

Nippon Export and Investment Insurance

ANNUAL REPORT
Nippon Export and Investment Insurance

2001



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NEXI SPIRIT

SPEED

PROFESSIONAL

INTEGRATION

REFORMATION

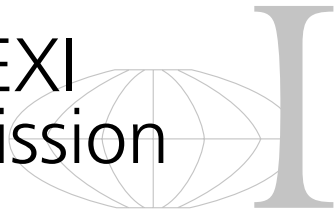
IT ORIENTED

TRANSPARENCY





NEXI Mission



Management Principle

Nippon Export and Investment Insurance (NEXI) commits to making a difference and contribution to the economy and society of Japan by underwriting risks that arise in international transactions and providing risk coverage to policyholders which cannot be adequately protected by commercial insurance.

Management Policy

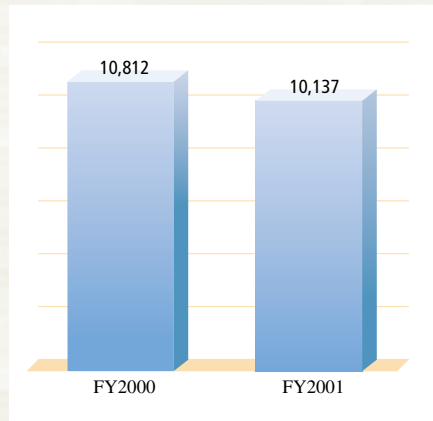
1. NEXI as an independent administrative institution servicing the public strives to contribute to the stability of people's lives and to the sound growth of the economy through its operations.
2. NEXI adheres to giving first priority to the interests of customers, responding promptly and precisely to customer's individual needs, providing superior quality customer services, and achieving the highest level of operating efficiency and effectiveness.
3. NEXI fully utilizes the talents of its entire management and human resources with the objective to undertake more risk, develop new products and be creative in risk underwriting schemes that is flexible to accommodate the anticipating changes in the market. And yet strives to increase profitability through prudent risk control and criteria ensuring long-term growth and prosperity.
4. NEXI fosters the growth of knowledge, employee development through training, and makes the best use of the staff's diverse professional background, aiming to create an ideal workplace that corresponds to the changes in society.

Main Data for Fiscal 2001 II

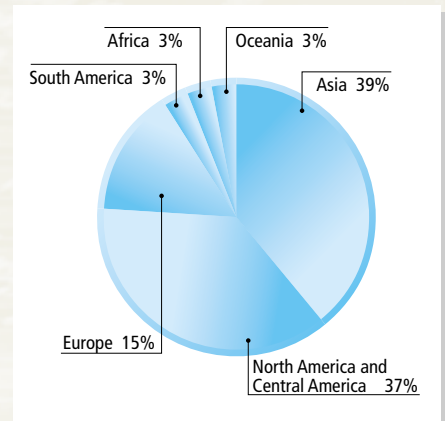
1. Amount underwritten

The underwritten amount in fiscal 2001 was ¥10,136.6 billion, a decrease of 6.2% from the preceding year.

● Amount underwritten (in billions of yen)



● Breakdown of underwritten amount in fiscal 2001 by region



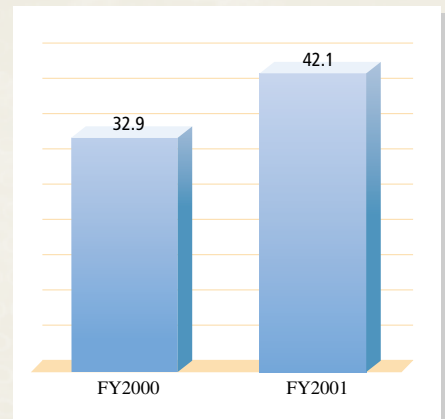
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2. Premium income*1

The premium income in fiscal 2001 totaled ¥42.1 billion*2 and showed an increase of 27.9% over the preceding year. The increase was due to smooth progress in underwriting insurance for large projects.

*1 Premium income here is not exclusive of the return premium amount.
 *2 ¥42.1 billion is total amount of submitted bills in FY2001.

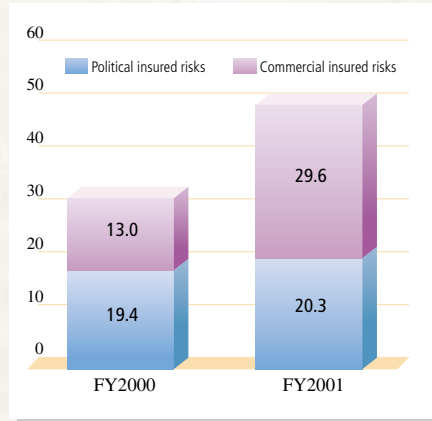
● Premium income (in billions of yen)



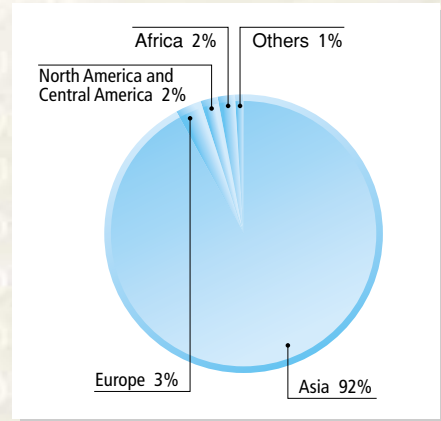
3. Insurance claims paid

Insurance claims paid in fiscal 2001 totaled ¥49.9 billion and showed an increase of 53.9% over the preceding year due to transactions whereby a large amount of insurance claims were paid. The number of commercial insured events increased by 127.3% over the preceding year, and the number of political insured events increased by 4.7% over the same.

● Insurance claims paid (in billions of yen)



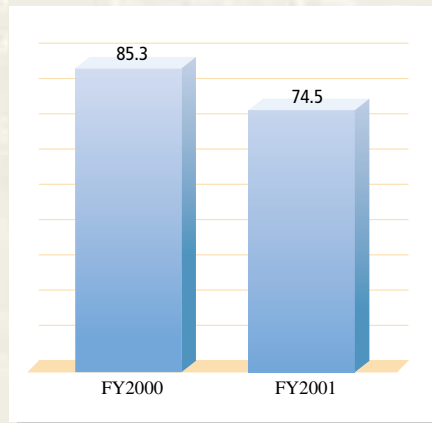
● Breakdown of insurance claims paid in fiscal 2001 by region



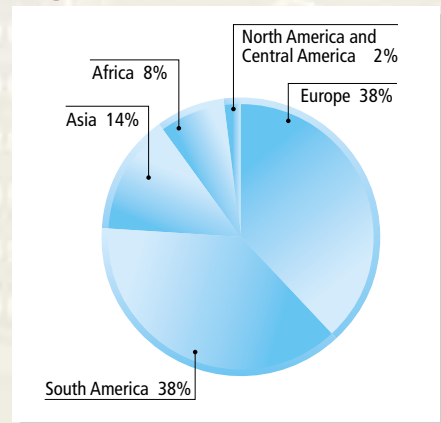
4. Recoveries

Recoveries in fiscal 2001 totaled ¥74.5 billion, and showed a decrease of 12.6% from the preceding year.

● Recoveries (in billions of yen)



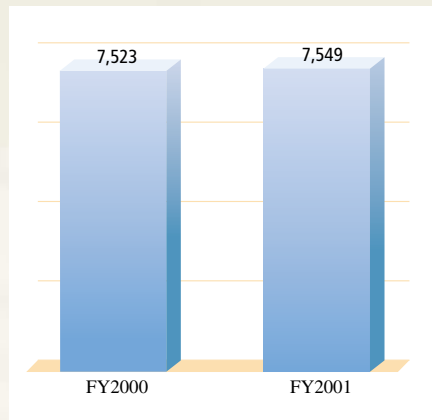
● Breakdown of recoveries in fiscal 2001 by region



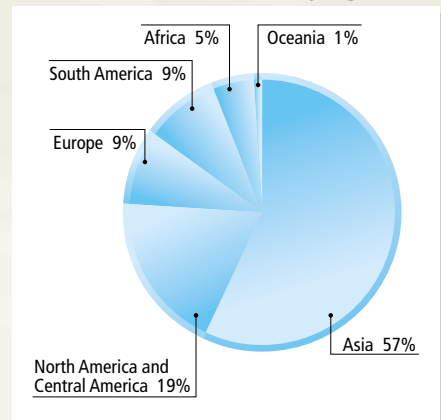
5. Outstanding commitment

The outstanding commitment at the end of fiscal 2001 totaled ¥7,549.1 billion and showed an increase of 0.3% over the end of the preceding year.

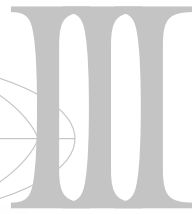
● Outstanding commitment (in billions of yen)



● Breakdown of the outstanding commitment at the end of FY2001 by region



Message from the Chairman and CEO



To Our Valued Customers:

In the past 50 years, Trade and Investment Insurance has contributed immensely to the growth of Japanese exports and to expansion of Japanese overseas operations. In April 2001, Nippon Export and Investment Insurance (NEXI), an Independent Administrative Institution, was launched as a successor to a government body to manage the trade and investment insurance business, which marked a new beginning.

In fiscal 2001, various events and risks occurred unexpectedly, such as the terrorist attacks in the United States. As a result, it further hindered America's economic recovery. The Chinese government retaliated with high import tariff. Argentina was hit by an economic crisis. In Japan the Japanese financial institutions are burdened with bad debts, and demand for goods and services in the private sector remains stagnant. The prospects of the Japanese economy are more uncertain than ever; therefore, the importance and the need for companies to manage risks is increasing day by day.

Considering the 21st century as the age of risk control, NEXI announced four pledges and committed to implement institutional reforms to offer products to meet customers' needs and provide them with services of the highest quality to customers.

The financial highlights for fiscal 2001 are as follows: total amount underwritten was ¥10,136.6 billion, premiums collected totaled ¥42.1 billion, claims paid were ¥49.9 billion, and recovery amount was ¥74.5 billion.

A loss of ¥1.7 billion was reported, because of special circumstances in its inception year, which no withdrawal of the liability reserve from the preceding year should arise. However after extraordinary gains and losses, a net profit of ¥18.4 billion was reported.

NEXI had a successful inception year, with your partnership and cooperation. I am optimistic that NEXI will continue to advance and prosper. Thank you very much.

Next, we want to look back on the past year and introduce the highlights of our accomplishments.



Hisamitsu Arai
Chairman and CEO

Establishment of an Independent Administrative Institution and our four pledges

When NEXI was inaugurated in April 2001 as an Independent Administrative Institution, the management decided on a policy to provide customers priority and highest services. Therefore, we made "four pledges" to our customers: improving services, expanding the risks undertaken, increasing efficiency level, and making management transparent.

First – improving services

We reduced the number of documents submitted by customers for trade and investment insurance, simplified the processing procedures for underwriting, assessment and recovery. To improve communication and better serve customers, informal meetings to exchange opinions and ideas were held and a questionnaire survey was conducted. In the autumn of 2001, NEXI and Waseda University jointly held a risk seminar on the changed international situation after the multiple terrorist attacks in the United States. We believe we can respond to our customers' concerns in a timely manner.

Second – expanding the risks undertaken

Regarding the expansion of risks undertaken, we increased the percentage of indemnity and relaxed our underwriting policy. NEXI promptly declared that the losses due to China's retaliation on an import tariff and the September 11th terrorist attacks which occurred in the United States would be covered.

Third – increasing efficiency level

Increasing efficiency requires unflinching efforts. But, at the same time NEXI had to streamline the organizational structure, and reformed the personnel stationing in a flexible manner and introduced a target management system which applies to every staff.

Fourth – making management transparent

We pledged to make our management transparent and provide our financial information on our homepage. To promote public relations, an explanatory meeting at the Japan Foreign Trade Council, Inc. was held.

Institutional reforms

NEXI has carried out various institutional reforms. In April 2001, we ceased to limit the percentage of indemnity for high-risk countries, in order to accept the percentage of indemnity for proportional compensation, in principle, up to 97.5% for political risks and 90% for commercial risks to all the countries. Moreover, a new recovery system was introduced. We decided to allocate recovery for the interest accrued period from the repayment due date to the payment date of insurance claims, until the said interest amount due is fully paid to the insurer.

During the term under review, we also made other institutional reforms. For the purpose of improving the quality of risks undertaken, we improved the insurance premiums for commercial risks of non-government L/G transactions. We simplified the assessment procedure to shorten the time needed for assessment. In October 2001, we abolished the ceiling on the value of exports per item for 21 countries to ease our underwriting policy. On April 1, 2002, we increased the percentage of indemnity for government-guaranteed projects in the Export Credit Insurance (for medium- to long-term projects) and the percentage of indemnity for political risks in projects with a foreign government to 100%, and we also raised the percentage of indemnity for the Export Bill Insurance. In addition, in view of the lessons learned from the multiple terrorist attacks in the United States, we introduced new covenants to indemnify Overseas Investment Insurance for losses due to terrorism, natural disasters, etc.

Preparation of "Guidelines on Environmental and Social Considerations in Trade Insurance"

NEXI has also actively addressed environmental issues. According to "Guidelines on Environmental Considerations in Trade Insurance," NEXI confirms whether the project sponsors have implemented appropriate environmental and social considerations in the

projects subject to NEXI's insurance services.

In order to confirm environmental and social considerations in the projects effectively and efficiently, NEXI classifies projects in accordance with significance of environmental considerations on the basis of (environmental) information in screening forms submitted by applicants, and confirms environmental and social con-

	Category A	Category B	Category C	Total
FY2000	2	60	77	139
FY2001	6	37	76	119

siderations for projects by the method applicable to the category concerned. The breakdown of the projects screened in fiscal 2000 and fiscal 2001 by category is as above:

● Main developments during FY2001 and FY2002

	Overseas and domestic occurrences	Steps taken by NEXI, events held, etc.
2001 April	58 Independent Administrative Institutions established. Paris Club members agree on rescheduling for Ethiopia. Koizumi Cabinet sworn in.	On April 1, NEXI established; makes "four pledges" to customers, revises systems. (NEXI expands the percentage of indemnity, reexamines the recovery system, and shortens the waiting period for commercial insured risks.) On April 16, NEXI holds reception to celebrate inauguration.
May	Japan Federation of Economic Organizations (Keidanren), etc. send mission to Russia. Paris Club members agree on rescheduling for Guinea.	
June	Chinese government activates retaliatory tariff.	On June 19, Government of Japan and Indonesia reach bilateral agreement on second rescheduling for Indonesia. On June 22, NEXI explains that losses due to retaliatory tariff will be covered by trade and investment insurance. NEXI takes prompt steps for payment, including abolition of coverage assessment committee. On June 26, underwriting policy for Russia eased.
July	Paris Club members agree on rescheduling for Bolivia.	
September	Terrorist attacks in the United States.	On September 7, Government of Japan and Kenya reach bilateral agreement on the second rescheduling for Kenya. On September 14, a decision to apply Export Credit Insurance to accidents caused by the terrorist attacks announced. On September 17-21, Berne Union holds a general meeting in Biarritz.
October	COP 7	On October 1, systems revised (underwriting policy eased, and procedure simplified). On October 5, Government of Japan and Pakistan reach bilateral agreement on the fourth rescheduling for Pakistan.
November	The majority of OECD member countries decide to voluntarily implement "Common Approaches on Environment and Officially Supported Export Credits". Paris Club members agree on rescheduling for Yugoslavia and Mozambique. 3 nonlife insurance companies suffer losses due to reinsurance underwriting problems.	On November 19, NEXI holds a seminar in Fukuoka to explain the systems of trade and investment insurance and overseas investment and loans. On November 26, NEXI holds a crisis management seminar in Tokyo with Waseda University titled "How to counter international terrorism."
December	Argentina hit by an economic crisis. Japanese government announces plans to streamline special public corporations. Paris Club members agree on rescheduling for Pakistan.	
2002 January	Japan and Singapore conclude an economic tie-up agreement. Paris Club members agree on rescheduling for Tanzania.	On January 7, NEXI changes underwriting policy for Argentina. From January to March, NEXI holds the meetings 3 times to explain and discuss a partial revision in "Guidelines on Environmental Considerations in Trade Insurance."
February		On February 26, Government of Japan and Zambia reach bilateral agreement on the seventh rescheduling for Zambia.
March	U.S. activates safeguard for steel trade against Japan and the EU.	
April	Paris Club members agree on rescheduling for Indonesia.	On April 1, NEXI announces corporate principle and Guidelines on Environmental and Social Considerations in Trade Insurance. On April 1, Systems revised (the percentage of indemnity in medium- to long-term general trade insurance raised to 100% for political risks, and new covenants introduced for overseas investment insurance). On April 22-26, Berne Union holds a general meeting in Beijing. On April 23, Government of Japan and Mozambique reach bilateral agreement on the fifth rescheduling for Mozambique.
May	Paris Club members agree on rescheduling for Ghana.	
June		"e-NEXI," a web magazine, inaugurated.
July		On July 5, Minister of Economy, Trade and Industry approves NEXI's financial statements.

III. Message from the Chairman and CEO



In November 2001, the majority of the OECD member countries decided at a meeting of the OECD's Working Party on Export Credits and Credit Guarantees to voluntarily implement "Common Approaches on Environment and Officially Supported Export Credits", which sets forth the guidelines to be observed by official export credit agencies in confirming environmental and social considerations in the projects. In response to that, NEXI drafted a revised version of its environmental guidelines, made it available to gather public comments on its homepage from January 30 to February 28, 2002, held three meetings for explanations and exchanges of opinions (January 30, February 21 and March 25) in which everyone could take part, and enacted new environmental guidelines ("Guidelines on Environmental and Social Considerations in Trade Insurance") on April 1, 2002. The new guidelines will take full effect in October 2003. Before that, however, we will begin to implement the main part of them, such as the new screening form and categorization, etc., as soon as the preparations are completed.

Items pertaining to international relations

NEXI took part in various international meetings.

With regard to OECD conferences we participate in environment, premiums and country rating meeting. As a member of the Berne Union (the International Union of Credit and Investment Insurers), NEXI is making an international contribution, monitoring the trends in the world. In addition, on the basis of the conditions for rescheduling agreed upon at a meeting of the Paris

Club, we extended assistance to the Government of Japan to help it to conclude bilateral agreements with debtor countries. To our delight, the Government of Japan reached bilateral agreements with four countries, for example, Indonesia and Pakistan in fiscal 2001, and as of July in fiscal 2002 with three countries, for example, Ecuador.

We have confirmed succession to the various agreements concluded by the EID/MITI with major export credit agencies of several foreign countries before NEXI was established, and we hold bilateral meetings and exchange information at such meetings.

In order to make our insurance more accessible and easy to use, we will continue to make institutional reforms and best serve our customers in exports and investments. We hope to earn your continued guidance and support.

A handwritten signature in black ink that reads "H. Arai".

Hisamitsu Arai
Chairman and CEO



with Secretary of Finance,
the Republic of the Philippines

IV. Main Projects Underwritten in Fiscal 2001

We will now introduce
the main projects underwritten
by NEXI in fiscal 2001,
region by region.

Main Projects Underwritten in Fiscal 2001



Asia

Taiwan: Construction of high-speed railway

This is a project which exports Japan's Shinkansen system and technology to Taiwan. Taipei and Gaoxiong, a distance of about 345 kilometers, will be linked in about 90 minutes (maximum speed: 300 kilometers per hour). This is the first time to export Japan's Shinkansen technology to any part of the world. A consortium of Japanese companies received an order for the Shinkansen system. The system consists of vehicles, power transformers, a signal and communication system, etc., worth about ¥330 billion in total value. NEXI underwrote a short-term Export Credit Insurance of about ¥270 billion for the project. This is the highest amount as a risk underwritten.

The insurance contract was concluded on April 18, 2001.

Vietnam: Add-on combined cycle conversion of Phu My 2 Phase I Single Power Station

This is a project to introduce a combined cycle power system, which harnesses the exhausted heat of a gas turbine, in Phu My 2 Phase I Single Power Station on the outskirts of Ho Chi Minh City, Vietnam. The purpose is to increase its output by 50%, to 450,000 kilowatts. In conjunction with a French-Swiss company, a Japanese company received an order for the conversion that costs about \$115 million. NEXI underwrote Export Credit Insurance worth about ¥5 billion for this project.

The insurance contract was concluded on September 21, 2001.

China: Investment in an automobile maker and support for sales promotion activities

A Japanese company invested in China to establish a local subsidiary, whose main purposes are the investment in a local automobile maker, market research and sales promotion. NEXI underwrote this investment of approximately ¥3.6 billion.

The insurance contract was concluded on October 2, 2001.

Philippines: Yen-denominated Philippine government bonds for private placement

For the yen-denominated 10-year bonds of ¥50 billion in total value issued by the Government of the Republic of the Philippines on December 14, 2001, NEXI underwrote Overseas Untied Loan Insurance to cover up to 97.5% of the principal and interest. The proceeds of the bond issue will be appropriated for the improvement and expansion of industrial infrastructure, such as roads, in the Philippines.

The insurance contract was concluded on December 3, 2001.



Russia and Central Asia

Russia: "Blue Stream Project" to lay a natural gas pipeline for GAZPROM

This is a project undertaken by GAZPROM, the largest gas company in the world, to lay a pipeline of 1,260 kilometers in total length from Isborny, Russia, to Ankara, Turkey. NEXI underwrote Overseas Untied Loan Insurance for a consortium of Japanese banks that furnished operating funds totaling about \$295 million for the construction of the Russian overland part of the pipeline.

The insurance contract was concluded on April 24, 2001.

(A Japanese company received the order to construct the Black Sea underwater part of the pipeline, and the Japanese Government underwrote Export Credit Insurance for loans of about US\$130 million lent by the consortium of Japanese banks to the importer of Japanese goods, prior to the establishment of NEXI. The insurance contract was concluded on November 29, 2000.)

Kazakhstan: Export of construction machinery to a gas pipeline management company

NEXI underwrote Export Credit Insurance to support the export of construction machinery for the renewal of a pipeline in Kazakhstan. A Japanese and Kazakhstan company signed a supply contract of ¥3 billion on a differed payment basis.

The insurance contract was concluded on February 5, 2002.



Africa

Algeria: Gas boosting station project for Sonatrach in Hassi Rmel area

Japanese companies concluded a contract with Sonatrach, a state-owned hydrocarbon company of Algeria to construct a gas boosting facility in the Hassi Rmel district, Algeria. NEXI underwrote Export Credit Insurance for a loan of about ¥12.4 billion extended by a consortium of Japanese banks to the Algerian company to finance the purchase of the facility.

The insurance contract was concluded on September 5, 2001.



Mozambique: Export of sub-station construction and rectifiers for an aluminum smelter

NEXI underwrote short-term Export Credit Insurance for the export of sub-station construction and rectifiers by a Japanese company for the use at an electrolytic plant in a Mozambique aluminum smelter.

The insurance contract was concluded on March 18, 2002.



Latin America

Mexico: Set a ¥6 billion credit line for Mexico's CFE (Federal Commission of Electricity)

NEXI decided to undertake a ¥6 billion global buyer's credit line to be set in the coming three years for Mexico's CFE (Federal Commission of Electricity). This credit line is expected to help small and medium-sized companies because it is also available for smaller projects.

The credit line took effect on January 10, 2002.

Brazil: Modernization of the Refap oil refinery of Petrobras

Petrobras, the largest oil company in Brazil, plans to modernize its Refap oil refinery by installing equipment to crack heavy-gravity contents in crude oil and extract high value-added products, such as gasoline and diesel oil, for environmental protection and also for effective use of crude oil produced in Brazil. A Japanese company received orders to modernize its Refap oil refinery. NEXI underwrote Export Credit Insurance to cover a loan of about US\$106 million from a consortium of Japanese banks for the project

The insurance contract was concluded on February 22, 2002.

V. Outlook of Trade Insurance Operation

1. Trend of economy and trade in FY2001
2. Outlook of trade insurance operation
3. Summary of trade insurance operation
4. Summary of claims payment
5. Recovery
6. Amount at risk

Outlook of Trade Insurance Operation

1. Trend of economy and trade in FY2001

The global economy entered into a downturn at the beginning of 2001, affected by the decelerated U.S. economy triggered by the deteriorated performance in the IT sector. Future prospects remain uncertain as various factors, including the simultaneous terrorist attacks in the U.S., continue to impact heavily on a sustained recovery.

On the other hand, since the spring of 1999 the Japanese economy had been on a path of gradual recovery. This trend, however, weakened in the earlier months of 2001 under adverse circumstances - such as sluggish private demand resulting from bad loans, excessive debts and the depressed employment situation - which remained throughout the fiscal year. Consumer spending remained stagnant while produc-

tion and capital expenditure plummeted, all contributing to push the unemployment rate to unprecedented levels while deflation continued unchecked.

Japanese exports in FY2001 registered 48.6 trillion yen, indicating 6.6% decrease from the previous fiscal year. Review by region shows all regions showing some decrease, namely 6.7% decrease was recorded for the exports for Asia, 10% decrease for Europe, and a 5.4% decrease for the Americas. These are believed to have resulted from the sluggish performance of the IT sector throughout the world, as well as the general weakening of the global economy as adversely influenced by September 11 in the United States. This downward trend has started to show a sign of moderation since the end of the year.

(Reference) Japanese exports

(Unit: ¥ billion)

	FY1998	FY1999	FY2000	FY2001
Exports	¥49,449.3	¥48,547.6	¥52,045.2	¥48,593.1
Change from the previous fiscal year (%)	▲3.8	▲1.8	7.2	▲6.6

(Source: Trade Statistics, Ministry of Finance)

2. Outlook of trade insurance operation

(1) Underwritten amount

(Unit: ¥ billion/\$ million)

	FY2000	FY2001		Change from the previous fiscal year (%)
Underwritten amount	¥10,811.6	¥10,136.6	\$76,215	▲6.2

(Note) US\$1=¥133 exchange rate is employed here (as at the end of FY2001; the same exchange rate applies hereafter).

(2) Operating income

(Unit: ¥ billion/\$ million)

	FY2000	FY2001		Change from the previous fiscal year (%)
Premium income	¥32.9	¥ 42.1	\$317	¥27.9
Recovery	¥85.3	¥ 74.5	\$560	▲12.6

(Note 1) Premium income here is not exclusive of the return premium amount. Premium income for FY2001 is quoted on the basis of invoice issuance, as opposed to the premium incomes for the years up to FY2000 which were quoted on the basis of actual receipt in the special account settlement.

(Note 2) Recovery for FY2001 is quoted on the basis of reporting, as opposed to the recoveries for the years up to FY2000 which were quoted on the basis of actual receipt.

(3) Claims Paid

(Unit: ¥ billion/\$ million)

	FY2000	FY2001		Change from the previous fiscal year (%)
Claims paid	¥32.4	¥49.9	\$375	53.9

(4) Amount at risk

(Unit: ¥ billion/\$ million)

	End of FY2000	End of FY2001		Change from the previous fiscal year (%)
Amount at risk	¥7,523.0	¥7,549.1	\$56,760	0.3



3. Summary of trade insurance operation

(1) Underwritten amount by type of insurance

(Unit: ¥ billion/\$ million)

	FY2000	FY2001		Change from the previous fiscal year (%)
Export Credit Insurance	¥10,380.9	¥9,737.9	\$73,217	▲6.2
Short term	¥10,113.7	¥9,647.1	\$72,535	▲4.6
Medium to long term	¥267.2	¥90.8	\$683	▲66.0
Export Bill Insurance	¥67.3	¥60.6	\$455	▲10.0
Export Bond Insurance	¥51.6	¥50.2	\$377	▲2.8
Prepayment Import Insurance	¥1.2	¥1.8	\$13	47.5
Overseas Investment Insurance	¥85.9	¥55.6	\$418	▲35.2
Overseas Untied Loan Insurance	¥224.8	¥230.6	\$1,734	2.6
Total	¥10,811.6	¥10,136.6	\$76,215	▲6.2

Note : Since fractions are rounded up or down to the next whole number, the sum of each category in a column does not always equal the total figure.
(Applicable as well to the charts that follow.)

Underwritten amount for FY2001 amounted to 10.1 trillion yen, a decrease of 675 billion yen (6.2%) compared with the previous fiscal year.

(2) Underwritten amount by region

(Unit: ¥ billion/\$ million)

	FY2000	FY2001		Change from the previous fiscal year (%)
Asia	¥4,101.6	¥4,334.6	\$32,591	5.7
Europe	¥2,236.2	¥1,708.3	\$12,844	▲23.6
North America and Central America	¥4,427.3	¥4,074.3	\$30,634	▲8.0
South America	¥469.2	¥379.0	\$2,849	▲19.2
Africa	¥211.8	¥273.8	\$2,059	29.3
Oceania	¥339.9	¥276.2	\$2,077	▲18.7

(Note 1) Methods of recording sums insured by country

Pre-shipment... Country of the consignee

Post-shipment... Country of the paying party; country of the guaranteeing party where guarantee is provided

(Note 2) Middle East and Central Asia are included in Asia (the same applies hereafter).

(Note 3) Central Europe, East Europe and Russia are included in Europe (the same applies hereafter).

(Note 4) Sums insured are recorded for both the countries of consignee and the countries of paying party.

Asia overall showed 5.7% increase compared with the previous fiscal year. Taiwan and Iran in particular showed drastic increases. Specifically, Taiwan increased 47% over the previous fiscal year driven by a major railway project, while petrochemical plant business, etc. pushed up the figure for Iran recording over 400% increase compared with the previous fiscal year.

Europe indicated a sizable 23.6% decrease over the previous fiscal year. The United Kingdom and the Netherlands in particular showed remarkable decreases of 40% and 50% respectively over the previous fiscal year.

North America, where September 11 took place, and

Central America showed an 8% decrease on an overall basis compared with the previous fiscal year.

The figure for South America showed overall decrease of 19.2% over the previous fiscal year, due to the stagnant performance for Brazil, etc. Yet some

countries, Venezuela in particular, showed some growth, which is thanks to the Overseas Untied Loan Insurance business to cover the gas project at the Venezuelan petroleum companies.

(3) Sums insured and share by sector, in Export Credit Insurance (medium to long term) and Overseas Untied Loan Insurance

(Unit: ¥ billion/\$ million)

Sector	Sums insured		Share (%)
Petroleum/gas	¥165.0	\$1,240	51.3%
Infrastructure	¥59.0	\$444	18.4%
Telecommunications	¥37.9	\$285	11.8%
Electric utilities	¥25.3	\$190	7.9%
Chemical	¥23.9	\$179	7.4%
Mining	¥3.7	\$28	1.2%
Manufacturing	¥2.5	\$18	0.8%
Steel	¥0.6	\$4	0.2%
Ceramic	¥0.6	\$4	0.2%
Others	¥3.0	\$23	0.8%
Total	¥321.3	\$2,416	100%

Combined underwritten amount in Export Credit Insurance (medium to long term), and Overseas Untied Loan Insurance in FY2001 amounted to 321.3 billion yen. Petroleum/gas sector represented the largest underwritten amount, amounting to 165 billion, accounting for 51.3% of the total.



4. Summary of claims payment

(1) Claims paid by type of insurance, by type of risk (political risk/commercial risk) (Unit: ¥ billion/\$ million)

	FY2000			FY2001			
	Claims paid	Political risk	Commercial risk	Claims paid	Political risk	Commercial risk	
Export Credit Insurance	¥31.9	¥19.4	¥12.5	¥49.5	\$372	¥20.1	¥29.4
Export Bill Insurance	¥0.4		¥0.4	¥0.2	\$1		¥0.2
Export Bond Insurance							
Prepayment Import Insurance	¥0.1		¥0.1	¥0.02	\$0.2		¥0.02
Overseas Investment Insurance							
Overseas Untied Loan Insurance				¥0.2	\$2	¥0.2	
Total	¥32.4	¥19.4	¥13.0	¥49.9	\$375	¥20.3	¥29.6

(2) Claims paid by region

(Unit: ¥ billion/\$ million)

Year of accounting	Type of risk	FY2000		FY2001				Change over the previous fiscal year (%)	
		Total	Political	Credit	Total	Political	Credit		
Asia		¥20.2	¥14.1	¥6.2	¥46.0	\$346	¥18.8	¥27.2	127.3
Europe		¥5.7	¥5.1	¥0.6	¥1.5	\$11	¥0.7	¥0.9	▲73.5
North America and Central America		¥4.5	¥0.02	¥4.4	¥1.0	\$8	¥0	¥1.0	▲77.0
South America		¥1.7	¥0	¥1.7	¥0.2	\$2	¥0	¥0.2	▲86.7
Africa		¥0.3	¥0.2	¥0.1	¥1.1	\$8	¥0.9	¥0.3	271.1
Oceania		¥0.002	¥0	¥0.002	¥0.01	\$0.1	¥0	¥0.01	350.0
Total		¥32.4	¥19.4	¥13.0	¥49.9	\$375	¥20.3	¥29.6	53.9

Claims paid during FY2001 amounted to 49.9 billion yen, showing 53.9% increase compared with the previous fiscal year, mainly due to a shock loss as a result of major credit incidents. Claims paid due to credit incidents amounted to 29.6 billion yen, which is about 2.3 times larger than the previous fiscal year, whereas claims paid due to political risk incidents amounted to 20.3 billion yen (4.7% increase over the previous fiscal year).

Reviewed by region, Asia recorded 46 billion yen (127.3% increase over the previous fiscal year) account-

ing for more than 90% of the total claims paid. This is mainly due to the credit incidents involving the buyers of pulp and paper related products in Indonesia and China, amounting to 23.5 billion yen, on top of the political risk related payment of 18 billion yen for Indonesia, as a result of the secondary Paris Club rescheduling.

Incidentally, by country shares of the claims paid are: 72% for Indonesia, 15% for China, 3% for Korea, 2% for the United States, 2% for Belarus, etc.

5. Recovery

(Unit: ¥ billion/\$ million)

Region	FY2000	FY2001		Change from the previous fiscal year (%)
Asia	¥16.3	¥10.4	\$78	▲36.3
Europe	¥12.4	¥28.1	\$211	126.2
North America and Central America	¥14.0	¥1.7	\$13	▲87.6
South America	¥36.4	¥28.3	\$213	▲22.2
Africa	¥6.2	¥6.0	\$45	▲2.3
Oceania	0	0	0	—
Total	¥85.3	¥74.5	\$560	▲12.6

(Note 1) Recoveries for FY2001 are quoted on the basis of reporting, as opposed to the recoveries for the years up to FY2000 which are quoted on the basis of actual receipt.

Recoveries for FY2001 amounted to 74.5 billion yen, showing 10.8 billion yen (12.6%) decrease from the previous fiscal year's 85.3 billion yen. Reviewed by type of risk, recoveries involving commercial risk incidents amounted to 1 billion yen (accounting for 1.3% of the total), whereas the vast majority is attributable to those related to political risk incidents such as rescheduling, amounting to 73.6 billion yen (accounting for 98.7% of the total).

The decrease in recoveries for FY2001 compared with that for FY2000 is explained by various factors such as the reduction in the amount of receivables, and decrease in the recoveries from Argentina and the Philippines, apart from the launch of the deductible interest pre-reimbursement system.



6. Amount at risk

(1) By type of insurance

(Unit: ¥ billion/\$ million)

		End of FY2000	End of FY2001	
Export Credit Insurance		¥5,933.9	¥5,938.9	\$44,653
	Short term	¥4,188.6	¥4,465.8	\$33,577
	Medium to long term	¥1,745.3	¥1,473.1	\$11,076
Export Bill Insurance		¥16.8	¥15.4	\$116
Export Bond Insurance		¥56.7	¥9.9	\$74
Prepayment Import Insurance		¥0.5	¥0.8	\$6
Overseas Investment Insurance		¥819.0	¥747.0	\$5,617
Overseas Untied Loan Insurance		¥696.1	¥837.2	\$6,294
Total		¥7,523.0	¥7,549.1	\$56,760

(2) By region

(Unit: ¥ billion/\$ million)

	End of FY2000	End of FY2001	
Asia	¥4,466.4	¥4,396.0	\$33,053
Europe	¥786.7	¥684.7	\$5,148
North America and Central America	¥1,411.0	¥1,476.0	\$11,098
South America	¥633.1	¥658.0	\$4,947
Africa	¥274.1	¥350.0	\$2,631
Oceania	¥87.1	¥86.4	\$650

(Note 1) Method of recording by country

Pre-shipment... Country of the consignee

Post-shipment... Country of the paying party; country of the guaranteeing party where guarantee is provided

(Note 2) Sums insured are recorded for both the countries of the consignee and the countries of the paying party.

Amount at risk for FY2001 amounted to 7.5 trillion yen, showing a 0.3% increase over the previous fiscal year.

VI. Financial Statements of NEXI

1. Regarding the Financial Statements for FY2001

2. Financial Statements

- (1) Balance Sheet
- (2) Profit and Loss Statement
- (3) Cash Flow Statement
- (4) Notes
- (5) Statement of Appropriation
of Retained Earnings

Financial Statements of NEXI



1. Regarding the financial statements for the first period (FY2001)

Nippon Export and Investment Insurance (NEXI), an independent administrative institution, submitted the financial statements for its first period (fiscal 2001) to the Minister of Economy, Trade and Industry on June 20, 2002, and obtained the Minister's approval for them on July 5.

(1) The financial statements in outline

Highlights of NEXI's financial statements for the first period (fiscal 2001) are as follows:

Item	(In millions of yen)	
	First business year (FY2001)	
Net premium written		7,390
Ordinary income or expense		△ 1,738
Extraordinary profit or loss relating to subrogated claims invested by Government		20,140
Total profit for the term		18,402
Total assets		150,084
Net assets		122,754

(2) Conditions of profits and losses

For fiscal 2001, NEXI registered a net premium written totaling ¥7.4 billion as a result of underwriting major projects and speeding up the procedure for contract conclusions. The ordinary profit or loss was a loss of ¥1.7 billion because of special circumstances in the establishment year under which no reversal of underwriting reserve from the preceding year should arise. But the total profit for the term offset against the extraordinary income and loss relating to subrogated claims invested by Government was a profit of ¥18.4 billion.

As an extraordinary profit or loss, NEXI registered the profit or loss relating to the claims furnished by the government as investment under an ordinance of the Ministry of Economy, Trade and Industry (the right to obtain the payment of the recovery relating to claims paid under an intergovernmental rescheduling agreement). Regarding their breakdown, they include, in addition to interest totaling ¥17.1 billion, received or receivable that had arisen from such claims, exchange profits totaling ¥4.7 billion relating to foreign currency-based claims and a provision of ¥25.3 billion to the reserve for uncollectible subrogated claims invested by Government that accompanied a reassessment of claims.

The total profit for the term was ¥18.4 billion and was handled in total as an appropriation to the reserve fund under the provisions of the law. In addition, half of the balance of the reserve in the final year of the medium-term goal (four years) will be handed over to the Treasury of the Government of Japan.



2. Financial Statements

(1) Balance Sheet (As of March 31, 2002)

(In millions of yen)

Item	Value	Item	Value
(Assets)		(Liabilities)	
Cash and cash equivalents	19,338	Outstanding claims	212
Receivables from subrogated claims	283,269	Underwriting reserve	4,087
Accrued income	114,548	Reinsurance balance payable	5,546
Accrued premiums	5,652	Deposits received	4,648
Reinsurance balance recoverable	16,757	Accrued amount payable	5,546
Equipment and fixtures ^(Note 2)	1,361	Suspense receipts	4,967
Vehicles ^(Note 3)	5	Reserve for bonus payments	146
Other receivables	6	Reserve for retirement allowances	14
Deposits	266	Other liabilities	2,164
Suspense payments	0		
Other assets	32	Total liabilities	27,330
Allowance for uncollectibles	△ 291,150	(Shareholders' equity)	
		Capital stock	
		Government's investment	104,352
		Retained earnings	
		Unappropriated retained earnings	18,402
		Total shareholders' equity	122,754
Total assets	150,084	Total liabilities and shareholders' equity	150,084

(Notes)

1. Fractions of less than ¥1 million (¥500,000 and over) are rounded up to ¥1 million. Amounts under ¥500,000 have been eliminated.
2. Accumulated depreciation for equipment and fixtures is ¥124 million.
3. Accumulated depreciation for vehicles is ¥3 million.



(2) Profit and Loss Statement (From April 1, 2001 to March 31, 2002)

		(In millions of yen)
	Item	Value
Ordinary Income and Loss	Ordinary Income	7,418
	Net premium written ^(Note 2)	7,390
	Interest income	20
	Other ordinary income	7
	Ordinary Expenses	9,156
	Net claims paid ^(Note 3)	2
	Provision for outstanding claims	212
	Expected amount of insurance claim recovery ^(Note 4)	△ 4
	Provision for underwriting reserve	4,087
	Exchange loss	11
	Operating and general administrative expenses	4,835
	Interest paid	12
Other ordinary expenses	1	
	Ordinary losses	△ 1,738
Extraordinary profit and loss	Extraordinary profit	48,135
	Profit relating to subrogated claims invested by Government ^(Note 5)	48,135
	Extraordinary loss	27,995
	Loss relating to subrogated claims invested by Government ^(Note 5)	2,733
	Reserve for uncollectible subrogated claims invested by Government	25,262
	Total profit for the term	18,402

(Notes)

1. Fractions of less than ¥1 million (¥500,000 and over) are rounded up to ¥1 million. Amounts under ¥500,000 have been eliminated.

2. The breakdown of net premium written is as follows:

Direct premium written	37,359
Refund of premiums of reinsurance ceded	2,943
Premium written from reinsurance accepted	2
Premiums on reinsurance ceded	32,914
(Net)	7,390
	(¥ million)

3. The breakdown of net claims paid is as follows:

Insurance claims paid	49,891
Reinsurance claims recovered	49,889
(Net)	2
	(¥ million)

4. The breakdown of expected amount of insurance claim recovery is as follows:

(1) Increase or decrease between the expected recovery from subrogated claims relating to insured commercial risks registered as assets at the beginning of the term and the same at the end of the term	3
(2) Recovery from subrogated claims relating to insured commercial risks	1
	4
	(¥ million)

5. Profit and loss relating to investment property are entered in extraordinary profit and loss pursuant to the provisions of Article 2 of supplementary rules of the ministerial ordinance relating to the finances and accounts of Nippon Export and Investment Insurance, an Independent Administrative Institution (Ordinance No. 104, March 29, 2001, Ministry of Economy, Trade and Industry).

(1) The breakdown of income relating to subrogated claims invested by Government, is as follows:

Interest income from subrogated claims invested by Government	17,133
Recovery of unrescheduled subrogated claims invested by Government	3,337
Recognition of rescheduled subrogated claims invested by Government	16,985
Exchange profit in rescheduled subrogated claims invested by Government	4,662
Credited reserve amount added back to investment credit claims	6,018
	48,135
	(¥ million)

(2) The breakdown of loss relating to subrogated claims invested by Government, is as follows:

Recognition of liabilities incidental to subrogated claims invested by Government	2,733
	(¥ million)

(3) Cash Flow Statement (From April 1, 2001 to March 31, 2002)

(In millions of yen)	
I. Cash flow from operating activities	
Premium received	37,285
Outlays of premiums of reinsurance ceded	△ 25,354
Payments of insurance claims	△ 49,760
Income of premiums on reinsurance ceded	33,952
Income from recovery of subrogated claims, etc.	23,126
Outlays in distribution of money recovered in relation to subrogated claims	△ 8,966
Income in recovery of subrogated claims belonging to Government	60,559
Outlays in distribution of money recovered in relation to subrogated claims belonging to Government	△ 55,936
Personnel expenses	△ 1,395
Other outlays in business activities	△ 2,372
Others	14
Subtotal	11,152
Interest and dividends received	8,591
Interest and dividends paid	△ 12
Net cash flow provided by operating activities	19,731
II. Cash flow from investment activities	
Outlays in acquisition of fixed assets	△ 7
Outlays in depositing of deposits	△ 266
Income due to withdrawal of deposits	0
Net cash flow provided by investment activities	△ 273
III. Cash flow from financial activities	
Income due to short-term borrowing	600
Outlays due to redemption of short-term borrowing	△ 600
Payments in financial lease	△ 121
Net cash flow provided by financial activities	△ 121
IV. Effect of exchange rate changes on cash and cash equivalents	0
V. Net change in cash and cash equivalents	19,338
VI. Balance of cash and cash equivalents at the beginning of the term	—
VII. Balance of cash and cash equivalents at the end of the term	19,338

(Notes)

1. Fractions of less than ¥1million (¥500,000 and over) are rounded up to ¥1million. Amounts under ¥500,000 are eliminated.

2. The breakdown of the balance of cash and cash equivalents

Cash on hand, including petty cash	0
Current deposits	2
Ordinary deposits	19,336
Balance of funds at the end of the term	19,338

3. Important noncash transactions

(1) Acquisition of assets due to acceptance of subrogated claims invested by Government

Acceptance of subrogated claims invested by Government	
Subrogated claims	272,955
Accrued income	105,985
Accrued amount payable	△ 8,699
Allowance for uncollectibles	△ 265,889
Total	104,352

(2) Acquisition of assets in financial lease

Equipment and fixtures (host computer)	1,480
Vehicles	8
Total	1,487



(4) Notes

I. Important accounting policies

1. The method of depreciation

(1) The method of depreciation for tangible fixed assets

In the case of tangible fixed assets whose acquisition cost per unit or per set exceeds ¥200,000, the straight-line method with 10% of the acquisition cost as the residual value is used on the basis of the service life stipulated in the Corporate Tax Law.

(2) The method of amortization for intangible fixed assets

In the case of trademark rights, the straight-line method with 0% as the residual value is used on the basis of the service life stipulated in the Corporate Tax Law.

In the case of software used in-house, the straight-line method is used, with the period of usability (four years) as the service life and ¥0 as the residual value.

(3) The method of handling lease transactions

In the case of financial lease transactions where the equivalent of the acquisition cost per unit or per set exceeds ¥3 million, depreciation for accounting is made by the same method as that for ordinary transactions by the straight-line method with necessary changes and with the period of lease as the service life and ¥0 as the residual value.

2. The method of appraising the monetary debts and credits in foreign currencies

Monetary debts and credits in foreign currencies are appraised by converting them into the yen value at the exchange rate prevailing at the time of settling the accounts.

3. The method to make appropriations to the reserve for bonus payments and the method to estimate the total cost of bonus payments

Regarding the reserve for bonus payments, a cash amount equivalent to the total amount payable to the whole staff and imputable to the term under review are appropriated every fiscal year.

4. The method to make appropriations for the reserve for retirement allowances

In the case of the reserve for Board members' retirement allowances, appropriations equivalent to the full amount payable under the rules for the payment of Board members' retirement allowances are made.

5. The method to make appropriations for the underwriting reserve, outstanding claims, subrogated claims, and allowance for uncollectibles.

NEXI appropriates a cash amount calculated by the method mentioned in "Bo No. 2 Ordinance of the Minister of Economy, Trade and Industry of March 29, 2001, and March 27, 2001, titled "Regarding the method of calculation determined by the Minister of Economy, Trade and Industry under the provisions of the ministerial ordinance concerning the financial affairs and accounting of Nippon Export and Investment Insurance, an independent administrative institution."

II. Important obligations undertaken

There are no obligations undertaken.

III. Important subsequent developments

There are no developments after the compilation of the financial statements.

IV. Substance of peculiar items presented

Item	Substance
Subrogated claims	Subrogated insurance claims registered as assets and the expected subrogated insurance claims relating to outstanding claims are entered.
Accrued premiums	Premiums receivable by a policyholder that arise as a result of an application for a contract are entered.
Reinsurance balance recoverable	Receivables that arise vis-à-vis the Government as a result of a reinsurance transaction with the Government are entered. <input type="radio"/> Reinsurance premiums to be returned by the Government <input type="radio"/> Reinsurance claims payable by the Government
Outstanding claims	The monetary amount considered necessary to indemnify for losses that have arisen by the end of the term under review and losses considered to have arisen by the end of the term under review are entered in pursuance of the provisions of "Bo No. 2 Ordinance of the Minister of Economy, Trade and Industry of March 29, 2001, and March 27, 2001," titled "Regarding the method of calculation determined by the Minister of Economy, Trade and Industry under the provisions of the ministerial ordinance concerning the financial affairs and accounting of Nippon Export and Investment Insurance, an independent administrative institution."
Underwriting reserve	The monetary amount necessary for the performance of obligations in the future under an insurance contract and the monetary amount necessary for the performance of obligation in the future under a reinsurance contract accepted are entered in pursuance of the provisions of "Bo No. 2 Ordinance of the Minister of Economy, Trade and Industry of March 29, 2001, and March 27, 2001," titled "Regarding the method of calculation determined by the Minister of Economy, Trade and Industry under the provisions of the ministerial ordinance concerning the financial affairs and accounting of Nippon Export and Investment Insurance, an independent administrative institution."
Reinsurance balance payable	Payables that arise on the basis of a reinsurance contract are entered. <input type="radio"/> Premiums payable to the Government for reinsurance ceded to the Government
Net premium written	The monetary amount calculated by subtracting reinsurance premiums paid from gross premium income is entered. As gross premium income, the sum of direct premiums and premiums for reinsurance accepted is entered.
Net claims paid	The monetary amount calculated by subtracting the collected reinsurance claims from the insurance claims paid is entered. As gross insurance claims paid, the sum of direct insurance claims paid and claims paid for reinsurance accepted is entered.
Expected amount of insurance claim recovery	The sum obtained by adding up the following is entered: <input type="radio"/> Subrogated claims that have arisen by the time of insurance claim payments <input type="radio"/> Subrogated claims collected in connection with a credit accident <input type="radio"/> Subrogated claims collected but not entered as an asset in connection with a political accident <input type="radio"/> An increase or decrease between the beginning and end of a fiscal year in the anticipated subrogated claims collected entered as an asset accompanying the registration of a reserve fund for outstanding claims <input type="radio"/> An increase or decrease between the beginning and end of a fiscal year in the anticipated subrogated claims collected entered as an asset in connection with a credit accident
Provision for outstanding claims	The monetary amount appropriated to the outstanding claims during the term under review is entered.
Provision for underwriting reserve	The monetary amount appropriated to the underwriting reserve during the term under review is entered.



(5) Statement of Appropriation of Retained Earnings

(yen)

I . Unappropriated retained earnings at end of term		18,401,893,025
Total profit for the term	18,401,893,025	
II . Appropriation of retained earnings		
Reserve	18,401,893,025	18,401,893,025

Outline of NEXI VII



Members of the Board

- Chairman and CEO **Hisamitsu Arai**
- Vice Chairman **Mutsuo Hatano**
- Vice Chairman **Yukio Kitazume**

Members of the Audit Board

- Corporate Auditor **Yutaka Miyake**
- Corporate Auditor **Takashi Imai**

From left to right Vice Chairman Chairman and CEO Vice Chairman
Yukio Kitazume Hisamitsu Arai Mutsuo Hatano



Corporate Auditor
Yutaka Miyake



Corporate Auditor
Takashi Imai



NEXI
Nippon Export and Investment Insurance

Established

April 1, 2001

Governing laws

The Law concerning the general rules of the Independent Administrative Institutions.

The Trade and Investment Insurance Law.

Purpose

To conduct, efficiently and effectively, the business of underwriting risks that arise in international transactions and from which the policyholders cannot be protected by commercial insurance.

Competent Minister

The Minister of Economy, Trade and Industry

Paid-in capital

¥104,352,324,369 (totally invested by the Government)

Number of employees

158 (As of March 31, 2002)

History

July 1999 The Law concerning the general rules of the Independent Administrative Institutions enacted.

December 1999 A law to make a partial amendment to the Trade and Investment Insurance Law enacted.

April 2001 NEXI was established.

(Reference) The Export Credit Insurance Law (Today's Trade and Investment Insurance Law) was enacted in March 1950. Since then, the Ministry of Economy, Trade and Industry (the former Ministry of International Trade and Industry) managed trade insurance business until March 31, 2001.

Locations of offices

Head office Chiyoda First Building, 3-8-1, Nishikanda, Chiyoda-ku, Tokyo 101-8359 Japan; Tel. 81-(0)3-3512-7650

NEXI, Osaka Osaka Godo Chosha No. 1 Building, 1-5-44 Otemae, Chuo-ku, Osaka-shi, Osaka 540-0008 Japan; Tel. 81-(0)6-6941-2413

NEXI, Nagoya Chubu Bureau of Economy, Trade and Industry Building, 2-5-2 Sannomaru, Naka-ku, Nagoya-shi, Aichi 460-8510 Japan; Tel. 81-(0)52-951-2101



Organization Structure



Vice Chairman

Financial Risk Management Department

tel.81-(0)3-3512-7680 FAX.81-(0)3-3512-7699

Credit Analysis and Control Group

tel.81-(0)3-3512-7683

- Assessment of underwriting and claims
- Operation of the insurance system including underwriting conditions or policy, premium rates and so on
- Correspondence to International standards such as the OECD guidelines

Environment Group

tel.81-(0)3-3512-7685

- Environmental and social reviews based on Guidelines on Environmental and Social Consideration in Trade Insurance
- Correspondence to the OECD meeting dealing with the issues of export credit and environment

Country Risk Analysis Group

tel.81-(0)3-3512-7686

- Investigation, analysis and evaluation of country risk
- Correspondence to the OECD Export Credit Group Meeting concerning country risk evaluation

Credit Administration Group

tel.81-(0)3-3512-7684

- Planning management of credit exposure to overseas buyer and bank
- Rating and establishing credit limit of overseas buyer and bank
- Analysis of creditworthiness of overseas buyer and bank

Domestic Branches

NEXI, Osaka

tel.81-6-6941-2413 FAX.81-6-6941-9653

- The front branch of the export credit insurance in the west area of the Kinki region

Business Promotion Group

tel.81-(0)6-6941-2413

- Total management in the branch
- Planning and implementation of business strategy in the branch

Underwriting Group

tel.81-(0)6-6941-2414

- Credit exposure management
- Duties relating to Export Credit Insurance of overseas buyer and bank (specific insurance)
- Duties relating to Export Bill Insurance

Comprehensive Insurance Group

tel.81-(0)6-6941-2415

- Duties relating to Export Credit Insurance (short-term comprehensive insurance and comprehensive insurance policy with associations)

NEXI, Nagoya

tel.81-52-951-2101 fax.81-52-951-5115

- Duties relating to credit exposure management of overseas buyer and bank
- Duties relating to Export Credit Insurance (specific insurance and short-term comprehensive insurance)
- Duties relating to Export Bill Insurance

Overseas Offices

- Collecting various information on Export Credit Insurance overseas

NEXI, Paris

c/o JETRO

166, rue de Rivoli,
75001 Paris France
Tel.33-(0)1-4261-5879
Fax.33-(0)1-4261-5049

NEXI, New York

c/o JETRO

1221 Avenue of the Americas
42 Fl, McGraw-Hill Bldg.
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Tel.1-212-819-7769
Fax.1-212-819-7796

NEXI, Singapore

c/o JETRO

16 Raffles Quay #37-02A,
Hong Leong Bldg.
Singapore 048581
Tel.65-6429-9580-9582
Fax.65-6220-7242

Glossary

Amount at risk

Amount of sum insured at risk associated with the transactions for which acceptance or unofficial commitment has been made by the insurer, which is the total insurance exposure held under the export (political risk) insurance contract

Country of destination

The country or the territory in which the cargo is discharged and transferred to the counterparty of the contract or the consignee of the cargo under the export contract, etc.

Credit risk (credit loss)

Perils arising out of the troubles for which the counterparty of an international transaction is responsible, such as bankruptcy of the counterparty of the contract, delay in repayment of financial obligation for longer than three months, etc.

Debt rescheduling

It refers to the deferral of the repayment schedule of the debtor countries' debts, which is one of the relief measures offered to the high-debt developing countries

Deductible interest

Since the insured is supposed to bear the cost of interest accruing from the repayment date up to the date of the insurance claims paid (or the date when recovery is made in case recovery is made prior to the date of insurance claims paid), the insured is allowed to deduct the amount equivalent to his burden of such interest payment, from the amount to be reimbursed to the government in the event recovery is successfully made from the counterparty. Such amount is called "deductible interest".

Guarantor's country

The country in which the institution or the bank, etc. which issues letter of credit or letter of guarantee as respects the financial obligations, related to the export contract or the export proceeds loan contract, is domiciled

Insurance claims paid

The amount of money the insurer (NEXI for instance) pays, to indemnify the loss suffered by the insured as a result of an incident which is to be covered by the insurance

Paris Club

A conference of the major creditor countries for the purpose of discussing the relief measures for the (public) debtor countries, which is commonly called the Paris Club since the conference is held in Paris while the French Ministry of Finance, as secretariat, is responsible for the administration of the conference

Paying country

The country or the territory in which the paying party of the cargo price, etc. under the export contract, or the borrower under the export proceeds loan contract, etc. is domiciled

Political risk (political risk incident)

Perils beyond control of the parties concerned in international transactions such as foreign trade. For example, war, revolution, civil disturbance, confiscation, import restrictions, restrictions on foreign exchange transaction, strikes, etc.

Recovery

The amount of money the insured successfully recovered from the counterparty of the transaction, after the insured's filing of an insurance claim following an incident covered by the insurance

Return premium

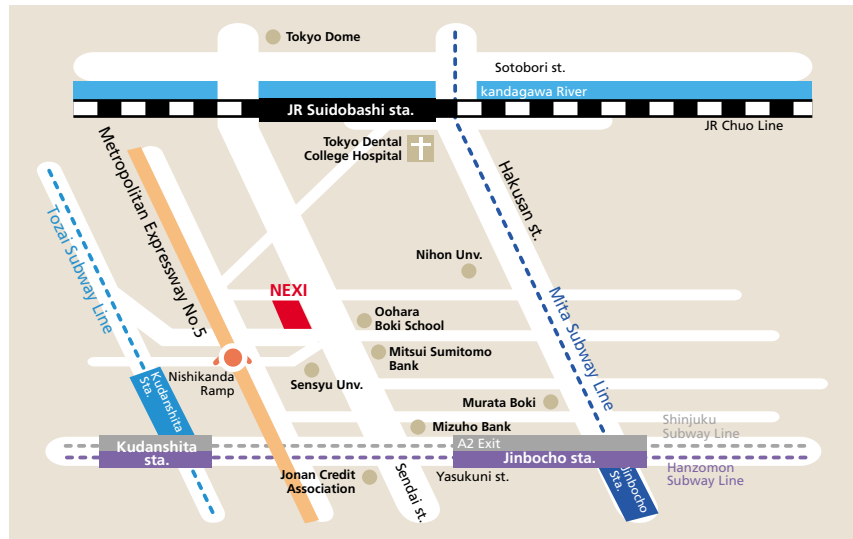
Return premium refers to the part of the insurance premium to be refunded subject to certain conditions, in the event there is a change in the contents of the export contract, etc. or the insurance period is reduced

Underwritten amount

The amount of export contract attached with the insurance, being multiplied by the percentage of cover, i.e., the underwritten amount effectively covered

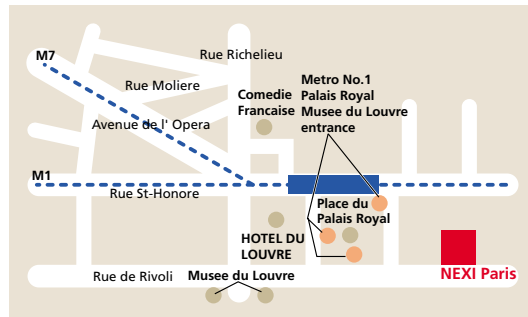
■ NEXI, Tokyo

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



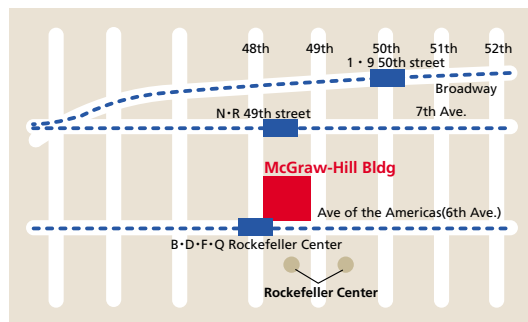
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