |

(Notes)

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

2. Breakdown of cash at the end of the current year by line item of balance sheet

(Millions of yen)

| | |
|--|--------------|
| Cash and cash equivalents | 10,937 |
| Balance of cash at the end of the current year | Total 10,937 |

Notes

I. Important Accounting Principles

1. Accounting procedures for depreciation

(1) Depreciation of tangible fixed assets

Depreciation of tangible fixed assets is calculated by adopting a straight-line depreciation method. Useful life and residual values are calculated based on the same methods and standards stipulated in the Corporation Tax Act.

(2) Amortization of intangible fixed assets

Amortization of trademark rights has been calculated using a straight-line depreciation method that fixes its residual value at ¥0, in accordance with the estimated useful life stipulated in the Corporation Tax Act. Amortization of computer software being used in-house is calculated by a straight-line depreciation method that views the usability period (4 years) as estimated useful life and sets its residual value at ¥0.

2. Calculation basis of reserves for retirement allowances and estimates

To prepare for retirement allowance payments to board members and employees, a reserve is provided based on 100% of the amount of retirement allowances required by the rules for payment of retirement allowances to board members and by those that apply to employees, respectively. In accordance with the statement of administrative services costs, estimated increases in retirement allowances with no reserves set aside are computed by deducting "retirement allowance estimates at the end of the previous fiscal year for those who resigned" from the amount arrived at by deducting "the retirement allowance estimate at the end of the previous fiscal year" from the "retirement allowance estimate at the end of the current fiscal year" for all employees at the end of the current fiscal year.

3. Calculation of reserves for outstanding commitments, outstanding claims reserves, receivables subrogated by paying claims, and allowances for uncollectible receivables

Reserves for outstanding commitments, outstanding claims reserves, receivables subrogated by paying claims, and the allowances for uncollectible receivables are dealt by calculating the respective amounts in accordance with the following ordinance: "Concerning the calculation methods ordained 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).

4. Calculation of accrued bonuses

Accrued bonuses for board members and employees are provided based on the amount remaining in the fiscal year according to the rules for remuneration of board members and employees, respectively.

5. Valuation standards and methods for securities

- (1) Held-to-maturity securities are valued at amortized cost (using a straight-line method)
- (2) Other securities without market value are stated at cost using the moving average cost method.

6. Valuation of foreign-currency receivables and payables

Foreign-currency receivables and payables are converted into Japanese yen at fiscal year-end exchange rates.

7. Calculation of opportunity costs in the statement of administrative services costs

Interest rates for the calculation of opportunity costs relating to investments by the government at the yield of 10-year government bonds (0.560%) have been applied.

8. Accounting procedure for consumption tax

Consumption tax accounting is based on the "tax included" method.

9. Decommissioning liabilities

Restoration liabilities under the office lease have not been recorded as decommissioning liabilities because it is impossible to make a fair and reasonable estimate of them due to the unspecified lease period and the lack of a present plan to vacate the currently leased office.

10. Changes to accounting principles

No changes to the accounting principles from the previous fiscal year.

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, municipal, and government-backed bonds.

b. Financial instruments and risk

Receivables subrogated by paying insurance claims are exposed to debtor countries' or debtors' credit risk. Securities are exposed to interest rate and market fluctuation risks.

c. Financial instruments and risk management

(1) Country risk management

In concluding insurance contracts (that could cause the acquisition of receivables subrogated by paying insurance claims), NEXI's Country Risk Analysis Group conducts risk assessments by gathering information through the Berne Union and OECD as well as researching and evaluating country risk. Concluded contracts 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 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 policies and checks investment statuses. In addition, NEXI's Accounting Group, the secretary of the Fund Operation Meeting, monitors the bond market and liquidity risks.

d. Supplementary explanation regarding fair value of financial instruments

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

2. Fair value of financial instruments

The carrying amounts, fair value, and differences on the balance sheet as of the end of the fiscal year 2012

(Millions of yen)

| | Carrying amount | Fair value | Differences |
|---|-----------------|------------|-------------|
| (1) Cash and cash equivalents | 10,937 | 10,937 | — |
| (2) Securities | | | |
| Held-to-maturity securities | 274,238 | 304,021 | 29,783 |
| (3) Receivables subrogated by paying claims | | | |
| Receivables subrogated by paying claims | 233,025 | | |
| Allowance for uncollectible receivables(*) | (167,809) | | |
| (Net) | 65,216 | 65,216 | — |
| (4) Accrued premium | 10,912 | 10,912 | — |
| (5) Reinsurance credit | 3,177 | 3,177 | — |
| Assets | 364,479 | 394,262 | 29,783 |
| (6) Amount due to the reinsurer | 12,767 | 12,767 | — |
| Liabilities | 12,767 | 12,767 | — |

(*) 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 and municipal bonds | 266,739 | 296,522 | 29,783 |
| Fair value ≤ Carrying amount | Government and municipal bonds | 7,500 | 7,499 | (1) |
| Total | | 274,238 | 304,021 | 29,783 |

• The aggregate sales price of held-to-maturity securities sold during the business year is JPY 22,467 million. The aggregate gain on sale is JPY 1,468 million. These securities, which were purchased before the previous medium term, were sold for payment to the national treasury and 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 (1) and (2) of the accounting standards for incorporated administrative agencies.

(3) Receivables subrogated by paying claims

Regarding receivables subrogated by paying claims, allowances for uncollectible receivables are 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) Allowances for uncollectible receivables associated with receivables subrogated by paying political risk claims are calculated using a ratio that is based on the valuation by the global financial market regarding repayment prospects of each debtor country or by using a given ratio.
- (ii) Allowances for uncollectible receivables associated with receivables subrogated by paying commercial risk claims are calculated in two different ways. For receivables from debtors that are actually or nearly

(Millions of yen)

bankrupt, allowances are calculated by deducting foreclosure estimates and estimated amounts recoverable under a payment guarantee. For receivables from other debtors, allowances are obtained by calculating loss estimates based on the present value of estimated future cash flow or estimated amounts 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 allowances for uncollectible receivables, since it approximates this net carrying value.

(4)Accrued premium, (5) Reinsurance credit, and (6) Amount due to the reinsurer
Fair values of accrued premiums are 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

| | 1 year or less | More than 1 year to 3 years | More than 3 years To 5 years | More than 5 years to 10 years | More than 10 years to 20 years | More than 20 years | Undetermined (*) |
|--|----------------|-----------------------------|------------------------------|-------------------------------|--------------------------------|--------------------|------------------|
| Securities Held-to-maturity Securities | 7,500 | - | 25,000 | 26,500 | 214,500 | - | - |
| Receivables subrogated by paying claims | 14,579 | 22,130 | 18,327 | 43,190 | 40,013 | - | 94,786 |
| Total | 22,079 | 22,130 | 43,327 | 69,690 | 254,513 | - | 94,786 |

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

III. Important Multi-year Obligation

Not applicable

IV. Important Subsequent Events

Not applicable

V. Account Titles Used by NEXI

(1) Balance sheet

| Account title | Description |
|---|---|
| Receivables subrogated by paying claims | Total assets of receivables subrogated by NEXI's paying claims and the estimated amounts of potential subrogated receivables (recorded as assets with outstanding claims reserves being reported). |
| Accrued income | Total accrued interest on securities and receivables subrogated by paying claims (receivables subrogated by paying political risk claims) as of the end of the fiscal year. For receivables subrogated by paying political risk claims, accrued interest is included if the receivables are deemed collectible. |
| Accrued premium | Accrued insurance premiums associated with insurance applications. |
| Reinsurance credit | Amounts receivable from the government, such as reinsurance claims. |
| Outstanding claims reserves | Amounts considered necessary under future insurance contracts to cover incurred losses or losses recognized as having been incurred at the end of the fiscal year, recorded based on the ordinance "Concerning the calculation methods ordained 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). |
| Reserves for outstanding commitments | Amounts reserved to prepare for possible future claim payments under insurance and reinsurance contracts are recorded based on the ordinance "Concerning the calculation methods ordained 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). |
| Amount due to the reinsurer | Amount payable to the government (reinsurer) such as reinsurance premium. |
| Allowance for uncollectible receivables | Amount of receivables subrogated by paying claims after deduction of recoveries that should be paid to the insured. |
| Advance insurance premium | Insurance premium received with NEXI's obligation beginning from the next fiscal year or later. |
| Capital surplus | The valuation difference of an in-kind contribution of receivables acquired by government subrogation. ○Valuation difference of receivables subrogated by paying claims Valuation difference of receivables acquired by subrogation and contributed in-kind by the government (excluding accrued income) was included in capital surplus (for the fiscal years ending March 2003, 2004, and 2005), in accordance with an ordinance concerning a partial revision of the Ordinance of Finance and Accounting (Ministry of Economy, Trade, and Industry Ordinance No. 49 of March 31, 2003). ○Valuation difference associated with capitalization Since the fiscal year ending March 2006 (FY 2005), receivables acquired by subrogation and contributed in-kind by the government that were capitalized and evaluated for the first time are included in the capital surplus, in accordance with an ordinance concerning a partial revision of the Ordinance of Finance and Accounting (Ministry of Economy, Trade, and Industry Ordinance No. 100 of October 28, 2005). |

(2) Statement of income

| Account title | Description |
|--|---|
| Net premium written | Amounts calculated by deducting paid reinsurance premiums from premiums written. Premiums written include premiums received from foreign ECAs. |
| Provision for outstanding claims reserves | Provision for outstanding claims reserves for the current fiscal year. |
| Net claims paid | Amounts calculated by deducting reinsurance claims recovered from paid insurance claims. |
| Estimated amount of insurance claims recovery | Valuation gains or losses of receivables subrogated by paying insurance claims. |
| Provision for outstanding commitments reserves | Provision for outstanding commitments reserves for the current fiscal year. |
| Extraordinary income | Interest income and reversal of provisions for uncollectible receivables relating to assets invested by the government (receivables subrogated by paying claims). |
| Extraordinary loss | Recovery and other expenses relating to government-invested assets (receivables subrogated by paying claims). |

VI. Other Accounting Information Necessary to Understand NEXI's Current Situation

According to the basic policy for FY2013 budget compilation (cabinet decision dated January 24, 2013), the review plan on the special account reform and system and organization of Incorporated Administrative Agency shall be frozen for the time being except for decisions made before the date, and the government will continue to discuss the review and reform.

Fourth-Term Objectives

NEXI has set its medium-term objectives for the fourth term of FY2012 to FY2015 and will implement measures and policies based on these objectives.

According to the decisions made at the cabinet meeting of January 2012, and based on the “Strategy for Rebirth of Japan,” NEXI will continue to work to achieve greater effectiveness and flexibility of management, integrating our service more closely with the government's policy direction. NEXI will be required to improve and expand the trade insurance business, as well as reinforce the operating framework of the insurance approval process and risk management, in order to strengthen the competitiveness of Japanese companies and enhance customer convenience.

Considering that trade insurance is financed by premiums from customers without recourse to government subsidy, we will work to achieve a truly efficient and effective management style based on the cost-benefit relationship between the insurance business's income and its operating and personnel costs.



1

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

(1) Product Improvement

Our actions will be in response to the Japanese trade and industry policy while proactively addressing customer needs in the changing business environment. Our products will aim at providing high quality services equivalent with other countries to secure the international competitiveness of Japanese companies.

(2) Improvement of services

By adopting a “customer perspective” at all times, every effort will be put into improving services and building relationships of trust with our customers.

(3) System streamlining to reinforce risk management and ensure fair operation

We will streamline the system by developing human resources to reinforce management of risks and claims assessment, as well as internal controls and compliance.

(4) Emphasizing strategic priority policy issues

In light of our role as the public institution responsible for developing Japan's overseas trade, the requirements of the state policy on trade, industry, and natural resources and energy must be considered. As such, we will take initiatives to address the policy issues set forth in the medium-term objectives and expand the scope of underwriting in the relevant areas both qualitatively and quantitatively.

We will accordingly promote products and structures aimed at increasing the underwriting in these areas.

(5) Smooth entry of private insurers into the market

It is our continuous endeavor to improve the diversity of our products in order to provide variety to our customers, as well as establish an environment resulting in an increase in the business opportunities for private insurers.

2 Improvement in business efficiency

(1) Promotion of efficient business operations

NEXI's trade insurance system is being operated independently, without subsidy from the government, with its sole source of revenue being the insurance premiums received from insurance users. Therefore, when making disbursements, we will be thoroughly cost-conscious and fully consider cost-effectiveness in order to improve the efficiency of our business operations.

- (1) In accordance with the medium-term objectives, we will make necessary improvements toward more advanced risk analysis and assessment, along with improving publicity activities. At the same time, necessary actions to improve operational efficiency such as rationalization of the operating process, enhancement of staff abilities, and promotion of outsourcing will be undertaken. Also, as needed, the structure of the organization and personnel assignments will be revised according to the workload. Necessary steps will be undertaken to increase cost-effectiveness in all areas, including personnel expenses, by carefully evaluating the appropriateness of each expenditure, by using cheaper sourcing, and by efficient usage of the operating expenses.
- (2) Based on the incorporated administrative agency reform, we will take into account the government employees' pay scales and curb our overall personnel expenditures. By revising ability-based benefits and other benefits while maintaining necessary staff expertise in areas such as international financing, we will appropriately decrease the Laspeyres Index.
- (3) In principle, NEXI's entrance into new procurement contracts will be based on competitive procurement processes such as competitive tendering. Non-competitive bidding or application will be avoided as much as possible, and will try to steadily implement reforms based on a "program for reviewing no-bid contracts."
- (4) We will seek to promote the efficiency of operations by outsourcing part of our office work and business operations to private financial institutions, etc.

(2) Efficient development and smooth operation of the information system

In response to organizational reform toward a new company setup, we aim at adapting our information system to new accounting/tax systems, a new contingency plan, and new product development and marketing. Monitoring of credit management to ensure that it will not be adversely affected by the abolishment of the special account related to the government's reinsurance will be undertaken. We aim at the realization of efficient operations and improved services through prompt maintenance and upgradation of the fourth-term information system. In order to measure our progress, we will report the tangible results of the fourth-term information system and attempt to bring the fourth-term maintenance cost lower than the third term.

3 Improvement in composition of finances

(1) Financial base reinforcement

In order to continuously and stably offer our customers "assured peace of mind," we ensure the maintenance of a sound financial foundation. In concrete terms, we will improve the efficiency of business operations and hold down expenditures by thorough risk management. In addition, we will set up an appropriate insurance premium charge system and reinforce appropriate management and recovery of debts incurred by insured risks in order to secure a steady revenue stream.

(2) Reinforcement of credit management and debt recovery

We will strengthen our recovery capacity through meticulous management of credit data, close coordination with relevant governmental organizations, cultivating staff expertise, and utilizing servicers. 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.

(3) Clear and transparent standards for setting and reserving premiums

In accordance with the decision to abolish the trade reinsurance special account and to reform incorporated administrative agencies, we will work toward reviewing our accounting rules and operations. By developing clearer and more transparent standards for setting and reserving premiums, we will ensure added transparency in accounting.

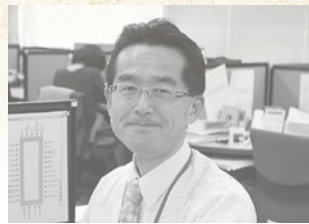
4 Responding to the new system based on the administrative reform

We will ensure a smooth transition to a new special company wholly owned by the government without the trade reinsurance special account. This will include a quick implementation of necessary measures such as strengthened risk management and internal controls.

5 Fostering personnel with high degree of expertise

As an expert organization providing quality services that meet customers' needs, we will implement an improved personnel system and raise the expertise level of our staff through a more comprehensive in-service training system and place a high priority on the development of expertise. We will also continue to recruit staff members with expertise in fields such as international financing, the legal system, country risks, business finance, and trade.

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 our customers' situations so that we can meet their needs precisely and provide efficient and high-quality services, thereby enhancing customer satisfaction and establishing mutual trust.
- (2) By implementing our customer-first policy, we will continue to:
 - (i) Improve the quality of service,
 - (ii) Broaden the range of risk coverage,
 - (iii) Promote efficient operations, and
 - (iv) Increase management transparency.

● II NEXI's Pledge 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) Promptly responding to inquiries and acting in the interests of our customers
 - (4) Meeting our customers' demands and business needs
 - (5) Promptly completing assessment and payment of insurance claims, and
 - (6) Promptly allocating recoveries
- (1) Providing insurance products that make our customers feel secure and protected when conducting overseas transactions
 - (i) If you suspect that your international transactions, including exports, foreign investments, or overseas loans, may incur risk, please visit our website (<http://www.nexi.go.jp>) and go to the insurance product section, or contact NEXI's Customer Relations Office.
 - (ii) We can send our staff to your office at your request to provide further information on our insurance products that support and protect your international business. 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 or overseas investments, NEXI is ready to serve you. We will be pleased to talk with you at an early stage of your project's formation and propose the most appropriate insurance products to minimize any risk involved.
 - (3) Promptly responding to inquiries and acting in the interests of our customers
 - (i) If you have any questions about insurance products, please call or email our Customer Relations Office or the relevant group in charge.
 - (ii) Our premium calculator is available on the NEXI website to estimate your insurance premium. 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.

- (iii) Should the group in charge find any inadequacy in a pre-application form, insurance application form, or other form that you have submitted (other than environment-related forms), we will notify you within five business days of our receipt at the latest.
- (iv) If you have any questions about NEXI's insurance system with regard to 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
 - (i) We would be very appreciative 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 example, because an export contract is proceeding more rapidly than anticipated), please inform us.
 - (ii) 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 and payment of insurance claims
 - (i) 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 the 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 that you execute the obligations of notification and of loss prevention and reduction that are stipulated in such documents as insurance policy provisions. In addition, we may also request that you submit all necessary documents stipulated in the insurance policy provisions and other regulations within a specified time.
 - (ii) In the event that an inadequacy is found in a submitted claim form or other document in light of insurance policy provisions or other regulations, we will notify you no later than three business days after receiving the document.
 - (iii) We would appreciate your understanding and cooperation, including early submission of documents necessary for assessment, so that we may pay claims within the period stipulated in the insurance policy provisions or other regulations.
- (6) Promptly allocating recoveries
 - (i) When all or part of a subrogated claim is recovered, we will promptly allocate the recovery in accordance with insurance policy provisions and other contracts.
 - (ii) In allocating a recovery in accordance with a Paris Club debt rescheduling program or other program, we will in principle complete procedures of remittance to your accounts by the business day following the confirmation of receipt of the full amount in NEXI's account.



III Information

A range of information is available on our website (<http://www.nexi.go.jp>) and in our annual report. The website was renovated in April 2011 to realize better usability and accessibility based on requests from our customers.

- (1) Please visit our website for comprehensive information on our insurance products and services. The NEXI website includes the following information
 - (i) Recent developments (including changes in systems, coverage conditions, and recent underwritten projects)
 - (ii) Description of our insurance products (pamphlets are available)
 - (iii) Terms of coverage by country/region
 - (iv) Insurance application procedures
 - (v) Insured events and subsequent procedures
 - (vi) Premium calculator
 - (vii) Downloadable application forms
 - (viii) Rules concerning trade insurance (including insurance policy provisions for all of NEXI's insurance products)
 - (ix) Environmental considerations
 - (x) Procurement information
 - (xi) Web magazine "e-NEXI"
 - (xii) WEB service
- (2) Our annual report (in Japanese and English) offers the results of our trade insurance business and our financial statements. Other publications are also available, including the NEXI corporate brochure and leaflets on our insurance products (in limited numbers). Please feel free to call the General Management and Public Relations Group (Phone: 81-(0)3-3512-7655) or the Customer Relations Office.
- (3) For inquiries regarding our website, annual report, and any other public relations matters, please contact the General Management and 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 addressed promptly.

- (1) We will do whatever is necessary to resolve any problem you may encounter. Please provide us with the details of the problem and what you wish to be done. We will immediately find the source of the problem and resolve it.
- (2) If you have any complaints about our services or our handling of your project, please inform the Customer Relations Office.
 - (i) 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 of 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
 - (ii) If you have any complaint about our 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 its 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-first policy.
- (2) The Customer Relations Office offers customer support by seeing the situation from the customer's viewpoint. Any inquiry or request concerning trade insurance and specific project would be appreciated. We will take prompt action regarding these matters. Information about NEXI's sections and groups in charge is also 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

From 9:00 a.m. till noon and from 1:00 p.m. till 5:30 p.m., Monday through Friday
 (except holidays, year-end and New Year holidays)

Profile of NEXI



From the left: Keiji Wada(Vice Chairman), Kazuhiko Bando(Chairman and CEO), and Fuminori Inagaki (Vice Chairman)



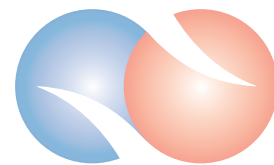
Takeshi Oiwa
(Corporate Auditor)



Takashi Imai
(Corporate Auditor)

Members of the Board and the Audit Board

| | |
|---------------------------------|------------------|
| Chairman and CEO | Kazuhiko Bando |
| Vice Chairman | Keiji Wada |
| Vice Chairman | Fuminori Inagaki |
| Corporate Auditor(Full Time)... | Takeshi Oiwa |
| Corporate Auditor(Part Time)... | Takashi Imai |

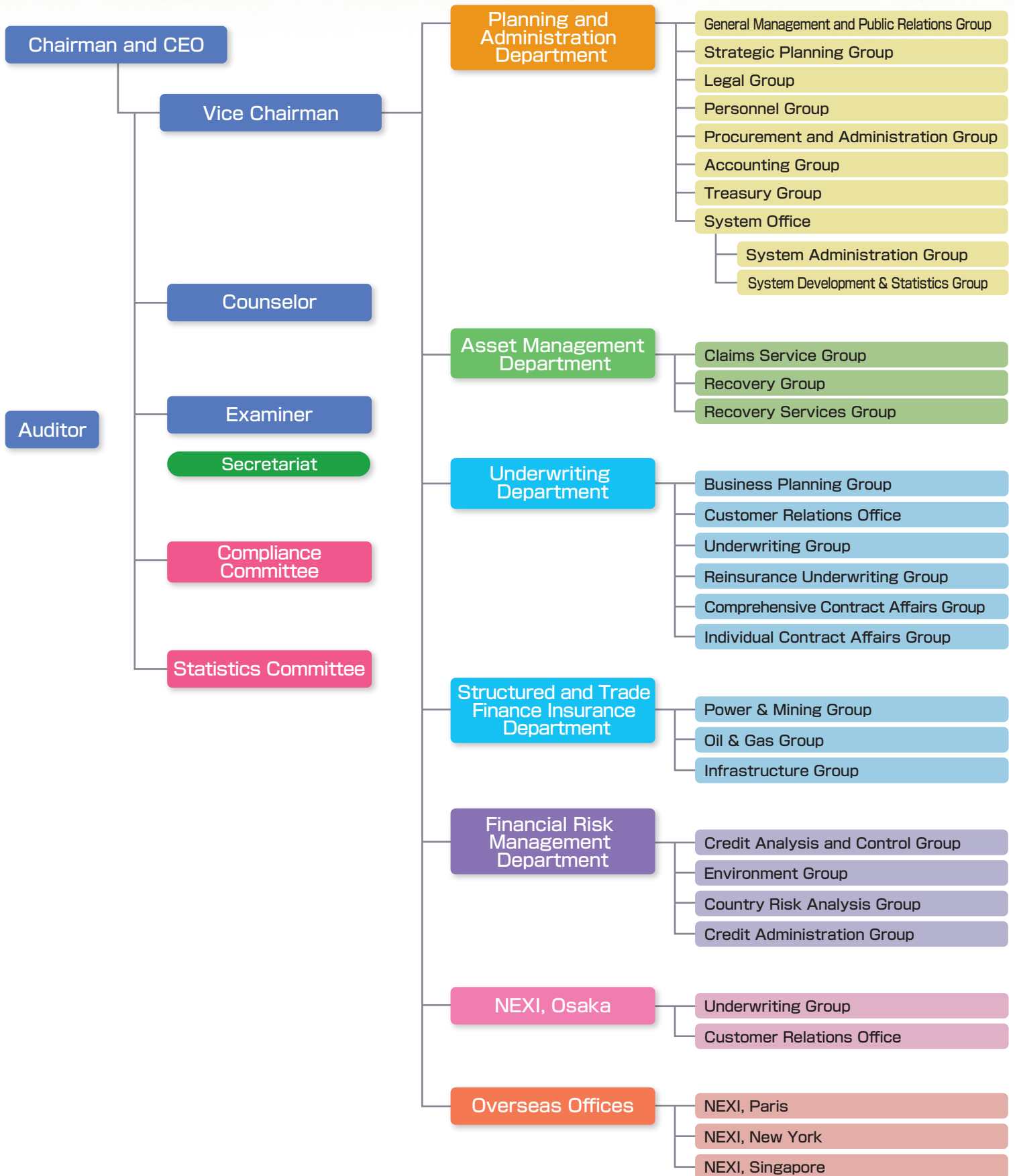


NEXI

Nippon Export and Investment Insurance

| | |
|-------------------------------|---|
| 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 | JPY 104.4 billion (Fully contributed by the Japanese Government) (Unchanged from the previous year) |
| Number of Full-time Employees | 143 (As of April 1, 2013) |
| Scope of Business | <ol style="list-style-type: none"> 1. To conduct trade and investment insurance business operations complying with the regulations of Chapter 3 of the Trade and Investment Insurance Act. 2. To conduct business which is incidental to the business stated in 1. 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. 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. |
| Brief History | <p>Jul. 1999 Enactment of Act on General Rules for Incorporated Administrative Agency</p> <p>Dec. 1999 Enactment of the Act which partly amended the Trade and Investment Insurance Act</p> <p>Apr. 2001 Establishment of Nippon Export and Investment Insurance</p> <p>(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.</p> |
| Office | <p>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</p> <p>Osaka Branch Aoi Nissay Dowa Insurance Yodoyabashi Building 8th Floor, 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>Overseas Offices NEXI Paris, NEXI New York, and NEXI Singapore (See page 38.)</p> |
| Main Insurance Products | Export Credit Insurance / Buyer's Credit Insurance / Trade Insurance for Standing Orders from 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 |
| URL | http://www.nexi.go.jp |

Organization Chart (as of July, 2013)

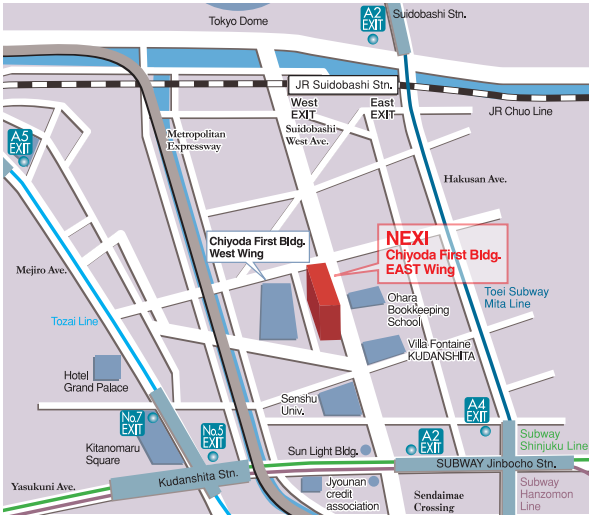


Contact Information



Head Office

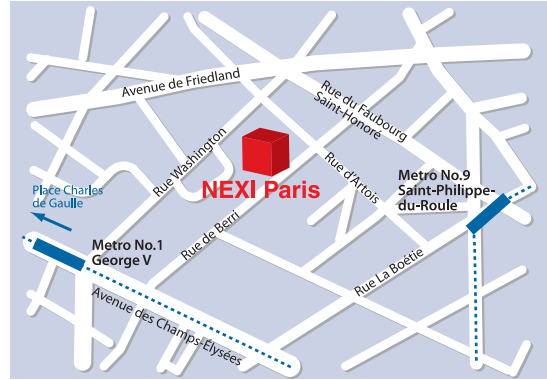
Chiyoda First Building, East Wing 3rd Floor, 3-8-1 Nishikanda, Chiyoda-ku, Tokyo, 101-8359 Japan
 Phone: 81-(0)3-3512-7650
 Fax: 81-(0)3-3512-7660



Overseas Offices

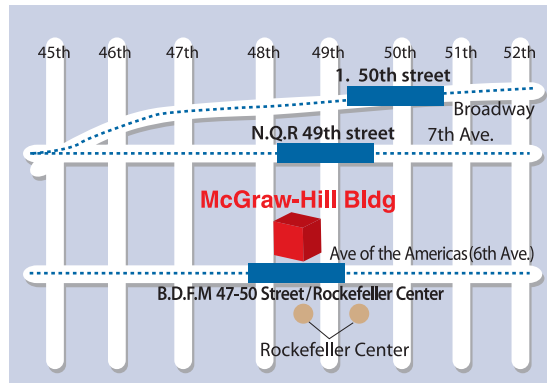
NEXI, Paris

c/o JETRO 27 rue de Berri 75008 Paris France
 Phone: 33-(0)1-4261-5879 Fax: 33-(0)1-4261-5049



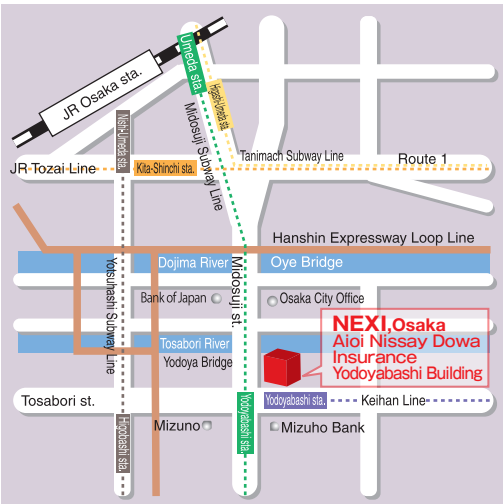
NEXI, New York

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



Osaka Branch

Aoi Nissay Dowa Insurance Yodoyabashi Building 8th Floor, 3-1-22 Kitahama, Chuo-ku, Osaka City, Osaka 541-0041 Japan
 Phone: 81-(0)6-6233-4019
 Fax: 81-(0)6-6233-4001



NEXI, Singapore

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





Nippon Export and Investment Insurance

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Phone: 81-(0)3-3512-7650 Fax: 81-(0)3-3512-7660
<http://www.nexi.go.jp>

Inquiries

General Management and Public Relations Group,
Planning and Administration Department
Phone: 81-(0)3-3512-7653 FAX: 81-(0)3-3512-7660
E-mail: info@nexi.go.jp