

**NEXI**

Nippon Export and Investment Insurance

# Annual Report FY2013



# 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 reinsurance 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

I have pleasure in presenting this annual report of Nippon Export and Investment Insurance (NEXI) for the year ended 31 March 2014, and I am truly grateful for your support and cooperation for NEXI throughout the year.

In FY2013, as the world economy began to inch toward recovery, Japanese businesses increased their presence in the global market, helped by a weaker yen and an effect of the government's economic policies known as "Abenomics." Also, the growing demand for infrastructure development in emerging countries prompted Japanese businesses to accelerate their participation in large-scale infrastructure projects abroad. They did so with some support by the Japanese government to encourage infrastructure exports including the announcement of the "Strategy for Exporting Infrastructure Systems" at the Ministerial Meeting on Strategy relating to Infrastructure Export and Economic Cooperation. During this fiscal year, NEXI was committed to further enhancing the competitiveness of Japanese businesses in the global market by providing insurance for various projects that include Vietnam's Nghi Son Oil Refinery and Petrochemicals Complex Project, the third-largest insurance project for NEXI, and a number of power plant construction and operation projects.

Since its establishment in 2001, NEXI has been seeking to improve insurance products and services by implementing a customer-first policy. In FY2013, various steps were taken to make our effective trade insurance products available to more customers. For instance, we enhanced the insurance coverage for loans and investments, took measures to reduce significant impacts of the downgrading of a country's category, and streamlined and simplified documents to be submitted by the customers.

In accordance with the cabinet decision in December 2013 regarding the basic policy on the reform of incorporated administrative agencies, NEXI is to make the transition to a special company wholly owned by the government, and the trade reinsurance special account will be abolished. While NEXI is expected to prepare for a transition to a special company, the Japanese government will maintain its involvement and continue to support NEXI insurance based on the credibility of the government.

To survive against the international competition in the evolving global economy, public and private sectors must work together. NEXI will continue to provide quality insurance services that meet diverse business needs.

We would appreciate your continued understanding and support.

**Kazuhiko Bando**

Chairman and CEO

June 2014

# 2013 Performance Highlights

## Economic Trends

Japanese exports in FY2013 rebounded to about JPY 70.9 trillion (up 10.8% from the previous fiscal year) after two consecutive years of decline, with rising exports of cars and chemical goods such as organic compounds. By region, exports to Asia reached about JPY 38.4 trillion (up 10.0% yoy), of which China accounted for about JPY 13.0 trillion, an increase of 14.6% from the previous fiscal year. Exports to the U.S. increased to about JPY 13.2 trillion (by 15.9% yoy) and exports to the EU also increased by 13.2% year-on-year to about JPY 7.2 trillion.

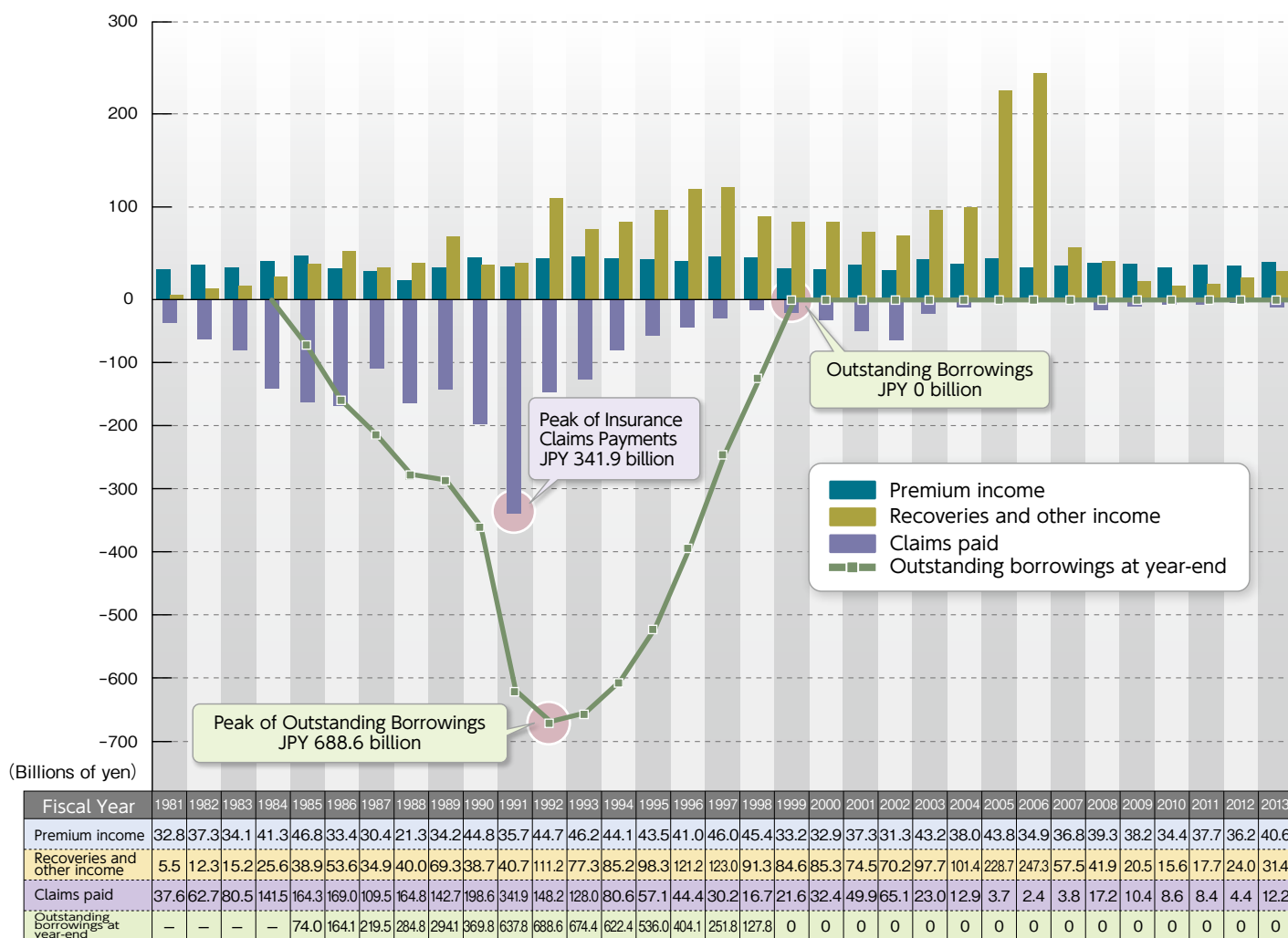
(Japan's exports)

(Millions of yen)

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Total Exports	71,145,593	59,007,879	67,788,838	65,288,487	63,939,981	70,857,363
Year-on-year change(%)	(16.4)	(17.1)	14.9	(3.7)	(2.1)	10.8

(Source: Trade Statistics, Ministry of Finance)

## Trends of the Trade and Investment Insurance Program



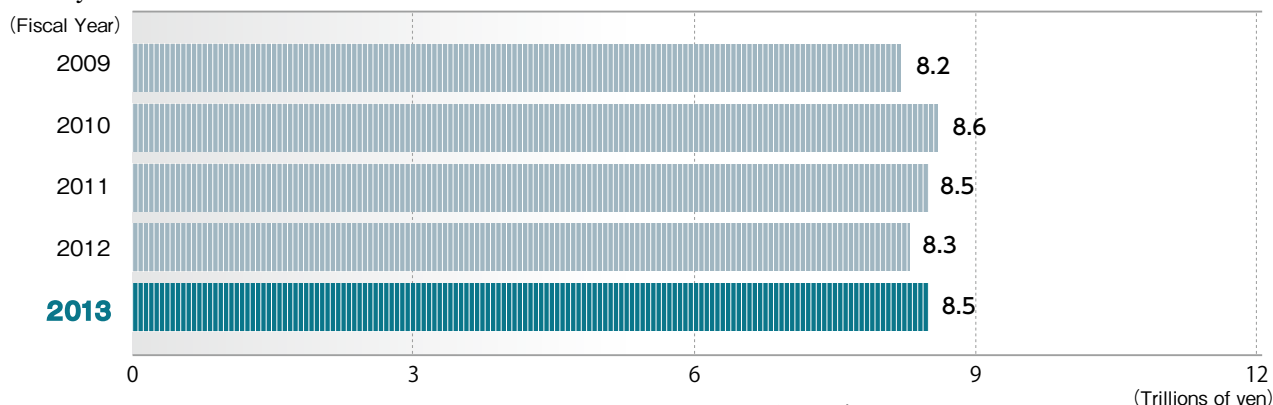
Note: The amount is based on cash.

(Billions of yen)

Underwritten Amount

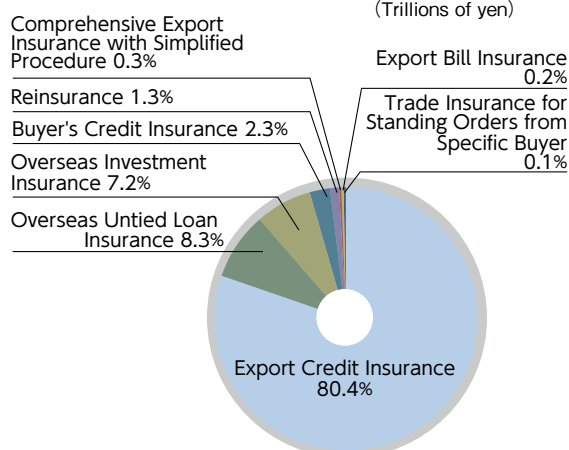
**Underwritten Amount**

The total underwritten amount in FY2013 increased by 2.6% to about JPY 8.5 trillion compared to the previous fiscal year.



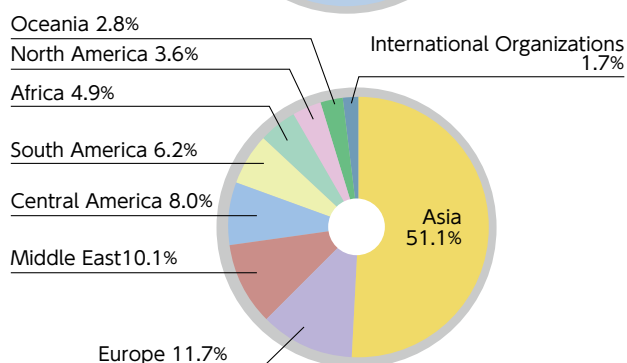
**Underwritten Amount by Insurance Type**

Looking at performance by type of insurance, the increase in exports to Asia and Europe boosted the underwritten amount of Export Credit Insurance by 11.3% year-on-year to JPY 6.8 trillion. On the other hand, Overseas Untied Loan Insurance decreased by 48.4% to JPY 706 billion compared to the previous fiscal year in which large-scale projects had been underwritten.



**Underwritten Amount by Region**

In terms of region, Asia accounted for JPY 4.7 trillion, or 51.1% of the total amount, followed by Europe and the Middle East by 11.7% and 10.1% respectively. The increases in these regions are all due to an increase in Export Credit Insurance.



**Top Ten Countries and Regions of Underwritten Amount in FY2013**

	Country/Region	Underwritten amount	Composition(%)
1	China	759,504	8.3
2	Vietnam	645,003	7.0
3	Korea	551,147	6.0
4	Thailand	551,115	6.0
5	Indonesia	516,958	5.6

(Millions of yen)

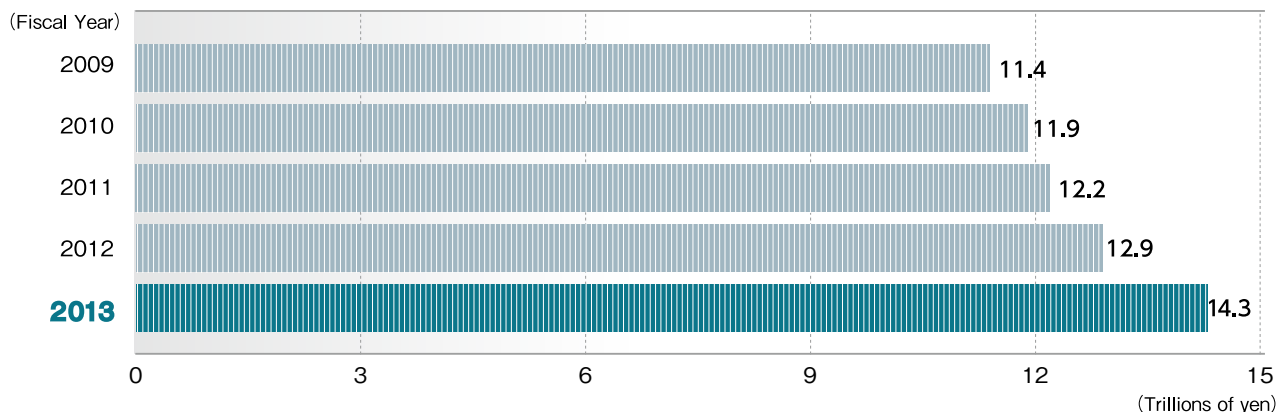
	Country/Region	Underwritten amount	Composition(%)
6	Panama (flag of convenience vessel)	452,783	4.9
7	Malaysia	351,111	3.8
8	Saudi Arabia	317,016	3.4
9	Taiwan	305,939	3.3
10	U.S.A.	277,293	3.0



## ● Outstanding Commitment

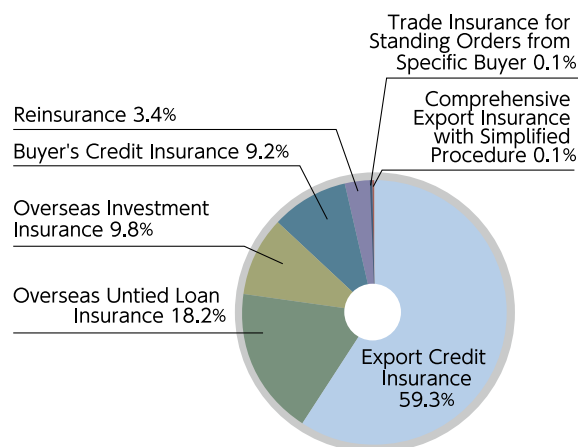
### Outstanding Commitment

Total outstanding commitment at the end of FY2013 increased by 10.9% to about JPY 14.3 trillion compared to the previous fiscal year.



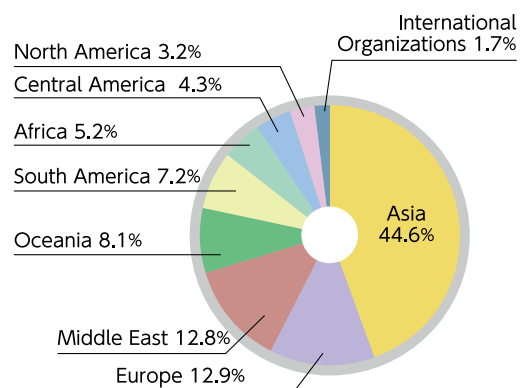
### Outstanding Commitment by Insurance Type

The breakdown of outstanding commitment by insurance type shows that the outstanding commitment for Export Credit Insurance increased by 4.0% from the previous fiscal year to approximately JPY 8.5 trillion. However, Buyer's Credit Insurance, Overseas Investment Insurance and Overseas Untied Loan Insurance collectively accounted for approximately JPY 5.3 trillion (up by 21.2% from the previous year), indicating that the ratio of outstanding commitment for investments and loans grew larger.



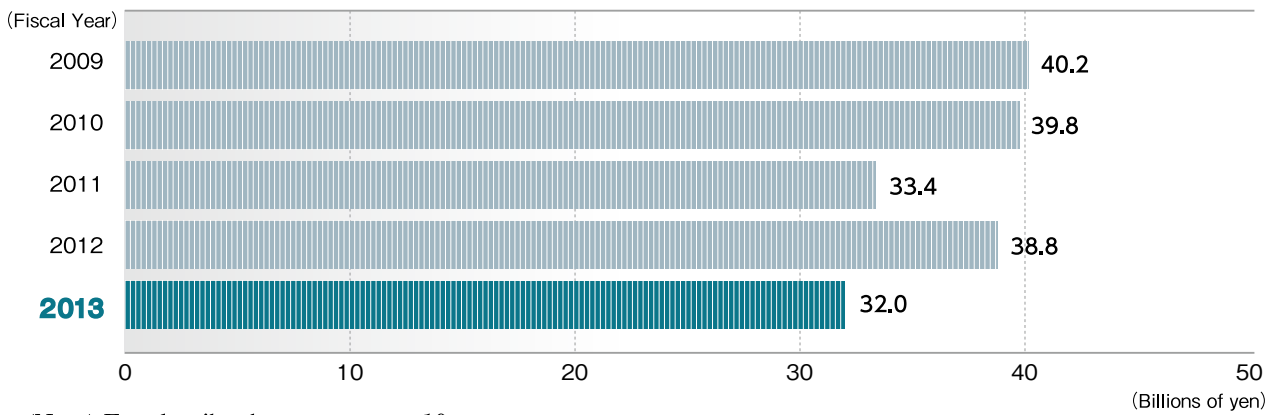
### Outstanding Commitment by Region

The outstanding commitment for Asia was the largest at about JPY 6.6 trillion or 44.6% of the total amount, followed by Europe at about JPY 1.9 trillion or 12.9%.



**Premium Income**

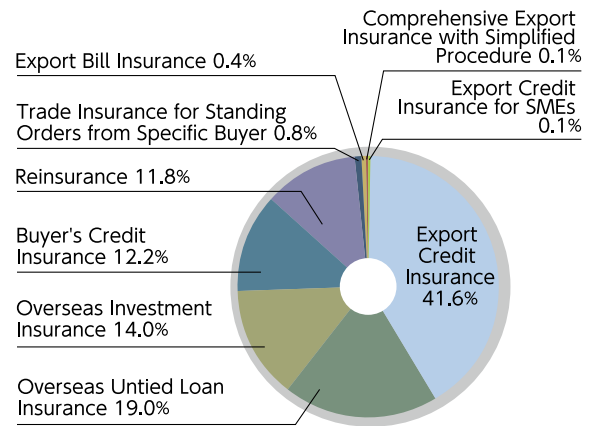
Premium income in FY2013 decreased by 17.5% from the previous fiscal year to about JPY 32 billion.



(Note) For details please see page 19.

**Premium Income by Insurance Type**

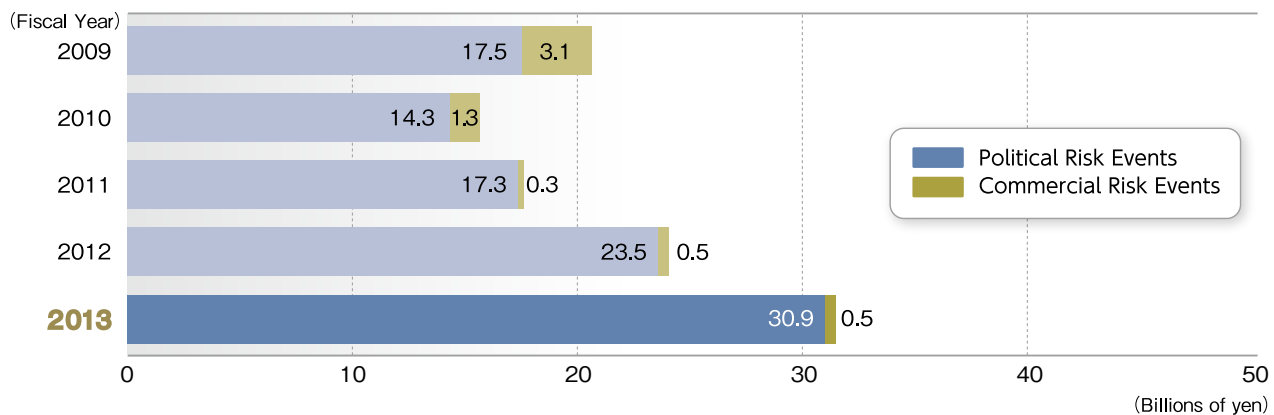
As with the case of the underwritten amount, premium income for Overseas Untied Loan Insurance decreased by 66.1% from the previous fiscal year to about JPY 6.1 billion, due to a downward rebound in large-scale project coverage from the previous year. However on the other hand, Export Credit Insurance increased by 11.5% from the previous year to about JPY 13.3 billion, Buyer's Credit Insurance by 155.9% to about JPY 3.9 billion and Overseas Investment Insurance by 20.3% to about JPY 4.5 billion.



**Recoveries**

**Changes in recoveries**

The amount of recoveries in FY2013 came to about JPY 31.4 billion (up 30.6% from the previous fiscal year). 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.

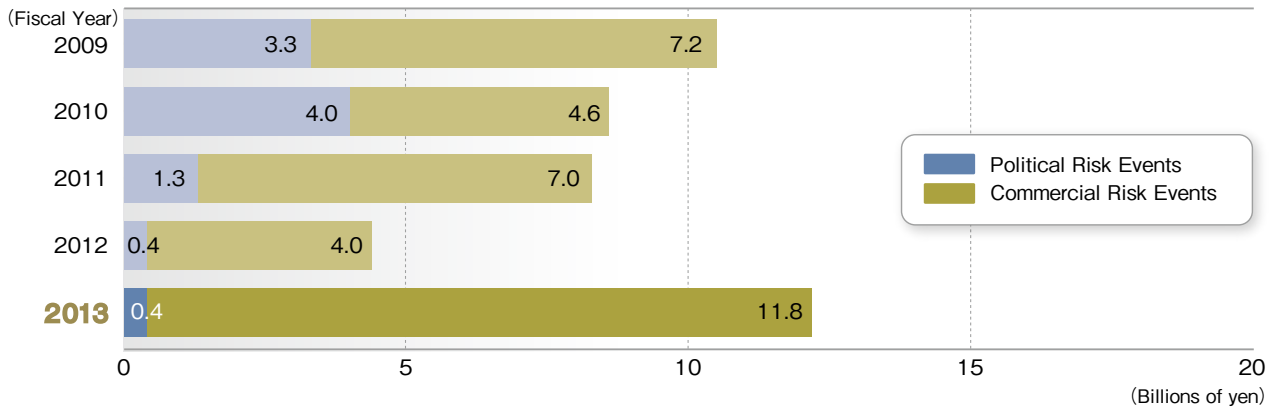


## Insurance Claims Paid

### Changes in claims paid

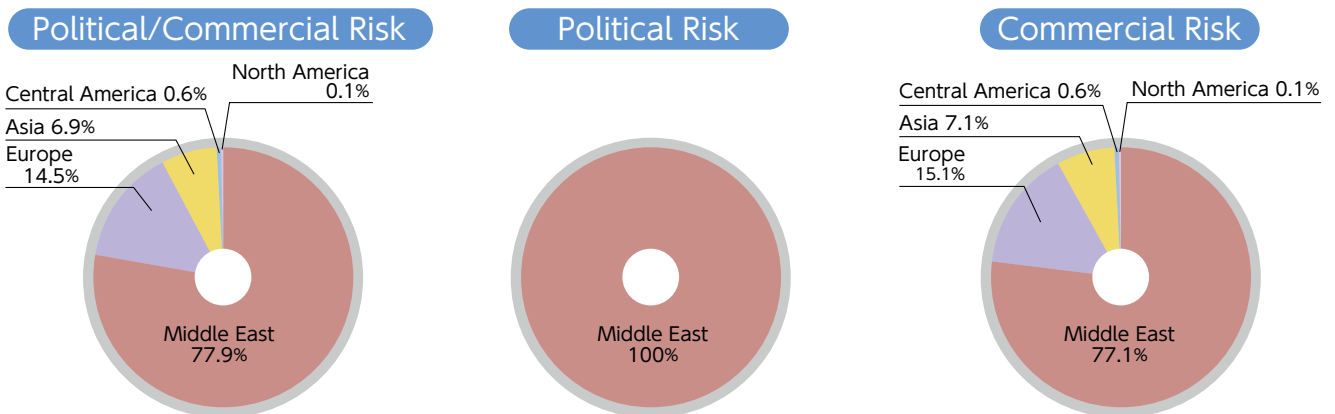
Claims paid in FY2013 amounted to about JPY 12.2 billion (up by 177.0% yoy).

This was because claims paid for large-scale projects due to commercial risk events increased compared to the previous fiscal year, while claims paid due to political risk events remained more or less the same as the previous year.



### Insurance Claims Paid (by Region)

The amount of claims paid for the Middle East was the largest at about JPY 9.5 billion or 77.9% of the total amount, largely due to a commercial risk event concerning exports to Saudi Arabia.



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

(Millions of yen)

	Country/Region	Total	Political Risk	Commercial Risk
1	Saudi Arabia	9,096	0	9,096
2	Ukraine	1,723	0	1,723
3	Iran	436	436	0
4	Indonesia	399	0	399
5	Korea	256	0	256



# Insured Events in FY2013 (Based on the data as of May 15, 2014)

## Insured Events by Risk Year-on-Year Change

Political and commercial risk events collectively totaled JPY 30 billion (668 events) in reported insured losses in FY2013. Commercial risk events dropped by value on a year-on-year basis, reflecting the steady recovery from the financial crisis, while political risk events remained more or less unchanged due to the occurrence of insured events in South America.

Claims payment in FY2013 amounted to JPY 12.23 billion (386 events). Insured events fell in number while claims paid showed a year-on-year increase due to large claim payouts for an insured event of a large-scale project which occurred in the past fiscal year.

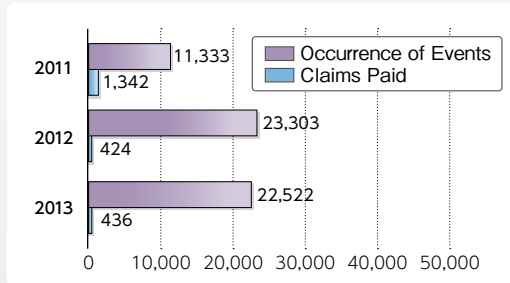
(Millions of yen)

Type of Risks			FY2011	FY2012	FY2013	Year-on-Year Change (%)
Occurrence of Events	Political Risk Events	Amount	11,333	23,303	22,522	96.6%
		Number	99	522	438	83.9%
	Commercial Risk Events	Amount	3,974	16,262	7,448	45.8%
		Number	133	201	230	114.4%
	Amount Total		15,307	39,565	29,970	75.7%
Number Total		232	723	668	92.4%	
Claims Paid	Political Risk Events	Amount	1,342	424	436	102.8%
		Number	15	2	9	450.0%
	Commercial Risk Events	Amount	7,017	3,993	11,798	295.5%
		Number	34	57	377	661.4%
	Amount Total		8,359	4,416	12,234	277.0%
Number Total		49	59	386	654.2%	

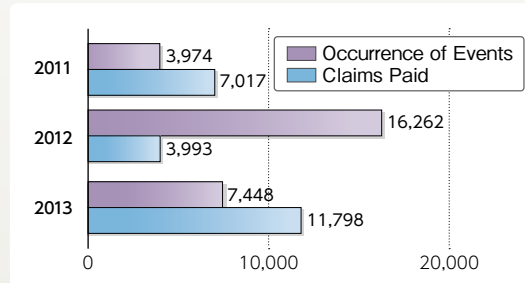
Note : The number and amount of insured events are based on Notice of Occurrence of Insured Risk and Notice of Occurrence of Losses received during each fiscal year.

### Changes in Amount of Insured Events and Claims Paid (FY2011 - FY2013)

Political Risk Events (Millions of yen)



Commercial Risk Events (Millions of yen)



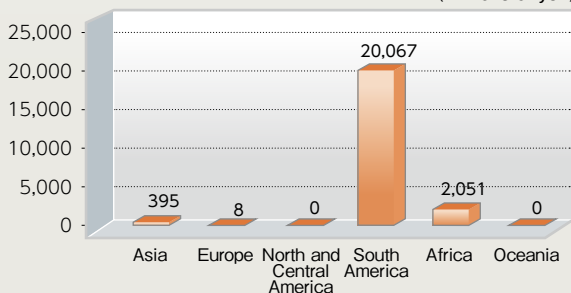
## Occurrence of Insured Events by Region

Of all political risk events, 90% occurred in South America in FY2013 and the remaining 10% occurred in Africa and Asia (including the Middle East). These events were mainly associated with a "restriction of currency exchanges" in South America, a "delay in remitting foreign currency" in Africa, and "economic sanctions" in Asia (including the Middle East).

### Amount of Insured Events by Region (FY2013)

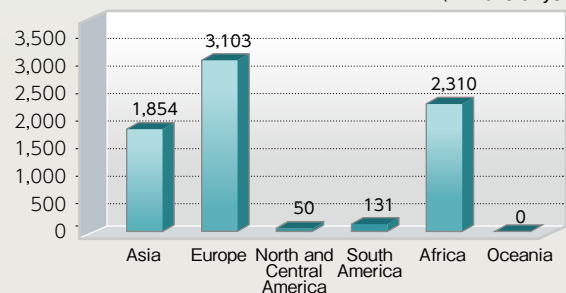
Political Risk Events

(Millions of yen)



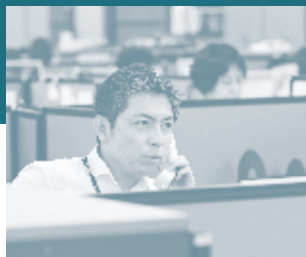
Commercial Risk Events

(Millions of yen)



# 2013 Business Overview

## Promoting support for strategic priority sectors



### Supporting infrastructure exports

In May 2013, the Cabinet approved the “Strategy for Exporting Infrastructure Systems” to address global infrastructure needs especially in emerging markets. Under this strategy, the public and private sectors jointly work for diversified business developments including promoting exports of infrastructure systems that incorporate design, construction, operation and management, and expanding business investments, which are expected to lead to strong Japanese economic growth.

To support this strategy, NEXI has strengthened measures to mitigate local currency exchange risk, and raised the percentage of cover for co-financing with the Japan Bank for International Cooperation (JBIC). In FY2013 NEXI actively promoted export projects of infrastructure systems such as the NPTC power plant project in India and the SEC heavy-oil-fired power plant project in Saudi Arabia.

### Helping secure a stable supply of natural resources and energy

For Japan, an important policy continues to be the securement of a stable supply of mineral and energy resources. NEXI has been providing strong support for projects that contribute to resource off-take and stake acquisition. In FY2013, NEXI provided Overseas Investment Insurance for the first time for a project in Angola called the Block 14 Development Project, the first oil stake acquisition project in Africa, and Overseas Untied Loan Insurance to support loans for the Roy Hill iron ore mining project.



Photograph courtesy of Roy Hill Holdings Pty Ltd

### Support for aircraft sector

NEXI is continuing its active support for international joint development projects of Boeing aircraft in which Japanese manufacturers are participating. During FY2013, NEXI provided reinsurance for financing of sales projects for 37 Boeing aircraft, and supported exports of aircraft components manufactured by Japanese heavy industrial manufacturers.

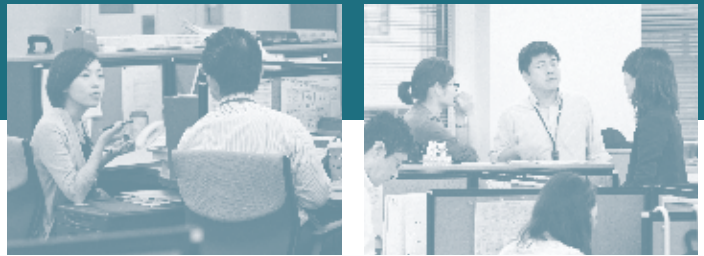
### Support for ship sector

Since the financial crisis that began in 2008, the Japanese shipbuilding industry had faced a tough business environment with steep falls in ship demand, an appreciation of the yen, and increased competitiveness of Korean and Chinese shipbuilders. Since the end of 2012, however, the competitive environment has been improving due to the correction of the strong yen. In FY2013, NEXI supported seven ship export projects including exports of ultra-high capacity seismic vessels to a Petroleum Geo-Services ASA subsidiary of Norway and bulk carriers to a Pacific Basin group company of Hong Kong.

### Strengthening support for Japanese businesses in emerging markets

NEXI is supporting Japanese business activities in high-risk emerging markets. In May 2013, on the sidelines of a Ministerial Meeting at the Fifth Tokyo International Conference for African Development (TICAD V) held in Yokohama, NEXI eased its underwriting policy for 19 African countries showing political and economic improvement. As a result, NEXI's insurance support has become available to Japanese businesses advancing into these African markets in various fields including resource exploitation and development of infrastructure for which demand has increased in recent years. Regarding regions other than Africa, NEXI started Overseas Investment Insurance coverage (capital remittance risk) for projects in Myanmar, and also restarted short-term insurance coverage for transactions with Cuba. In addition, a letter of credit requirement was removed from cover terms and conditions for ten countries including Myanmar, Laos, Uzbekistan and Turkmenistan.

## Enhancing ties with overseas organizations



### MOC with EXIAR Russia

In April 2013, NEXI and Export Insurance Agency of Russia (EXIAR) signed a Memorandum of Cooperation to cooperate in promoting trade and investment between Japan and Russia.

EXIAR has extensive knowledge about economic situations and local businesses in East European and CIS countries through its close ties with these regions. Under the MOC, NEXI and EXIAR expect to cooperate in providing insurance for exports to East European and CIS countries by Japanese companies located in Russia, and insurance for Russia–Japan joint private-sector projects in these regions.

Following the MOC signing, NEXI held a trade insurance seminar in June 2013 for Japanese companies aiming to enter the Russian market.



Photograph courtesy of Kyodo News

### Berne Union meetings

The Berne Union (the International Union of Credit and Investment Insurers) is a forum where ECAs, international organizations, and private insurers around the world discuss common issues related to export credit insurance and investment insurance from a technical viewpoint. Since the first meeting in 1934 in Berne, Switzerland, the membership has grown to 49 institutions in total as of April 2014.

The union holds regular biannual meetings: the 2013 spring meeting was held in April in New York and the autumn meeting was in October in Vienna.



BU autumn meeting

### Bilateral meetings

NEXI holds regular bilateral meetings with ECAs and government officials of five countries—Austria, China, France, Germany and Korea. At the meetings, valuable information and honest views are exchanged on a wide variety of topics such as international financial situations and each country's activities. The meetings have helped NEXI further strengthen these relations and keep on top of the trends of the ECA business.



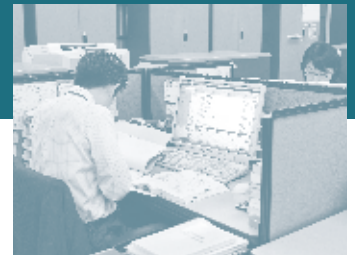
Scene from a French–Japanese bilateral meeting

### Training program on trade insurance for Asian ECA professional staff

The Ministry of Economy, Trade and Industry of Japan and NEXI jointly hold a training seminar for ECA and government staffers in countries with a trade insurance system in a relatively developmental stage. In FY2013, ECAs in eight countries/regions—Brazil, China, Indonesia, Myanmar, Taiwan, Thailand, Russia and Vietnam—were invited.



## Supporting SMEs' overseas business developments



### Providing insurance products and services to support exports

NEXI has been pro-active in responding to the challenging international situation surrounding exports through its initiatives, which widen the use of "Export Credit Insurance for SMEs" developed exclusively for SME exporters. As a result, NEXI underwrote 669 transactions in FY2013, up about 60% year-on-year.

In addition, as part of the initiatives to facilitate the use of trade insurance, NEXI continued to provide a free buyer credit check service to support SMEs' export businesses. NEXI also revised its application forms and simplified procedures of trade insurance.

### Improvement of products and services to support overseas presence

In order to support SMEs' overseas business developments, NEXI has been actively proposing the use of "Overseas Investment Insurance" which covers the risks associated with the construction of plants and equity investments.

Furthermore, NEXI launched a new insurance product called the "New Trade Credit Insurance (NTCI)" (NEXI's inwards reinsurance) available in the three regions of Hong Kong, Singapore and Thailand in May 2013. This is a sort of fronting scheme under which NEXI provides risk capacity through the overseas subsidiaries of Japanese insurers in these regions to support overseas subsidiaries of Japanese SMEs having short-term exports business towards third-country and domestic transactions.

### Enhancement of support systems for SMEs

In FY2013, NEXI newly entered into business alliances and cooperative partnerships with 22 regional banks in total to further strengthen its support for SMEs' overseas business developments. Accordingly, the "support network for SMEs' overseas business development" membership grew to 51 (business alliances with 49 regional banks and MOUs on cooperation with 2 regional banks).

Through this network, NEXI strives to increase awareness of and the use of trade insurance.

In February 2014, NEXI held a support network meeting for its members to share their experiences and opinions.

NEXI also offers consultation services, in cooperation with the Japan External Trade Organization (JETRO), Organization for Small & Medium Enterprises and Regional Innovation, Japan (SMJR) as well as export support organizations such as local Chambers of Commerce, where issues like risk management practices, including how to hedge against the risks associated with exports and overseas investments, can be discussed.



Scene from a support network meeting for SMEs

### Raising awareness among SMEs

To have SMEs more widely use trade insurance for their risk management, first NEXI needs to raise their awareness of it.

To this end, NEXI developed promotional tools for the widespread use of trade insurance, such as Country Risk Map and product brochures which were distributed on occasions such as the Small & Medium Enterprise Fair held in October 2013.

NEXI will continue with its dedicated efforts to better serve SMEs while assisting their overseas business developments through both enhancing its products, services and support system and raising their awareness of and understanding of trade insurance.



Country Risk Map (February 2014 Edition)

## Creating sustainable societies



### Environmental and Social Considerations in Trade Insurance

NEXI is committed to following the internally established “Guidelines on the Environmental and Social Consideration in Trade Insurance” in order to fulfil its social responsibilities. These guidelines were drawn up 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”) developed by the OECD as part of its initiatives to address environmental issues. The guidelines are used to ensure 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 potential 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 and other entities. For example, if a project is classified as Category A, an on-site visit is usually conducted.

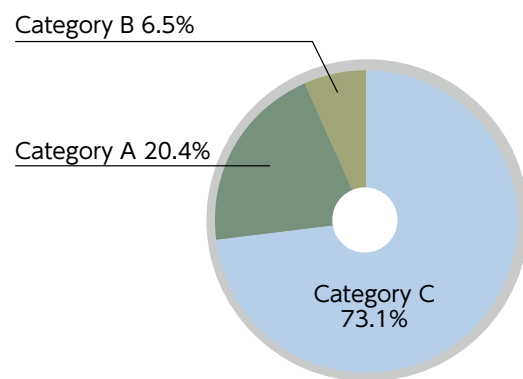
In addition, Objection Procedures are incorporated to ensure NEXI’s compliance with the Environmental Guidelines. An independent Environmental Guidelines Examiner is assigned to report directly to the Chairman.

In FY2013, environmental reviews (including on-site visits) were implemented for 93 projects that were subject to screening.

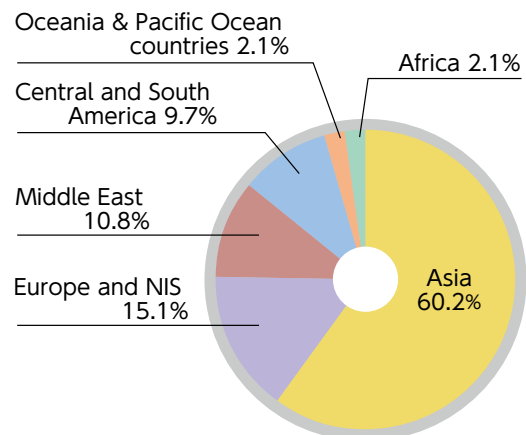


Scene from an on-site visit to a hydropower plant

#### Screening results in FY2013 by category



#### Screening results in FY2013 by region



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

### Supporting exports of Japanese environmental technologies

NEXI is actively supporting exports of environmental technologies, including those that reduce carbon dioxide emissions. In FY2013, NEXI supported exports of advanced Japanese environmental technologies by underwriting a variety of projects, including the export of Boeing aircraft (B787) with reduced gas emissions and noise, achieved through using light-weight materials, and production of parts for solar power plants to generate clean renewable energy.

# Underwritten Projects

[ Oil & Gas ]

## Vietnam

### Nghi Son Oil Refinery and Petrochemicals Complex Project

Idemitsu Kosan Co., Ltd. and Mitsui Chemicals Inc., together with Petrovietnam (Vietnam) and KPI (100% subsidiary of Kuwait Petroleum Corporation), decided to undertake a project to construct a refinery plant with capacity of 200,000 barrels per day and a petrochemical plant in Thanh Hoa province, about 200 km south of Hanoi. The new refinery plant with a highly complex configuration will feed heavy crude oil from Kuwait to produce several high-value-added products including petroleum products like gasoline, light oil and jet fuel, and petrochemicals such as polypropylene, paraxylene and benzene.

Of the total amount of USD 5 billion raised by Nghi Son Refinery and Petrochemical Limited (NSRP) through project financing, NEXI provided Overseas Untied Loan Insurance for the loans (totaling approximately USD 1.3 billion) financed by a syndicate of commercial banks including Mizuho Bank Ltd. (as an agent bank), The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited as well as three regional banks (The Yamaguchi Bank, Ltd., The Chiba Bank, Ltd., and The Shizuoka Bank, Ltd.). In addition, NEXI provided Overseas Investment Insurance to Idemitsu Kosan Co., Ltd. and Mitsui Chemicals Inc. to support their investments in the project during the construction period of four years.

This project is planned to leverage the rich experience and technical capabilities of Idemitsu Kosan Co., Ltd. and Mitsui Chemicals Inc. to operate the oil refinery and to produce petrochemicals such as polypropylene. The petroleum products from the project are planned to be sold within Vietnam, and the petrochemical products in the Asian markets.

The insurance contract was entered into in June 2013.



Photograph courtesy of Idemitsu Kosan Co.,Ltd.

## Angola

### Block14 Development Project

INPEX CORPORATION agreed with TOTAL S.A. that it would, through its subsidiary, acquire a partial share of Angola Block 14 B.V., a Dutch project company affiliated with TOTAL S.A., (the Company) and obtain an indirect interest in Block 14 offshore Republic of Angola held by the Company.

NEXI provided Overseas Investment Insurance for INPEX CORPORATION's investment to acquire through its subsidiary an interest in an Angolan oil field. As the project was expected to contribute to stable energy supply to Japan, NEXI's insurance was provided as Investment and Loan Insurance for Natural Resources and Energy.

NEXI will continue to actively support projects contributing to business expansion by Japanese companies. As part of the initiatives, NEXI will also work to actively provide cover for projects in Africa to meet the requests by Japanese companies considering entering into the African markets.

The insurance contract was entered into in July 2013.



Photograph courtesy of INPEX CORPORATION

## [ Mining ]

## Argentina

## Salar de Olaroz Lithium Development Project

Toyota Tsusho Corporation decided to participate in a project in partnership with Orocobre (Australia) for the production of lithium carbonate by pumping lithium-rich brine from Salar (salt lake) de Olaroz, located in the north western province of Jujuy in Argentina, into solar evaporation ponds and concentrating it. NEXI provided Overseas Investment Insurance (Investment and Loan Insurance for Natural Resources and Energy) for the investment made by Toyota Tsusho Corporation through its subsidiary to acquire shares in the project company, Sales de Jujuy S.A.

This is the first project in which a Japanese company invests and participates in lithium development. The project is planned to produce 17,500 tons of lithium carbonate per annum, which is used as a raw material for the production of lithium-ion batteries essential for next-generation vehicles such as electric cars.

The insurance contract was entered into in October 2013



Photograph courtesy of Toyota Tsusho Corporation

## Australia

## Roy Hill Iron Ore Mining Project

Marubeni Corporation launched an integrated iron ore production and transportation project in the Pilbara region of Western Australia in cooperation with Hancock Prospecting Pty Ltd (Australia), POSCO (Korea) and China Steel Corporation (Taiwan). The project includes a new iron ore mine development, construction of a new railway and development of harbor facilities.

The funds to be raised by the project company Roy Hill Holding Pty Ltd through project finance are about USD 7,200 million, and Japanese financial institutions including Mizuho Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation agreed to extend USD 700 million. NEXI provided Overseas Untied Loan Insurance (Investment and Loan Insurance for Natural Resources and Energy) for the loans extended by the Japanese banks. Other ECAs supporting this project are the Japan Bank for International Cooperation (JBIC), the Korea Trade Insurance Corporation (K-sure), the Export-Import Bank of Korea (Korea Eximbank), and the Export-Import Bank of the United States (US Eximbank).

This Roy Hill project plans to produce and deliver up to 55 million tons of iron ore per year. Marubeni will purchase about 11 million tons (equivalent to about 10 percent of Japan's annual iron ore imports) and supply most of them to Japanese steel manufacturers, which will contribute to a stable resource supply to Japan.

The insurance contract was entered into in March 2014.



Photograph courtesy of Roy Hill Holding Pty Ltd



## [ Power ]

### India

#### NTPC Power Generation Project

India's NTPC Limited (NTPC) started a project to construct a thermal power plant (800 MW × 3 units) in Kudgi of Karnataka State in south western India. For this power plant construction project, Toshiba JSW Power Systems Private Limited (Toshiba JSW), a subsidiary of Toshiba Corporation of Japan, won a supply contract for a steam turbine power generation system. To finance NTPC's purchase of the system, Sumitomo Mitsui Banking Corporation (SMBC) and Japan Bank for International Cooperation (JBIC) agreed to extend loans of USD 350 million, and NEXI provided Buyer's Credit Insurance and Overseas Untied Loan Insurance (Local Buyer's Credit) for the loan of USD 140 million provided by SMBC.

Local Buyer's Credit is for supporting Japanese companies incorporated abroad that export goods and services to third-party countries other than Japan. Under the NTPC project, NEXI's Local Buyer's Credit support was provided for Toshiba JSW's selling of the steam turbine power generation equipment to NTPC.

As a Japanese official financial institute, NEXI will continue to actively support Japanese exports by using a variety of financial tools.

This insurance contract was entered into in January 2014.



Photograph courtesy of Toshiba Corporation

### Saudi Arabia

#### Saudi Electricity Company's Jeddah South Project

Saudi Electricity Company (SEC), a state-owned power company in Saudi Arabia, decided to build a 2,892 MW heavy-oil-fired supercritical power generation plant at a site south of Jeddah, a city on the country's western coast facing the Red Sea. For this power generation plant construction project, Mitsubishi Hitachi Power Systems, Ltd. received an order to supply equipment for SEC from a Korean EPC contractor. The Bank of Tokyo-Mitsubishi UFJ (BTMU), Mizuho Bank (Mizuho) and the Japan Bank for International Cooperation agreed to co-finance the purchase of the exported equipment with a total loan amount of USD 366 million provided to SEC. NEXI provided Buyer's Credit Insurance for the loan of USD 183 million offered by BTMU and Mizuho.

Saudi Arabia plans to expand its power generation systems to meet growing demand for electricity. NEXI's insurance supports the country's plan and also contributes to the promotion of Japanese companies' exports.

The insurance contract was entered into in December 2013.



Photograph courtesy of The Hongkong and Shanghai Banking Corporation Limited



## [ Infrastructure, Ships & Aircraft ]

### Bahrain

#### Investment for Integrated Steel Manufacturer

Yamato Kogyo Co., Ltd., a Japanese steel manufacturer, established a production and sales joint venture called SULB Company B.S.C. (C) in Bahrain with its local partner Foulath Holding B.S.C. (C) to meet the demand for structural steel (such as H-beams) in the Middle East region.

SULB constructed an integrated steel plant comprised of direct reduced iron (DRI), steelmaking and rolling with an annual structural steel production capacity of 600,000 tons.

NEXI provided Overseas Investment Insurance (OII) to cover Yamato Kogyo's investment in SULB amounting to USD 345 million.

It was the first time for NEXI to support through OII a Japanese manufacturer's full-scale activity in Bahrain. The investment is expected to play a significant role in strengthening relations between Bahrain and Japan as it is one of the largest Japanese investments received by Bahrain with a total construction cost of about USD 1 billion.

The insurance contract was entered into in June 2013.



Photograph courtesy of Yamato Kogyo Co., Ltd.

### Norway

#### Export of Two Ultra-high Capacity Seismic Vessels to Petroleum Geo-Services ASA

PGS Titans AS, a 100% subsidiary of Petroleum Geo-Services ASA (PGS) of Norway, purchased two 3D seismic data acquisition vessels which are manufactured by Mitsubishi Heavy Industries, Ltd in Nagasaki.

NEXI provided Buyer's Credit Insurance for the loan extended by Sumitomo Mitsui Banking Corporation to finance the purchase.

PGS is one of the world's largest companies in the marine seismic industry and is known for its drive towards technological innovation of marine seismic acquisition technology. In recent years, against the backdrop of growing global demand for oil and natural gas, demand for marine seismic data has grown and the technology used for acquiring and imaging seismic data continues to take new advanced technological steps. In particular, the ordered vessels boast the highest efficiency in deep water seismic data acquisition and demonstrate Japan's highly advanced technology in the shipbuilding industry.

The insurance contract was entered into in March 2014.



Photograph courtesy of Mitsubishi Heavy Industries, Ltd.

### Norway

#### Project to Export Boeing 787s to Norwegian Air Shuttle ASA

NEXI provided reinsurance for Boeing's export of B787 aircraft to Norwegian Air Shuttle ASA based on a reinsurance agreement concluded with US Eximbank. Norwegian Air Shuttle ASA has 93 aircraft in its fleet (as of April 2014) and more than 20 million passengers travelled with the airline in 2013. The airline is the third-largest low-cost-carrier (LCC) in Europe. <sup>1</sup>This is the first reinsurance contract that NEXI has signed for a so-called LCC airline.

NEXI has supported the export of a total of 220 Boeing aircraft to 35 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 November 2013.

<sup>1</sup>Source : Norwegian Air Shuttle ASA website

(<http://www.norwegian.com/en/about-norwegian/our-company/norwegian-in-brief/>)



Photograph courtesy of Boeing

# Review of Performance

## Underwritten Amount

### Underwritten Amount by Insurance Type

(Millions of yen)

Type of Insurance	FY2009	FY2010	FY2011	FY2012	FY2013	Composition (%)	Year-on-year change (%)
Export Credit Insurance	6,231,455	7,308,903	7,110,487	6,151,894	6,849,345	80.4	11.3
One year or less	2,747,597	3,498,241	3,321,146	3,451,195	3,855,361	45.3	11.7
More than one year	3,483,858	3,810,662	3,789,341	2,700,699	2,993,984	35.2	10.9
Buyer's Credit Insurance	91,382	239,764	343,996	123,290	193,845	2.3	57.2
Export Bill Insurance	19,986	20,199	16,549	12,295	14,153	0.2	15.1
Export Bond Insurance	0	0	0	0	0	0.0	—
Prepayment Import Insurance	107	0	254	1	5	0.0	246.4
Overseas Investment Insurance	213,193	219,229	440,367	530,106	611,679	7.2	15.4
Overseas Untied Loan Insurance	1,606,754	741,082	549,068	1,369,370	706,030	8.3	(48.4)
Trade Insurance for Standing Orders from Specific Buyer	9,653	11,761	10,311	9,331	7,420	0.1	(20.5)
Export Credit Insurance for SMEs	646	624	567	1,304	2,740	0.0	110.2
Comprehensive Export Insurance with Simplified Procedure	—	1,392	14,340	19,162	23,589	0.3	23.1
Reinsurance	25,885	39,998	51,834	83,311	108,365	1.3	30.1
<b>Total</b>	<b>8,199,062</b>	<b>8,582,951</b>	<b>8,537,772</b>	<b>8,300,064</b>	<b>8,517,171</b>	<b>100.0</b>	<b>2.6</b>

(Note 1) The underwritten amount is based on the amount as at the signing date of an insurance contract. The total is based on the actual underwritten amount calculated by applying the exchange rate of the insurance contract date, not insured amount based on the insurance option for transactions in foreign currency. (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	FY2009	FY2010	FY2011	FY2012	FY2013	Composition (%)	Year-on-year change (%)
Asia	3,604,106	4,506,009	4,381,676	4,003,749	4,694,526	51.1	17.3
Middle East	793,380	711,115	947,276	591,102	926,125	10.1	56.7
Europe	987,617	965,790	895,278	795,756	1,073,187	11.7	34.9
North America	842,520	302,121	261,013	293,729	332,822	3.6	13.3
Central America	1,029,527	1,065,227	1,086,265	903,421	733,386	8.0	(18.8)
South America	363,382	601,494	825,627	883,707	569,857	6.2	(35.5)
Africa	526,435	469,999	479,742	447,219	450,794	4.9	0.8
Oceania	463,329	580,589	148,645	833,730	259,023	2.8	(68.9)
International Organizations	106,123	160,254	116,006	167,972	155,064	1.7	(7.7)

(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	FY2009	FY2010	FY2011	FY2012	FY2013	Composition (%)	Year-on-year change (%)
Export Credit Insurance	7,959,765	8,184,301	8,099,696	8,167,551	8,495,228	59.3	4.0
One year or less	2,022,794	2,601,992	2,337,812	3,097,421	3,569,810	24.9	15.3
More than one year	5,936,971	5,582,309	5,761,884	5,070,130	4,925,418	34.4	(2.9)
Buyer's Credit Insurance	500,438	577,707	832,267	1,032,720	1,320,215	9.2	27.8
Export Bill Insurance	4,992	5,137	3,323	3,336	3,810	0.0	14.2
Export Bond Insurance	0	0	0	0	0	0.0	—
Prepayment Import Insurance	107	0	0	0	0	0.0	—
Overseas Investment Insurance	790,936	776,508	944,798	1,117,154	1,399,630	9.8	25.3
Overseas Untied Loan Insurance	2,030,689	2,155,666	2,129,124	2,241,104	2,600,398	18.2	16.0
Trade Insurance for Standing Orders from Specific Buyer	11,952	16,226	15,147	15,340	12,172	0.1	(20.7)
Export Credit Insurance for SMEs	161	168	145	499	978	0.0	96.2
Comprehensive Export Insurance with Simplified Procedure	—	1,332	5,830	5,959	8,671	0.1	45.5
Reinsurance	147,313	174,558	219,207	330,785	481,361	3.4	45.5
<b>Total</b>	<b>11,446,354</b>	<b>11,891,603</b>	<b>12,249,536</b>	<b>12,914,446</b>	<b>14,322,464</b>	<b>100.0</b>	<b>10.9</b>

(Note 1) The total amount is calculated based on the actual insured amount by using the exchange rate as at each fiscal year-end (including the outstanding amount underwritten in previous years), not insured amount based on the insurance option for transactions in foreign currency. (The same applies to the table below.)

(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	FY2009	FY2010	FY2011	FY2012	FY2013	Composition (%)	Year-on-year change (%)
Asia	4,305,435	4,826,289	5,223,394	5,591,707	6,603,603	44.6	18.1
Middle East	2,531,022	2,096,943	1,919,569	1,852,988	1,889,077	12.8	2.0
Europe	1,237,234	1,361,156	1,563,996	1,778,936	1,913,011	12.9	7.5
North America	869,422	840,569	651,853	375,726	474,068	3.2	26.2
Central America	735,762	754,325	698,215	620,925	642,637	4.3	3.5
South America	750,377	675,266	824,239	1,050,016	1,059,399	7.2	0.9
Africa	903,281	864,959	890,361	788,076	772,231	5.2	(2.0)
Oceania	349,574	744,995	774,131	1,092,066	1,198,756	8.1	9.8
International Organizations	158,757	227,419	218,854	202,893	246,227	1.7	21.4

(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	FY2009	FY2010	FY2011	FY2012	FY2013	Composition (%)	Year-on-year change (%)
Export Credit Insurance	13,596	15,157	14,074	11,943	13,315	41.6	11.5
One year or less	3,866	5,754	5,462	5,025	5,612	17.5	11.7
More than one year	9,730	9,403	8,611	6,918	7,703	24.1	11.3
Buyer's Credit Insurance	1,155	6,869	3,953	1,524	3,899	12.2	155.9
Export Bill Insurance	184	185	146	111	132	0.4	19.1
Export Bond Insurance	0	0	0	0	0	0.0	—
Prepayment Import Insurance	1	0	0	0	0	0.0	4.3
Overseas Investment Insurance	2,956	2,595	3,177	3,718	4,471	14.0	20.3
Overseas Untied Loan Insurance	21,425	13,477	10,065	17,924	6,078	19.0	(66.1)
Trade Insurance for Standing Orders from Specific Buyer	283	399	391	321	263	0.8	(18.1)
Export Credit Insurance for SMEs	6	6	6	12	24	0.1	101.8
Comprehensive Export Insurance with Simplified Procedure	—	6	38	38	43	0.1	12.2
Reinsurance	597	1,064	1,528	3,207	3,771	11.8	17.6
<b>Total</b>	<b>40,203</b>	<b>39,757</b>	<b>33,378</b>	<b>38,797</b>	<b>31,994</b>	<b>100.0</b>	<b>(17.5)</b>

(Note) Unlike the underwritten amount that is based on the insurance contract date, the premium income is recorded at the start of the insurer's obligation period. The premium income and underwritten amount could be recorded in different fiscal years.

## Insurance Claims Paid

### Insurance Claims Paid (by Insurance Type and by Risk)

(Millions of yen)

Type of Insurance	FY2009		FY2010		FY2011		FY2012		FY2013			Composition (%)	Year-on-year change (%)				
	Political	Commercial	Political	Commercial	Political	Commercial	Political	Commercial	Political	Commercial							
Export Credit Insurance	9,591	3,268	6,323	7,346	3,972	3,375	7,157	1,342	5,815	3,079	424	2,655	9,675	0	9,675	79.1	214.2
Buyer's Credit Insurance	97	0	97	1,209	0	1,209	1,165	0	1,165	1,165	0	1,165	1,723	0	1,723	14.1	47.8
Comprehensive Export Insurance with Simplified Procedure	—	—	—	0	0	0	0	0	0	0	0	0	17	0	17	0.1	—
Export Bill Insurance	187	0	187	16	0	16	34	0	34	3	0	3	14	0	14	0.1	393.1
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	429	0	429	1	0	1	0	0	0	168	0	168	368	0	368	3.0	119.6
Export Credit Insurance for SMEs	0	0	0	2	0	2	3	0	3	2	0	2	0	0	0	0.0	(100.0)
Reinsurance	137	0	137	0	0	0	0	0	0	0	0	0	436	436	0	3.6	—
<b>Total</b>	<b>10,441</b>	<b>3,268</b>	<b>7,173</b>	<b>8,574</b>	<b>3,972</b>	<b>4,603</b>	<b>8,359</b>	<b>1,342</b>	<b>7,017</b>	<b>4,416</b>	<b>424</b>	<b>3,993</b>	<b>12,234</b>	<b>436</b>	<b>11,798</b>	<b>100.0</b>	<b>177.0</b>

### Insurance Claims Paid (by Region)

(Millions of yen)

Region	FY2009		FY2010		FY2011		FY2012		FY2013			Composition (%)	Year-on-year change (%)				
	Political	Commercial	Political	Commercial	Political	Commercial	Political	Commercial	Political	Commercial							
Asia	5,971	0	5,971	48	0	48	5,624	0	5,624	121	0	121	841	0	841	6.9	594.2
Middle East	237	0	237	1,075	11	1,064	5	5	0	6	6	0	9,532	436	9,096	77.9	154,475.7
Europe	150	0	150	1,249	0	1,249	1,262	0	1,262	1,560	0	1,560	1,777	0	1,777	14.5	13.9
North America	38	35	3	2,119	0	2,119	0	0	0	2	0	2	7	0	7	0.1	259.8
Central America	2,680	2,677	3	2,974	2,851	123	88	77	10	0	0	0	72	0	72	0.6	—
South America	1,207	556	651	1,084	1,084	0	974	951	23	430	418	12	5	0	5	0.0	(98.9)
Africa	0	0	0	26	26	0	407	309	99	2,297	0	2,297	0	0	0	0.0	(100.0)
Oceania	158	0	158	0	0	0	0	0	0	0	0	0	0	0	0	0.0	—
<b>Total</b>	<b>10,441</b>	<b>3,268</b>	<b>7,173</b>	<b>8,574</b>	<b>3,972</b>	<b>4,603</b>	<b>8,359</b>	<b>1,342</b>	<b>7,017</b>	<b>4,416</b>	<b>424</b>	<b>3,993</b>	<b>12,234</b>	<b>436</b>	<b>11,798</b>	<b>100.0</b>	<b>177.0</b>

## Recoveries

### Recoveries by Risk

(Millions of yen)

Type of Risks	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	Composition (%)	Year-on-year change (%)
Political Risk	54,284	40,393	17,451	14,327	17,330	23,531	30,865	98.4	31.2
Commercial Risk	3,181	1,462	3,064	1,313	338	486	509	1.6	4.7
Total	57,465	41,855	20,515	15,640	17,668	24,017	31,375	100.0	30.6

### Recoveries by Region

(Millions of yen)

Region	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	Composition (%)	Year-on-year change (%)
Asia	7,451	6,354	8,397	5,523	5,673	6,298	7,278	23.2	15.6
Middle East	2,520	1,404	1,342	1,357	3,510	8,172	11,173	35.6	36.7
Europe	31,967	25,349	2,515	1,028	814	1,154	1,512	4.8	31.0
North America	0	1	0	778	1	30	0	0.0	(100.0)
Central America	2,483	480	571	193	510	241	3,246	10.3	1,249.0
South America	6,882	2,230	1,705	1,155	1,176	1,536	1,558	5.0	1.4
Africa	6,160	6,037	5,985	5,608	5,970	6,587	6,608	21.1	0.3
Oceania	3	1	0	0	14	0	0	0.0	0.0
Total	57,465	41,855	20,515	15,640	17,668	24,017	31,375	100.0	30.6

## Recoveries in FY2013

### Recoveries by Risk

Recoveries for FY2013 increased by 30.6% (JPY 7.3 billion) to JPY 31.3 billion from the previous fiscal year's JPY 24 billion.

Looking at a breakdown by type of risk, recoveries for commercial risk events accounted for approximately 1.6% (JPY 500 million) of the total recoveries, and recoveries for political risk events by way of rescheduling, etc. accounted for 98.4% (JPY 30.8 billion).

### Recoveries by Region and Country

In a breakdown by region, recoveries from the Middle East accounted for the largest share of 35.6%, or JPY 11.1 billion, up by 36.7% from the previous fiscal year. Debts of JPY 9.3 billion were recovered from Iraq and JPY 1.7 billion were recovered from Jordan.

Recoveries from Asia accounted for the second largest share (23.2%), up by 15.6% from the previous fiscal year to JPY 7.2 billion. The amounts recovered include JPY 6 billion from Indonesia, JPY 900 million from Myanmar, and JPY 100 million from Korea.

Recoveries from Africa amounted to JPY 6.6 billion (JPY 6.5 billion from Egypt, JPY 20 million from Kenya, and JPY 20 million from Gabon). JPY 3.2 billion (JPY 2.8 billion from Cuba, JPY 300 million from the Dominican Republic, and JPY 100 million from Antigua Barbuda) was recovered from Central America and JPY 1.5 billion (JPY 1.1 billion from Argentina and JPY 400 million from Ecuador) from South America.

As for recoveries by country, the top five countries with the largest recoveries were, in descending order, Iraq, Egypt, Indonesia, Cuba and Jordan and they collectively accounted for approximately 85% of the total recoveries from 33 countries.

# 2013 Financial Results

## ● Fiscal Year 2013 in Review

On June 24, 2014, the Incorporated Administrative Agency Nippon Export and Investment Insurance (NEXI) submitted financial statements and other financial information for the fiscal year 2013 ended March 31, 2014 (the 13<sup>th</sup> 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)

	9th (FY2009)	10th (FY2010)	11th (FY2011)	12th (FY2012)	13th (FY2013)
<b>Ordinary profit (loss)</b>	<b>5,724</b>	<b>5,777</b>	<b>9,006</b>	<b>8,404</b>	<b>6,905</b>
Ordinary income	17,286	17,111	16,240	16,866	14,241
(Underwriting income)	12,504	11,084	10,538	9,910	8,582
(Reference) Premium of original insurance written	39,606	38,693	31,849	35,590	28,224
Net premium written	10,784	11,075	8,972	9,908	8,153
Reversal of outstanding claims provision	1,713	–	1,562	–	351
(Investment income)	4,409	5,869	5,503	6,524	5,245
(Foreign exchange gain)	198	–	31	182	143
Ordinary expenses	11,562	11,334	7,234	8,462	7,336
(Underwriting expenses)	4,431	4,184	1,394	3,185	1,491
(Reference) Insurance claims paid	10,441	8,574	8,359	4,416	12,234
Net claims paid	976	749	741	388	1,201
Provision for outstanding claims reserves	–	1,768	–	342	–
Provision for outstanding commitments reserves	3,012	2,409	690	2,466	499
(Foreign exchange loss)	–	76	–	–	–
(Operating and administrative expenses)	7,116	7,075	5,840	5,261	<b>5,597</b>
<b>Extraordinary profit (loss)</b>	<b>11,009</b>	<b>15,830</b>	<b>17,599</b>	<b>12,022</b>	<b>8,526</b>
<b>Net profit (loss)</b>	<b>16,733</b>	<b>21,607</b>	<b>26,605</b>	<b>20,426</b>	<b>15,432</b>
<b>Total assets</b>	<b>315,683</b>	<b>339,262</b>	<b>371,754</b>	<b>368,664</b>	<b>373,557</b>
<b>Net worth</b>	<b>282,092</b>	<b>303,699</b>	<b>330,304</b>	<b>321,002</b>	<b>336,433</b>

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

### Profits and Losses

Net premium written in FY2013 decreased by 17.7% to JPY 8,153 million compared to the previous fiscal year. Income from some insurance facilities such as Export Credit Insurance increased due to growing Japanese exports backed by the yen's depreciation, but a decrease in income from Overseas Untied Loan Insurance exceeded the total increase. Investment income also decreased by 19.6% to JPY 5,245 million, due to lack of gain on exchange of securities during the fiscal year. As a result, ordinary income declined by 15.6% to JPY 14,241 million compared to the previous fiscal year.

On the other hand, net claims paid amounted to JPY 1,201 million, an increase of 3.1 times compared to the previous fiscal year. Unlike the previous year, however, a reversal of outstanding claims provision was recorded, and also a provision for outstanding commitments reserves, which had been much larger in the previous fiscal year due to underwriting of new large-scale projects, declined by 79.8% to JPY 499 million. As a consequence, ordinary expenses decreased by 13.3% to JPY 7,336 million compared to the previous fiscal year.

Ordinary profit in FY2013 was therefore JPY 6,905 million, down by 17.8% from the previous fiscal year.

Extraordinary profit was JPY 8,526 million, which includes interest income and valuation gains from receivables acquired by subrogation that continued to be successfully recovered according to rescheduling agreement.

As a result, net profit for the fiscal year amounted to JPY 15,432 million.

## Financial Statements

### Balance Sheet (As of March 31, 2014)

(Millions of yen)			
Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Cash and cash equivalents	9,101	Outstanding claims reserves	1,322
Securities	296,053	Reserves for outstanding commitments	23,172
Receivables subrogated by paying claims	222,432	Amount due to the reinsurer	4,177
Accrued income	1,705	Deposits received	41
Accrued premium	5,390	Advance insurance premium	3,439
Reinsurance credit	205	Accrued amount payable	4,188
Buildings <sup>(Note 2)</sup>	102	Accrued bonuses	99
Equipment and fixtures <sup>(Note 3)</sup>	598	Reserves for retirement allowance	454
Accounts receivable	116	Other liabilities	230
Deposits	394	<b>Total liabilities</b>	<b>37,123</b>
Software	935	(Net worth)	
Other assets	70	Capital	
Allowance for uncollectible receivables	(163,545)	Government investment	104,352
		Capital surplus <sup>(Note 4)</sup>	143,402
		Retained earnings	
		Third term period reserve fund carried forward	52,822
		Surplus reserves	20,426
		Unappropriated retained earnings	15,432
		(of which profit for the current year)	15,432
		Total retained earnings	88,679
		<b>Total net worth</b>	<b>336,433</b>
<b>Total assets</b>	<b>373,557</b>	<b>Total liabilities and net worth</b>	<b>373,557</b>

(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 216 million.
3. Accumulated depreciation on equipment and fixtures is JPY 1,166 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, 2013–March 31, 2014)

Account title	(Millions of yen) Amount
<b>Ordinary income</b>	<b>14,241</b>
<b>Underwriting income</b>	<b>8,582</b>
Net premium written <sup>(Note 2)</sup>	8,153
Reversal of outstanding claims provision	351
Interest income on receivables subrogated by paying claims	79
<b>Investment income</b>	<b>5,245</b>
Income from interest	2
Interest on securities	5,243
Foreign exchange gain	143
Other	270
Other ordinary income	270
<b>Ordinary expenses</b>	<b>7,336</b>
<b>Underwriting expenses</b>	<b>1,491</b>
Net claims paid <sup>(Note 3)</sup>	1,201
Estimated amount of insurance claims recovery <sup>(Note 4)</sup>	(210)
Provision for outstanding commitments reserves	499
<b>Operating and administrative expenses</b>	<b>5,597</b>
<b>Other</b>	<b>248</b>
Claim recovery expenses	206
Other ordinary expenses	43
<b>Ordinary profit</b>	<b>6,905</b>
<b>Extraordinary income</b>	<b>8,687</b>
Profit relating to in-kind contribution of receivables acquired by government subrogation <sup>(Note 5)</sup>	4,319
Reversal of provision for uncollectible receivables relating to in-kind contribution of receivables acquired by government subrogation	4,353
Other extraordinary income	15
<b>Extraordinary loss</b>	<b>161</b>
Losses relating to in-kind contribution of receivables acquired by government subrogation <sup>(Note 5)</sup>	160
Other extraordinary loss	1
<b>Net profit</b>	<b>15,432</b>

### (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	28,224
Refund of premium paid for reinsurance	900
Premium received for reinsurance	3,770
Premium paid for reinsurance	(24,741)
(Net)	8,153

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

Insurance claims paid	12,234
Reinsurance claims recovered	(11,033)
Refund of insurance claims paid	(0)
Refund of reinsurance claims received	0
(Net)	1,201

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) Political-risk subrogated receivables	(293)
2) Bad debt loss	53
3) Reversal of provision for uncollectible receivables	(119)
(2) Capitalized and evaluated amount of subrogated receivables in relation to commercial risk claims paid	
1) Commercial-risk subrogated receivables	(1,187)
2) Difference of estimated value between the current year and the previous year concerning subrogated receivables capitalized in line with the outstanding claims provision	293
3) Bad debt loss	3
4) Provision for uncollectible receivables	1,040
(Total)	(210)

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	3,451
Foreign exchange gain	868
(Total)	4,319

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

(Millions of yen)	
Recovery expenses	7
Bad debt loss	153
(Total)	160



**Statement of Cash Flows** (April 1, 2013–March 31, 2014)

(Millions of yen)

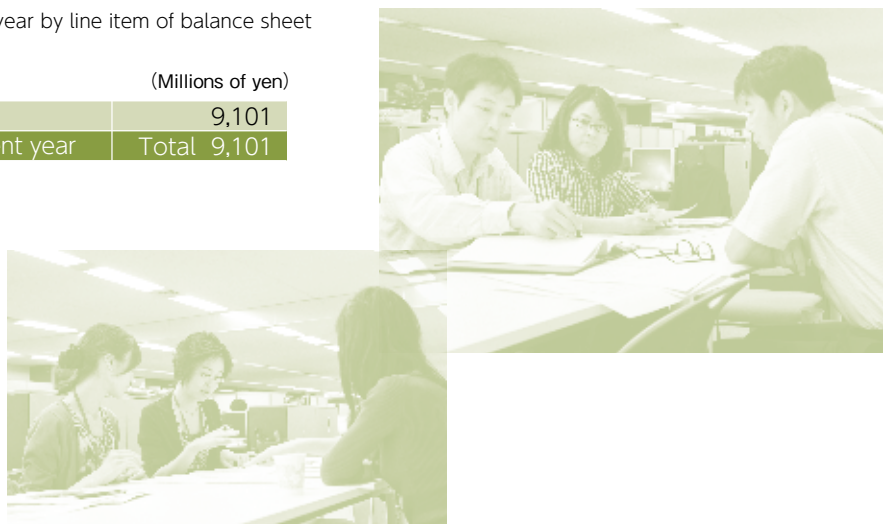
<b>I. Cash flows from operating activities</b>	
Premium received	36,284
Reinsurance premium paid	(32,035)
Insurance claims paid	(12,246)
Reinsurance claims received	13,064
Income from recovery of receivables subrogated by paying claims	25,154
Payment of recovered receivables subrogated by paying claims	(13,750)
Income from recovery of receivables subrogated to the government	10,137
Payment of recovered receivables subrogated to the government	(10,137)
Personnel expenses	(1,331)
Other operating expenses	(3,356)
Other	153
<b>Subtotal</b>	<b>11,938</b>
Interests received	8,648
<b>Net cash provided by operating activities</b>	<b>20,586</b>
<b>II. Cash flows from investing activities</b>	
Purchase of securities	(52,879)
Redemption and sale of securities	30,997
Purchase of fixed assets	(598)
Reversal of deposits	3
Payment of deposits	(0)
<b>Net cash (used in) provided by investing activities</b>	<b>(22,477)</b>
<b>III. Cash flows from financing activities</b>	
<b>Net cash (used in) provided by financing activities</b>	<b>—</b>
<b>IV. Foreign exchange difference related to cash and cash equivalents</b>	<b>56</b>
<b>V. Net increase (decrease) in cash and cash equivalents</b>	<b>(1,835)</b>
<b>VI. Cash and cash equivalents at the beginning of the current year</b>	<b>10,937</b>
<b>VII. Cash and cash equivalents at the end of the current year</b>	<b>9,101</b>

(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	9,101
Balance of cash at the end of the current year	Total 9,101



## 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 is calculated using a straight-line depreciation method where the residual value is set 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 where the usability period is used as the estimated useful life and where the residual value is set at ¥0. Starting from FY2013, the useful life of 5 years instead of 4 years is used following the review of the current status of the use of software. The shift from the previous method resulted in a decrease of JPY 30 million in amortization of software for FY2013 and the ordinary profit as well as the net profit increased accordingly by the same amount.

#### 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 allowance for uncollectible receivables

Reserves for outstanding commitments, outstanding claims reserves, receivables subrogated by paying claims, and the allowance 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 rate used for the calculation of opportunity costs relating to investments by the government: the yield of 10-year government bonds (0.640%)

#### 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 absence of any plans to vacate the currently leased office.

#### 10. Changes to accounting principles

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

#### 11. Changes to presentation methods

"Claim recovery expenses" (excluding the expenses associated with the assets invested by the government), which had conventionally been included in "Operating and administrative expenses," shall be separately presented as "Claim recovery expenses" under "Other." This change is based on the facts that NEXI is moving towards a new method where the insurer leads the recovery of the receivables subrogated by paying claims and that a significant fluctuation in the amount of the said expenses is expected accordingly.

### 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.

###### (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 secretariat 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 on the balance sheet, fair value and differences as of the end of the fiscal year 2013

	(Millions of yen)		
	Carrying amount	Fair value	Differences
(1) Cash and cash equivalents	9,101	9,101	—
(2) Securities			
Held-to-maturity securities	296,053	325,112	29,059
(3) Receivables subrogated by paying claims			
Receivables subrogated by paying claims	222,432		
Allowance for uncollectible receivables(*)	(163,545)		
(Net)	58,887	58,887	—
(4) Accrued premium	5,390	5,390	—
(5) Reinsurance credit	205	205	—
Assets	369,637	398,696	29,059
(6) Amount due to the reinsurer	4,177	4,177	—
Liabilities	4,177	4,177	—

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

##### (Note 1) 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	282,765	311,825	29,061
Fair value ≤ Carrying amount	Government and municipal bonds	13,289	13,287	(2)
Total		296,053	325,112	29,059

• There were no held-to-maturity securities sold during the fiscal year 2013.

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

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

(i) Allowance for uncollectible receivables associated with receivables subrogated by paying political risk claims is calculated using a ratio 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) Allowance for uncollectible receivables associated with receivables

subrogated by paying commercial risk claims is calculated in two different ways. For receivables from debtors that are actually or nearly bankrupt, allowance is calculated by deducting foreclosure estimates and estimated amounts recoverable under a payment guarantee. For receivables from other debtors, allowance is 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 allowance 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

## 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. ○ <b>Valuation difference of receivables subrogated by paying claims</b> 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). ○ <b>Valuation difference associated with capitalization</b> 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.
Reversal of outstanding claims provision	Reversal of outstanding claims provision 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

At its meeting on December 24, 2013, the Cabinet endorsed a plan to reform incorporated administrative agencies, including NEXI. Under the plan, "NEXI shall be converted into a special company wholly owned by the government" and "Special Account for Trade Reinsurance shall be abolished by the end of FY2016 and the special company shall succeed the assets and liabilities."

(Millions of yen)

	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	12,000	15,000	26,500	24,600	216,600	-	-
Receivables subrogated by paying claims	14,987	22,808	17,623	42,605	32,055	-	92,354
Total	26,987	37,808	44,123	67,205	248,655	-	92,354

(\*)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

# 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.



## Outline of the fourth-term objectives

### 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 Desk.
  - (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 Desk 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 Desk. 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 Desk.
- (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 Desk.
  - (i) For any complaints about our services, please provide the details to the Customer Relations Desk in writing or via email. The Customer Relations Desk 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 Desk in writing or via email. The Customer Relations Desk will review the details and provide the results of its review without delay. If immediate action cannot be taken, the Customer Relations Desk will inform you of the reason and when the problem will be resolved.



### Customer Relations Desk

- (1) NEXI has established a "Customer Relations Desk" to provide more efficient services to our customers in accordance with our customer-first policy.
- (2) The Customer Relations Desk 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.

URL : <https://www.nexi.go.jp/inquiry/en/>

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

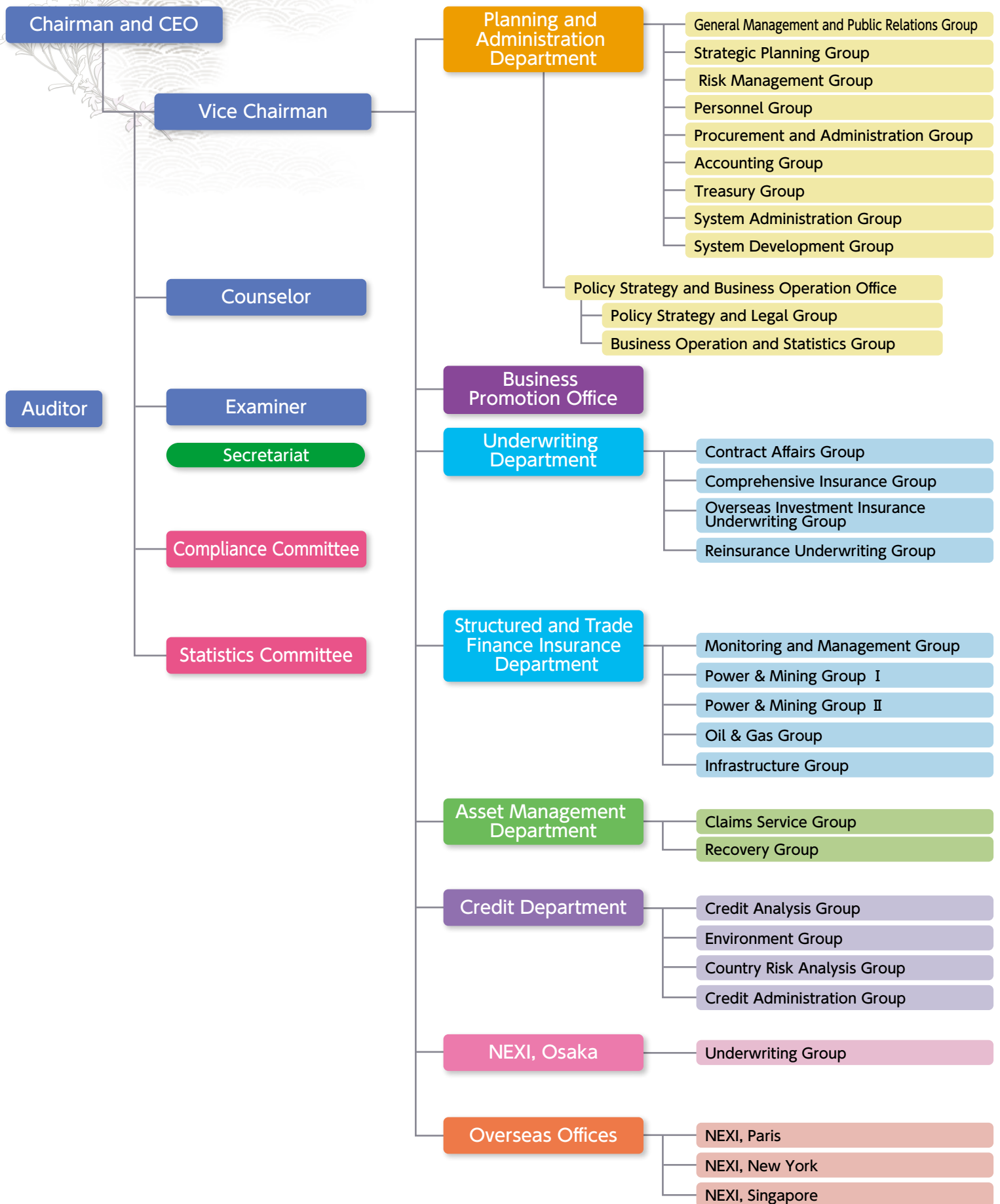
- Chairman and CEO ..... Kazuhiko Bando
- Vice Chairman ..... Keiji Wada
- Vice Chairman ..... Fuminori Inagaki
- Corporate Auditor (Full Time) ... Takeshi Oiwa
- Corporate Auditor (Part Time) ... Takashi Imai





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	137 (As of April 1, 2014)
Scope of Business	<ol style="list-style-type: none"> <li>1. To conduct trade and investment insurance business operations complying with the regulations of Chapter 3 of the Trade and Investment Insurance Act.</li> <li>2. To conduct business which is incidental to the business stated in 1.</li> <li>3. To underwrite reinsurance under the insurance obligations of international institutions, foreign governments, or international companies that conduct insurance business (including reinsurance) which indemnifies losses similar to the losses covered by trade and investment insurance.</li> <li>4. To entrust reinsurance for the insurance obligation of NEXI under the Trade and Investment Insurance Act to international institutions, foreign governments, or international companies that conduct insurance business (including reinsurance) which indemnifies losses similar to the losses covered by trade insurance as well as the reinsurance with the Government complying with the regulations of Chapter 4 of the Trade and Investment Insurance Act.</li> </ol>
Brief History	<p>Jul. 1999    Enactment of Act on General Rules for Incorporated Administrative Agency</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</p> <p>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</p> <p>Aioi 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</p> <p>NEXI Paris, NEXI New York, and NEXI Singapore (See page 34.)</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	<a href="http://www.nexi.go.jp">http://www.nexi.go.jp</a>

# Organization Chart (as of April, 2014)



# 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

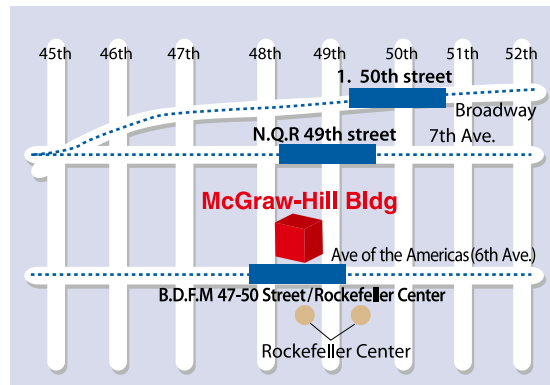
### NEXI, Paris

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

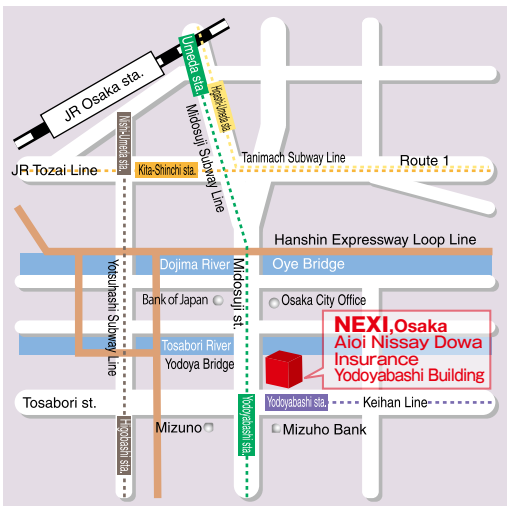
c/o JETRO 1221 Avenue of the Americas, 42 Fl, McGraw-Hill Bldg. New York N.Y. 10020 USA  
 Phone: 1-212-819-7769 Fax: 1-212-819-7796



## 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

Chiyoda First Building, East Wing 3rd Floor, 3-8-1 Nishikanda,  
Chiyoda-ku, Tokyo, 101-8359 Japan  
Phone: 81-(0)3-3512-7650 Fax: 81-(0)3-3512-7660  
<http://www.nexi.go.jp>

Inquiries  
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](mailto:info@nexi.go.jp)