

NEXI

Nippon Export and Investment Insurance

Annual Report FY2015

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:

- ① Improve the quality of our service;
- ② Broaden the range of risk coverage;
- ③ Promote efficient operations; and
- ④ Increase management transparency.

Contents

Message from the Chairman	03
NEXI's Trade and Investment Insurance System	04
Major Insurance Products	05
2015 Performance Highlights	06
2015 Business Overview	12
2015 Underwritten Projects	16
2015 Review of Performance	22
2015 Financial Results	26
Fourth-Term Objectives	32
Customer Service Charter	34
Profile of NEXI	36



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

It gives me great pleasure to present the FY2015 annual report of Nippon Export and Investment Insurance (NEXI) for the year ended 31 March 2016. I am truly grateful for your support and cooperation throughout the past year.

During the fiscal year under review, the overall world economy showed moderate improvement, while recovery in some emerging economies was slow against a backdrop of continuously low crude oil and other resource prices, as well as debt problems.

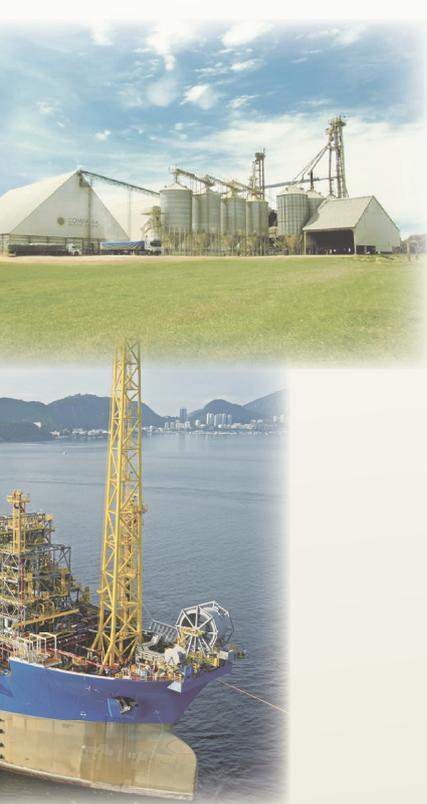
Under such circumstances, Prime Minister Shinzo Abe announced the “Partnership for Quality Infrastructure” in May 2015 to accommodate the huge demand for infrastructure in Asia by providing high-quality investments. Following the announcement, we at NEXI started various capability enhancement measures, including creation of insurance for sub-sovereign transactions. We also made efforts to help Japanese companies to increase their competitiveness in the overseas market by actively supporting their projects for infrastructure, including power, telecommunications, and agriculture.

Also during FY2015, we launched a new web service that enables online registration of insurance users and specific insurance applications. Our efforts to expedite and simplify procedures have provided greater convenience to users. Furthermore, we at NEXI have continued to offer support information to SMEs through the expanded SME-support network of local banks and Shinkins (credit associations) that have formed business alliances and cooperative partnerships with us. Our efforts have been reflected in the number of contracts of Export Credit Insurance for SMEs, which increased significantly in FY2015.

In July 2015, the revised Trade and Investment Insurance Act was enacted during an ordinary session of the Diet to materialize NEXI’s upcoming transition to a special company wholly owned by the government in April 2017. The new NEXI will continue to promote international transactions by Japanese companies, including infrastructure export, by improving its managerial flexibility, efficiency, and agility, while also maintaining unity with the government in terms of trade policy.

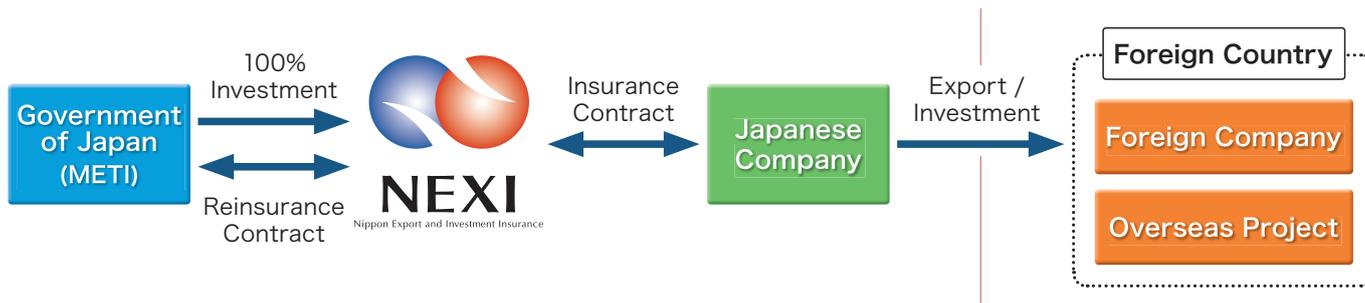
To survive and win against the international competition amid the ongoing economic globalization, both the public and private sectors must continue to work together. We at NEXI will continue to provide quality insurance services that meet diverse business needs. We would greatly appreciate your continued understanding and support in our endeavors.

Kazuhiko Bando
Chairman and CEO
July 2016



NEXI's Trade and Investment Insurance System

- Trade and investment insurance covers risks involved in overseas transactions, such as export, import, investment, and financing, for which private insurance is not able to provide coverage.
- The purpose of trade and investment insurance is to mitigate risks that accompany cross-border transactions and support the overseas activities of companies.
- Most countries have state-owned institutions that provide trade and investment insurance to support the international business activities of domestic companies.



- Trade and investment insurance covers losses incurred by companies and institutions as a result of occurrence of the following risks.

Political Risk

- Foreign exchange restriction / prohibition, import restriction / prohibition
- War, civil strife, revolution, acts of terrorism
- Delays in foreign currency remittances caused in the paying country
- High customs duties imposed for the purpose of economic sanctions
- Economic sanctions by the UN or countries other than countries of destination
- Expropriation
- Natural disasters or other causes not attributable to contracting parties

Commercial Risk

- Non-payment by a counterparty to a contract for three months or longer (Excluding cases where the exporter is responsible for the non-payment such as cases of complaints against goods)
- Bankruptcy of a counterparty to a contract
- Event similar to bankruptcy
- Unilateral cancellation of export contract with a foreign government before shipment (Excluding unilateral cancellation before shipment by a private-sector buyer)

The following losses arising from such events...

...will be covered:

<h4>Pre-shipment risk</h4> <p>Loss incurred due to failure of shipment</p>	<h4>Post-shipment risk</h4> <p>Loss incurred due to failure to collect receivables, service fees, or loans</p>	<h4>Overseas investment risk</h4> <p>Losses on investment assets as a result of discontinuation or suspension of a joint venture</p>
---	---	--

Political Risk: Force majeure risk that is not attributable to contracting parties (also called Country Risk)
 Commercial Risk: Risk for which the overseas counterparty can be held responsible (also called Credit Risk)

Major Insurance Products

Insurance for export

Export Credit Insurance

This insurance covers losses incurred by a Japanese company undertaking export, intermediary trade, or provision of technical cooperation, such as construction work, as a result of failure to make shipment or collect receivables.

*Percentage of pre-shipment coverage: 60-95% for Political Risk and 60-80% for Commercial Risk (under the Export Credit Specific Insurance)

*Percentage of post-shipment coverage: 97.5% for Political Risk and 90% for Commercial Risk (under the Export Credit Specific Insurance)

Insurance for loans

Buyer's Credit Insurance

This insurance covers losses incurred by a financial institution located in Japan as a result of non-repayment of loans made to a foreign company or bank for payment of goods exported from Japan (buyer's credit).

* Percentage of coverage: 100% for Political Risk and 95% for Commercial Risk

Overseas Untied Loan Insurance

This insurance covers losses incurred by a financial institution or company located in Japan as a result of non-repayment of loans made to a foreign company or government to be used as business funds.

* Percentage of coverage: 100% for Political Risk and 90-95% for Commercial Risk

Insurance for investment

Overseas Investment Insurance

This insurance covers overseas investment losses incurred due to expropriation or infringement of rights by a foreign government, restriction on foreign currency remittance, war, and other force majeure events.

*Percentage of coverage: up to 100%

2015 Performance Highlights

Export Trends

Japanese exports in FY2015 declined for the first time in three years to approximately JPY 74.1 trillion (down by 0.7% compared to the previous fiscal year), partly due to declining steel and organic compounds exports. By region and country, exports to Asia fell by 2.8% to approximately JPY 39.2 trillion, of which exports to China accounted for approximately JPY 13 trillion, down by 3.1% compared to the previous fiscal year. Exports to the U.S. increased by 6.2% to approximately JPY 15.1 trillion, and exports to the EU also increased by 5.2% to approximately JPY 8.1 trillion compared to the previous fiscal year.

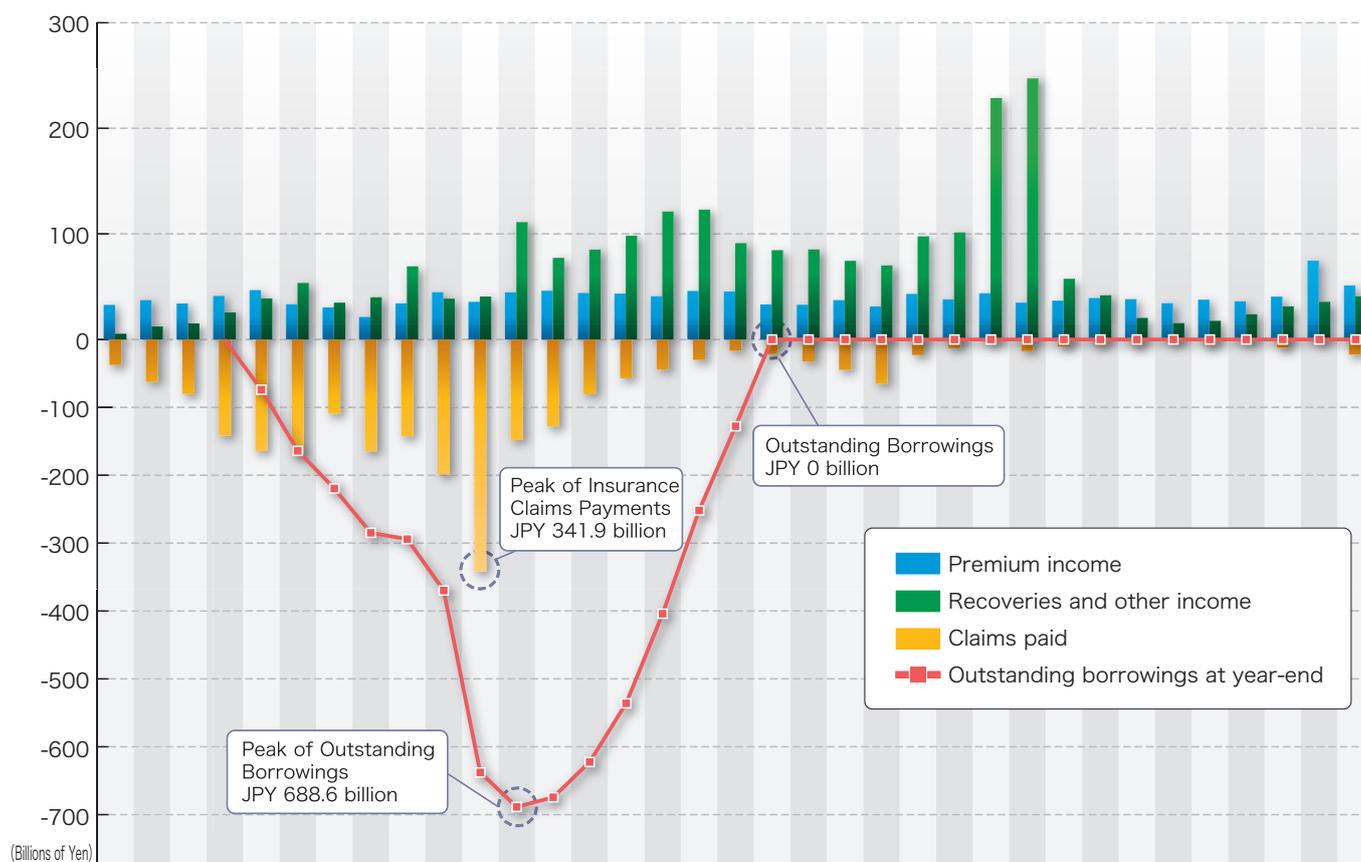
(Japan's exports)

(Millions of Yen)

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Total Exports	67,788,838	65,288,487	63,939,981	70,856,464	74,667,048	74,117,450
Year-on-year change(%)	14.9	(3.7)	(2.1)	10.8	5.4	(0.7)

(Source: Trade Statistics, Ministry of Finance)

Trends of the Trade and Investment Insurance Program



Fiscal Year	'81	'82	'83	'84	'85	'86	'87	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	
Premium income	32.8	37.3	34.1	41.3	46.8	33.4	30.4	21.3	34.2	44.8	35.7	44.7	46.2	44.1	43.5	41.0	46.0	45.4	33.2	32.9	37.3	31.3	43.2	38.0	43.8	34.9	36.8	39.3	38.2	34.4	37.7	36.2	40.6	74.6	51.2	
Recoveries and other income	5.5	12.3	15.2	25.6	38.9	53.6	34.9	40.0	69.3	38.7	40.7	111.2	77.3	85.2	98.3	121.2	123.0	91.3	84.6	85.3	74.5	70.2	97.7	101.4	228.7	247.3	57.5	41.9	20.5	15.6	17.7	24.0	31.4	35.7	40.9	
Claims paid	37.6	62.7	80.5	141.5	164.3	169.0	109.5	164.8	142.7	198.6	341.9	148.2	128.0	80.6	57.1	44.4	30.2	16.7	21.6	32.4	49.9	65.1	23.0	12.9	3.7	2.4	3.8	17.2	10.4	8.6	8.4	4.4	12.2	3.1	22.4	
Outstanding borrowings at year-end	-	-	-	-	74.0	164.1	219.5	284.8	294.1	369.8	637.8	688.6	674.4	622.4	536.0	404.1	251.8	127.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

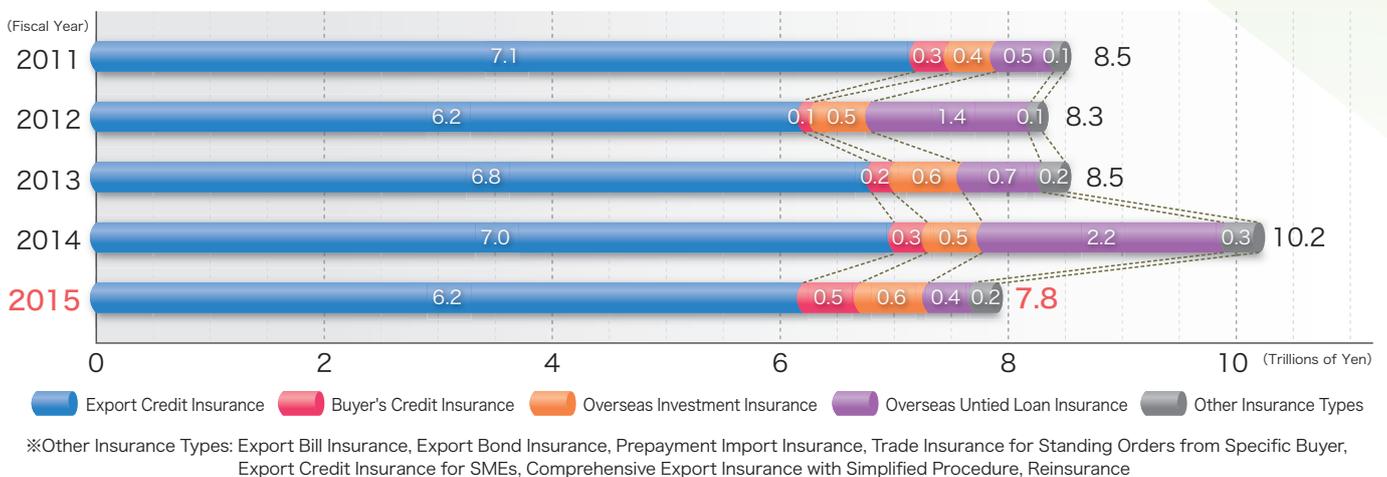
(Billions of yen)

Note: The amount is based on cash.

Underwritten Amount

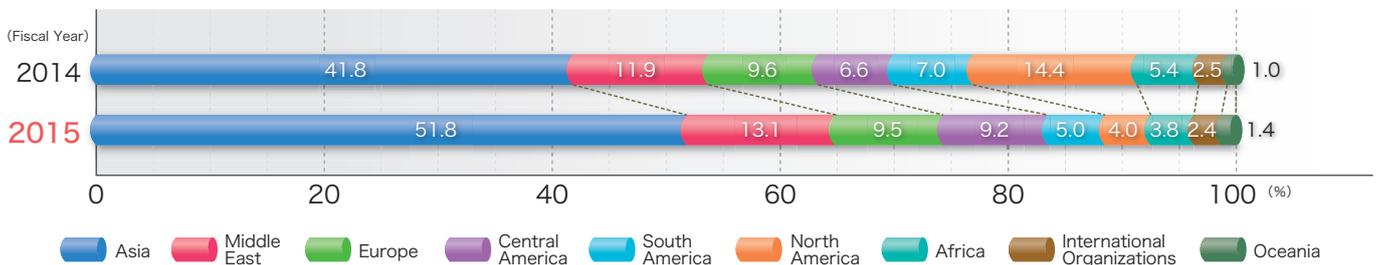
Underwritten Amount by Insurance Type

The total underwritten amount in FY2015 was approximately JPY 7.8 trillion, down by 22.9% compared to the previous fiscal year. Overseas Untied Loan Insurance decreased significantly by 79.9% to approximately JPY 0.4 trillion compared to the previous fiscal year, in reaction to underwriting of large-scale projects in the previous fiscal year. Export Credit Insurance also fell by 11.4% to approximately JPY 6.2 trillion, mainly due to declining steel and other major transactions underwritten during the fiscal year under review.



Underwritten Amount by Region

In terms of underwritten amount by region, Asia continued to be the largest with 51.8% (approximately JPY 4.4 trillion) of the total amount, followed by the Middle East with 13.1% (approximately JPY 1.1 trillion). North America's portion declined significantly to 4%, as the underwritten amount decreased by 78.4% to approximately JPY 0.3 trillion compared to the previous fiscal year, in reaction to underwriting of a large-scale project in the previous fiscal year.



Top Ten Countries and Regions for Underwritten Amount in FY2015

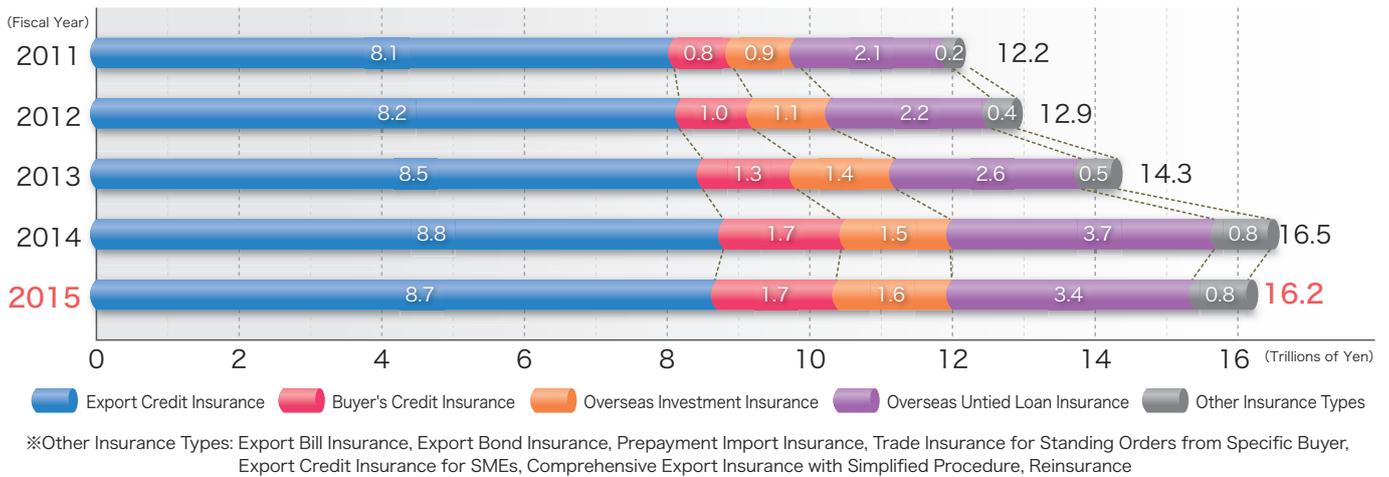
(Millions of Yen)

	Country/Region	Underwritten amount	Composition (%)		Country/Region	Underwritten amount	Composition (%)
1	China	666,350	7.9	6	Panama (flag of convenience vessel)	410,224	4.9
2	Indonesia	507,789	6.0	7	Saudi Arabia	364,178	4.3
3	Vietnam	467,592	5.6	8	Turkmenistan	350,543	4.2
4	Thailand	439,608	5.2	9	Qatar	304,549	3.6
5	Korea	411,975	4.9	10	Belgium	303,309	3.6

Outstanding Commitment

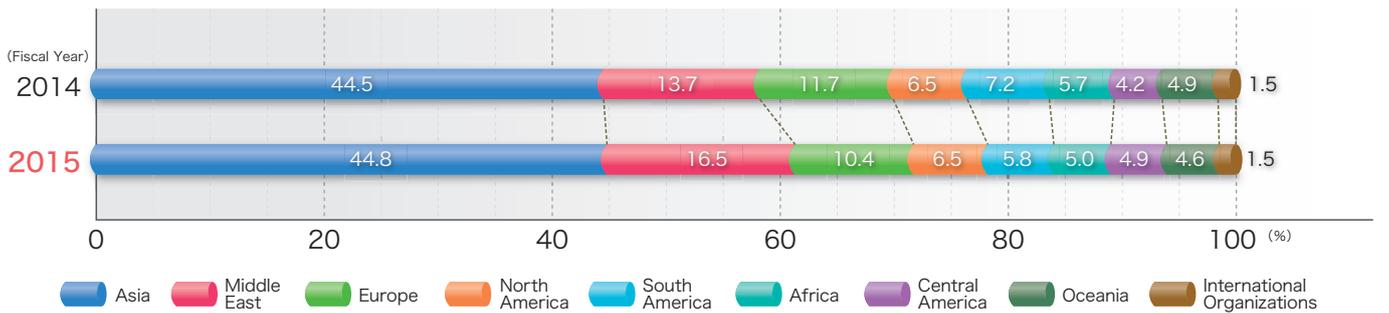
Outstanding Commitment by Insurance Type

The total outstanding commitment at the end of FY2015 declined by 1.8% to approximately JPY 16.2 trillion compared to the previous fiscal year.



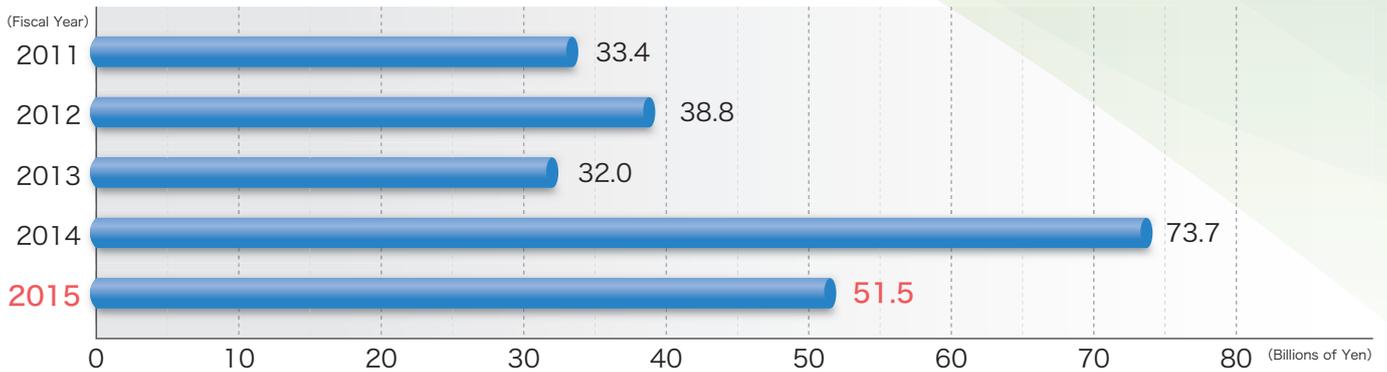
Outstanding Commitment by Region

The outstanding commitment for Asia continued to be the largest at approximately JPY 7.4 trillion (44.8% of the total amount), followed by the Middle East at approximately JPY 2.7 trillion or 16.5%.



Premium Income

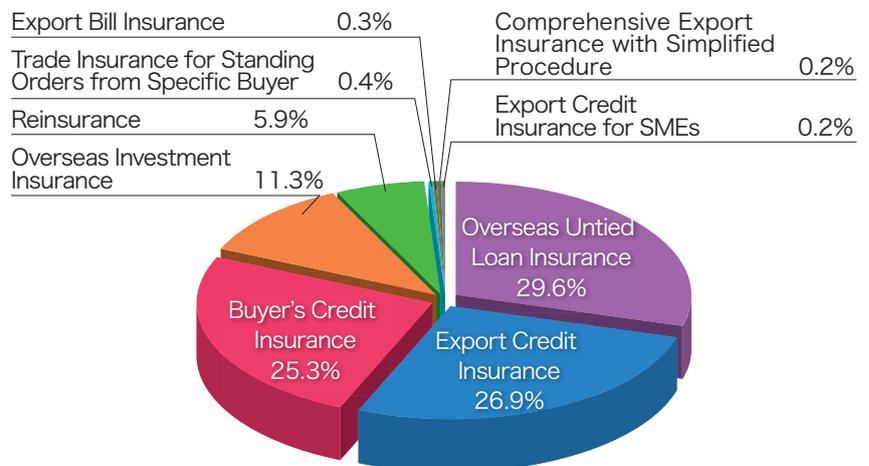
Premium income in FY2015 declined by 30.1% compared to the previous fiscal year to approximately JPY 51.5 billion.



(Note) For details please see page 24.

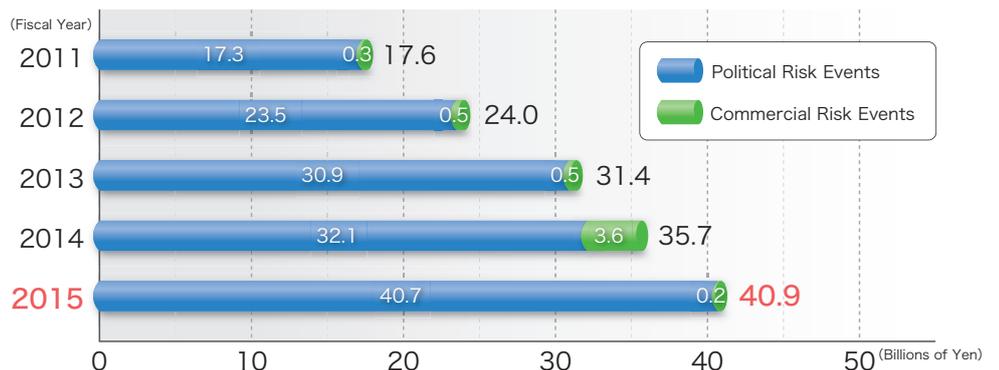
Premium Income by Insurance Type

Overseas Untied Loan Insurance earned the largest premium income of JPY 15.2 billion (29.6% of the total amount) in FY2015. The second largest earner was Export Credit Insurance with approximately JPY 13.9 billion (26.9%), followed by Buyer's Credit Insurance with approximately JPY 13.0 billion (25.3%).



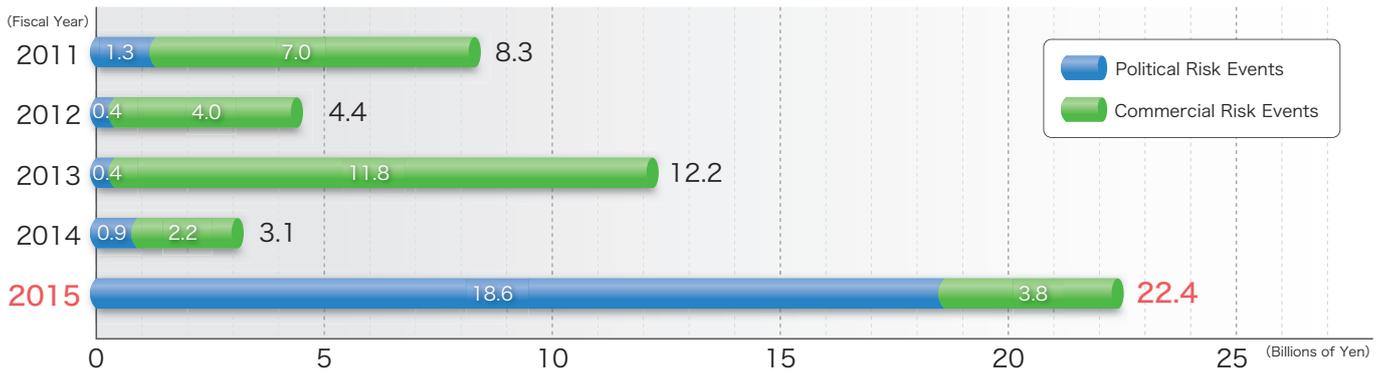
Recoveries

The amount of recoveries in FY2015 was approximately JPY 40.9 billion, up by 14.4% compared to the previous fiscal year. Recoveries of claims associated with political risk events, including Paris Club rescheduling, accounted for 99.5% of the total recoveries. The remaining 0.5% was associated with commercial risk events.



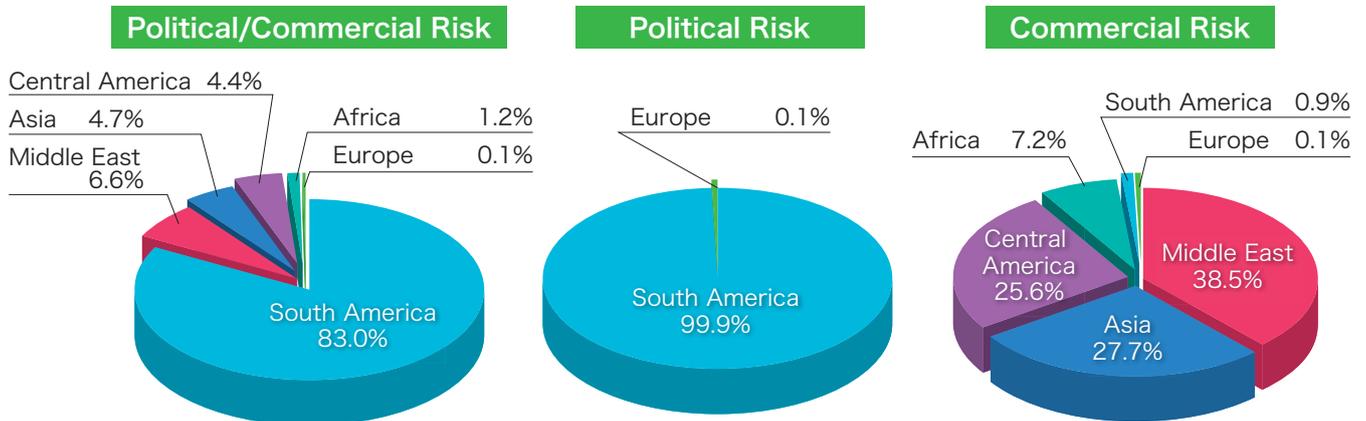
Claims Paid

Claims paid in FY2015 increased by 621.9% to approximately JPY 22.4 billion compared to the previous fiscal year. The significant increase was due to insurance claims made for a large-scale political risk event.



Insurance Claims Paid (by Region)

In terms of region, the amount of claims paid for South America was the largest at approximately JPY 18.6 billion (83.0% of the total amount).



Top Five Countries/Regions with the Largest Insurance Claims Paid

(Millions of Yen)

	Country/Region	Total	Political Risk	Commercial Risk
1	Venezuela	18,534	18,534	0
2	United Arab Emirates	1,091	0	1,091
3	Panama (flag of convenience vessel)	980	0	980
4	Indonesia	599	0	599
5	Jordan	381	0	381

Insured Events in FY2015 (Based on the data as of May 15, 2016)

■ Occurrence of Events by Risk – Year-on-Year Change –

The reported occurrences of both political and commercial risk events in FY2015 totaled JPY 26.1 billion. Reported political risk events remained more or less unchanged compared to the previous fiscal year, as fewer risk events in South America were reported while risk events in Africa increased. Reported commercial risk events decreased mainly due to the decline of risk events attributable to public buyers' procedural delays in spite of rising events that resulted from private buyers' deteriorating cash flows.

(Millions of Yen)

	Type of Risk	FY2013	FY2014	FY2015	Year-on-Year Change (%)
Occurrence of Events	Political Risk Events	22,522	10,195	10,563	3.6
	Commercial Risk Events	7,448	20,127	15,573	(22.6)
	Amount Total	29,970	30,322	26,136	(13.8)
Claims Paid	Political Risk Events	436	867	18,571	2,042.0
	Commercial Risk Events	11,798	2,235	3,824	71.1
	Amount Total	12,234	3,102	22,395	622.0

※Some amounts are recorded in a lump sum after notification of loss. Some insurance claims are made on a multi-year basis. Therefore, there are some gaps between the amount of occurrence of events and amount of claims paid

Occurrence of Events and Claims Paid (FY2013 - FY2015)

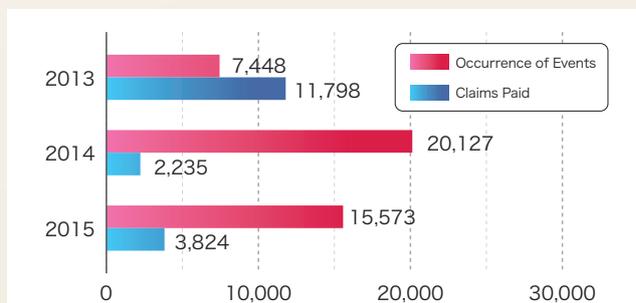
Political Risk Events

(Millions of Yen)



Commercial Risk Events

(Millions of Yen)



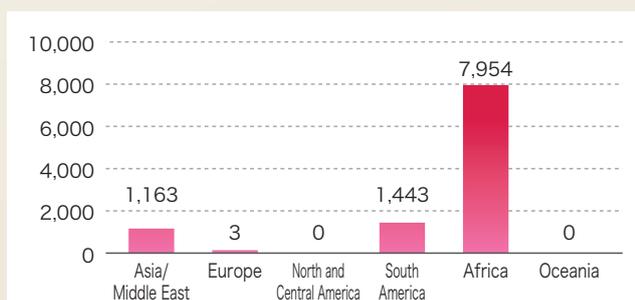
■ Occurrence of Events by Region

Approximately 80% of political risk events occurred in Africa in FY2015. The remaining 20% occurred in South America, Asia (including the Middle East), and Europe. Risk events in South America and Africa included events associated with "delays in foreign currency remittances caused in the paying country."

Occurrence of Events by Region (FY2015)

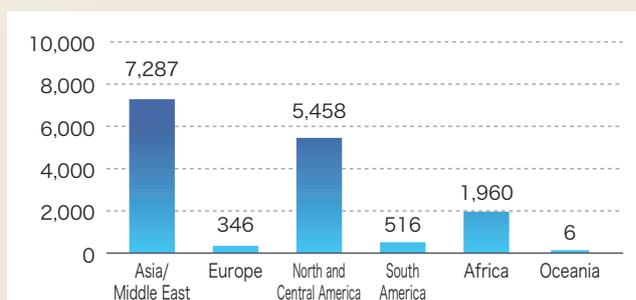
Political Risk Events

(Millions of Yen)



Commercial Risk Events

(Millions of Yen)



2015 Business Overview

Revising the NEXI Insurance Scheme

1 Further Revision of Trade and Investment Insurance Act

Following the basic policy decision on the reform of incorporated administrative agencies adopted by the Cabinet in December 2013, the Trade and Investment Insurance Act was revised in July 2015 to materialize NEXI's transition to a special company. In accordance with the revision, the trade reinsurance special account will be abolished and NEXI will become a special company wholly owned by the government in April 2017. Under the government's performance ensuring system, NEXI will further promote international transactions by Japanese companies, including infrastructure export, by improving its managerial flexibility, efficiency, and agility.

2 Capability Enhancement to Help to Realize the "Partnership for Quality Infrastructure"

Under the "Partnership for Quality Infrastructure" announced by Prime Minister Abe in May 2015, NEXI released a capability enhancement plan in November, which includes extension of the investment insurance period from 15 years to 30 years, a political risk coverage (loan insurance) increase from 97.5% to 100%, and establishment of insurance for sub-sovereign transactions.

Supporting the Strategic Priority Sectors

3 Continued Support for Overseas Infrastructure Development

Based on the "Strategy for Exporting Infrastructure Systems" announced in May 2013 and updated in May 2016 by the Ministerial Meeting on Strategy relating to Infrastructure Export and Economic Cooperation, Japan is aiming to win infrastructure orders worth approximately JPY 30 trillion by 2020.

In FY2015, NEXI aggressively supported Japanese infrastructure projects such as a telecommunications project in Myanmar and an ultra-supercritical coal-fired power plant project in Indonesia.

4 Helping to Secure a Stable Supply of Natural Resources and Energy

For Japan, a stable mineral and energy resource supply continues to be an important policy concern. Meanwhile, financing for today's resource development projects has become larger, longer, and more complicated. NEXI actively supports projects that contribute to stable resource supply to Japan and overseas business development by Japanese companies by joining discussions on possible financing cooperation with project participants, including Japanese companies, foreign governments, and

resource companies from an early stage. NEXI's FY2015 support for development of a business environment for successful resource projects includes a memorandum of understanding (MOU) on cooperation signed with PT Pertamina, Indonesia's state oil company.

5 Support for the Agricultural Sector

NEXI is enhancing support for financing and investment in overseas agriculture and promoting agricultural exports to assure food security and make agriculture into a growth industry. In FY2015, NEXI provided insurance to support financing for CAGSA, Argentina's major producer and distributor of grains, including soybeans and corn, which are important grains for Japan in terms of food security. This was the second time for NEXI to support an agricultural financing project in terms of supporting a stable food supply, after Brazil's Amaggi project in the previous fiscal year.

6 Support for the Aircraft and Ship Sectors

For the aircraft sector, NEXI is preparing to support export of the Mitsubishi Regional Jet (MRJ), a Japanese regional jet that made its maiden flight on November 11, 2015. NEXI is also supporting export of Japanese aircraft components through reinsurance provided for Boeing's aircraft cooperative development project that has been joined by Japanese heavy industrial companies.

The ship sector continued its recovery in FY2015. Ship orders, which had declined following the 2008 financial crisis, have increased for five consecutive years since 2011 due to an improved competitive environment thanks to the yen's depreciation and increased replacement demand for fuel-efficient ships. The number of ships covered by NEXI in FY2015 decreased from the previous fiscal year to nine ships, although inquiries on support for ship finance are on the rise.

NEXI will continue to promote ship exports and projects that contribute to the development of Japan's aircraft industry.



Photograph courtesy of Mitsubishi Aircraft Corporation

7 Strengthening Support for Business with Potential Partners

NEXI is currently supporting Japanese investment and business development in high-risk emerging markets. In FY2015, NEXI increased its underwriting limit on short-term transactions with Cuba and eased coverage conditions for Argentina, as well as Iran, which signed an MOC on finance facility of up to approximately JPY 1.2 trillion (equivalent to USD 10 billion) with NEXI. Also, NEXI continues to support infrastructure projects (such as airports, telecommunications, and logistics) in Myanmar, for which it restarted medium- to long-term insurance coverage in 2012.

Enhancing Ties with Overseas Organizations

8 Bilateral Meetings

NEXI holds regular bilateral meetings with ECAs and government officials of Austria, France, Germany, and Korea to share information and exchange candid opinions on various topics, including the global financial situation and each country's activities. The meetings are helpful in further strengthening bilateral ties and keeping up with each ECA's activities.

9 MOU with TFEB

In October 2015, NEXI signed an MOU with the State Bank of Foreign Economic Affairs of Turkmenistan (TFEB) on cooperation to promote trade and investment between Japan and Turkmenistan. The MOU aims to materialize projects between the two countries by providing a cooperative framework for supporting and promoting bilateral trade and investment. The MOU will help enhance Japanese business opportunities in Turkmenistan and promote friendship and partnership between the two countries.

10 MOU with EGAP

In November 2015, NEXI signed an MOU with the Export Guarantee and Insurance Corporation (EGAP) of the Czech Republic to provide reinsurance and debt recovery support for third-country contracts won jointly by Czech and Japanese companies. In collaboration with EGAP, NEXI supports Japanese companies that are willing to participate in overseas projects in cooperation with Czech companies in order to survive the intense global competition.

11 MOU with Pertamina, Indonesia

In December 2015, NEXI signed an MOU with PT Pertamina (Persero), Indonesia's state oil company.

Indonesia is planning a number of large-scale projects in the fields of oil, gas, and electricity to meet the growing energy demand driven by strong economic growth. To boost Japanese companies' participation in these projects, it is vital for NEXI to collaborate with Pertamina from an early stage. Through this MOU, NEXI is actively supporting Japanese business in Indonesia.



At the signing ceremony
(Photograph courtesy of Pertamina)

12 Berne Union Meetings

The Berne Union (International Union of Credit and Investment Insurers) is a forum in which ECAs, international organizations, and private insurers from around the world discuss common issues related to export credit insurance and investment insurance from a technical perspective. Since the first meeting in 1934 in Berne, Switzerland, its membership has grown to a total of 52 as of April 2016.

The 2015 spring meeting was held in May in Florence, and the fall meeting was held in November in Shanghai. Just like the last year, both meetings were held jointly with the Berne Union Prague Club, a network for new and maturing insurers of export credit and investment (38 members).

13 G12 Meeting

The G12 meeting was held in London in March 2016. Government officials and ECA representatives of the 12 nations (Brazil, Canada, China, France, Germany, Italy, India, Japan, Korea, Russia, UK, and USA) discussed the global economic situation and trade insurance trends, including the OECD Export Credits Arrangement.



Supporting Mid-Sized Enterprises and Smaller Businesses (SMEs) to Expand Overseas

14 Promoting Trade Insurance

In 2015, extra efforts were made to gain wider public acknowledgement of trade insurance, including production of an easy-to-understand animated film introducing NEXI's full line of insurance packages followed up with case studies, another separate introductory video that focuses on the voices of NEXI's clients, and a new comprehensive brochure with scenes from the animated film in the form a comic book, all to help NEXI's customers better understand how its policies can support them throughout their business.



Comic book-style brochure "When Trade Insurance Can Be a Big Help!"

15 Introducing a Renewed Web Site and New Web Registration Services

In May 2015, NEXI's web site was renewed with the purpose of offering enhanced convenience and usability to its customers. Following this renewal, NEXI started offering new web services in July 2015, and simplified its registration and application placement procedures. Since then, NEXI has been expanding its array of online services, and new policy applications, as well as occurrence reports of insured risk, can now be sent in through its web service. Services for Export Credit Insurance were launched in November 2015, and those for Export Credit Insurance for SMEs were launched in March 2016.

Although such services are only available for limited types of insurances now, NEXI will continue to offer customer-friendly services to reduce the burden of filling in long paper forms.

16 Reinforcing Support for SMEs

The support network for SMEs' overseas business development was initially launched in FY2011 in conjunction with 11 regional banks with the aim of widely spreading and promoting the use of NEXI's insurance. In FY2015, 11 other banks and 16 Shinkin banks joined the network, expanding the total number of partner financial institutions to 105. In February 2016, a conference was held for the network,

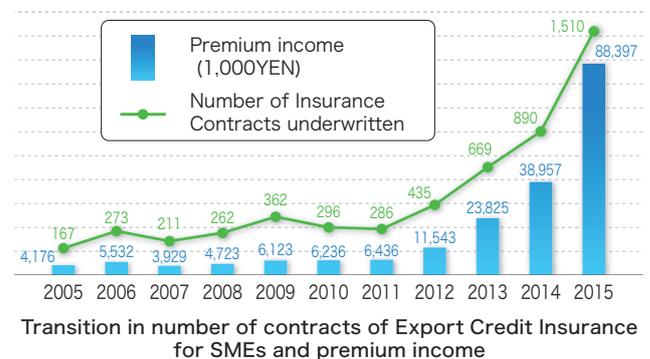
which turned out to be an excellent opportunity to hear the voices of trade insurance users, and also a place for sharing information and opinions among the various organizations that work to support the business of SMEs.



Photo taken at the support network for SMEs' Overseas business development meeting event

In October 2014, an amendment was made to the Trade and Investment Insurance Act that enabled NEXI to underwrite reinsurance for domestic private insurance companies, and it has since been underwriting reinsurance for several private insurance firms. This scheme was introduced with the purpose of offering insurance products and services to SMEs with simpler and easier application procedures by working together with private insurance firms, with the goal of bringing out the strong points of both public and private insurers.

Furthermore, since April 2015, NEXI has enhanced its free buyer credit check service provided to its SME customers at the time of registering their overseas business partner, and now its customers can enjoy the convenience of receiving up to eight credit reports free of charge. Such efforts have brought a significant rise in the number of contracts of Export Credit Insurance for SMEs.



With the mission of bringing higher feasibility to SMEs in expanding their overseas businesses in mind, NEXI will continue to improve its products and services, as well as strengthen its customer support system and means of publicity.

In Pursuit of a Sustainable Society

17 Trade and Investment Insurance for Preventing Global Warming

Trade and Investment Insurance for Preventing Global Warming was introduced in 2008 with the aim of supporting export and other overseas businesses of Japan's energy-saving and new energy technology knowhow and machinery, which can contribute to the reduction of greenhouse gas emissions. In December 2015, NEXI provided insurance on a loan made for the construction of a geothermal power generation plant in Iceland. NEXI is taking part in the pursuit of a sustainable society and supporting the export of Japan-made infrastructure systems in the field of renewable energy.

18 Guidelines on Environmental and Social Considerations



On-site visit to a construction site

NEXI has established the "Guidelines on Environmental and Social Considerations in Trade Insurance" to carry out its social responsibilities pertaining to environmental and social issues. NEXI confirms that appropriate environmental and social considerations are implemented by the project sponsors on projects related to its insurance services.

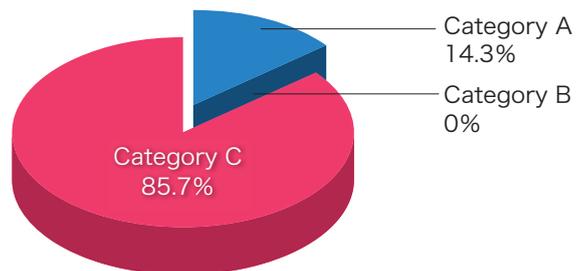
In FY2015, NEXI conducted screenings for 56 projects and made assessments, including site visits. In the assessments, projects are classified into three

categories based on their potential environmental and social impacts (Category A [high impact] to Category C [low impact]) in accordance with Screening Forms submitted by applicants for insurance services. NEXI assesses projects appropriately by taking into account the classification results. For example, as a general rule, a site visit will be conducted if a project is categorized as A.

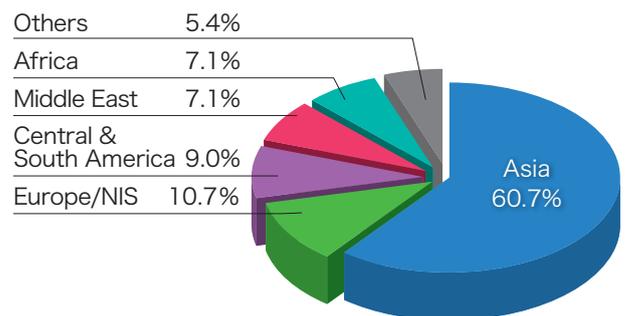
Furthermore, Objection Procedures on the Guidelines ensure NEXI's compliance with the Guidelines, for which an "Examiner" is assigned under the direct control of the Chairman and independent of the section in charge of underwriting business.

NEXI will continue to carry out appropriate steps in accordance with the Guidelines to confirm that appropriate environmental and social considerations are implemented on projects.

FY2015 Screening Results by Category



FY2015 Screening Results by Region



※Turkey included in the Middle East.
Mexico included in Central & South America
Russia and Central Asia included in Europe/NIS.



2015 Underwritten Projects

Power

Indonesia Lontar Extension Ultra-Supercritical Coal-Fired Steam Power Plant

PT PLN (Persero), a power utility wholly owned by the Indonesian government, is planning to build an ultra-supercritical coal-fired power plant (315 MW) near the existing power plant in Banten Province in Java. Sumitomo Corporation was awarded an EPC contract jointly with Black & Veatch International Company of the U.S.A. and PT Satyamitra Surya Perkasa of Indonesia to supply the main equipment, including a boiler manufactured by IHI Corporation and a steam turbine and generator by Toshiba Corporation.

To purchase the equipment, PLN raised funds of USD 317 million from Japan Bank for International Cooperation (JBIC) and Sumitomo Mitsui Banking Corporation (SMBC). NEXI has provided insurance to support SMBC's USD 127 million in loans. This is the first PLN-related project in which NEXI has provided insurance to support a loan without a government guarantee.

This project is based on Indonesia's five-year power plan (2015-2019), in which the country will develop 35 GW in power sources to meet its surging electricity

demand. NEXI's financial support for export of Japanese equipment used in this project will lead to more business opportunities in Indonesia for Japanese companies, and will also help them to maintain and strengthen their international competitiveness.

This insurance contract was entered into in March 2016.



Photograph courtesy of PLN

Bangladesh Bibiyana III Combined Cycle Power Plant Project

The Bibiyana III power generation project is a project conducted by Bangladesh Power Development Board (BPDB), which is planning to construct a gas-based combined cycle power plant (400 MW) in the northeast of Bangladesh. Marubeni Corporation, an EPC contractor for the project, will deliver a complete set of power generation facilities, including a gas turbine and generator (Mitsubishi Hitachi Power Systems, Ltd.) and steam turbine and generator (Fuji Electric Co., Ltd.).

For BPDB's purchase of the equipment, Japan Bank for International Cooperation (JBIC) and The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) agreed to provide

JPY 30.8 billion in loans, and NEXI decided to provide insurance to support BTMU's portion (JPY 12.3 billion).

Bangladesh is undergoing chronic power shortages, as power demand has continued to outstrip supply against a backdrop of steady economic growth. To ease the shortages, the government of Bangladesh is attempting to increase the power supply under its Power System Master Plan. The Bibiyana III project will help to promote further economic growth of the country based on stable power supply.

Commitment to enter into the insurance contract was issued in February 2016.

Export of Plant Equipment for Geothermal Power Projects

Turkey **Export of Equipment for Germencik II Geothermal Power Project**

Gurmat Elektrik Uretim A.S. (Gurmat), an independent power producer in Turkey, has built a new 47.4 MW geothermal power plant in Germencik in the southwest of Turkey. For this new plant, Mitsubishi Corporation, TIX-IKS Corporation, and TIX-TSK Corporation were awarded a supply contract, including that for turbine by Gurmat.

To support Gurmat's purchase, Commerzbank AG Tokyo Branch and Japan Bank for International Cooperation (JBIC) agreed to provide USD 14.1 million in loans to Gurmat via Türkiye İř Bankası A.Ş. (İřbank), a commercial bank in Turkey. NEXI has provided insurance for USD 5.6 million in loans extended by Commerzbank AG Tokyo Branch.

This is the first project support based on the export credit line established for İřbank in October 2012 to promote transactions in the renewable energy and climate change control sectors.

This insurance contract was entered into in August 2015.



Photograph courtesy of Gurmat Elektrik Uretim A.S.

Iceland **Theistareykir Geothermal Power Project**

Landsvirkjun (Iceland's National Power Company [NPC]) placed an order with Fuji Electric Co. Ltd. in consortium with Balcke-Dürr GmbH (Germany), for a power-generating unit, including a steam turbine and generator, to be used in its Theistareykir Project, a geothermal power plant construction project that is taking place in the northeast of Iceland.

For the purchase of these supplies, a loan of USD 68 million was extended to the NPC through co-financing from Japan Bank for International Cooperation (JBIC), Citibank Japan Ltd. (lead arranger), The Bank of Yokohama, Ltd., and Commerzbank AG Tokyo Branch. NEXI has provided insurance for the loan portion extended by Japanese banks (loan amount of USD 34 million). This is the first time for NEXI to underwrite mid- or long-term insurance for loans made to fund a project in Iceland.

In Iceland, 70% of the country's annual electric power is generated hydroelectrically, while 30% is produced through geothermal methods, meaning that 100% of the nation's power usage relies on renewable energy. Having the opportunity to export and supply geothermal power-generating systems to the electrical power market in Iceland will help to create new business opportunities in the field of renewable energy, which in the end will contribute to sustaining and improving Japan's worldwide industrial competitiveness.

This insurance contract was entered into in March 2016.



Image courtesy of NPC (Conceptual drawing of completion)

Mongolia NEXI to Underwrite Reinsurance for MIGA in Oyu Tolgoi Copper and Gold Deposit Development Project

NEXI has underwritten reinsurance for the Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group, with regard to a financing arrangement of USD 30 million provided to fund the Oyu Tolgoi Copper and Gold Deposit Development Project.

The project site is located 550 km south of Ulaanbaatar, Mongolia's capital city, in the southern Gobi Desert. The scheme development and business operation of the project will be conducted by the government of Mongolia (34%) and Turquoise Hill Resources (66%; 51% of Turquoise Hill is owned by Rio Tinto, which is a multinational mining and resources business group), and Rio Tinto has also been working on development of the project since 2010.

The Oyu Tolgoi deposit is estimated to reserve more than 270 million tons of copper and 170 million

ounces of gold ore, and the project is expected to operate for more than 50 years. Ninety percent of the human resources for the project will be hired locally, contributing to creation of new vocational opportunities in Mongolia. The project will also bring new export opportunities for Japanese corporations, as supplies, such as trucks and tires, will be exported from Japan, backed by loans extended by 13 Japanese banks, including Sumitomo Mitsui Banking Corporation (SMBC) and The Bank of Tokyo-Mitsubishi UFJ, Ltd. (MUFG). Expectations are high that the financial support offered by NEXI will bring on even more exports and other overseas business opportunities to allow Japanese corporations to expand in Mongolia.

This insurance contract was entered into in December 2015.

Brazil FPSO Charter Project

Mitsubishi Corporation (Mitsubishi) and Nippon Yusen Kabushiki Kaisha (NYK) established Beta Lula Central S.à. r.l. (Beta) jointly with SBM Offshore N.V. of the Netherlands and QGOG Constellation S.A. of Brazil to build Cidade de Saquarema, a Floating Production, Storage, and Offloading (FPSO) system chartered for the development of Lula Central Oil Field off the coast of Brazil.

Out of the total of USD 1.55 billion in funds raised by Beta through project financing, nine lenders, including Mizuho Bank and ING Bank N.V. Tokyo Branch, provided USD 400 million in loans, and NEXI has provided insurance to these banks.

Lula Central Oil Field is in the Pre-salt layer about 5,000m beneath the seabed in a location about 250 km off the southern coast of Sao Paulo. The Brazilian national oil company, Petrobras, leads its development. Installed in mid-2016, this FPSO unit will contribute to further oil production in Brazil.

Mitsubishi and NYK are deeply involved in this

FPSO charter project, with a joint 39% investment and provision of operational support by sending their staff. NEXI also contributes greatly to promotion of the offshore resource development infrastructure business of Japanese companies.

This insurance contract was entered into in August 2015.



Photograph courtesy of SBM Offshore N.V.

Infrastructure

Myanmar **Mandalay International Airport Operation Project**

Mitsubishi Corporation (Mitsubishi), JALUX Inc. (JALUX) and Yoma Development Group Limited of Myanmar established a joint venture in Myanmar to start operation of Mandalay International Airport based on a 30-year concession agreement with Myanmar's Department of Civil Aviation (DCA). NEXI has provided insurance to support investment and loans by Mitsubishi and JALUX.

Located almost at the exact center of the country, Mandalay International Airport is a hub airport connecting major domestic and foreign cities. The number of passengers using the airport has increased significantly over the past few years, and further growth is expected to be driven by the country's industrial and

tourism activities. Japanese companies will contribute to the development of Myanmar's economy by providing their knowledge obtained through long-term experience in airport operations.

This insurance contract was entered into in April 2015.



Photograph courtesy of Mitsubishi Corporation

Telecommunication

Myanmar **Telecommunication Services Project (Mobile Telephone, Internet Services, and Fixed-Line Telephone)**

KDDI Corporation (KDDI) and Sumitomo Corporation (Sumitomo), operating jointly with Myanma Posts & Telecommunications (a Myanmar government agency), have established KDDI Summit Global Myanmar Co., Ltd. (KSGM) to provide telecommunication services, including mobile telephone, Internet services, and fixed-line telephone, in Myanmar.

NEXI is supporting this project by underwriting insurance to cover the risk of investments in KSGM made by KDDI and Sumitomo.

The government of Myanmar is aiming to bring its current low penetration rate of mobile phones (10% as of December 2012) up to 80% by 2016. Through this project, KDDI and Sumitomo will introduce cutting-edge telecommunication technologies together with operation knowhow to Myanmar and provide world-class "Japan Quality" services in the fields of mobile telephone, Internet services, and fixed-line telephone, thereby contributing to the rapid growth and development of

the telecommunication sector in that country.

This insurance contract was entered into in May 2015 (Sumitomo) and July 2015 (KDDI).



Photograph courtesy of KDDI Corporation and Sumitomo Corporation

Argentina Agricultural Development Project

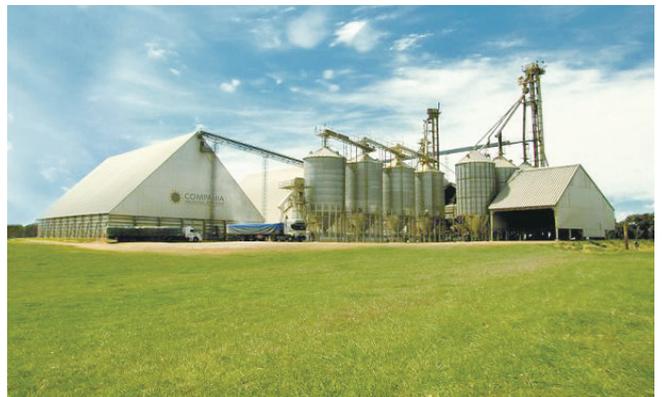
Compañía Argentina de Granos S.A. (CAGSA), a leading trading company dealing in grains and oilseeds in Argentina, has signed a five-year loan agreement of USD 100 million with ING Bank N.V. Tokyo Branch. The proceeds of this loan are being used for its long-term working capital needs. To expand its existing relationship with Japanese trading companies, CAGSA signed an MOU with Marubeni Corporation to trade 400,000 tons of grains and oilseeds from CAGSA annually.

NEXI has provided insurance for the loan, which is its first agricultural loan project for an Argentine corporation.

CAGSA handles grains and oilseeds such as soybeans and corn, both of which are important supplies for maintaining Japan's food security. CAGSA has committed to exporting a certain volume of grains and oilseeds to Japan while the project is in place. CAGSA will also make its best efforts to export grains to Japan

during times of emergency. It is also expected that the relationship between Japanese corporations and CAGSA will be strengthened through the project.

This insurance contract was entered into in September 2015.



Photograph courtesy of CAGSA

Kenya Project for Domestic Production and Sales of Fertilizer

Toyota Tsusho Corporation entered into an MOU with Kenya's Ministry of Agriculture for construction of a fertilizer production plant in the mid-west grain production area located near the country's border with Uganda.

In this project, NEXI has provided insurance for Toyota Tsusho Fertilizer Africa Ltd., and this is the very first time for it to underwrite insurance for investment in Kenya.

Through this project, production of bulk-blend fertilizer will begin in 2016. Supply of "well-balanced fertilizer products" based on soil analysis is expected to promote the transition in Kenya's agriculture business from the use of straight fertilizers, which are said to cause soil exhaustion and acidification, and eventually to contribute to Kenya's overall food production.

This insurance contract was entered into in November 2015.



Image courtesy of Toyota Tsusho Corporation (Conceptual drawing of completion)

Supporting Mid-sized Enterprises and Smaller Businesses (SMEs) to Expand Overseas

Export of Soil Analyzers

NEXI has provided Export Credit Insurance for SMEs to Daiki Rika Kogyo Co., Ltd. (Daiki Rika Kogyo) in order to support the export of soil analyzers to Usem Instruments of Korea. The insurance was provided via The Saitamaken Shinkin Bank. It was the first time for NEXI to provide insurance via a Shinkin bank since the establishment of the business alliance between NEXI and Shinkin banks in September 2014.

Daiki Rika Kogyo is a manufacturer of analyzers for soil and groundwater and equipment for environmental and pollution research. Previously, the company would only accept advance payment under their export contacts. Now, the company is using NEXI's insurance to expand their exports.

Seeking further business opportunities overseas, including business with Taiwan and European countries, Daiki Rika Kogyo has also begun taking advantage of Comprehensive Export Insurance with Simplified Procedure, another NEXI insurance type

that comprehensively covers all transactions in each country.

NEXI is actively supporting the international business of Japanese SMEs by reducing their concerns about non-payment.

Annual export amount covered by insurance: Approximately JPY 7 million

This insurance contract was entered into between April 2015 and March 2016.

FY2015 New Machine Promotion Award
"Review Committee Chairman Special Award"

DIK-2610 Dust Shielded Automated Mill and Screen for Soil RK4 II



Photograph courtesy of Daiki Rika Kogyo Co., Ltd.

Export of Japanese Sake

NEXI has provided Export Credit Insurance for SMEs for Saiya Shuzoten Co., Ltd. (Saiya Shuzoten) to support the export of Japanese sake to the US. The insurance was provided via The Akita Bank, Ltd., which is Saiya Shuzoten's main bank and one of the banks that have a cooperative partnership with NEXI. Saiya Shuzoten is a Japanese sake brewery that was established in 1902 in the city of Yurihonjo in Akita Prefecture. The brewery's main product is called "Yuki No Boshu."

Saiya Shuzoten has been active in the export of their products to more than 40 countries. As the world began to recognize the superiority of their products, their transaction volume increased and at the same time their payment terms became longer. Under such circumstances, NEXI's insurance was an excellent solution to reduce their risk. Now, most exports to the US by Saiya Shuzoten are covered by NEXI's insurance, which helps to reduce the brewery's concerns about non-payment.

NEXI will continue to support the export of Japanese sake, which is one of the major export products to be strengthened in the agriculture, forestry, and fisheries sector.

Annual export amount covered by insurance: Approximately JPY 28 million

The first insurance contract was entered into in May 2015.



Photograph courtesy of Saiya Shuzoten Co., Ltd.

Export of Cleansing Konjac Sponges

NEXI has provided Export Credit Insurance for SMEs to Yamamoto Farm Corporation (Yamamoto Farm) pertaining to their export of cleansing konjac sponges to a French buyer. The underwriting of this insurance was conducted in coordination with Shinonome Shinkin Bank, and marks NEXI's first business partnership project to take place in Gunma Prefecture.

Yamamoto Farm is a manufacturing and sales company located in the city of Tomioka in Gunma Prefecture. Their konjac sponge is a cosmetic cleansing sponge made from the corm of the konjac plant, which is locally produced and naturally grown, and is very popular among natural product-oriented affluent populations both in and outside of Japan.

The company already has several years of business experience in China, but their concerns about risk pertaining to buyers' non-payment had limited their transactions to advance payment transactions only. However, with the aim of largely expanding their overseas business, the company decided to use Export Credit Insurance for SMEs and started to accept export orders based on credit payment.

At first, their use of insurance was limited only to business

with a French buyer with whom they could expect continued business. However, they are now receiving many orders from countries other than France, and they have a bright outlook for even further expansion of their overseas business.

NEXI will continue to support SMEs, which are the driving force for creating new local businesses and the key to supporting local industries.

Annual export amount covered by insurance: Approximately JPY 2 million

This insurance contract was entered into in March 2016.



Photograph courtesy of Yamamoto Farm Corporation

2015 Review of Performance

Underwritten Amount

Underwritten Amount by Insurance Type

(Millions of Yen)

Type of Insurance	FY2011	FY2012	FY2013	FY2014	FY2015	Composition (%)	Year-on-year change (%)
Export Credit Insurance	7,110,487	6,151,894	6,849,345	6,965,265	6,169,724	78.8	(11.4)
One year or less	3,321,146	3,451,195	3,855,361	3,855,510	3,217,940	41.1	(16.5)
More than one year	3,789,341	2,700,699	2,993,984	3,109,755	2,951,783	37.7	(5.1)
Buyer's Credit Insurance	343,996	123,290	193,845	286,390	489,827	6.3	71.0
Export Bill Insurance	16,549	12,295	14,153	12,008	13,795	0.2	14.9
Export Bond Insurance	0	0	0	0	0	0.0	—
Prepayment Import Insurance	254	1	5	84	454	0.0	439.2
Overseas Investment Insurance	440,367	530,106	611,679	471,487	571,993	7.3	21.3
Overseas Untied Loan Insurance	549,068	1,369,370	706,030	2,173,094	437,326	5.6	(79.9)
Trade Insurance for Standing Orders from Specific Buyer	10,311	9,331	7,420	8,134	5,383	0.1	(33.8)
Export Credit Insurance for SMEs	567	1,304	2,740	4,332	9,223	0.1	112.9
Comprehensive Export Insurance with Simplified Procedure	14,340	19,162	23,589	37,173	40,754	0.5	9.6
Reinsurance	51,834	83,311	108,365	207,007	94,008	1.2	(54.6)
Total	8,537,772	8,300,064	8,517,171	10,164,974	7,832,488	100.0	(22.9)

(Note 1) The underwritten amount is based on the amount as determined 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 the 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 less. (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	FY2011	FY2012	FY2013	FY2014	FY2015	Composition (%)	Year-on-year change (%)
Asia	4,381,676	4,003,749	4,694,526	4,550,431	4,355,905	51.8	(4.3)
Middle East	947,276	591,102	926,125	1,294,219	1,102,195	13.1	(14.8)
Europe	895,278	795,756	1,029,919	1,040,255	796,639	9.5	(23.4)
North America	261,013	293,729	332,822	1,563,728	337,919	4.0	(78.4)
Central America	1,086,265	903,421	733,386	714,656	776,265	9.2	8.6
South America	825,627	883,707	569,857	762,599	419,867	5.0	(44.9)
Africa	479,742	447,219	494,062	588,410	316,201	3.8	(46.3)
Oceania	148,645	833,730	259,023	107,481	113,280	1.4	5.4
International Organizations	116,006	167,972	155,064	266,871	198,002	2.4	(25.8)

(Note 1) Classification used to compute the above amount: Pre-shipment: Country of the shipment consignee; Post-shipment: Country of the payer (or country of the guarantor when guaranteed).

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

(Note 3) The amount is classified under 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	FY2011	FY2012	FY2013	FY2014	FY2015	Composition (%)	Year-on-year change (%)
Export Credit Insurance	8,099,696	8,167,551	8,495,228	8,787,636	8,668,299	53.6	(1.4)
One year or less	2,337,812	3,097,421	3,569,810	3,750,003	3,333,628	20.6	(11.1)
More than one year	5,761,884	5,070,130	4,925,418	5,037,633	5,334,671	33.0	5.9
Buyer's Credit Insurance	832,267	1,032,720	1,320,215	1,652,424	1,707,182	10.6	3.3
Export Bill Insurance	3,323	3,336	3,810	3,628	4,274	0.0	17.8
Export Bond Insurance	0	0	0	0	0	0.0	—
Prepayment Import Insurance	0	0	0	82	301	0.0	266.3
Overseas Investment Insurance	944,798	1,117,154	1,399,630	1,532,427	1,629,657	10.1	6.3
Overseas Untied Loan Insurance	2,129,124	2,241,104	2,600,398	3,706,172	3,372,761	20.9	(9.0)
Trade Insurance for Standing Orders from Specific Buyer	15,147	15,340	12,172	10,718	9,483	0.1	(11.5)
Export Credit Insurance for SMEs	145	499	978	1,638	3,287	0.0	100.6
Comprehensive Export Insurance with Simplified Procedure	5,830	5,959	8,671	15,283	13,772	0.1	(9.9)
Reinsurance	219,207	330,785	481,361	753,112	753,423	4.7	0.0
Total	12,249,536	12,914,446	14,322,464	16,463,122	16,162,440	100.0	(1.8)

(Note 1) The total amount is calculated based on the actual insured amount by using the exchange rate as determined at each fiscal year-end (including the outstanding amount underwritten in previous years), not the 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	FY2011	FY2012	FY2013	FY2014	FY2015	Composition (%)	Year-on-year change (%)
Asia	5,223,394	5,591,707	6,603,603	7,522,859	7,408,459	44.8	(1.5)
Middle East	1,919,569	1,852,988	1,889,077	2,322,733	2,722,278	16.5	17.2
Europe	1,563,996	1,778,936	1,869,743	1,978,460	1,723,385	10.4	(12.9)
North America	651,853	375,726	474,068	1,102,231	1,068,542	6.5	(3.1)
Central America	698,215	620,925	642,637	710,345	814,936	4.9	14.7
South America	824,239	1,050,016	1,059,399	1,215,882	955,999	5.8	(21.4)
Africa	890,361	788,076	815,499	969,552	828,640	5.0	(14.5)
Oceania	774,131	1,092,066	1,198,756	834,769	756,155	4.6	(9.4)
International Organizations	218,854	202,893	246,227	247,975	247,502	1.5	(0.2)

(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 under International Organizations instead of regions when guaranteed by an international organization.

Premium Income

Premium Income by Insurance Type

(Millions of Yen)

Type of Insurance	FY2011	FY2012	FY2013	FY2014	FY2015	Composition (%)	Year-on-year change (%)
Export Credit Insurance	14,074	11,943	13,315	15,188	13,858	26.9	(8.8)
One year or less	5,462	5,025	5,612	6,247	5,081	9.9	(18.7)
More than one year	8,611	6,918	7,703	8,941	8,777	17.1	(1.8)
Buyer's Credit Insurance	3,953	1,524	3,899	6,586	13,030	25.3	97.9
Export Bill Insurance	146	111	132	111	131	0.3	18.8
Export Bond Insurance	0	0	0	0	0	0.0	—
Prepayment Import Insurance	0	0	0	0	3	0.0	644.8
Overseas Investment Insurance	3,177	3,718	4,471	5,035	5,802	11.3	15.2
Overseas Untied Loan Insurance	10,065	17,924	6,078	38,514	15,231	29.6	(60.5)
Trade Insurance for Standing Orders from Specific Buyer	391	321	263	281	194	0.4	(30.9)
Export Credit Insurance for SMEs	6	12	24	39	83	0.2	110.4
Comprehensive Export Insurance with Simplified Procedure	38	38	43	85	99	0.2	15.9
Reinsurance	1,528	3,207	3,771	7,840	3,038	5.9	(61.2)
Total	33,378	38,797	31,994	73,679	51,469	100.0	(30.1)

(Note 1) 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 may be recorded in different fiscal years.

Insurance Claims Paid

Insurance Claims Paid (by Insurance Type and by Risk)

(Millions of Yen)

Type of Insurance	FY2011		FY2012		FY2013		FY2014		FY2015									
	Political	Commercial	Political	Commercial	Political	Commercial	Political	Commercial	Political	Commercial	Composition (%)	Year-on-year change (%)						
Export Credit Insurance	7,157	1,342	5,815	3,079	424	2,655	9,675	0	9,675	2,709	582	2,127	21,926	18,571	3,355	97.9	709.3	
Buyer's Credit Insurance	1,165	0	1,165	1,165	0	1,165	1,723	0	1,723	0	0	0	0	0	0	0	0.0	—
Export Bill Insurance	34	0	34	3	0	3	14	0	14	0	0	0	0	0	0	0	0.0	—
Export Bond Insurance	0	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	0.0	—
Overseas Investment Insurance	0	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	0.0	—
Trade Insurance for Standing Orders from Specific Buyer	0	0	0	168	0	168	368	0	368	99	0	99	221	0	221	1.0	122.9	
Export Credit Insurance for SMEs	3	0	3	2	0	2	0	0	0	1	0	1	2	0	2	0.0	64.7	
Comprehensive Export Insurance with Simplified Procedure	0	0	0	0	0	0	17	0	17	8	0	8	0	0	0	0.0	(95.4)	
Reinsurance	0	0	0	0	0	0	436	436	0	285	285	0	245	0	245	1.1	(13.7)	
Total	8,359	1,342	7,017	4,416	424	3,993	12,234	436	11,798	3,102	867	2,235	22,395	18,571	3,824	100.0	621.9	

Insurance Claims Paid (by Region)

(Millions of Yen)

Region	FY2011		FY2012		FY2013		FY2014		FY2015								
	Political	Commercial	Political	Commercial	Political	Commercial	Political	Commercial	Political	Commercial	Composition (%)	Year-on-year change (%)					
Asia	5,624	0	5,624	121	0	121	841	0	841	1,334	0	1,334	1,059	0	1,059	4.7	(20.6)
Middle East	5	5	0	6	6	0	9,532	436	9,096	459	459	0	1,472	0	1,472	6.6	220.7
Europe	1,262	0	1,262	1,560	0	1,560	1,777	0	1,777	869	0	869	24	20	4	0.1	(97.2)
North America	0	0	0	2	0	2	7	0	7	0	0	0	0	0	0	0.0	—
Central America	88	77	10	0	0	0	72	0	72	0	0	0	980	0	980	4.4	—
South America	974	951	23	430	418	12	5	0	5	440	408	31	18,584	18,551	33	83.0	4123.6
Africa	407	309	99	2,297	0	2,297	0	0	0	0	0	0	276	0	276	1.2	—
Oceania	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	—
Total	8,359	1,342	7,017	4,416	424	3,993	12,234	436	11,798	3,102	867	2,235	22,395	18,571	3,824	100.0	621.9

Recoveries

Recoveries by Risk

(Millions of Yen)

Type of Risks	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Composition (%)	Year-on-year change (%)
Political Risk	17,451	14,327	17,330	23,531	30,865	32,137	40,667	99.5	26.5
Commercial Risk	3,064	1,313	338	486	509	3,572	201	0.5	(94.4)
Total	20,515	15,640	17,668	24,017	31,375	35,708	40,867	100.0	14.4

Recoveries by Region

(Millions of Yen)

Region	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Composition (%)	Year-on-year change (%)
Asia	8,397	5,523	5,673	6,298	7,278	8,979	9,039	22.1	0.7
Middle East	1,342	1,357	3,510	8,172	11,173	11,227	11,528	28.2	2.7
Europe	2,515	1,028	814	1,154	1,512	2,860	572	1.4	(80.0)
North America	0	778	1	30	0	1	1	0.0	—
Central America	571	193	510	241	3,246	3,015	1,519	3.7	(49.6)
South America	1,705	1,155	1,176	1,536	1,558	2,361	10,771	26.4	356.2
Africa	5,985	5,608	5,970	6,587	6,608	7,266	7,437	18.2	2.4
Oceania	0	0	14	0	0	0	0	0.0	—
Total	20,515	15,640	17,668	24,017	31,375	35,708	40,867	100.0	14.4

Recoveries in FY2015

Recoveries by Risk

The recovery amount in FY2015 increased by 14.4% (JPY 5.1 billion) to JPY 40.8 billion compared to the previous fiscal year's JPY 35.7 billion. Recovery value relating to commercial risk events amounted to JPY 0.2 billion, accounting for 0.5% of the total value of debt recovery. Recoveries relating to political risk events were JPY 40.6 billion (99.5% of the total value), most of which were debts recovered through Paris Club debt rescheduling arrangements.

Recoveries by Region and Country

Looking at recoveries by region, the value of debt recovery in the Middle East was JPY 11.5 billion (up by 2.7% compared to the previous fiscal year), which accounted for the largest share at 28.2% of the total recoveries. The recovery amount includes JPY 9.8 billion in debts of Iraq and JPY 1.6 billion in debts of Jordan.

Debt recovery in South America accounted for the second largest share at 26.4%, or JPY 10.7 billion (up by 356.2% compared to the previous fiscal year), which includes JPY 10.2 billion in debts of Argentina (including non-Paris Club debts of JPY 1.7 billion caused by a large-scale political risk event) and JPY 0.5 billion in debts of Ecuador.

The recovery amount in Asia was JPY 9.0 billion (up by 0.7% compared to the previous fiscal year), accounting for 22.1% of the total recoveries. NEXI recovered JPY 7.8 billion of Indonesia's debts and JPY 0.9 billion of Myanmar's.

In other regions, JPY 7.4 billion in debts were recovered in Africa (JPY 7.3 billion in Egypt and JPY 40 million in Gabon), JPY 1.5 billion in Central America (JPY 1.1 billion in Cuba and JPY 0.3 billion in the Dominican Republic), and JPY 0.5 billion in Europe (JPY 0.4 billion in Serbia and JPY 0.1 billion in Bosnia and Herzegovina).

2015 Financial Results

Fiscal Year 2015 in Review

On June 28, 2016, the Incorporated Administrative Agency Nippon Export and Investment Insurance (NEXI) submitted its financial statements and other financial information for Fiscal Year 2015 ended March 31 (15th year in operation), to the Minister of Economy, Trade and Industry.

Overview of Financial Statements

Transition of Financial Highlights from FY2011 to FY2015 (FY end: March 31)

(Millions of Yen)

	11th (FY2011)	12th (FY2012)	13th (FY2013)	14th (FY2014)	15th (FY2015)
Ordinary profit (loss)	9,006	8,404	6,905	8,118	6,193
Ordinary income	16,240	16,866	14,241	23,364	19,355
(Underwriting income)	10,538	9,910	8,582	17,281	13,453
(Reference) Premium of original insurance written	31,849	35,590	28,224	65,839	48,431
Net premium written	8,972	9,908	8,153	17,240	12,461
Reversal of outstanding claims provision	1,562	—	351	—	975
(Investment income)	5,503	6,524	5,245	5,344	5,507
(Foreign exchange gain)	31	182	143	430	—
Ordinary expenses	7,234	8,462	7,336	15,246	13,162
(Underwriting expenses)	1,394	3,185	1,491	9,740	5,519
(Reference) Insurance claims paid	8,359	4,416	12,234	3,102	22,395
Net claims paid	741	388	1,201	287	2,239
Provision for outstanding claims reserves	—	342	—	1,035	—
Provision for outstanding commitments reserves	690	2,466	499	8,635	3,363
(Foreign exchange loss)	—	—	—	—	71
(Operating and administrative expenses)	5,840	5,261	5,597	5,399	7,386
Extraordinary profit (loss)	17,599	12,022	8,526	17,138	31,980
Net profit (loss)	26,605	20,426	15,432	25,256	38,173
Total assets	371,754	368,664	373,557	414,617	454,285
Net worth	330,304	321,002	336,433	361,690	399,863

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

Profits and Losses

In FY2015, Japan's total exports registered the first year-on-year decrease in three years (down by 0.7% to JPY 74.1 trillion). In addition, the staggering resource prices brought down the number of large-scale resource development projects, causing a year-on-year decrease in NEXI's net premium written of 27.7% at JPY 12,461 million. Despite gain from reversal of outstanding claims provision and an increase in investment income that showed a 3.1% year-on-year increase at JPY 5,507 million, ordinary income turned out to show a year-on-year decrease of 17.2% at JPY 19,355 million.

The amount of net claims paid showed a year-on-year increase of 680.1% at JPY 2,239 million. However, the decrease in the number of underwriting insurances for mid-to-long term projects brought down the amount of provision for outstanding commitments reserves to JPY 3,363 million, which represents a year-on-year decrease of 61.1%. Ordinary expenses therefore showed a year-on-year decrease of 13.7% at JPY 13,162 million.

As a result, the ordinary profit for FY2015 was JPY 6,193 million, down by 23.7% from the previous fiscal year.

Extraordinary profit was JPY 31,980 million, which was generated mainly from valuation gains and interest income from receivables acquired by subrogation that were recovered according to rescheduling agreement.

As a result, net profit for the fiscal year amounted to JPY 38,173 million.

Financial Statements

Balance Sheet (As of March 31, 2016)

(Millions of Yen)

Account Title	Amount	Account Title	Amount
(Assets)		(Liabilities)	
Cash and cash equivalents	15,823	Outstanding claims reserves	1,383
Securities	353,600	Reserves for outstanding commitments	35,170
Receivables subrogated by paying claims	208,504	Amount due to the reinsurer	6,699
Accrued income	2,877	Deposits received	6
Premiums receivable	6,999	Advance insurance premium	5,545
Reinsurance credit	2,851	Accrued amount payable	4,516
Buildings ^(Note 2)	107	Accrued bonuses	121
Equipment and fixtures ^(Note3)	635	Reserves for retirement allowance	557
Accounts receivable	461	Other liabilities	425
Deposits	428	Total liabilities	54,422
Software	1,971	(Net worth)	
Other assets	225	Capital	
Allowance for uncollectible receivables	(140,197)	Government investment	104,352
		Capital surplus ^(Note4)	143,402
		Retained earnings	
		Third term period reserve fund carried forward	52,822
		Surplus reserves	61,114
		Unappropriated retained earnings	38,173
		(of which profit for the current year)	38,173
		Total retained earnings	152,109
		Total net worth	399,863
Total assets	454,285	Total liabilities and net worth	454,285

(Notes)

1. Amounts between JPY 1 million and JPY 0.5 million were rounded up to JPY 1 million. Amounts less than JPY 0.5 million were omitted.
2. Accumulated depreciation on buildings is JPY 250 million.
3. Accumulated depreciation on equipment and fixtures is JPY 1,480 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, 2015 - March 31, 2016)

		(Millions of Yen)
Account Title	Amount	
Ordinary income		19,355
Underwriting income		13,453
Net premium written ^(Note2)		12,461
Reversal of outstanding claims provision		975
Interest income on receivables subrogated by paying claims		18
Investment income		5,507
Income from interest		27
Interest on securities		5,480
Other		395
Other ordinary income		395
Ordinary expenses		13,162
Underwriting expenses		5,519
Net claims paid ^(Note3)		2,239
Estimated amount of insurance claims recovery ^(Note4)		(83)
Provision for outstanding commitments reserves		3,363
Foreign exchange loss		71
Operating and administrative expenses		7,386
Other		186
Claim recovery expenses		111
Other ordinary expenses		75
Ordinary Profit		6,193
Extraordinary income		32,686
Profit relating to in-kind contribution of receivables acquired by government subrogation ^(Note5)		22,724
Reversal of provision for uncollectible receivables relating to in-kind contribution of receivables acquired by government subrogation		9,961
Other extraordinary income		1
Extraordinary loss		706
Losses relating to in-kind contribution of receivables acquired by government subrogation ^(Note5)		695
Other extraordinary loss		11
Net Profit		38,173

(Notes)

- Amounts between JPY 1 and 0.5 million were rounded up to JPY 1 million. Amounts less than JPY 0.5 million were omitted.
- Breakdown of net premium written

(Millions of Yen)	
Premium of original insurance written	48,431
Refund of premium paid for reinsurance	2,007
Premium received for reinsurance	3,038
Premium paid for reinsurance	(41,015)
(Net)	12,461

- Breakdown of net claims paid

(Millions of Yen)	
Insurance claims paid	22,395
Reinsurance claims recovered	(20,153)
Recoveries received before reinsurance claims	(3)
(Net)	2,239

- Breakdown of the estimated amount of insurance claims recovery

(Millions of Yen)	
(1)Capitalized and evaluated amount of subrogated receivables in relation to commercial risk claims paid	
①Commercial-risk subrogated receivables	(397)
②Difference of estimated value between the current year and the previous year concerning subrogated receivables capitalized in line with the outstanding claims provision	(28)
③Bad debt loss	9
④Provision for uncollectible receivables	334
(2)Subrogated receivables recovered (not capitalized)	(1)
(Net)	(83)

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

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

(Millions of Yen)	
Interest income	22,724
(Total)	22,724

- Breakdown of losses relating to in-kind contribution of receivables acquired by government subrogation.

(Millions of Yen)	
Recovery expenses	4
Foreign exchange loss	691
(Total)	695

Statement of Cash Flows (April 1, 2015 - March 31, 2016)

(Millions of Yen)

I. Cash flows from operating activities	
Premiums received	51,270
Reinsurance premiums paid	(35,127)
Insurance claims paid	(22,396)
Reinsurance claims received	18,900
Income from recovery of receivables subrogated by paying claims	28,829
Payment of recovered receivables subrogated by paying claims	(14,185)
Income from recovery of receivables subrogated to the government	10,997
Payment of recovered receivables subrogated to the government	(10,997)
Personnel expenses	(1,432)
Other operating expenses	(4,887)
Other	224
Subtotal	21,196
Interests received	10,147
Net cash provided by (used in) operating activities	31,343
II. Cash flows from investing activities	
Placement of term deposits	(148,000)
Withdrawal of term deposits	183,000
Purchase of securities	(69,806)
Redemption and sales of securities	8,000
Purchase of fixed assets	(1,102)
Reversal of security deposits	0
Payment of security deposits	(35)
Net cash provided by (used in) investing activities	(27,942)
III. Cash flows from financing activities	
Net cash provided by (used in) financing activities	–
IV. Foreign exchange difference related to cash and cash equivalents	(72)
V. Net increase (decrease) in cash and cash equivalents	3,329
VI. Cash and cash equivalents at the beginning of the current year	12,494
VII. Cash and cash equivalents at the end of the current year	15,823

(Notes)

1. Amounts rounded to the nearest million.
2. Breakdown of cash at the end of the current year by line item of balance sheet.

(Millions of Yen)

Cash and cash equivalents	15,823
Balance of cash at the end of the current year	Total 15,823

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 JPY 0, in accordance with the estimated useful life stipulated in the Corporation Tax Act. Amortization of computer software for in-house use is calculated by a straight-line depreciation method where the usability period (5 years) is used as the estimated useful life and where the residual value is set at JPY 0.

2. Calculation 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 such rules that apply to employees, respectively. For 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 related to receivables subrogated by paying claims are dealt with 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). Uncollectible receivables other than receivables subrogated by paying claims are individually assessed for recoverability and the estimated amount of unrecoverable claims is included in the reserves.

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

Based on the business circular titled "Matters to be considered in view of the introduction of 'Quantitative and Qualitative Monetary Easing with a Negative Interest Rate' in the calculation of opportunity costs under the accounting statement of cost for providing administrative services in preparing the financial statements for FY2015", dated April 1, 2016 (issued by the Ministry of Internal Affairs and Communications / Administrative Management Bureau and the Ministry of Finance / Budget Bureau / Legal Division / Office for Public Accounts), the interest rate used for the calculation of opportunity costs relating to investments by the government is 0%.

8. Accounting procedure of 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 major changes have been made to the accounting principles from the previous fiscal year.

II. Financial Instruments

1. Financial instruments

- a. Management of financial instruments held by NEXI
NEXI is engaged in the trade and investment insurance business. Recoveries of receivables subrogated by paying claims are invested in

securities to strengthen NEXI's financial base. The securities held by NEXI include government, municipal, and government-backed bonds.

- b. Financial instruments and risk
Receivables subrogated by paying insurance claims are exposed to the credit risk of debtor countries or debtors. 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 by researching and evaluating country risk.
 - (2) Credit risk management
For management of the credit risk of an export contract counterparty (overseas buyer), NEXI's Credit Administration Group conducts credit check and assessment of overseas buyers.
 - (3) Market risk management
Market risk, such as interest rate and price fluctuations 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, which is 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 amount on the balance sheet, fair value, and differences as of the end of the fiscal year 2015 are as follows.

(Millions of Yen)

	Carrying Amount	Fair Value	Difference
(1) Cash and cash equivalents	15,823	15,823	-
(2) Securities			
Held-to-maturity securities	353,600	414,625	61,025
(3) Receivables subrogated by paying claims			
Receivables subrogated by paying claims	208,504		
Allowance for uncollectible receivables(*)	(140,197)		
(Net)	68,307	68,307	-
(4) Premiums receivable	6,999	6,999	-
(5) Reinsurance credit	2,851	2,851	-
Assets	447,580	508,605	61,025
(6) Amount due to the reinsurer	6,699	6,699	-
Liabilities	6,699	6,699	-

* 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
For cash and cash equivalents, carrying amount is shown as fair value of deposits, as these are settled within short periods of time and the fair value is almost equal to the carrying amount.

- (2) Securities
Fair value of securities is based on the quoted market value or value quoted by financial institutions. The differences between carrying amount and fair value by type 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	Difference
Fair value > Carrying amount	Government and municipal bonds	353,600	414,625	61,025
Fair value ≤ Carrying amount	Government and municipal bonds	-	-	-
Total		353,600	414,625	61,025

There were no held-to-maturity securities sold during Fiscal Year 2015.

- (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).

- ① 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 the repayment prospects of each debtor country, or by using a given ratio.
- ② 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 amount.

- (4) Premiums receivable,
(5) Reinsurance credit, and
(6) Amount due to the reinsurer

Carrying amount is shown as fair value for (4), (5), and (6), as these are settled within short periods of time and the fair value is almost equal to the carrying amount.

(Note 2) Expected payment and redemption amount of money claims and securities with maturity after the fiscal year end

(Millions of Yen)

	1 year or less	More than 1 year 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	15,000	26,500	—	54,700	251,900	—	—
Receivables subrogated by paying claims	13,011	17,658	66,419	41,703	16,510	—	53,203
Total	28,011	44,158	66,419	96,403	268,410	—	53,203

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

III. Notes on retirement benefit plans

1. Overview of retirement benefits

At NEXI, an unfunded lump-sum retirement allowance plan is adopted for the payment of retirement allowances to its employees. Under the said plan, employees receive a lump-sum retirement allowance based on his/her salary and length of service, where the retirement allowance and retirement benefits are calculated using the simplified method.

2. Defined retirement benefit plans

(1) Reconciliation between beginning balance and ending balance in a plan using the simplified method

Beginning balance of reserve for retirement allowance	488 million Yen
Retirement benefit expenses	81 million Yen
Amount of retirement benefits paid	(13) million Yen
Ending balance of reserve for retirement allowance	557 million Yen

(2) Profit and loss relating to retirement benefit plan

Retirement benefit expenses calculated under the simplified method	81 million Yen
--	----------------

IV. Multi-year Obligations

No major multi-year obligations are present.

V. Subsequent Events

There were no significant subsequent events.

VI. 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.
Premiums receivable	Premiums receivable associated with insurance applications.
Reinsurance credit	Amounts receivable from the government, such as reinsurance claims.
Outstanding claims reserves	Amounts considered necessary in the future under insurance contracts to cover incurred losses or losses recognized as having been incurred as of the end of the fiscal year, and 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	Amounts payable to the government, such as reinsurance premiums.
Allowance for uncollectible receivables	Amount of receivables subrogated by paying claims after deduction of recoveries that should be paid to the insured.
Advance insurance premium	Insurance premium received with NEXI's obligation beginning from the next fiscal year or later.
Capital surplus	The valuation difference of an in-kind contribution of receivables acquired by government subrogation. ○ Valuation difference of receivables subrogated by paying claims Valuation difference of receivables acquired by subrogation and contributed in-kind by the government (excluding accrued income) was included in capital surplus (for the fiscal years ended March 2003, 2004, and 2005), in accordance with an ordinance concerning a partial revision of the Ordinance of Finance and Accounting (Ministry of Economy, Trade and Industry Ordinance No. 49 of March 31, 2003). ○ Valuation difference associated with capitalization Since the fiscal year ended March 2006 (FY2005), 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).

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

The "Act for Partial Revision to the Trade and Investment Insurance Act and the Act on Special Accounts" was established on July 17, 2015, and, in accordance with the revised act, the Special Account for Trade Reinsurance shall be abolished as of March 31, 2017. Also, the Incorporated Administrative Agency Nippon Export and Investment Insurance (NEXI) shall be dissolved as of April 1, 2017 to be established into a new corporation under the financing of the Japanese government and NEXI and, by means of succession, transfer all assets and debts of NEXI to the new corporation.

Fourth-Term Objectives

NEXI has set its medium-term objectives for the fourth term of FY2012 to FY2016 and will implement measures and policies based on these objectives.

Following the passage of the Revised Trade and Investment Insurance Act in July 2015, NEXI will become a special company in April 2017 to achieve greater effectiveness and flexibility of management and integrate its 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 subsidies, NEXI 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

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.



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.

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.

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.

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 help 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:

- ① Improve the quality of service,
- ② Broaden the range of risk coverage,
- ③ Promote efficient operations, and
- ④ 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

- ① 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.
- ② We can send our staff to your office upon 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, we here at NEXI are 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

- ① If you have any questions about our insurance products, please call or email our Customer Relations Desk or the relevant group in charge.
- ② Our premium calculator is available for use on the NEXI website to estimate your insurance premium. If you give us information on your planned transaction, the relevant 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 relevant group in charge finds it difficult to respond to your inquiry within the specified time limits, it will promptly provide notification to that effect along with the reason for the delay and the expected date of response.

③ Should the relevant 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 its receipt at the latest.

④ If you have any questions about NEXI's insurance system with regard to a specific project, please inform the relevant 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

① 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 of such circumstances.

② Your business needs are always important to us and we will do our utmost to meet your accelerated deadline. If we find it difficult to meet the new deadline, we will immediately inform you of how long it will take to complete the necessary procedures.

(5) Promptly completing the assessment and payment of insurance claims

① As soon as we receive an insurance claim form, we will assess the details in light of the insurance policy provisions to determine the amount of the claim to be paid. We will then make a payment within the stipulated timeframe. This is generally within two months of receipt of the claim; however, in a situation where more time is required for assessment, this rule will 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 period of time.

② 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.

③ 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

① 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.

② 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 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 renewed in May 2015 to achieve better usability.

(1) Please visit our website for comprehensive information on our insurance products and services.

The NEXI website includes the following information

- ① Recent developments (including changes in systems, coverage conditions, and recent underwritten projects)
- ② Descriptions of our insurance products (pamphlets are available)
- ③ Terms of coverage by country/region
- ④ Insurance application procedures
- ⑤ Insured events and subsequent procedures
- ⑥ Premium calculator
- ⑦ Downloadable application forms
- ⑧ Rules concerning trade insurance (including insurance policy provisions for all of NEXI's insurance products)
- ⑨ Environmental considerations
- ⑩ Procurement information
- ⑪ Web magazine "e-NEXI"
- ⑫ WEB service
- ⑬ Careers
- ⑭ Compliance contact

(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 quantities). Please feel free to call the Planning Office (Phone: 81-(0)3-3512-7665) or the Customer Relations Desk.

(3) For inquiries regarding our website and annual report, please contact the Planning Office.
(Phone: 81-(0)3-3512-7665)



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.

① 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.

② 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 viewing situations from the customer's viewpoint. Any inquiries or requests concerning trade insurance and specific projects are appreciated. We will take prompt action with regard to such matters. Information about NEXI's sections and relevant groups in charge is also available on our website.

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

From 9:00 AM to 12 PM and from 1:00 PM to 5:30 PM, Monday through Friday
(Excluding public holidays and year-end and New Year holidays)

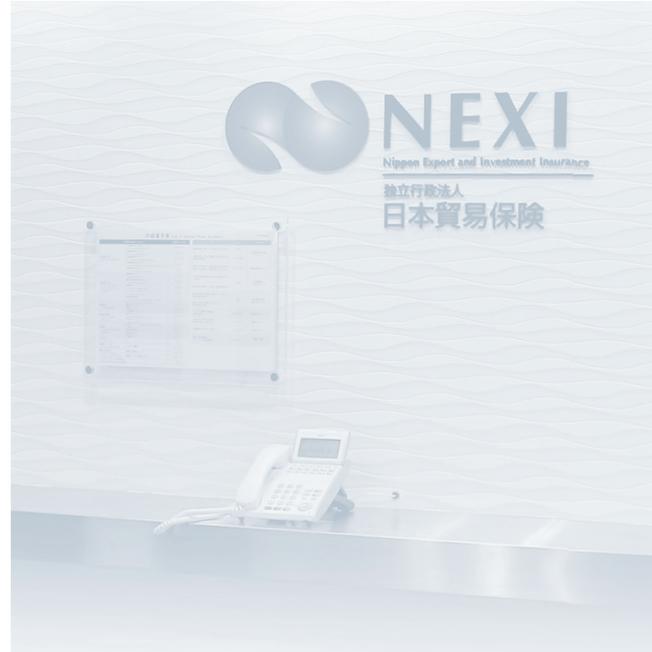
Profile of NEXI

Members of the Board and the Audit Board (As of July 2016)

Chairman and CEO



Kazuhiko Bando



Vice Chairman



Tetsuya Koizumi



Satoru Koyama



Tadaharu Uehara

Corporate Auditor



Takeshi Oiwa (Full Time)

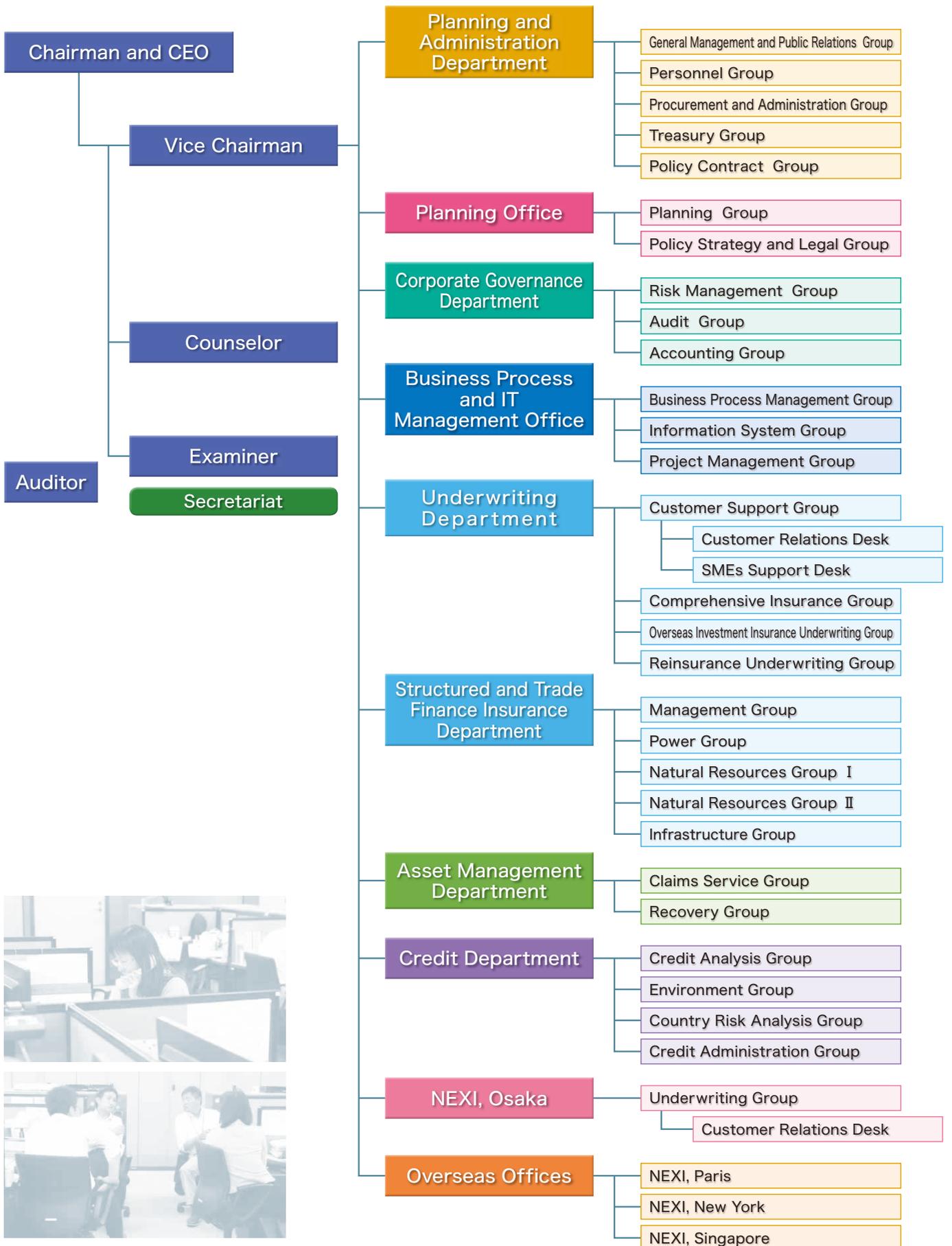


Yuri Okina (Part Time)

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 169.4 billion (Fully contributed by the Japanese Government)
Number of Full-time Employees	152 (As of April 1, 2016)
Scope of Business	<ol style="list-style-type: none"> 1. To conduct trade and investment insurance business operations complying with the regulations of Chapter 3 of the Trade and Investment Insurance Act. 2. To conduct business which is incidental to the business stated in 1. 3. To underwrite reinsurance under the insurance obligations of international institutions, foreign governments, or international companies that conduct insurance business (including reinsurance) which indemnifies losses similar to the losses covered by trade and investment insurance. 4. To entrust reinsurance for the insurance obligation of NEXI under the Trade and Investment Insurance Act to international institutions, foreign governments, or international companies that conduct insurance business (including reinsurance) which indemnifies losses similar to the losses covered by trade insurance as well as the reinsurance with the Government complying with the regulations of Chapter 4 of the Trade and Investment Insurance Act.
Brief History	<p>Jul.1999 Enactment of Act on General Rules for Incorporated Administrative Agency</p> <p>Dec.1999 Enactment of the Act which partly amended the Trade and Investment Insurance Act</p> <p>Apr. 2001 Establishment of Nippon Export and Investment Insurance</p> <p>(For reference)The Trade and Investment Insurance Act was enacted in March 1950 and thereafter trade and investment insurance was managed by the Ministry of Economy, Trade and Industry (former Ministry of International Trade and Industry) until the end of March 2001.</p>
Office	<p>Head Office Chiyoda First Building, East Wing 3rd Floor, 3-8-1 Nishikanda, Chiyoda-ku, Tokyo, 101-8359 Japan Phone: 81-(0) 3-3512-7650 Fax: 81-(0) 3-3512-7660</p> <p>Osaka Branch 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 NEXI Paris, NEXI New York, and NEXI Singapore (See page 39.)</p>
Main Insurance Products	Export Credit Insurance / Buyer's Credit Insurance / Trade Insurance for Standing Orders from Specific Buyer / Export Credit Insurance for SMEs and AFF Sector* / Intellectual Property License Insurance / Overseas Untied Loan Insurance / Overseas Investment Insurance / Export Bill Insurance / Prepayment Import Insurance / Investment and Loan Insurance for Natural Resources and Energy / Trade and Investment Insurance for Preventing Global Warming / Comprehensive Export Insurance with Simplified Procedure
URL	http://www.nexi.go.jp

*Since July 4, 2016, Export Credit Insurance for SMEs is referred to as Export Credit Insurance for SMEs and AFF Sector.

Organizational Chart (as of January, 2017)

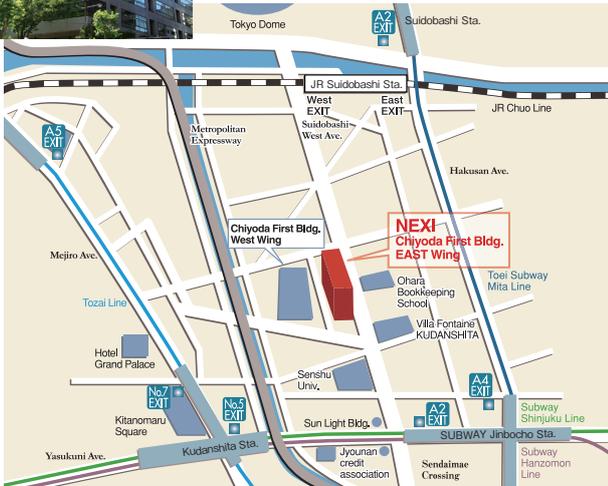


Contact Information

Head Office



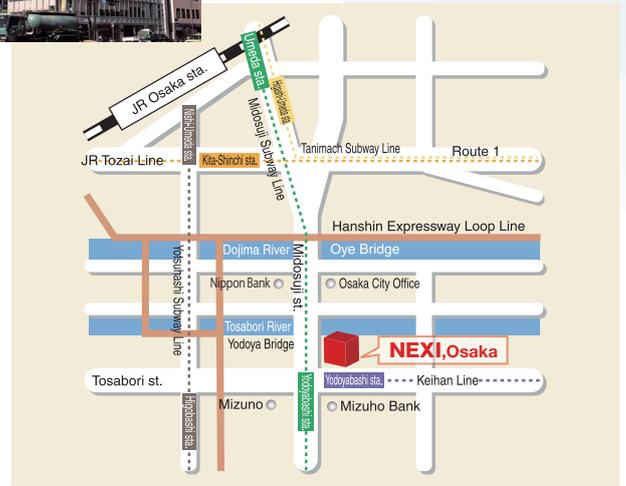
Chiyoda First Building,
East Wing 3rd Floor, 3-8-1
Nishikanda, Chiyoda-ku,
Tokyo 101-8359, Japan
Phone: 81-(0)3-3512-7650
Fax: 81-(0)3-3512-7660



Osaka Branch



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



Overseas Offices



NEXI, Paris

c/o JETRO 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 565 Fifth Avenue, 4th Floor, New York,
NY 10017 USA
Phone: 1-212-819-7769 Fax: 1-212-997-0464



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

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

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

Inquiries

Planning Office
Phone : 81-(0)3-3512-7665 Fax : 81-(0)3-3512-7688
E-mail : info@nexi.go.jp