



NEXI

Nippon Export and Investment Insurance

ANNUAL REPORT 2018

Nippon Export and Investment Insurance



Corporate Philosophy

As the public entity responsible for trade insurance, our mission is to deliver peace of mind to our customers and contribute to the healthy development of Japanese overseas business.



Action Guideline

- Be alert to changes and meet customer needs with professionalism and specialized expertise.
- Enhance underwriting capacity and capability while maintaining a strong risk management culture.
- Respect diversity and work as a team to allow our organization to achieve its best.



Message from the Chairman



I would like to express my deep appreciation for your generous support and cooperation with Nippon Export and Investment Insurance (NEXI) as we present this annual report.

During 2018, the global economy gradually recovered compared with 2017. On the other hand, uncertainty about the global economy has been heightened by the economic policies of major countries, including U.S.-China trade friction and Britain's exit from the EU.

In Fiscal Year 2018, the second year since NEXI's transformation into a stock company, we worked to establish and reinforce our business foundation as a stock company by formulating basic policies on risk management in relation to insurance underwriting, as one of our approaches for comprehensive risk control. We have also embodied our corporate philosophies that covers the most important values as NEXI, and set three action guidelines as basis on which executives and employees can incorporate the corporate philosophies into their daily activities.

In the trade and investment insurance business, we worked to enhance convenience for clients through various efforts, such as reducing the amount of documents needed to be submitted for insurance application, and improved insurance products and operations by making further segmentations of insurance premiums in accordance with level of risk so that we can encourage Japan's exports of quality infrastructure, which is being promoted by the government. We actively supported exports by Japanese companies and their joint projects with overseas enterprises, which are implemented in third countries, through concluding memorandums of understanding with regard to mutual assistance between NEXI and global government entities or export credit agencies including those from China and India.

In addition, we strengthened our efforts to promote liquefied natural gas (LNG)-related projects by expanding the coverage of Investment and Loan Insurance for Natural Resources and Energy, which supports projects that contribute to secure a stable supply of energy for Japan.

Furthermore, in order to increase the use of trade and investment insurance, we renewed our website to make it user-friendly especially for first time clients, and strove to promote overseas operations of small and medium-size enterprises, and overseas sales of the agricultural, forestry, and fishery products through collaborations with regional banks and credit associations that are part of our support network for SMEs overseas business development.

As the economy becomes more global, we remain committed to provide security to numerous clients by offering quality insurance products and services, which satisfy diversifying business needs in order to also survive international competition through collaboration between public and private sectors. We appreciate your continued understanding and support for our business.

Atsuo Kuroda

Chairman and CEO
Nippon Export and Investment Insurance

July 2019

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Figures in this Annual Report

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Highlights of Business Results for FY 2018

Underwritten Amount

approx. JPY **6.3** trillion

Outstanding Commitment

approx. JPY **14.0** trillion

Premium Income

approx. JPY **29.4** billion

Recoveries

approx. JPY **31.1** billion

Claims Paid

approx. JPY **33.5** billion

May 2018

MOU with MIGA

Signed a memorandum of understanding (MOU) with the Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group, to promote cooperation between the parties in the field of reinsurance.

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Sep. 2018

Reinsurance Agreement with EDC

Entered into a One-Stop-Shop Reinsurance Agreement with the Export Development Canada (EDC), Canada's export credit agency (ECA).

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Oct. 2018

MOU with EIB

Signed a MOU on cooperation with the European Investment Bank (EIB), an international financial institution.

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MOU with SINOSURE

Executed a MOU with China Export & Credit Insurance Corporation (SINOSURE), the ECA of China, in conjunction with the holding of the Japan-China Forum on Third Country Business Cooperation.

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MOU with ECGC

Entered into a MOU with the Export Credit Guarantee Corporation of India (ECGC).

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Simplified application procedures for Comprehensive Export Credit Insurance

Simplified application procedures concerning general transactions, by eliminating the need to submit evidences such as copies of export contracts.

Expanded the types of transactions covered by Investment and Loan Insurance for Natural Resources and Energy

Expanded the coverage of the insurance into the transactions where Japanese companies provide natural resources and energy to third countries or domestic companies based on certain requirements.

Nov. 2018

Trilateral MOU between NEXI, Australia's DFAT and Efic

Entered into a Trilateral MOU on cooperation with the Australia's Department of Foreign Affairs and Trade (DFAT) and the Export Finance and Insurance Corporation (Efic). The exchanging ceremony of signed MOU documents was held in the presence of Japanese Prime Minister Shinzo Abe and Australian Prime Minister Scott Morrison on the same day of signing the MOU.

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Mar. 2019

MOU with Ministry of Economy and Sustainable Development of Georgia

Signed a MOU on cooperation with the Ministry of Economy and Sustainable Development of Georgia during the Japan-Georgia Business Forum, in the presence of Georgia's Prime Minister Mamuka Bakhtadze, Japan's Parliamentary Vice-Minister of Economy, Trade and Industry Akimasa Ishikawa, and Ambassador Extraordinary and Plenipotentiary of Japan to Georgia Tadaharu Uehara.

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NEXI Review of Performance

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Performance Highlights

Export Trends

Japan's export value continued to increase by 1.9% year on year to approximately JPY 80.7 trillion in FY2018, mainly due to an increase in exports of mineral fuel and automobile. Looking at the results by country and region, the export to Asia continued to grow by 1.3% to JPY 44.0 trillion, which includes that of People's Republic of China with an increase of 2.9% to JPY 15.6 trillion. The exports to the U.S. and the EU also rose by 2.9% to JPY 15.6 trillion and by 4.6% to JPY 9.3 trillion, respectively. Meanwhile, the export to the Middle East decreased by 1.9% to JPY 2.3 trillion.

Japan's export value

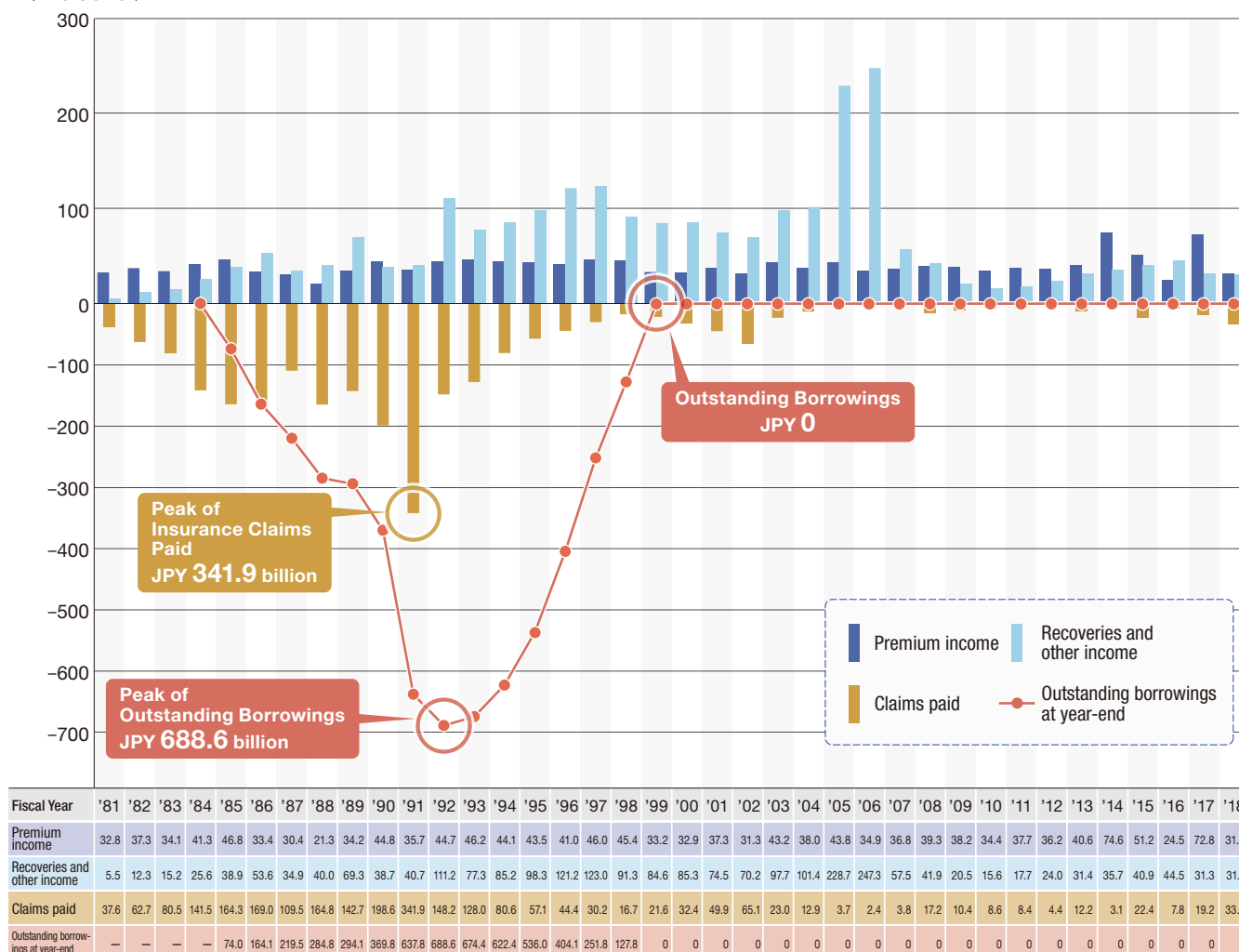
(Millions of Yen)

	FY2014	FY2015	FY2016	FY2017	FY2018
Total Export Value	74,667,048	74,115,132	71,522,248	79,221,249	80,709,540
Year-on-Year Change (%)	5.4	(0.7)	(3.5)	10.8	1.9

(Source: Trade Statistics, Ministry of Finance)

Trends of Trade and Investment Insurance Program

(Billions of Yen)



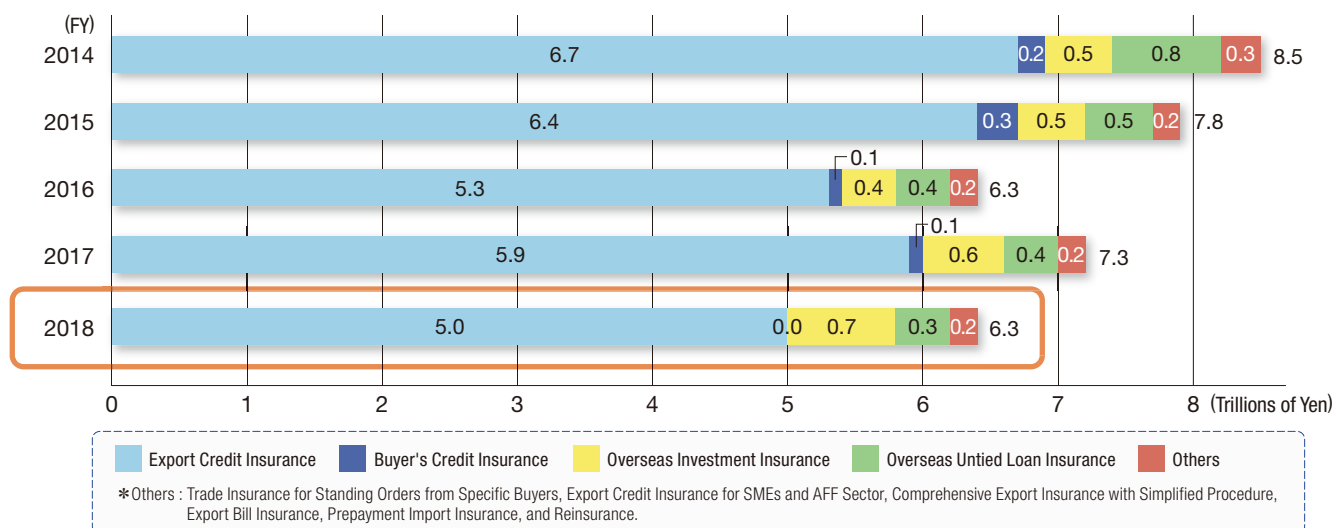
Note: This data is on a cash basis. Premium income is presented after deducting returned premiums.

(Billions of Yen)

Underwritten Amount

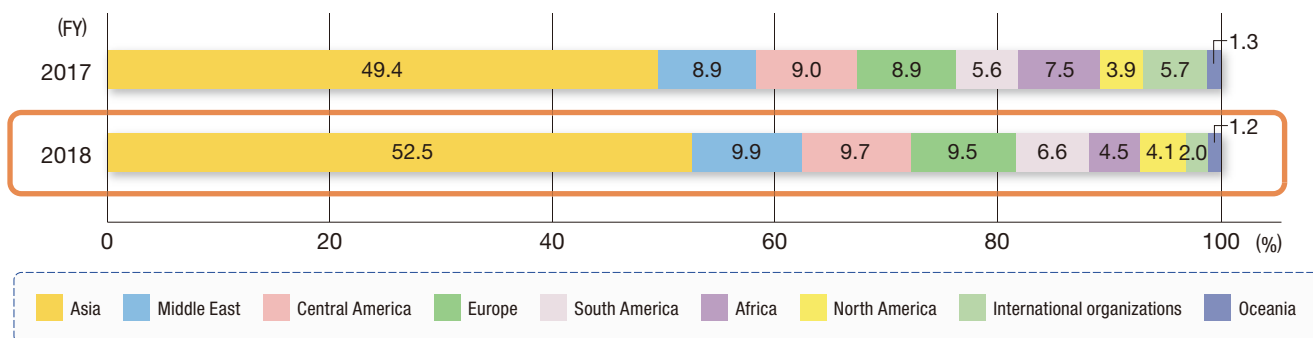
◆ Underwritten Amount by Insurance Type

The underwritten amount decreased by 13.9% year on year to approximately JPY 6.3 trillion in FY2018. This is mainly due to declining performance in Export Credit Insurance and Overseas United Loan Insurance, affected by a decrease in the number of large scale transactions and overseas-plant related projects. Meanwhile, Overseas Investment Insurance increased by 11.0% to JPY 0.7 trillion.



◆ Underwritten Amount by Region

Asia continued to account for the largest share with 52.5% (approximately JPY 3.5 trillion), followed by the Middle East with 9.9% (JPY 0.7 trillion).



◆ Top Ten Countries and Regions for Underwritten Amount in FY2018

Rank	Country/Region	Underwritten amount	Composition
1	Indonesia	691,831	10.3%
2	China	554,526	8.3%
3	Thailand	512,330	7.6%
4	Korea	358,554	5.4%
5	Panama (flag of convenience vessel)	330,023	4.9%

Rank	Country/Region	Underwritten amount	Composition
6	Belgium	284,412	4.2%
7	Saudi Arabia	249,135	3.7%
8	Taiwan	248,188	3.7%
9	U.S.A	238,727	3.6%
10	Vietnam	232,464	3.5%

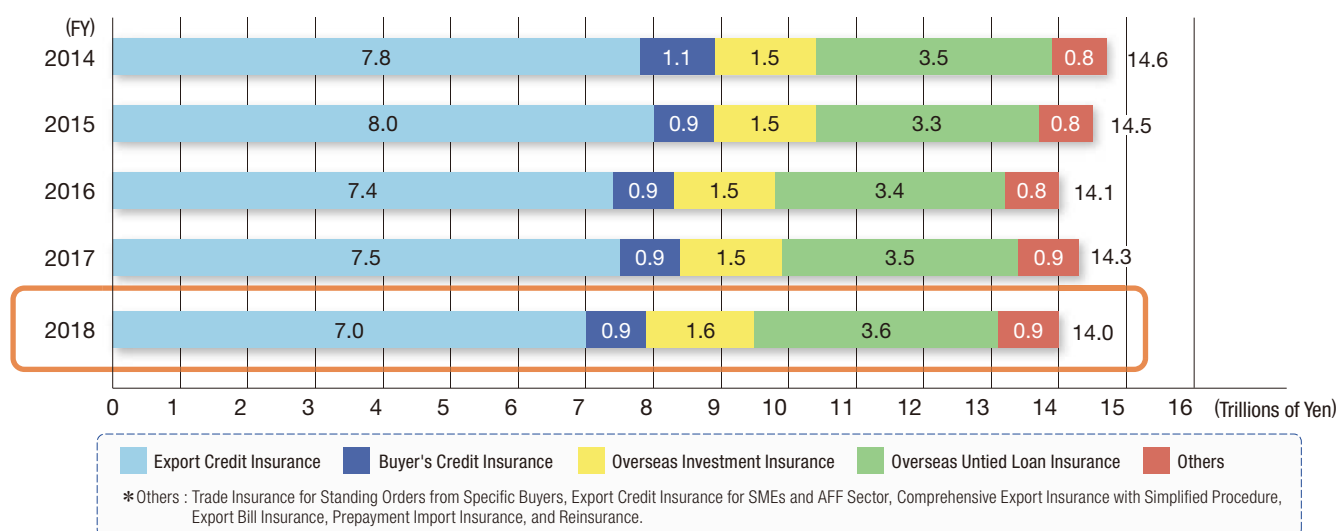
(Millions of Yen)

Performance Highlights

Outstanding Commitment

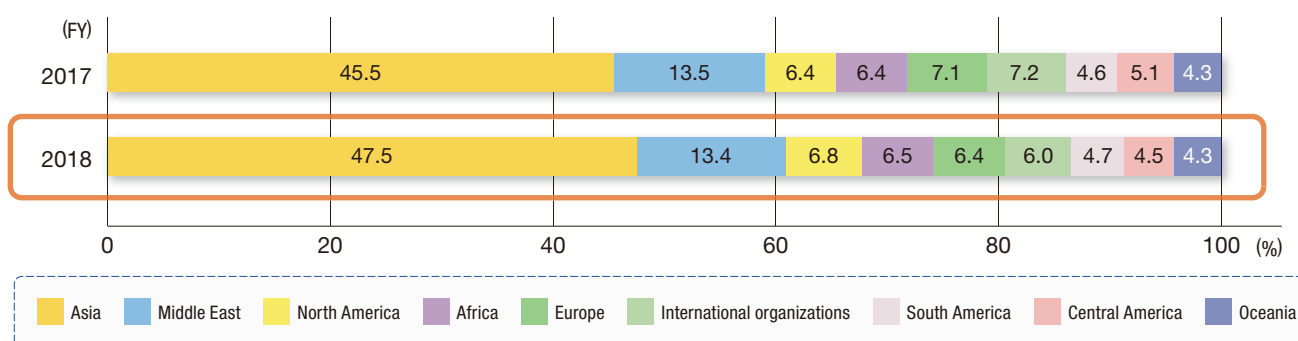
◆ Outstanding Commitment by Insurance Type

The outstanding commitment decreased by 2.5% year on year to approximately JPY 14.0 trillion in FY2018.



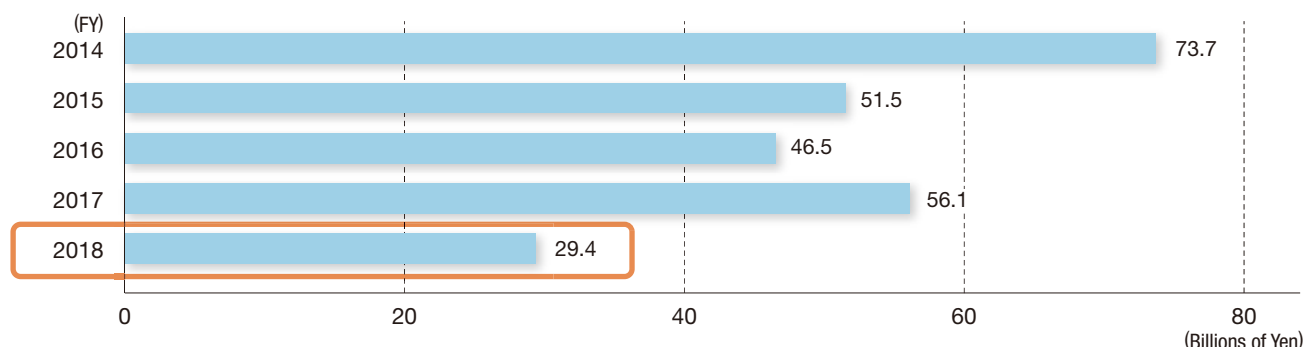
◆ Outstanding Commitment by Region

Asia accounted for the largest share with 47.5% (approximately JPY 6.9 trillion), followed by the Middle East with 13.4% (JPY 1.9 trillion).



Premium Income

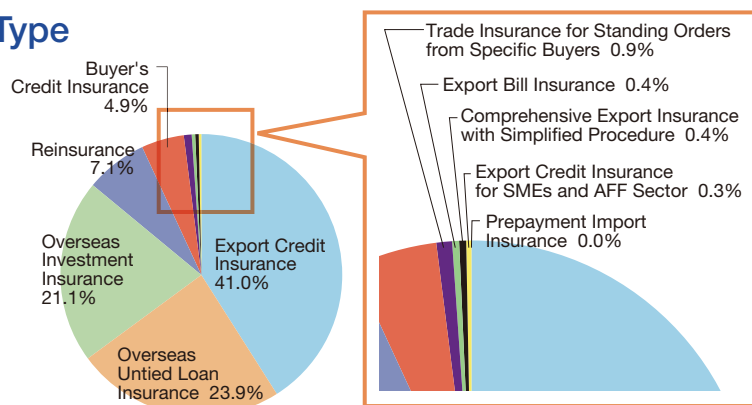
Premium income decreased by 47.7% year on year to approximately JPY 29.4 billion in FY2018.



Note: For details please see page 18.

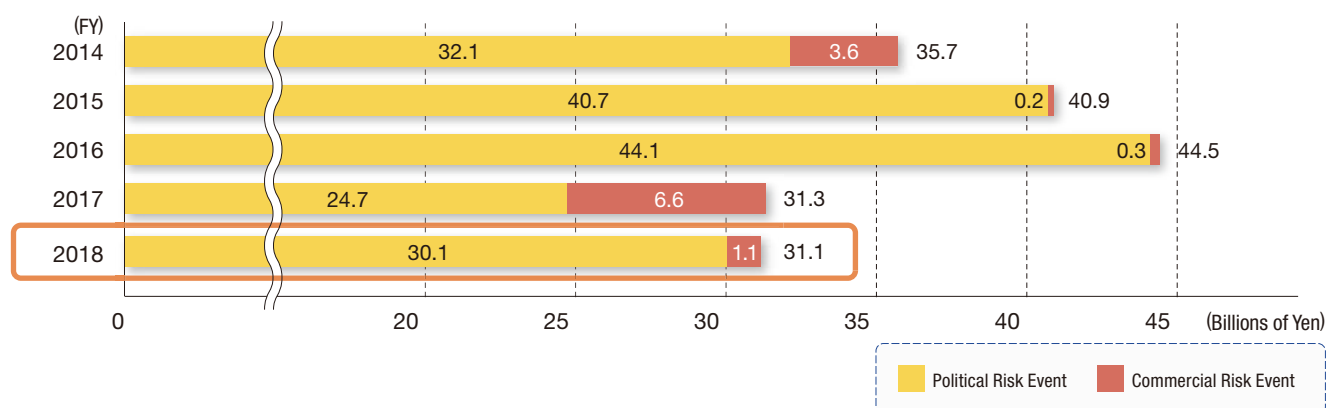
◆ Premium Income by Insurance Type

Export Credit Insurance accounted for the largest share with 41.0% (approximately JPY 12.0 billion), followed by Overseas Untied Loan Insurance with 23.9% (JPY 7.0 billion), and Overseas Investment Insurance with 21.1% (JPY 6.2 billion).



Recoveries

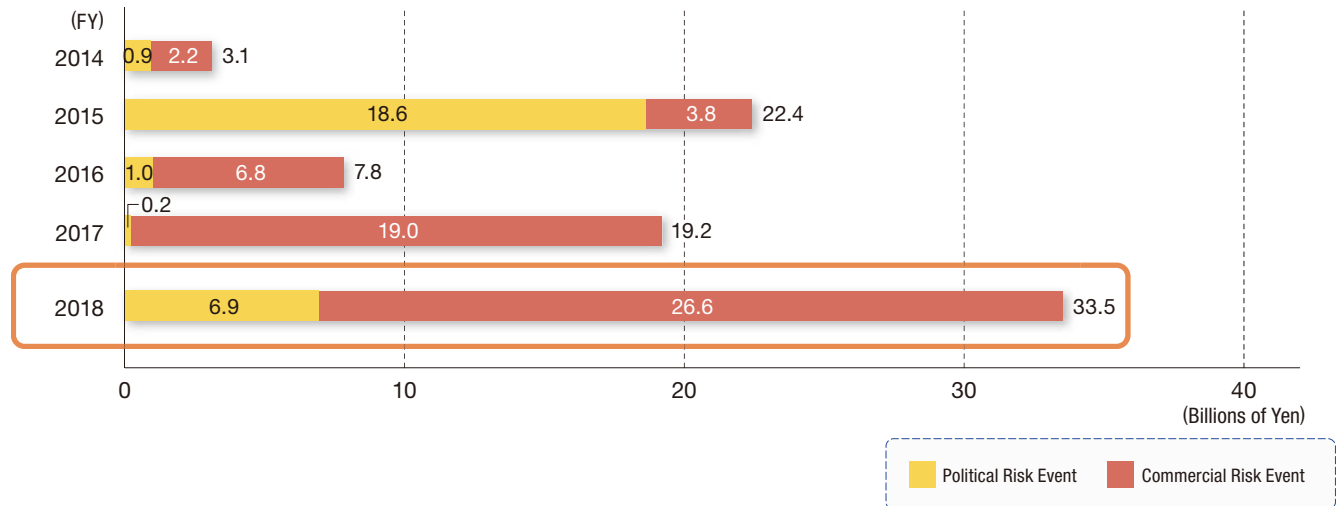
The amount of recoveries decreased by 0.6% year on year to approximately JPY 31.1 billion in FY2018. Recoveries of claims associated with political risk events, including debt rescheduling, accounted for 97% (JPY 30.1 billion). The remaining 3% (JPY 1.1 billion) was associated with commercial risk events.



Performance Highlights

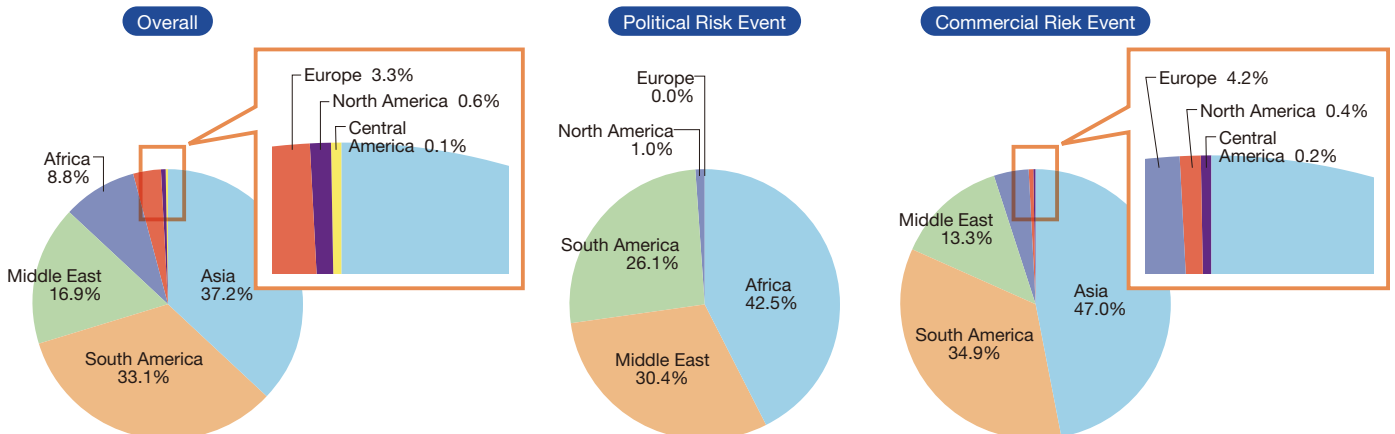
Claims Paid

Claims paid increased by 74.1% year on year to approximately JPY 33.5 billion in FY2018, due to large claims paid for commercial risk events.



Claims Paid by Region

Asia accounted for the largest share with 37.2% (approximately JPY 12.5 billion).



Insured Events in FY2018 (Based on the data as of May 15, 2019)

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

The reported occurrence of risk events totaled approximately JPY 107.7 billion. The amount of political risk event increased substantially compared to the previous year, because of a rise of events in Asia and the Middle East. Meanwhile, that of commercial risk event continued to grow due in part to payment arrears by buyers in Asia and the Middle East.

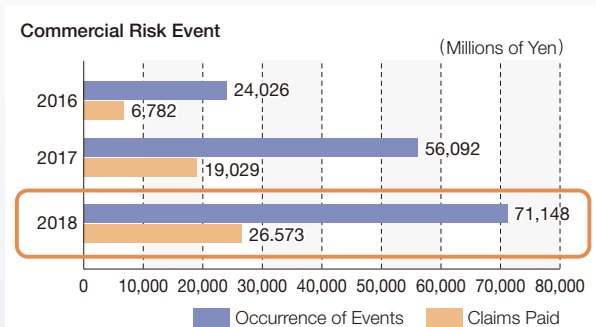
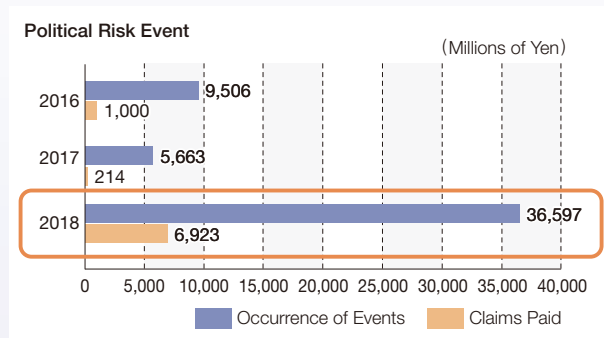
Overall claims paid totaled approximately JPY 33.5 billion. Payment for political risk event increased dramatically from the previous year because of claim payment for natural disasters, etc. As for commercial risk event, claim payment due to late payment rose.

(Millions of Yen)

	Type of Risk	FY2016	FY2017	FY2018	Year-on-year Change (%)
Occurrence of Events	Political Risk	9,506	5,663	36,597	546.2%
	Commercial Risk	24,026	56,092	71,148	26.8%
	Amount total	33,532	61,755	107,745	74.5%
Claims Paid	Political Risk	1,000	214	6,923	3135.0%
	Commercial Risk	6,782	19,029	26,573	39.6%
	Amount total	7,782	19,243	33,497	74.1%

* The amount of occurrence of events does not match with that of claims paid, since there are some cases where debts are fully paid after the notice of occurrence of losses was submitted, resulting that claims are not made or they will be made in the next fiscal year.

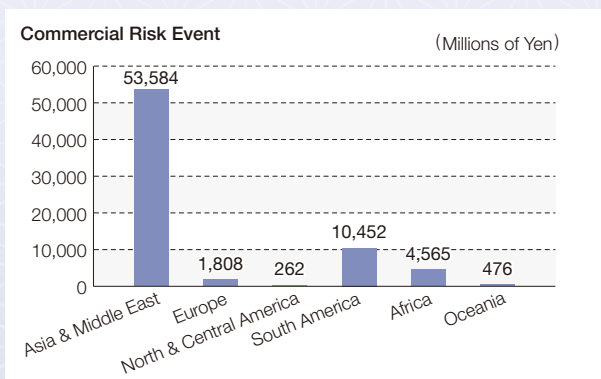
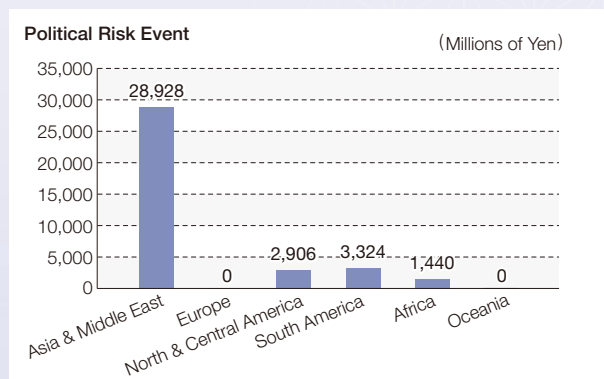
Occurrence of Events and Claims Paid (FY2016–FY2018)



Occurrence of Events by Region

Approximately 80% of political risk events occurred in Asia and the Middle East in FY2018. The remaining 20% occurred in North, Central and South America and Africa.

Occurrence of Events by Region (FY2018)



Review of Performance

Underwritten Amount

◆ Underwritten Amount by Insurance Type

(Millions of Yen)

Type of Insurance	FY2014	FY2015	FY2016	FY2017	FY2018	Composition (%)	Year-on-Year Change (%)
Export Credit Insurance	6,737,681	6,438,129	5,344,820	5,915,423	5,030,034	79.9	(15.0)
One year or less	3,798,162	3,304,188	2,745,229	3,093,390	2,908,306	46.2	(6.0)
More than one year	2,939,518	3,133,941	2,599,591	2,822,033	2,121,728	33.7	(24.8)
Trade Insurance for Standing Orders from Specific Buyers	8,054	5,463	5,308	8,115	7,443	0.1	(8.3)
Export Credit Insurance for SMEs and AFF Sector	4,310	9,290	9,640	8,449	9,812	0.2	16.1
Comprehensive Export Insurance with Simplified Procedure	36,023	40,956	47,106	51,963	58,024	0.9	11.7
Export Bill Insurance	12,062	13,258	12,255	11,823	13,023	0.2	10.1
Prepayment Import Insurance	84	454	98	981	214	0.0	(78.2)
Overseas Investment Insurance	488,604	503,508	401,538	641,568	712,045	11.3	11.0
Buyer's Credit Insurance	156,422	256,135	61,898	138,372	37,083	0.6	(73.2)
Overseas Untied Loan Insurance	835,625	454,643	366,722	422,123	342,565	5.4	(18.8)
Reinsurance	206,996	93,426	85,297	115,971	86,219	1.4	(25.7)
Total	8,485,862	7,815,262	6,334,680	7,314,788	6,296,462	100.0	(13.9)

(Note 1) The underwritten amount is based on the amount as determined at the policy issue date. The total amount is based on the actual underwritten amount calculated by using the exchange rate on the conclusion date of the contract, not on the insured amount of policies with a special clause for foreign currency risk. (The same applies to the table below.)

(Note 2) In accordance with the BU rules, Export Credit Insurance for capital goods is classified into transactions with more than one year. (The same applies hereafter.)

(Note 3) The floating interest coverage case is calculated based on the interest rate at the time of the conclusion of the contract. (The same applies to the table below.)

◆ Underwritten Amount by Region

(Millions of Yen)

Region	FY2014	FY2015	FY2016	FY2017	FY2018	Composition (%)	Year-on-Year Change (%)
Asia	4,313,329	4,103,595	3,711,316	3,878,278	3,517,050	52.5	(9.3)
Middle East	503,204	1,311,427	571,306	696,610	661,380	9.9	(5.1)
Europe	163,994	743,348	578,369	699,293	638,012	9.5	(8.8)
North America	957,074	383,047	250,236	303,599	274,361	4.1	(9.6)
Central America	181,088	789,353	723,744	703,342	647,942	9.7	(7.9)
South America	900,820	377,503	251,170	438,422	442,875	6.6	1.0
Africa	691,986	317,625	373,657	590,893	304,254	4.5	(48.5)
Oceania	621,011	137,866	119,886	100,603	81,527	1.2	(19.0)
International organizations	830,584	293,575	177,508	445,278	134,460	2.0	(69.8)

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

(Note 2) Since the amount is recorded twice as the country of destination and as the country of payment, the total amount does not match with that of underwritten amount by insurance type.

(Note 3) The amount is classified into 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	FY2014	FY2015	FY2016	FY2017	FY2018	Composition (%)	Year-on-Year Change (%)
Export Credit Insurance	7,824,348	7,988,439	7,446,773	7,538,669	6,994,430	50.0	(7.2)
One year or less	3,346,374	3,056,828	2,649,163	2,497,946	2,417,727	17.3	(3.2)
More than one year	4,477,974	4,931,611	4,797,610	5,040,723	4,576,703	32.7	(9.2)
Trade Insurance for Standing Orders from Specific Buyers	9,748	9,375	7,313	9,868	11,383	0.1	15.4
Export Credit Insurance for SMEs and AFF Sector	1,449	3,161	3,028	2,817	3,817	0.0	35.5
Comprehensive Export Insurance with Simplified Procedure	11,840	10,531	11,879	13,003	16,415	0.1	26.2
Export Bill Insurance	2,757	2,851	3,283	3,556	3,224	0.0	(9.3)
Prepayment Import Insurance	82	301	0	979	208	0.0	(78.7)
Overseas Investment Insurance	1,519,798	1,457,399	1,460,533	1,528,398	1,596,806	11.4	4.5
Buyer's Credit Insurance	1,051,619	923,292	922,836	866,474	923,657	6.6	6.6
Overseas Untied Loan Insurance	3,450,177	3,348,179	3,439,069	3,549,807	3,608,086	25.8	1.6
Reinsurance	745,459	740,210	821,174	827,116	830,151	5.9	0.4
Total	14,617,278	14,483,737	14,115,888	14,340,688	13,988,179	100.0	(2.5)

(Note 1) The total amount is based on the actual underwritten amount calculated by using the exchange rate at the end of each fiscal year (including the outstanding amount underwritten in previous years), not on the insured amount of policies with a special clause for foreign currency risk. (The same applies to the table below.)

(Note 2) The floating interest coverage case is calculated based on the interest rate at the end of each fiscal year. (The same applies to the table below.)

◆ Outstanding Commitment by Region

(Millions of Yen)

Region	FY2014	FY2015	FY2016	FY2017	FY2018	Composition (%)	Year-on-Year Change (%)
Asia	7,052,139	6,768,579	6,941,039	6,896,936	6,926,035	47.5	0.4
Middle East	1,832,577	2,413,796	2,198,618	2,050,197	1,945,372	13.4	(5.1)
Europe	1,535,915	1,368,305	1,105,592	1,070,642	930,638	6.4	(13.1)
North America	1,001,638	981,989	912,846	977,828	984,054	6.8	0.6
Central America	606,627	687,931	755,757	769,735	653,945	4.5	(15.0)
South America	1,154,494	925,309	767,445	695,229	685,649	4.7	(1.4)
Africa	800,277	680,693	751,177	965,515	952,503	6.5	(1.3)
Oceania	792,051	747,300	725,637	654,853	624,052	4.3	(4.7)
International organizations	225,035	243,752	282,677	1,084,413	868,089	6.0	(19.9)

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

(Note 2) Since the amount is recorded twice as the country of destination and as the country of payment, the total amount does not match with that of underwritten amount by insurance type.

(Note 3) The amount is classified into international organizations instead of regions when guaranteed by an international organization.

Review of Performance

Premium Income

◆ Premium Income by Insurance Type

(Millions of Yen)

Type of Insurance	FY2014	FY2015	FY2016	FY2017	FY2018	Composition (%)	Year-on-Year Change (%)
Export Credit Insurance	15,188	13,858	14,838	14,213	12,032	41.0	(15.4)
One year or less	6,247	5,081	5,240	6,600	5,441	18.5	(17.6)
More than one year	8,941	8,777	9,598	7,613	6,591	22.4	(13.4)
Trade Insurance for Standing Orders from Specific Buyers	281	194	166	340	259	0.9	(23.9)
Export Credit Insurance for SMEs and AFF Sector	39	83	85	72	84	0.3	16.8
Comprehensive Export Insurance with Simplified Procedure	85	99	105	116	127	0.4	9.4
Export Bill Insurance	111	131	109	120	130	0.4	7.9
Prepayment Import Insurance	0	3	0	3	3	0.0	(22.8)
Overseas Investment Insurance	5,035	5,802	5,264	6,102	6,188	21.1	1.4
Buyer's Credit Insurance	6,586	13,030	3,378	6,326	1,424	4.9	(77.5)
Overseas Untied Loan Insurance	38,514	15,231	22,044	26,220	7,018	23.9	(73.2)
Reinsurance	7,840	3,038	526	2,603	2,098	7.1	(19.4)
Total	73,679	51,469	46,516	56,117	29,362	100.0	(47.7)

(Note) The premium income is recorded at the start of the insurer's obligation period, unlike the underwritten amount based on the policy issue date. Therefore, the premium income and underwritten amount may be recorded in different fiscal years.

Insurance Claims Paid

◆ Claims Paid by Insurance Type and Risk

(Millions of Yen)

Type of Insurance	FY2014			FY2015			FY2016			FY2017			FY2018				
		Political Risk	Commercial Risk		Political Risk	Commercial Risk		Political Risk	Commercial Risk		Political Risk	Commercial Risk		Political Risk	Commercial Risk	Composition (%)	Year-on-Year Change (%)
Export Credit Insurance	2,709	582	2,127	21,926	18,571	3,355	3,499	1,000	2,499	4,205	114	4,091	18,082	2,175	15,907	54.0	330.0
Trade Insurance for Standing Orders from Specific Buyers	99	0	99	221	0	221	0	0	0	13	0	13	0	0	0	0.0	(100.0)
Export Credit Insurance for SMEs and AFF Sector	1	0	1	2	0	2	136	0	136	193	0	193	78	0	78	0.2	(59.3)
Comprehensive Export Insurance with Simplified Procedure	8	0	8	0	0	0	13	0	13	3	0	3	0	0	0	0.0	(100.0)
Export Bill Insurance	0	0	0	0	0	0	31	0	31	0	0	0	10	0	10	0.0	—
Prepayment Import Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	—
Overseas Investment Insurance	0	0	0	0	0	0	0	0	0	100	100	0	2,941	2,941	0	8.8	2,837.8
Buyer's Credit Insurance	0	0	0	0	0	0	114	0	114	0	0	0	1,807	1,807	0	5.4	—
Overseas Untied Loan Insurance	0	0	0	0	0	0	1,047	0	1,047	13,839	0	13,839	9,253	0	9,253	27.6	(33.1)
Reinsurance	285	285	0	245	0	245	2,943	0	2,943	891	0	891	1,325	0	1,325	4.0	48.6
Total	3,102	867	2,235	22,395	18,571	3,824	7,782	1,000	6,782	19,243	214	19,029	33,497	6,923	26,573	100.0	74.1

◆ Claims Paid by Region

(Millions of Yen)

Region	FY2014		FY2015		FY2016		FY2017		FY2018								
	Political Risk	Commercial Risk	Political Risk	Commercial Risk	Political Risk	Commercial Risk	Political Risk	Commercial Risk	Political Risk	Commercial Risk	Political Risk	Commercial Risk	Composition (%)	Year-on-Year Change (%)			
Asia	1,334	0	1,334	1,059	0	1,059	3,662	0	3,662	4,385	112	4,273	12,477	0	12,477	37.2	184.5
Middle East	459	459	0	1,472	0	1,472	872	29	843	287	2	286	5,646	2,103	3,543	16.9	1,867.2
Europe	869	0	869	24	20	4	245	0	245	542	0	542	1,115	1	1,114	3.3	105.7
North America	0	0	0	0	0	0	503	0	503	25	0	25	187	71	116	0.6	648.0
Central America	0	0	0	980	0	980	0	0	0	0	0	0	40	0	40	0.1	—
South America	440	408	31	18,584	18,551	33	1,384	320	1,064	13,940	100	13,840	11,090	1,807	9,283	33.1	(20.4)
Africa	0	0	0	276	0	276	884	652	233	65	0	65	2,941	2,941	0	8.8	4,424.6
Oceania	0	0	0	0	0	0	232	0	232	0	0	0	0	0	0	0.0	—
Total	3,102	867	2,235	22,395	18,571	3,824	7,782	1,000	6,782	19,243	214	19,029	33,497	6,923	26,573	100.0	74.1

Recoveries

◆ Recoveries by Risk

(Millions of Yen)

Type of Risk	FY2014	FY2015	FY2016	FY2017	FY2018	Composition (%)	Year-on-Year Change (%)
Political Risk	32,137	40,667	44,141	24,696	30,068	96.6%	21.8%
Commercial Risk	3,572	201	327	6,575	1,052	3.4%	-84.0%
Total	35,708	40,867	44,468	31,271	31,121	100.0	-0.5%

◆ Recoveries by Region

(Millions of Yen)

Region	FY2014	FY2015	FY2016	FY2017	FY2018	Composition (%)	Year-on-Year Change (%)
Asia	8,979	9,039	5,895	1,995	2,368	7.6%	18.7%
Middle East	11,227	11,528	11,953	17,374	11,461	36.8%	-34.0%
Europe	2,860	572	594	713	683	2.2%	-4.2%
North America	1	1	4	6	81	0.3%	1252.9%
Central America	3,015	1,519	1,534	1,472	1,701	5.5%	15.6%
South America	2,361	10,771	20,337	9,024	14,193	45.6%	57.3%
Africa	7,266	7,437	4,152	657	629	2.0%	-4.3%
Oceania	0	0	0	29	4	0.0%	-87.1%
Total	35,708	40,867	44,468	31,271	31,121	100.0%	-0.5%

Recoveries in FY2018

Recoveries by risk type

The total recovery amount in FY2018 declined by 0.5% year on year (JPY 0.2 billion) to JPY 31.1 billion from JPY 31.3 billion. Looking at the results by risk type, the recovery amount related to political risk events, including those relating to Paris Club debt rescheduling rose by 21.8% year on year to JPY 30.1 billion. Meanwhile, that of commercial risk events declined by 84.0% year on year to JPY 1.1 billion.

Recoveries by region and country

By region, the recovery amount in South America accounted for about half (45.6%) of total recoveries, amounting to JPY 14.2 billion. The amount includes JPY 13.3 billion in the Argentine Republic and JPY 0.6 billion in the Republic of Ecuador.

Middle East accounted for the second largest share of recoveries with about 40% (36.8%), amounting to JPY 11.5 billion. The amount includes JPY 9.4 billion in the Republic of Iraq and JPY 1.7 billion in Jordan.

Asia was third with 7.6% of total recoveries, amounting to JPY 2.4 billion. This includes approximately JPY 1.9 billion in Indonesia and JPY 0.2 billion in the People's Republic of China.

The following is the data for other regions in descending order: JPY 1.7 billion in Central America, including JPY 1.7 billion in the Republic of Cuba; JPY 0.7 billion in Europe, including JPY 0.6 billion in the Republic of Serbia and JPY 0.1 billion in Bosnia and Herzegovina; and JPY 0.6 billion in Africa, including JPY 0.5 billion in the Arab Republic of Egypt.

TOPICS

What made you consider the use of trade and investment insurance?

Case

1

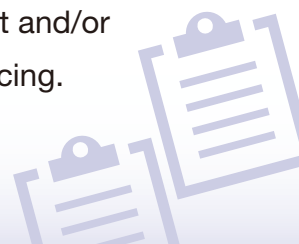
I am thinking of launching business with new buyers.



Case

2

I am thinking of making new investment and/or obtaining financing.



Case

3

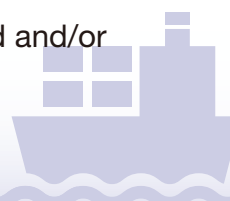
The amount of export transactions with existing customers is increasing.



Case

4

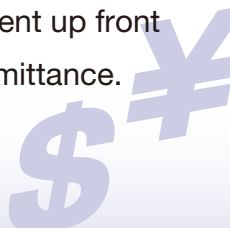
I am thinking of exporting products with a long pre-shipment period and/or difficulty in resale.



Case

5

The payment method has changed from payment up front to post-shipment remittance.



Case

6

I would like to hedge risk in transactions related to specific countries with country risks.



Trade and investment insurance is useful when you are faced with new business conditions.

NEXI Activities

Main Activities	22
International Cooperation	28
Underwritten Projects	30
Underwritten Projects (SMEs exports)	36

Main Activities

Supporting Strategic Priority Sectors

◆ Support for Overseas Infrastructure Development

The Japanese government is working to increase overseas orders of infrastructure systems for Japanese corporations and to make international contributions through high-quality infrastructure exports based on the “Infrastructure Systems Export Strategy” (adopted at the Ministerial Meeting on Strategy Relating to Infrastructure Export and Economic Cooperation) and “Partnership for Quality Infrastructure.”

In FY2018, NEXI provided loan insurance for the Oman/Sharqiyah Seawater Desalination Project as part of its efforts related to the water business overseas, which the Japanese government has announced to strengthen its support for. This was the first time that NEXI provided loan insurance for project financing targeting a seawater desalination plant. NEXI will continue to actively support the export of infrastructure.

◆ Securing of Stable Supply of Natural Resources and Energy

Securing a stable supply of mineral resources and energy is an important policy concern for Japan. In line with the policy of the Ministry of Economy, Trade and Industry’s Agency for Natural Resources and Energy, NEXI provides support for liquefied natural gas (LNG) projects. At the LNG Producer-Consumer Conference held in October 2018, NEXI explained its policy on LNG projects. As part of its support for countries that import LNG, NEXI will actively consider supporting LNG import infrastructure projects particularly in Asian countries. In October 2018, NEXI provided loan insurance for the Jawa 1 LNG to Power Project in Indonesia. Such support for a so-called LNG to Power project, which integrates power generation business and LNG import business, is in line with the above policy.

Moving forward, NEXI will continue to assist efforts that stimulate LNG business by supporting projects related to both LNG producers and consumers in order to establish a stable supply of energy resources for Japan.

◆ Support for Aircraft and Ship Sectors

For the aircraft sector, NEXI is ready to support the export of the Mitsubishi SpaceJet developed by Mitsubishi Aircraft Corporation by providing the loan insurance. Turning to the export of Boeing aircraft, which many Japanese companies are involved in as program partners/suppliers, NEXI supports the export of aircraft components by Japanese heavy industrial companies by underwriting reinsurance for the Export Credit Agencies.

In the ship sector, orders temporarily fell because of the 2008 financial crisis, but there are signs of a recovery for various reasons, including exports being more competitive due to the weaker yen and growing demand to replace current vessels with fuel-efficient models. In FY2018, NEXI provided insurance for one bulk carrier that will transport steel and other products.



(Photo provided by Mitsubishi Aircraft Corporation)

Promoting Collaboration in Third Countries

◆ Conclusion of Reinsurance Cooperative Agreement with Multilateral Investment Guarantee Agency

In May 2018, NEXI concluded a reinsurance cooperative agreement with the Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group that provides investment guarantees. The document exchange ceremony was held at the Japan Africa Public-Private Economic Forum attended by Japan's Minister of Economy, Trade and Industry Hiroshige Seko and South Africa's Minister of Trade and Industry Rob Davies.

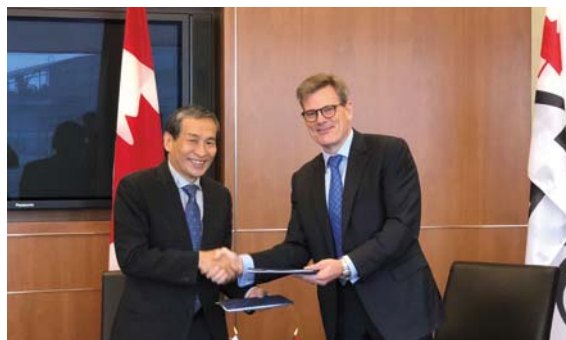
This memorandum of understanding (MOU) on cooperation was signed to clarify reinsurance procedures between NEXI and MIGA, to leverage the strengths of both NEXI and MIGA by building a framework for greater cooperation, and to contribute to effective project development for overseas investments by Japanese companies.



(Document exchange ceremony)

◆ Conclusion of Reinsurance Agreement with Export Development Canada

NEXI concluded a One-Stop-Shop Reinsurance Agreement with the Export Development Canada (EDC), Canada's ECA. While NEXI already signed a reinsurance agreement for the short-term (less than 2 years) export insurance with EDC in 2012, this reciprocal agreement is for medium- and long-term transactions. The agreement enables NEXI and EDC to provide more comprehensive support for exports by Japanese and Canadian companies, and is expected to increase large-scale exports to third countries jointly carried out by companies of both countries.



(Document exchange ceremony)

◆ Conclusion of MOU with European Investment Bank

In October 2018, NEXI concluded an MOU on cooperation with the European Investment Bank (EIB), an international financial institution. The signing ceremony was held in the presence of Japan's Minister of Economy, Trade and Industry Hiroshige Seko, Japan's Minister for Foreign Affairs Taro Kono, and Vice-President of the European Commission Jyrki Katainen. The aim of the MOU is to facilitate the development of projects that will socially and economically benefit Japan, Europe, and third countries by establishing a framework for cooperation between Japanese and European government financial institutions regarding projects that fall within each institution's mission, both within and outside of Europe.

As Japan and the European Union (EU) signed an Economic Partnership Agreement (EPA) in July this year, the bilateral economic relationship is expected to grow even deeper. Cooperation between NEXI and the EIB will help strengthen ties between Japan and the EU in not only trade but also investment, thus contributing to the government policies of both Japan and the EU and meeting the expectations for government financial institutions.



(Document exchange ceremony)

Main Activities

◆ Conclusion of MOU with the China Export and Credit Insurance Corporation and Resumption of Bilateral Meetings between Japan and China

In October 2018, NEXI concluded an MOU with the China Export and Credit Insurance Corporation (SINOSURE), China's ECA at the Japan-China Forum on Third Country Business Cooperation. The MOU aims to establish a cooperative framework where Japanese and Chinese companies will work together to participate in projects in third countries, resulting in providing effective support for developing the local infrastructure.

Based on the MOU, the first bilateral meeting was held in November 2018, where NEXI and SINOSURE shared information on their recent operations and exchanged views on how to meet requests for ECAs such as risk management and providing reinsurance.

It is expected to set up highly beneficial projects to concerned countries, based on the infrastructure's openness, transparency, economic viability and fiscal sustainability. NEXI and SINOSURE will work together on initiatives to developing such projects.



(Photo provided by Japan External Trade Organization (JETRO), Japan-China Forum on Third Country Business Cooperation)

◆ Conclusion of MOU with Export Credit Guarantee Corporation of India

In October 2018, NEXI concluded an MOU with the Export Credit Guarantee Corporation of India (ECGC), India's ECA.

Under the policy of "Make in India," the Indian government aims to promote investments by Indian and foreign companies mainly in the manufacturing industry. In response, Japan's public and private sectors are working together to capture a strong demand in India and undertake even more projects that will contribute to bilateral economic and social development. The conclusion of the MOU comes as the cooperative framework between the governmental financial institutions of two countries is expected to play a role to support the exports and investments of Japanese firms, contribute to economic development of both countries, and help projects in third countries in Africa and other regions with setting India as a base.

Promoting cooperation between NEXI and ECGC will also contribute to realizing the idea of "Free and Open Indo-Pacific,"

the goal of which is to secure international peace, stability and prosperity.



(Signing ceremony)

◆ Conclusion of Trilateral MOU between NEXI and two Australia's institutions: Department of Foreign Affairs and Trade and Export Finance and Insurance Corporation

In November 2018, NEXI concluded a trilateral MOU on cooperation with Australia's Department of Foreign Affairs and Trade (DFAT), and the Export Finance and Insurance Corporation (Efic), Australia's ECA. The document exchange ceremony was held in the presence of Japan's Prime Minister Shinzo Abe and Australia's Prime Minister Scott Morrison. With the global demand for infrastructure expected to continue to grow especially in Asia, the MOU aims to build a cooperation framework between NEXI, DFAT and Efic. It is expected to develop projects that are in line with the concept of high-quality infrastructure exports and those that balance environmental conservation and economic growth such as renewable energy projects, corresponding to a current global trend.

Since the signing of a reinsurance agreement with Efic in 2005, NEXI has provided support for LNG projects in Independent State of Papua New Guinea and the Ichthys LNG project in partnership with Efic. Based on the relationship with Efic that has been built up over the years, NEXI will also promote discussions on cooperation with DFAT.



(Source: Official Website of the Prime Minister of Japan and His Cabinet (https://www.kantei.go.jp/jp/98_abe/actions/201811/16australia1.html))

◆ Conclusion of MOU with Ministry of Economy and Sustainable Development of Georgia

In March 2019, NEXI signed an MOU on cooperation with the Ministry of Economy and Sustainable Development of Georgia. The signing ceremony was held during the Japan-Georgia Business Forum, attended by Georgia's Prime Minister Mamuka Bakhtadze; Japan's Parliamentary Vice-Minister of Economy, Trade and Industry Akimasa Ishikawa; and Ambassador Extraordinary and Plenipotentiary of Japan to Georgia Tadaharu Uehara. The MOU aims to promote exports between the two countries and support the entry of each country's companies into the other country's markets. With the conclusion of this MOU, NEXI will develop the environment in order to further strengthen not only the economic activity of both countries on a private sector basis but also the business activities of companies in both countries.



(Signing ceremony)

Strengthening Partnerships with Overseas Organizations

◆ Berne Union Meetings

The Berne Union (the 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, Swiss Confederation, its membership has grown to a total of 84 as of April 2019.

In 2018, the spring meeting took place in March in Kilifi, Republic of Kenya, and the fall meeting was held in October in Paris, French Republic. NEXI attended the respective meetings to compare notes with other members regarding export credits.

◆ Bilateral Meetings

NEXI holds regular bilateral meetings with ECAs and government officials of countries such as People's Republic of China, Republic of Korea, Federal Republic of Germany, French Republic, and Republic of Austria to share information and exchange candid opinions on various topics including the global financial situation and each country's issues and efforts. The meetings, each held usually once a year, are helpful in further strengthening bilateral ties and keeping up with trade and investment insurance trends in various countries.

◆ Training Course for Export Credit Experts

In January 2019, NEXI invited mid-level staffers of ECAs and supervisory agencies of various countries, particularly those in Asia and Africa, to its training course. The purpose of the training is to further expand trade and investment insurance in the participants' countries and improve their skills in countries and regions that are on their way to developing trade and investment systems. At the training, lectures were provided on a wide range of topics, including the trade and investment insurance, various products that NEXI handles, rate schemes, OECD and other international rules, and NEXI's efforts related to the environment and society.



(Certification of Completion ceremony)

Main Activities

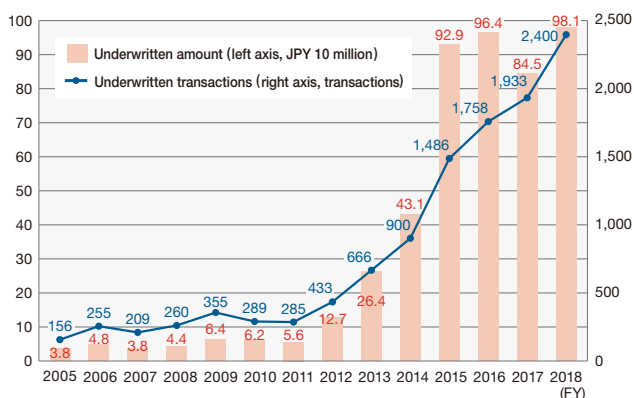
Supporting SMEs to Expand Business Overseas

◆ Reinforcing Support for SMEs

The support network for SMEs' overseas business development was launched in FY2011 with 11 regional banks, aiming to widely spread and promote the use of NEXI's insurance. As of April 2019, the network has grown nationwide consisting of 47 prefectures, with 115 partner financial institutions including regional banks; shinkin banks; and agricultural, forestry, and fishery (AFF) industry-related organizations. In cooperation with the partner financial institutions, NEXI does not only conduct promotion activities for its insurance products targeting SMEs, but also provides individual consultations by visiting companies that consider the use of insurance. These activities have brought positive results that an increasing number of companies are making use of NEXI's insurance, introduced by partner financial institutions.

There is also an annual increase in the number of transactions of the Export Credit Insurance for SMEs and AFF Sector, an insurance product for SMEs and AFF-related organizations. In FY 2018, the volume rose by more than 20 percent from the previous year, exceeding 2,000, while the value increased by over 10 percent, reaching nearly JPY 10 billion.

Through the network, NEXI will continue to work for SMEs by improving insurance products and services as well as by actively promoting business expansion overseas.



(Actual Export Credit Insurance for SMEs and AFF Sector)

◆ Promoting Trade and Investment Insurance

As one of the organizations supporting the Consortium for New Export Nation that JETRO serves as the secretariat for, NEXI supports the overseas business expansion of SMEs in line with policies of the Japanese government.

This activity is also supported by the Japan International Cooperation Agency (JICA); the Organization for Small and Medium Enterprises and Regional Innovation, JAPAN; and the Japan Finance Corporation. NEXI gives presentations and sets up a booth at business seminars and events held by the supporting institutions.

NEXI also participates in the following two government-led initiatives. One is the seminar held by the Regional Bureaus of Economy, Trade and Industry, aiming to publicize policies that support overseas business expansion and to provide free consultation to the attendees. The other is the Global Farmers/Fishermen/Foresters/Food Manufacturers Project (GFP) held by the Regional Agricultural Administration Offices.

Through these activities, NEXI continues to promote the trade and investment insurance.



(Seminar to publicize policies that support overseas business expansion, held in Fukuoka)

Furthermore, NEXI updated its website in March 2019, responding to the voice of new insurance users saying that it was difficult to understand.



(Front page)

In Pursuit of Sustainable Society

◆ Guidelines on Environmental and Social Considerations

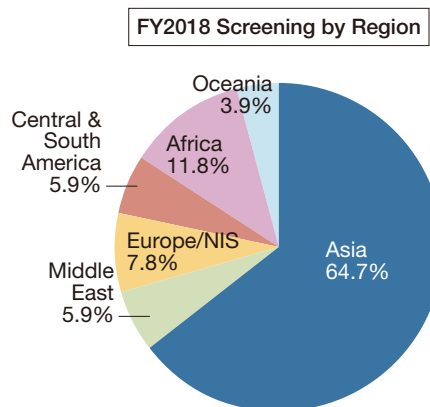
In order to carry out the social responsibilities related to environmental and social issues, NEXI ensures that appropriate consideration is given to the environment and society by the sponsors of projects supported through NEXI's insurance, in accordance with the "Guidelines on Environmental and Social Considerations in Trade Insurance" and the supplementary "Guidelines for Information Disclosure Considerations for Nuclear Sector Projects in Trade Insurance."

In FY2018, NEXI conducted screenings for 51 projects and made assessments including, where appropriate, site visits on the projects. In the assessments, projects are classified into three categories (A, B, or C, listed in order of magnitude of the environmental impact) based on their potential environmental impact in accordance with Screening Forms submitted by applicants for NEXI insurance. The assessments are made based on the results of the classification. For example, as a rule, site visits were conducted for category A projects, which accounted for about 25% of total projects in FY2018.

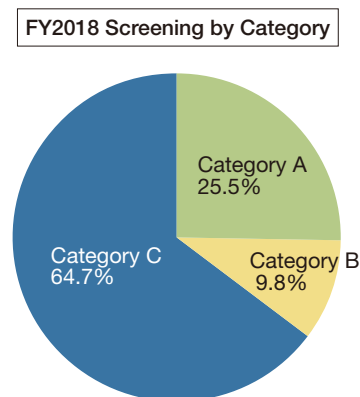
Also, Objection Filing Procedures were introduced to ensure compliance with NEXI's Guidelines, which involve the assignment of an examiner, independent of the section in charge of insurance underwriting. NEXI will continue to make appropriate assessments in the future.



(Inspection of wetland)



* Turkey is included in Middle East. Russia and Central Asia are included in Europe/NIS. Mexico is included in Central & South America.



* Categorized in order of impact on environment, A, B, and C.

◆ NEXI Supports Recommendations of TCFD

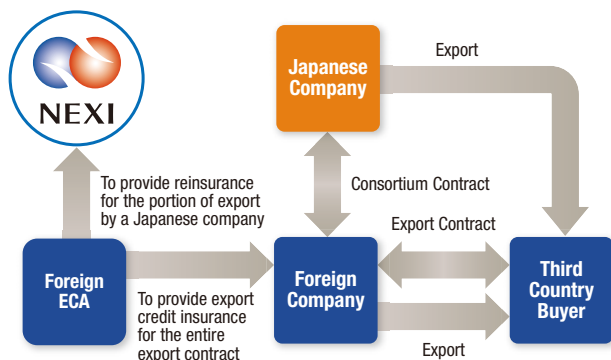
In May 2019, NEXI has expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB), and joined the TCFD consortium, a discussion platform set up for promoting approaches for climate-related financial disclosures based on the recommendation.

International Cooperation

In order to quickly and precisely respond to the diverse business needs of globalizing Japanese companies, NEXI has established international cooperative networks with related institutions abroad.

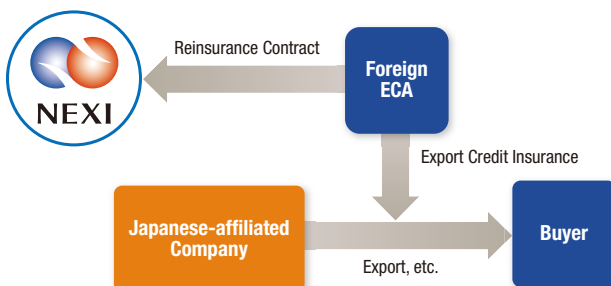
(1) One-Stop-Shop Reinsurance Agreements

In cases where a Japanese company jointly participates in a project in a third country with foreign companies, NEXI concludes one-stop-shop reinsurance agreements with major overseas export credit agencies (ECAs) for the purpose of underwriting risks for the portion exported from Japan. For example, when a Japanese company forms a consortium with foreign companies for export to a third country, the foreign companies can conclude insurance contracts with their own countries' ECAs for the total amount of the export contract including the portion exported by the Japanese company. Then NEXI provides reinsurance to the foreign ECAs for the portion exported by the Japanese company.



(2) Short-term Reinsurance Agreements

NEXI has concluded reinsurance agreements with ECAs in Asia and other regions in order to support exports to third countries by Japanese companies located in Asian and other countries. These agreements increase the underwriting capacity of ECAs in Asia and other regions, and therefore make it easier to mitigate international trade risks of Japanese-affiliated companies in the regions by making use of the trade and investment insurance offered by local ECAs.



(3) Reinsurance Agreements with European and U.S. Private-sector Insurers

In response to the economic crisis in Europe and other issues, NEXI started to provide underwriting capacity through short-term reinsurance agreements with European and the U.S. private-sector insurers.

(4) Other Cooperative Relations

NEXI has built long-term relationships with major ECAs that belong to the Berne Union, and international organizations through cooperative agreements.

Europe

One-Stop-Shop Reinsurance Agreements

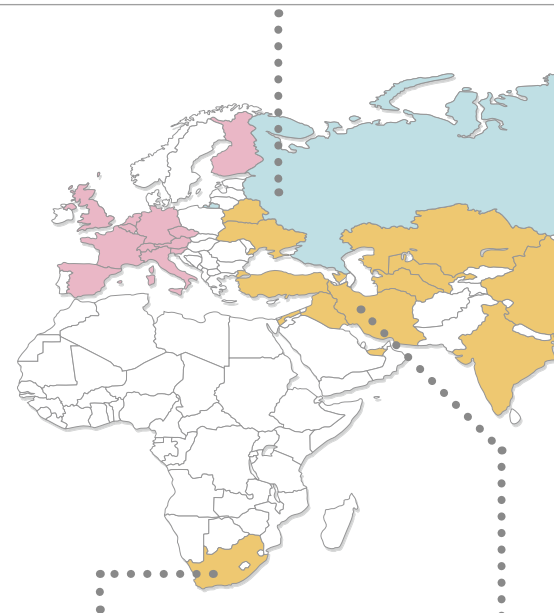
Italy	Servizi Assicurativi Del Commercio Estero (SACE)	2002
Netherlands	Atradius N.V. (ATRADIUS)	2002
Belgium	Credendo – Export Credit Agency	2002
Germany	Euler Hermes Deutschland AG (EULER-HERMES)	2003
Austria	Oesterreichische Kontrollbank Aktiengesellschaft (OeKB)	2003
Finland	Finnvera Plc. (FINNVERA)	2004
Spain	Compañía Española de Seguros de Crédito a la Exportación (CESCE)	2005
Switzerland	Swiss Export Risk Insurance (SERV)	2007
France	Banque Publique d'Investissement (BPIfrance)	2016
Czech Republic	Export Guarantee and Insurance Corporation (EGAP)	2017
UK	UK Export Finance (UKEF)	2017

Short-term Reinsurance Agreement

Russia	Russian Agency for Export Credit and Investment Insurance (EXIAR)	2016
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Cooperative Agreements

France	DREE	1995
	Banque Publique d'Investissement (BPIfrance)	2016
UK	UK Export Finance (UKEF)	1995



Africa

Cooperative Agreements

South Africa	Export Credit Insurance Corporation (ECIC SA)	2005
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Middle East

Cooperative Agreements

Israel	Israel Export Insurance Corp. Ltd. (ASHRA)	1997
Abu Dhabi	Mubadala Development Company PJSC (MDC)	2008
Iraq	Ministry of Finance of Iraq / Trade Bank of Iraq (TBI)	2011
Iran	Ministry of Economic Affairs and Finance of the Islamic Republic of Iran	2016
Turkey	Export Credit Bank of Turkey (TURK EXIMBANK)	2017

North America

One-Stop-Shop Reinsurance Agreements

U.S.	Export-Import Bank of the United States (US EXIMBANK)	2004
Canada	Export Development Canada (EDC)	2018

Short-term Reinsurance Agreement

Canada	Export Development Canada (EDC)	2012
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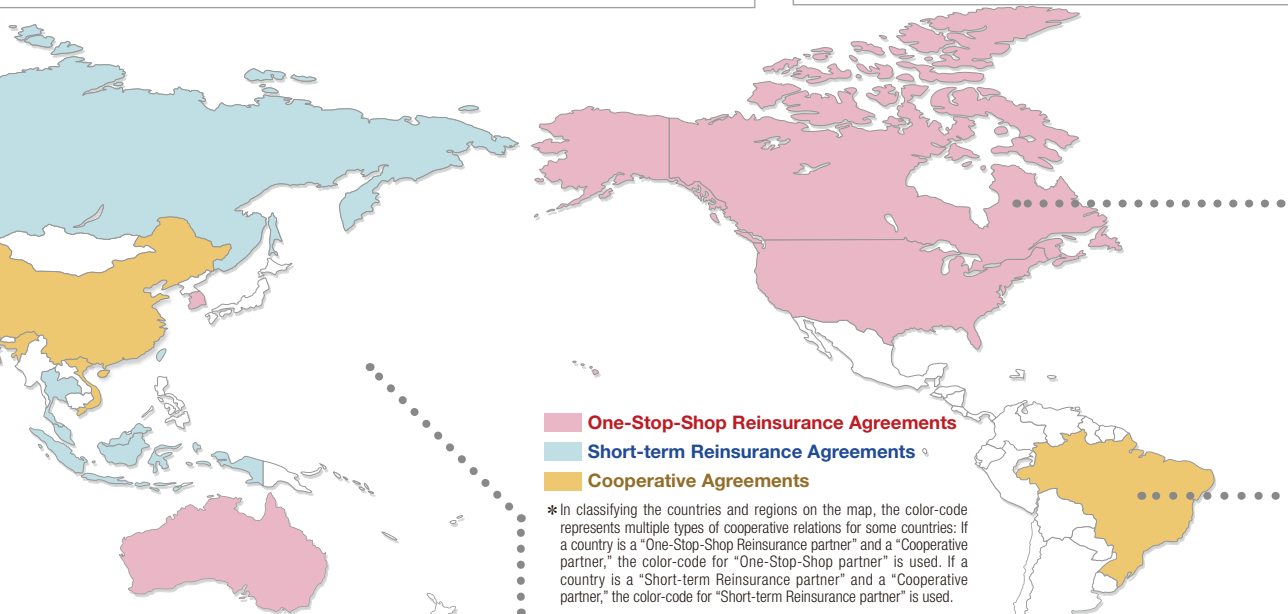
Cooperative Agreements

U.S.	Export-Import Bank of the United States (US EXIMBANK)	1991
Canada	Export Development Canada (EDC)	1997
U.S.	The United States Department of Energy (DOE)	2009
	Overseas Private Investment Corporation (OPIC)	2017

South America

Cooperative Agreements

Brazil	Companhia Vale do Rio Doce (VALE)	2008
	Petroleo Brasileiro S.A. (PETROBRAS)	2008
	Banco Nacional de Desenvolvimento Economico e Social (BNDES)	2009
	Brazilian Guarantees and Fund Managements Agency (ABGF)	2017



Asia/Oceania

One-Stop-Shop Reinsurance Agreements

Australia	Export Finance and Insurance Corporation (EFIC)	2005
Korea	Korea Trade Insurance Corporation (KSURE)	2011

Short-term Reinsurance Agreements

Singapore	ECICS Limited (ECICS)	2004
Malaysia	Export-Import Bank of Malaysia Berhad (MEXIM)	2006
Indonesia	Asuransi Eksport Indonesia (ASEI)	2009
Thailand	Export-Import Bank of Thailand (THAI EXIMBANK)	2009
Taiwan	Taipei Export-Import Bank of China (TEBC)	2010
Hong Kong	Hong Kong Export Credit Insurance Corporation (HKECIC)	2012

Cooperative Agreements

Korea	Korea Trade Insurance Corporation (KSURE)	1994
Singapore	ECICS Limited (ECICS)	1997
Taiwan	Taipei Export-Import Bank of China (TEBC)	2005
Indonesia	Asuransi Eksport Indonesia (ASEI)	2008
Vietnam	PETROVIETNAM	2010
	Ministry of Finance of Vietnam	2014
Indonesia	PT Pertamina (Persero)	2015
China	China Export and Credit Insurance Corporation (SINOSURE)	2018
India	Export Credit Guarantee Corporation of India (ECGC)	2018
Australia	Department of Foreign Affairs and Trade (DFAT) / Export Finance and Insurance Corporation (EFIC)	2018

Reinsurance Agreements with European and U.S. Private-sector Insurers

Euler Hermes Deutschland AG (private sector)	2013
COFACE (private sector)	2014
American International Group, Inc. (AIG)	2015
Tokio Marine HCC (HCC)	2016
Mitsui Sumitomo Insurance Company (Europe) / MS Amlin	2019

International Organizations

Cooperative Agreements

The European Bank for Reconstruction and Development (EBRD)	1997
Export Credit Agencies and Export Financing Institutions of APEC (12 countries and 15 organizations)	1997
Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)	2008
Multilateral Investment Guarantee Agency (MIGA)	2018
European Investment Bank (EIB)	2018

Underwritten Projects

Power

Indonesia / Jawa 1 LNG to Power Project

In the West Java Province of the Republic of Indonesia, a project is underway to construct and operate both a gas-fired power plant and a floating storage regasification unit (FSRU). Of the co-financing of USD 1,312 million for this project, NEXI has provided insurance for a financing portion of USD 403 million provided by Mizuho Bank, Ltd., MUFG Bank, Ltd., Oversea-Chinese Banking Corporation Ltd., Cr dit Agricole Corporate and Investment Bank, Tokyo Branch and Soci t  G n rale, Tokyo Branch. NEXI also insures a guarantee provided by Sojitz Corporation (Sojitz), for the equity bridge loan from private financial institutions to each project company to cover the costs associated with construction of the plant. This is the first time for NEXI to provide insurance for a liquefied natural gas (LNG) to power project, an integrated business that includes power generation business and LNG-related operations.

The project has been rolled out by two companies: 1) PT Jawa Satu Power sponsored by investors including Marubeni Corporation, Sojitz and PT Pertamina (Persero), and 2) PT Jawa Satu Regas sponsored by those such as Mitsui O.S.K. Lines, Ltd. and the previously mentioned three companies, to commence operation in 2021. A 1,760 MW gas-fired power plant and a 170,000 m³ FSRU will be constructed, aiming to sell electricity generated by the plant operation to the country's national electricity power company PT PLN (Persero) for a period of over 25 years.

The Indonesian government is promoting a 35 GW power plant development program in order to meet the increasing domestic power demand in line with its economic growth. NEXI's support for the project is expected to help Japanese companies expanding

their business in Indonesia and strengthen their international competitiveness in the environmental-friendly high-efficiency power generation business, while contributing to the development of Indonesian society and economy.

The insurance underwriting for the LNG storage and regasification project, where Japanese firms get involved is aligning with the Japanese government's policy of supporting further utilization of LNG in Asia.

This project is also positioned as U.S.-Japan Infrastructure Cooperative Activities promoted by both governments because it uses gas turbines and other equipment produced by a U.S. manufacturer General Electric Company.

- Date of signing the loan insurance contract: October 2018
- Date of signing the loan insurance contract for guarantee obligation: December 2018



(Rendering image of the plant with FSRU, provided by Marubeni Corporation)

Turkmenistan / Natural Gas-fired Power Plant Construction Project for State Power Corporation

Japan Bank for International Cooperation (JBIC), Sumitomo Mitsui Banking Corporation, and ING Bank N.V., Tokyo Branch have provided financing for a project to construct a new 400 MW natural gas-fired power plant in the Lebap Province of Turkmenistan, which has been promoted by Turkmenenergo, the State power corporation. Of the financing, NEXI has provided insurance for a portion of JPY 12 billion provided by private financial institutions. This is the first project approved under the memorandum of understanding signed between NEXI and the State Bank for Foreign Economic Affairs of Turkmenistan, the borrower for this project in October 2015, which is aimed at facilitating trade and investment activities between the two countries.

Sumitomo Corporation takes a role of an EPC contractor in this project and will supply power plant mainly composed of three sets of gas turbine generators with total capacity of approximately 400MW, manufactured by Mitsubishi Hitachi Power Systems, Ltd. The plant will be constructed mainly to export generated electricity to its neighboring country, the Islamic Republic of Afghanistan, and is expected to contribute to Afghanistan's social/economic stability

and development. For Turkmenistan endowed with rich natural gas reserves, this project has important implications in terms of promoting utilization of the domestic resources. It is anticipated that NEXI's assistance for the project will contribute to Japanese companies' expanding their business in the power infrastructure field in Central Asia, as well as increasing their international competitiveness.

- Date of signing the insurance contract: July 2018



(Image provided by Sumitomo Corporation)

Emirate of Sharjah / Highly-Efficient Natural Gas-Fired Power Plant Projects – First loan insurance underwriting for Emirate of Sharjah –

Of the seven emirates that make up the United Arab Emirates, the Emirate of Sharjah is the third-largest in terms of population and economy, following Abu Dhabi and Dubai. The city of Sharjah is adjacent to that of Dubai, and the distance between both city centers is just about 15 km, forming a wide range of connected urban area that serves as a commuter town for those working in Dubai. Sharjah will face further increasing power demand because the country's population and economy are expected to continue to grow even after EXPO 2020 DUBAI.

NEXI has provided loan insurances for the following two power generation projects aimed at increasing power generating capacity

in Sharjah. This insurance underwriting has been realized as a consequence of a detailed examination of the projects, which was conducted in accordance with NEXI's sub-sovereign risk underwriting policy released in April 2016 as part of its efforts to achieve "Partnerships for Quality Infrastructure" announced by Japanese Prime Minister Shinzo Abe in May 2015.

It is hoped that NEXI's support for the projects will help Japanese companies to broaden their opportunities in the electric power infrastructure business in the Middle East while further strengthening their international competitiveness.

◆ Al Layyah Gas-Fired Combined-Cycle Power Plant Project

This is a project in which Sharjah Electricity and Water Authority (SEWA) will construct a 1,026.3 MW gas-fired combined-cycle power plant in Layyah, Sharjah. Mitsubishi Hitachi Power Systems, Ltd. (MHPS) and Elsewedy Power S.A.E. have joined the project as EPC contractors, forming a business consortium. MHPS will provide core equipment including highly efficient gas turbines, steam turbine, generators, and heat recovery steam generators.

Funds to construct the plant and purchase equipment were provided through co-financing by the Japan Bank for International Cooperation (JBIC), Societe Generale, Tokyo Branch, ING Bank N.V. and Standard Chartered Bank Japan Head Office. Of the co-financing, NEXI has provided loan insurance for a financing portion of USD 241 million provided by private financial institutions.

MHPS is actively working to develop highly efficient clean products that can be used in various energy situations around the world, and this project is in line with the purpose of "Infrastructure Export

Strategy" by the Japanese government.

- Date of signing the insurance contract: April 2019



(Photo provided by Mitsubishi Hitachi Power Systems, Ltd.)

◆ Hamriyah Gas-Fired Combined-Cycle Power Plant Project

Sharjah Hamriyah Independent Power Company PVJSC (investment ratio: Sumitomo Corporation: 35%, Shikoku Electric Power Company, Inc.: 15%, GE Energy Financial Service (GE EFS): 25%, and Sharjah Asset Management: 25%) has decided to undertake a project to construct a 1,800 MW gas-fired combined-cycle power plant in Hamriyah, Sharjah, and sell electricity generated by the plant operation to SEWA for a period of 23.5 years. This will be Sharjah's first independent power producer (IPP) project.

Funds for this project were provided through co-financing by JBIC, Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Ltd., The Norinchukin Bank, Standard Chartered Bank, Japan Head Office and Societe Generale, Tokyo Branch. Of the co-financing, NEXI insures a financing portion of USD 516 million provided by private financial institutions.

Because GE EFS, a subsidiary of U.S.-based General Electric, has invested in the construction, and the project uses highly-efficient gas turbines and other equipment manufactured by GE, the project is

also positioned as a U.S.-Japan Infrastructure Cooperative Activities under the U.S.-Japan Economic Dialogue being promoted by both governments.

- Date of signing the insurance contract: April 2019



(Photo of the planned development site, provided by Sumitomo Corporation)

Underwritten Projects

Oil & Gas

Ghana / Investment in FPSO Owing and Chartering Business

NEXI has provided Overseas Investment Insurance for the investment by four Japanese firms; Sumitomo Corporation, Kawasaki Kisen Kaisha, Ltd., JGC Corporation and Development Bank of Japan Inc. in a charter business of floating production storage and offloading (FPSO) vessel in the Republic of Ghana.

The four companies have acquired a 26% stake in Yinson Production (West Africa) Pte. Ltd. (YPWAPL), which owns a FPSO operated by Yinson Holdings Berhad, a Malaysia-based marine service provider. Having concluded a 15-year long-term FPSO chartering agreement with Eni Ghana Exploration and Production Ltd., an affiliate of the major Italian oil company Eni SPA, YPWAPL started its initial oil production in May 2017, at Offshore Cape Three Points block, located approximately 60 kilometers off the coast of Ghana.

This is the first time for the four companies to invest into a FPSO owing and chartering project. By acquiring knowledge and expertise through the project, further expansion of their overseas businesses can be expected.

● Date of signing the insurance contract: June 2018



(Photo of the FPSO, provided by Yinson Holdings Berhad)

Bangladesh / Investment in LNG Receiving Terminal Project

NEXI has provided Overseas Investment Insurance to support Mitsubishi Corporation (Mitsubishi)'s investment in a liquefied natural gas (LNG) receiving terminal project, which employs a floating storage and regasification unit (FSRU), in the People's Republic of Bangladesh. The insurance covers risks that relate to political force majeure events in Bangladesh and project contract violations. This is the first time for us to offer insurance for a LNG receiving terminal project.

Summit LNG Terminal Co. (Pvt) Limited (SLNG) has installed a FSRU 6 km off the coast of the island of Moheshkhali in the Cox Bazar District of Chittagong Division in Bangladesh, where the company receives LNG procured by Petrobangla, the national oil and energy company, and provides regasification service for a period of 15 years. Mitsubishi has acquired a 25% interest in SLNG from Summit Group, one of the largest conglomerates in Bangladesh. This is the first LNG receiving terminal project utilizing FSRU in Bangladesh in which a Japanese company has been involved. Construction work of the terminal commenced at the end of 2017, and commercial operations started in April 2019.

Bangladesh, with its expanding population and economic growth rate of more than 6% per annum, is facing a sharp increase in electricity demand. While electricity generated from natural gas covers approximately 60% of total electricity demand in the country, domestic natural gas production is starting to decline. Therefore, Bangladesh is promoting LNG imports as part of its national energy policy. Because a LNG receiving terminal utilizing FSRU can be constructed at lower cost and within a shorter period compared to

a conventional onshore receiving terminal, the project is expected to serve as an effective solution to expand LNG receiving capacity in emerging countries.

Having operated its LNG business globally for many years, Mitsubishi is in recent years engaged in a stable supply of LNG*, which has a low environmental impact, and development of power/energy infrastructure businesses mainly in Asia where there is mounting energy demand. In Bangladesh, Mitsubishi is considering working with Summit Group for LNG supply and power generation using LNG. By supporting this project with our insurance, we hope to promote Japanese companies' overseas LNG related businesses.

*Natural gas emits less carbon dioxide (CO₂) under combustion, and conversion from coal to natural gas has been accelerating as energy source.

● Date of signing the insurance contract: October 2018



(Photo provided by Mitsubishi Corporation)

Brazil / FPSO Charter Project for Use in Mero Oil Field

MODEC, Inc. (MODEC), Mitsui & Co., Ltd., Mitsui O.S.K. Lines, Ltd., Marubeni Corporation and Mitsui E&S Holdings Co., Ltd. have invested in Libra MV31 B.V. (MV31), a company established by MODEC, to jointly proceed with a long-term charter business of a floating production, storage and offloading system (FPSO) for use in an ultra-deepwater offshore oil field located in the Federative Republic of Brazil.

Among the amount of USD 995 million raised by MV31 through project financing, NEXI insures a financing portion of USD 249 million provided by MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., ING Bank N.V., Tokyo Branch and Société Générale, Tokyo Branch.

The FPSO will be deployed at the Mero in the giant pre-salt region, situated approximately 5,000 meters beneath the seabed, some 180 kilometers off the coast of Rio de Janeiro, Brazil at a water depth approximately 2,100 meters.

The Mero field has been developed mainly by Petróleo Brasileiro S.A., the Brazilian national oil company, and the FPSO will be chartered for 22 years starting in 2021, contributing to Brazil's oil production.

In the project fully owned by the above mentioned five Japanese companies with the purpose of operating the infrastructure business for marine resource development, NEXI's assistance with the insurance will help Japanese companies to expand their

business opportunities overseas and increase their international competitiveness.

● Date of signing the insurance contract: September 2018



(Photo of the completed FPSO currently operating off the coast of Brazil, provided by MODEC, Inc.)

Infrastructure

Oman / Sharqiyah Seawater Desalination Project

JGC Corporation (JGC), United Infrastructure Development Company LLC and Doosan Heavy Industries & Construction Co., Ltd. have decided to proceed with a project to construct a seawater desalination plant in Sharqiyah, the Sultanate of Oman, and to sell desalinated water over a period of 20 years.

NEXI insures the co-financing of USD 114 million for the project, which was provided by Japanese three financial institutions: MUFG Bank, Ltd., Sumitomo Mitsui Trust Bank, Ltd. and Shinsei Bank, Limited.

In this project, Al Asilah Desalination Company SAOC, a company jointly established by the above mentioned three companies will sell approximately 80,000 m³ per day of desalinated water to the Oman Power and Water Procurement Company SAOC who is responsible for the procurement / sales of electricity and water in the country.

In Oman, demand for desalinated water is expected to continue to increase because of the country's growing population and economy, and securing water for daily life has become an urgent issue to be solved. This project will contribute to a stable supply of desalinated water in the country.

This project is well aligned with a Japanese government's policy of strengthening its support for the water business overseas conducted by Japanese companies, since the project has been promoted by JGC, from the business planning to actual operations of a seawater desalination plant. Our support for this project is expected to lead to further overseas expansion of Japanese companies in the water business.

● Date of signing the insurance contract: July 2018



(Photo provided by JGC Corporation)

Underwritten Projects

Infrastructure

Angola / Namibe Port Container Terminal Expansion Project and Sacomar Port Rehabilitation Project

–NEXI Provides Loan Insurance through Export Credit Line for the Ministry of Finance, Angola–

Toyota Tsusho Corporation and other Japanese companies have received an order from the Ministry of Transport, the Republic of Angola for the Namibe Port Comprehensive Development Project, which includes expansion of the Namibe port, the third largest commercial port in Angola, and rehabilitation of the Sacomar port.

NEXI has provided loan insurance with the export credit line established between the Japan Bank for International Cooperation (JBIC) and the Ministry of Finance of Angola. The project is co-financed by JBIC, Sumitomo Mitsui Banking Corporation and the Hongkong and Shanghai Banking Corporation Ltd., Tokyo Branch. Of the co-financing, the loan insurance covers a financing portion provided by private financial institutions for the Namibe Port Container Terminal Expansion Project and the Sacomar Port Rehabilitation Project.

As for the Namibe port, improving its logistics and increasing exports of iron ore have been the challenges to be solved. The financing for the project, which will be used to expand the Namibe Port container terminal and to rehabilitate the port of Sacomar, an export port of iron ore is expected to largely contribute to logistics improvement in Angola while allowing further acquisition of foreign currencies by increased iron ore exports.

At TICAD VI held in Nairobi in August 2016, participants expressed high expectations for Japan's quality infrastructure investments in Africa, such as investment in port development. This project therefore

has significant implication that the Japanese public and private sectors are jointly working on the port development in Angola. The project is expected to contribute to the strengthening the bilateral relationship between Japan and Angola, and to be a foundation for Japanese companies to obtain new business opportunities in Africa.

- **Date of signing the commitment to enter into the insurance contract: March 2019**



(Photo of the planned development site, provided by Toyota Tsusho Corporation)

Aircraft and Ships

Colombia / Support for Boeing 787 Aircraft Export to Avianca Airlines

NEXI has provided reinsurance for the Boeing Company's export of a Rolls-Royce-powered Boeing 787 to Avianca Airlines in the Republic of Colombia under the reinsurance agreement signed between NEXI and UK Export Finance (UKEF), the export credit agency of the UK.

UKEF provided export credit for the transaction to support the export of the Trent 1000 engines manufactured by UK-based Rolls-Royce Holding plc, which are installed on the Boeing aircraft. NEXI works with UKEF by sharing risk through reinsurance.

Japanese companies participate in the joint development of the aircraft as program partners, and have become widely involved in the production of various parts including primarily wings, fuselages, tires and cabins.

Supporting the export of Boeing 787 aircraft in cooperation with UKEF is meaningful because we can support an international collaboration project associated with the development and manufacturing of aircraft by providing export credit. We will continue to cooperate with external organizations through reinsurance

underwriting in order to assist Japanese companies expanding their business overseas.

- **Date of signing the reinsurance contract: December 2018**



(Photo provided by The Boeing Company)

Taiwan / Ship Export to Ta Tong Marine Group

Oshima Shipbuilding Co., Ltd. has decided to export a steel carrier to the Republic of Panama-based MacLin Spring Maritime S.A., in which Taiwan's Ta Tong Marine (TTM) Group has a stake.

Funds for the purchase of the vessel is co-financed by Citibank N.A., Tokyo Branch and the Japan Bank for International Cooperation (JBIC). Of the funds, NEXI insures a financing portion provided by Citibank N.A., Tokyo Branch.

The TTM Group, which primarily owns and operates bulk carriers, plans to hire out the use of the purchased vessel to Japanese shipping companies. This is the second loan insurance for us to provide for the TTM Group, following the first one in January 2018.

It is expected that NEXI's support for the project will contribute to develop ship exports and the marine transportation businesses of Japanese companies.

● Date of signing the insurance contract: February 2019



(Reference image)

Machinery and Equipment

Cote d'Ivoire / Export of Komatsu Mining Equipment

NEXI has provided Middle-long term export credit insurance to support export of mining equipment manufactured by Komatsu Ltd. to the Republic of Cote d'Ivoire. The export of 21 mining equipment to the Cote d'Ivoire subsidiary of Endeavour Mining Corporation, a gold mining company will be made under deferred payment that extends for five years. This is the first time that NEXI has provided insurance for export with deferred payment of more than two years to a Sub-Saharan African country.

Deferred payment serves as financing provided by the exporter to the purchaser. Especially in small-scale exports, it has become an important financing method for overseas importers who find it more difficult to obtain bank loans due to the administrative burden and other reasons.

To actively support this type of export with deferred payment, we restarted to offer Export Credit Insurance that extends two or more years on April 1, 2017. Since announcing the restart, this is the third Export Credit Insurance for us to provide for export with a long-term deferred payment. NEXI's support for this export is expected to further promote Japanese companies' exports.

● Date of signing the insurance contract: March 2018



(Photo provided by Komatsu Ltd.)

Mexico / Export of Hot Strip Mill Complex to ArcelorMittal Mexico Project

NEXI provided reinsurance for a project to export hot strip mill complex to ArcelorMittal Mexico, based on the reinsurance agreement concluded with Oesterreichische Kontrollbank Aktiengesellschaft (OeKB) – Austria's export credit agency (ECA).

The project was awarded to Austrian subsidiary of Primetals Technologies acting as a prime contractor, with the company's German and Japanese subsidiaries as well as an Italian manufacturer involved as sub-contractors. Four ECAs: OeKB (Austria), Euler Hermes (Germany), SACE (Italy) and NEXI (Japan) jointly supported the export by Primetals Technologies.

NEXI continues to support Japanese companies' international business by promoting cooperation with third countries through reinsurance.

● Date of signing the reinsurance contract: March 2019



(Photo provided by Primetals Technologies)

Underwritten Projects (SMEs exports)

Apple Exports

Nihon Agri, Inc.(Nihon Agri), which exports and sells Japanese agricultural products, uses Export Credit Insurance for SMEs and AFF sector for its apple exports to Hong Kong, Taiwan, and Kingdom of Thailand.

Founded as a startup in 2016, Nihon Agri has expanded its business with the mission of “surprising the world with Japanese agriculture.”

Japanese agricultural products tend to be sold only in Japan, but Nihon Agri is aiming to transform the structure of the agricultural industry so that farmers generate profit the more they produce by exporting Japanese agricultural goods at prices that reflect their high quality. While it mainly exports apples from Aomori Prefecture, the company also ships popular fresh fruits such as Shine Muscat grapes and peaches to Asian countries, thereby raising the presence of Japanese agricultural products overseas.

In this case, Nihon Agri made use of export credit insurance to reduce risks related to collecting payments when the value of its exports dramatically increased. The company will continue to actively expand sales in overseas markets using export credit insurance.

- **Annual export amount to be covered by the insurance: About JPY 150 million**
- **Date of signing the insurance contract: October 2018**



(Photos provided by Nihon Agri, Inc.)

Kinmemai Rice Exports

Formerly Toyo Rice Cleaning Machine Co., Ltd., Toyo Rice Corporation (Toyo Rice) was founded in 1961 and has head offices in both Wakayama Prefecture and Tokyo. The company employs Export Credit Insurance for SMEs and AFF sector for its exports of the rice Kinmemai Better White and Kinmemai Better Brown to Hong Kong to mitigate risks related to collecting payment.

Kinmemai Better White and Kinmemai Better Brown, both of which do not require rinsing before cooking, not only retain the high nutritional value of brown rice thanks to the company's original polishing technology, but are also delicious. The value of Kinmemai Better White and Kinmemai Better Brown has been recognized both in Japan and overseas, particularly in Asia, and both products have made major contributions to raising the value of Japanese rice throughout the world.

In February 2019, Toyo Rice invited around 400 people, including rice producers, milling companies, distributors, restaurant industry players, and workers at medical and welfare facilities, involved in the rinse-free BG (bran and grind) rice developed and sold by the company, to three venues to participate in lessons on sustainable foods, which will come to be demanded from now on. In doing so, it sets a Guinness world record.

Toyo Rice has traditionally exported products through indirect trade via trading companies but launched direct exports for some areas in order to more aggressively expand overseas in response

to greater health awareness in foreign countries. At that time, the company used NEXI's SMEs and AFF sector export credit insurance to hedge risks of not being able to collect payments.

There is now growing interest in strengthening exports of Japanese rice, and Toyo Rice will expand exports by continuing to make use of export credit insurance and plans to reinforce Kinmemai Better White and Kinmemai Better Brown's position as Japan's flagship brands.

- **Date of signing the insurance contract: April 2018**



(Photo provided by Toyo Rice Corporation)

Sweets Exports

NASIO Co., Ltd. (NASIO), which has its headquarters in Hokkaido, exports sweets to Socialist Republic of Vietnam and makes use of Export Credit Insurance for SMEs and AFF sector to alleviate concerns about risks related to collecting deferred payments for its exports.

With business locations not only in Hokkaido but throughout Japan, NASIO sells its products to supermarkets and convenience stores countrywide. The company has been selling sweets wholesale for more than a century and painstakingly meets the ever-changing needs of its customers. In recent years, it has focused its efforts on exports and is leveraging the know-how it has acquired handling Japanese companies to actively promote exports of Japanese sweets and other food products, mainly ones from Hokkaido, to People's Republic of China, Vietnam, Taiwan, and other Southeast Asian countries.

Because NASIO was concerned about the credit risk of new overseas customers, North Pacific Bank* introduced the company to export credit insurance. By using the insurance to hedge this risk, the company was able to accept deferred payment as desired by the customers.

NASIO plans to continue making use of export credit insurance with a view to actively conducting sales in overseas markets.

*North Pacific Bank: business tie-up with NEXI launched in February 2014.

- Export amount to be covered by the insurance: About JPY 3.60 million
- Date of signing the insurance contract: December 2018



(Photo provided by NASIO Co., Ltd.)

Sake Exports

When Niigata Prefecture-based Maboroshinosake Co., Ltd. (Maboroshinosake) moved forward with new business involving a customer from Russian Federation, it was concerned about the risk related to deferred payment for goods. Having previously used Export Credit Insurance for SMEs and AFF sector, the company decided to use it again and concluded a contract to allay those concerns.

Even among Niigata-produced sakes with a specific class name, which are not sold at stores in other prefectures, Maboroshinosake specializes in sake given as gifts and has focused on ginjo-shu and junmai-shu types of sake. In order to spread the appeal of Niigata sake, which is mostly consumed locally because of its rarity, throughout the world, the company is focusing on undertaking mail order sales and producing locally brewed sake. The company has also recently started to produce the Amule series of fruit liqueurs, which was developed to make sake more palatable to women, who have found it difficult to drink traditional sake. Receiving high acclaim, the product won the 2019 FOOD EX Gourmet Beauty Award gold medal.

Maboroshinosake plans to continue using export credit insurance to sell this and other highly acclaimed products.

- Export amount to be covered by the insurance: About JPY 1.20 million
- Date of signing the insurance contract: September 2018



(Photo provided by Maboroshinosake Co., Ltd.)

Underwritten Projects (SMEs exports)

Sake Exports

Introduced to Export Credit Insurance for SMEs and AFF sector by THE NISHI-NIPPON CITY BANK, LTD.*, Takamasamune Co., Ltd. (Takamasamune) used the insurance for its exports of sake to People's Republic of China.

When undertaking new business with a Chinese buyer, Takamasamune was concerned about the risk of collecting payment due to deferred payment for goods, but it used export credit insurance that was fortuitously introduced by the bank.

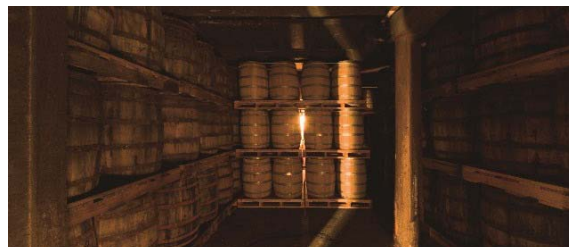
Founded during the Tenpo Period (1830–1844), Takamasamune handles “Katsutaka”, which is the official sake of the Fukuoka Softbank HAWKS baseball team, “Bakkaikiwami”, genuine barley shochu made from 100% Kyushu-grown wheat called “Harushizuku”, and “Goryonsan”, which is sold with a system of weight-based sales of shochu poured directly from barrels and jugs to the customer's own bottle in stores.

Takamasamune is actively working to export its products and plans to further expand overseas using export credit insurance for exports with deferred payment.

*THE NISHI-NIPPON CITY BANK: business tie-up with NEXI launched in January 2013.

● **Export amount to be covered by the insurance: About JPY 1.80 million**

● **Date of signing the insurance contract: August 2018**



(Photo provided by Takamasamune Co., Ltd.)

Sake Exports

Yamato Brewing, Inc. (Yamato Brewing) made use of Export Credit Insurance for SMEs and AFF sector for its sake exports to Republic of Korea in order to reduce risks related to collecting payments for business conducted with deferred payment for goods.

In this case, Yamato Brewing used the insurance through an introduction from THE BANK OF SAGA LTD.*

Located in the city of Saga in Saga Prefecture, the sake brewery Yamato Brewing has roots in five long-established granaries and opened in 1975. Its main brand is Hizentoji.

Using subterranean water from the Sefuri Mountains pumped up from a depth of 200 meters, Yamato Brewing offers various popular products, including not only sake but also “Hishimusume”, which is genuine and very rare shochu made from water chestnuts, and the strawberry liqueur “Ichigo-no-osake Sagahonoka”, made from Sagahonoka strawberries grown in Saga Prefecture.

The company worries about its judgment regarding the credit risk posed by new overseas customers and makes effective use of credit

ratings that NEXI sets for overseas companies.

*THE BANK OF SAGA: business tie-up with NEXI launched in February 2014.

● **Export amount to be covered by the insurance: About JPY 1.30 million**

● **Date of signing the insurance contract: August 2018**



(Photo provided by Yamato Brewing, Inc.)

Surgical Instrument Exports

YASUI Co., Ltd. (YASUI) first made use of Export Credit Insurance for SMEs and AFF sector for exporting medical instruments to Taiwan, through an introduction from The Miyazaki Bank, Ltd.*

With headquarters located in the town of Kadogawa in Miyazaki Prefecture, YASUI has won high praise as evidenced by the

company having been selected as one of the “Driving companies for the regional future” selected by the Ministry of Economy, Trade and Industry, and having won a Miyazaki SME Award and a 2018 GOOD DESIGN AWARD.

YASUI expanded into the medical field using the technical skills

acquired from its injection molding business and developed its original surgical retractor Kopligh. Made from a resin that prevents broken pieces from spreading, this cordless surgical tool has an LED light to illuminate the area being used in.

YASUI plans to continue making use of export credit insurance and further expand its overseas business.

* The Miyazaki Bank: business tie-up with NEXI launched in February 2014.

- **Export amount to be covered by the insurance: About JPY 1.90 million**
- **Date of signing the insurance contract: October 2018**



(Photo provided by YASUI Co., Ltd.)

Medical Needle Exports

Nihon Chushashin Kogyo Co., Ltd. (Nihon Chushashin Kogyo), a manufacturer and seller of medical instruments, decided to use Export Credit Insurance for SMEs and AFF sector in response to a customer's request to change the payment method from letter of credit to deferred payment for exports of medical needles to India.

Nihon Chushashin Kogyo mainly produces needles (specialty cannulas) for the medical industry. Since its establishment, the company has thoroughly adopted a direct sale style in order to quickly meet the demands of customers and has expanded its distribution outlets to more than 150 companies in 34 countries. Using the knowledge and know-how it has acquired over 60 years and having a lineup of more than 1,300 diverse products, the company provides products of the highest quality to meet the increasingly complex and diverse needs of customers.

While actively working to expand its overseas business, Nihon Chushashin Kogyo plans to continue to expand overseas making use of export credit insurance.

- **Date of signing the insurance contract: February 2019**



(Photo provided by Nihon Chushashin Kogyo Co., Ltd.)

Abrasive Exports

Matsumi Kenmazai Co., Ltd. (Matsumi Kenmazai), located in the city of Kyoto in Kyoto Prefecture, employs Trade Insurance for Standing Orders from Specific Buyers for its exports of abrasives to Republic of Singapore.

Matsumi Kenmazai aims to use its experience acquired over many years to provide a stable supply of top-quality abrasives, which are indispensable for creating everything around us. Founded in 1970, the company will celebrate its 50th anniversary in 2020. As an organization of uncompromising professionals, the company continues to provide abrasives that meet the needs of their customers.

As a pillar of the manufacturing industry in not only Japan but also overseas, particularly in Asia, Matsumi Kenmazai is expanding its distribution outlets overseas in order to contribute to society and achieve further growth. At the same time, the company has come to use export credit insurance to reduce risks related to business with overseas customers.

- **Date of signing the insurance contract: September 2018**



(Photos provided by Matsumi Kenmazai Co., Ltd.)

Underwritten Projects (SMEs exports)

Wood Wool Exports

Toda Shoko inc. (Toda Shoko) employed Export Credit Insurance for SMEs and AFF sector for its exports of wood wool to Socialist Republic of Vietnam in order to reduce risks related to collecting deferred payments for goods.

Wood wool, a product made by shaving wood into narrow ribbons (that are also known as “excelsior”), is mainly used as packing for fruits and other fragile items.

Toda Shoko, which possesses the only excelsior plant in Japan, handles a range of products including shoe keepers, pillow sheets, and aroma pouches for dressers that benefit from the insect-repellant, anti-mold, relaxing and moisture-absorbent properties of excelsior made from trees grown in Kochi Prefecture (pine, cedar, hinoki cypress, and camphor tree).

Introduced to export credit insurance by the Shikoku Bank, Ltd.*, one of its transacting banks, Toda Shoko proceeded to examine the insurance as an effective method for reducing risks.

Toda Shoko plans to continue to aggressively expand sales in overseas markets by making use of export credit insurance.

*The Shikoku Bank: business tie-up with NEXI launched in February 2014.

- **Export amount to be covered by the insurance: About JPY 0.90 million**
- **Date of signing the insurance contract: August 2018**



(Photos provided by Toda Shoko inc.)

Elevator Wire Rope Exports

Located in Taito Ward, Tokyo, CHUWA SANGYO CO., LTD. (CHUWA SANGYO) made use of Export Credit Insurance for SMEs and AFF sector and Export Credit Insurance (for a single business contract) to reduce the risk of collecting payments for exports of elevator wire rope to Malaysia following a request from a customer to switch to deferred payments.

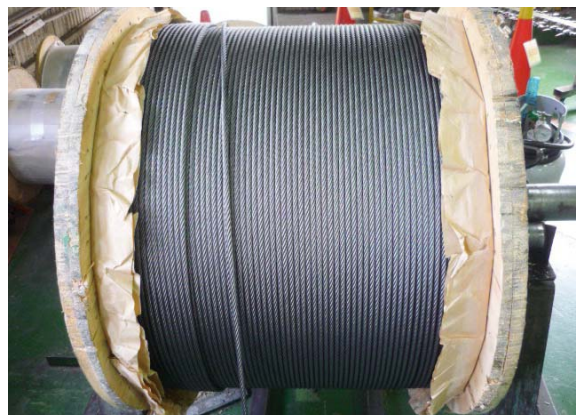
The company was established in 1940 in the former Manchuria as a subsidiary of Hayama Sekiyu, the predecessor of the former Showa Sekiyu, in order to conduct sales of various types of mineral oil. The name CHUWA written in Japanese incorporates one of the Chinese characters used to write China and one of the characters used to write Yamato, an ancient name for Japan, and represents the hope for good relations between the two countries.

After that, as its industrial complex in Japan grew, CHUWA SANGYO came to sell various products and provide related maintenance services to customers both in Japan and overseas. These products include numerous valves and piping for oil refineries and wire rope for elevators. This transaction involves elevator wire rope, one of the company's main products, and the company provides cutting-edge technical prowess acquired over the years, maintenance, and other services that cater to market needs. The products that the company exports are expected to be in high demand not only in Japan but also People's Republic of China and

other countries throughout the world.

In order to meet the growing demand, particularly in China, CHUWA SANGYO plans to expand overseas using NEXI export credit insurance.

- **Annual export amount to be covered by the insurance: About JPY 37 million**
- **Date of signing the insurance contract: April 2018**



(Photo provided by CHUWA SANGYO CO., LTD.)

Coin Laundry Washing Machine Exports

Pressio Ltd. (Pressio) used Export Credit Insurance for SMEs and AFF sector to alleviate concerns about risks related to collecting deferred payments from new customers when exporting coin laundry washing machines to Republic of Singapore.

Ever since being founded in 1950, Pressio has worked for the newspaper industry and been involved in production, sales, repairs, and advising related to various industrial equipment, including automatic newspaper ad collators, for newspaper shops. In recent years, the company has grown beyond the newspaper industry using the know-how it has acquired over many years and provides products to other industries. The company has also actively expanded overseas.

Pressio first made use of export credit insurance introduced by professional staff of the Consortium for New Export Nation (see page 26).

Pressio plans to maintain its aggressive expansion of sales in overseas markets by making use of export credit insurance.

- **Export amount to be covered by the insurance: About JPY 6 million**
- **Date of signing the insurance contract: October 2018**



(Photo provided by Pressio Ltd.)

Floor Tile Exports

Shinko Kasei Co., Ltd. (Shinko Kasei) employed Export Credit Insurance for SMEs and AFF sector for its exports of non-PVC tile flooring used in commercial and public facilities to the U.S. in order to lessen concerns about risks related to collecting deferred payments for goods.

Since its founding in 1983, the company has pursued the possibilities of plastics and produced plastic tile flooring, which continues to evolve with the times. While giving consideration to the environment, the company produces and sells numerous products, including PVC-based flooring tiles designed to look like wood or stone, olefin composite panels that carry the eco mark as recycled products, and olefin packaging that possesses transparency, luster, and better shape retention with high-level hinge properties and flexibility. The company has won high praise both in Japan and overseas.

In selling its environment-friendly non-PVC flooring tiles on deferred payment to a new customer, Shinko Kasei could smoothly conduct the transaction thanks to the export credit insurance.

The company plans to continue to expand its sales in overseas markets while making use of export credit insurance.

- **Annual export amount to be covered by the insurance: About JPY 20 million**
- **Date of signing the insurance contract: December 2018**



(Photo provided by Shinko Kasei Co., Ltd.)

Underwritten Projects (SMEs exports)

Screen Window Exports

Located in the city of Tokorozawa, Saitama Prefecture, SEIKI SOGYO CO., LTD. (SEIKI SOGYO) made use of Export Credit Insurance for SMEs and AFF sector to safeguard against payment risks when it decided to partially adopt deferred payments for the export of screen windows to Canada in an effort to develop new customers.

SEIKI SOGYO is a member of the SEIKI Group, which supplies products that support a comfortable living environment. The SEIKI Group's "SEIKI Screen Systems" are based on technology and know-how the Group has acquired over the years and were developed and arranged to meet the needs of markets and customers throughout the world. Customers demanding a lifestyle that values the natural environment highly rate these screen windows as ideal products that balance ecological considerations and comfort.

While its sales throughout the world up to now have been based on advance payment, SEIKI SOGYO indicated it would accept deferred payment for some exports amidst its efforts to expand its overseas sales channels and examined using export credit insurance. The company thus began to make use of the insurance.

SEIKI SOGYO plans on continuing to move forward with efforts to expand its overseas sales channels while flexibly handling various payment terms for exports by making use of export credit insurance.

- Annual export amount to be covered by the insurance: About JPY 3.90 million
- Date of signing the insurance contract: January 2019



(Photo provided by SEIKI SOGYO CO., LTD.)

Women's Functional Innerwear and Socks Exports

Advancing Inc. (Advancing) used Export Credit Insurance for SMEs and AFF sector for its exports of women's functional innerwear and functional socks to Taiwan, through an introduction from Kansai Mirai Bank, Limited.*

With its head office located in the city of Osaka, Advancing plans and develops various functional clothing, including innerwear, socks, and leggings, with aesthetic functions, style, designs, and health benefits, which women want.

The company would like to not only sell its products in Japan but also export them and plans to expand sales of its products overseas by continuing to utilize export credit insurance.

*Kansai Urban Banking Corporation, the predecessor to Kansai Mirai Bank, launched business tie-up with NEXI in February 2014.

- Date of signing the insurance contract: March 2019



(Photo provided by Advancing Inc.)

Insurance Products

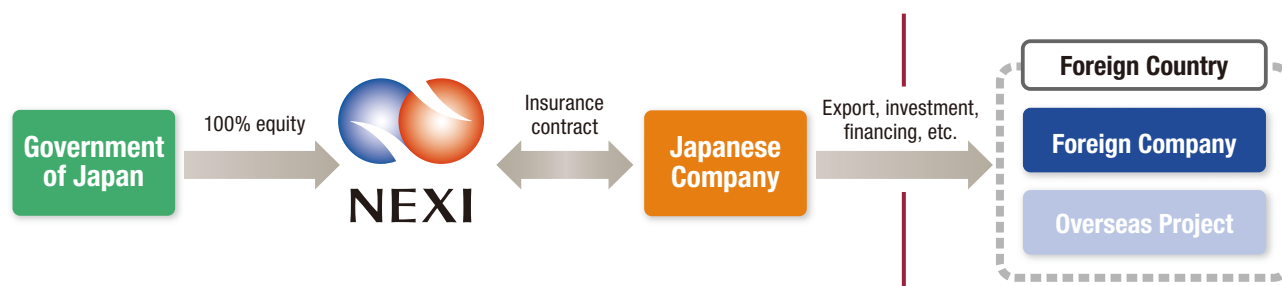
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Trade and Investment Insurance – How It Works

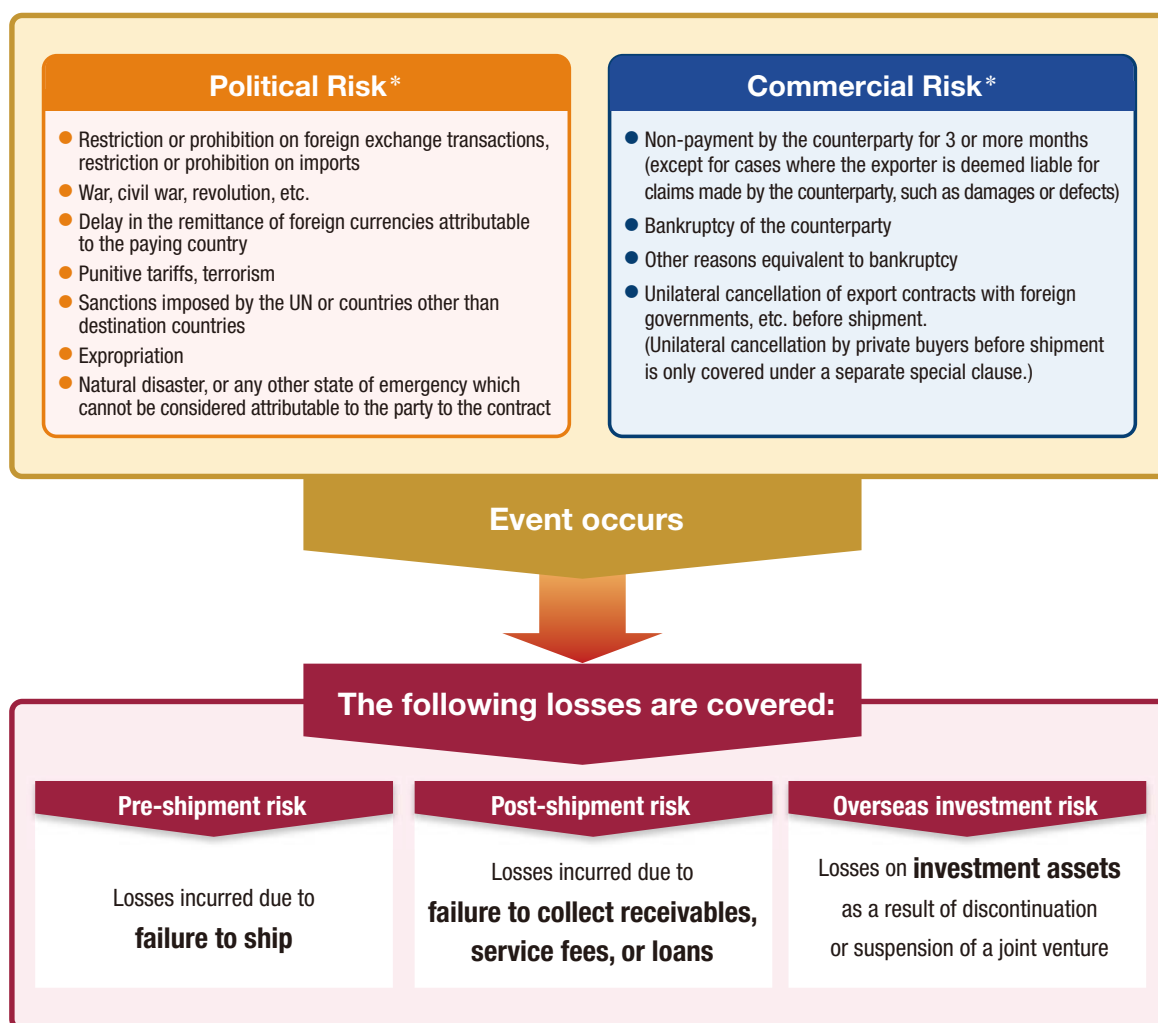
Trade and investment insurance covers risks associated with international trade and other overseas transactions that cannot be covered by private-sector insurance.

The purpose of trade and investment insurance is to support

and promote the overseas expansion of companies by mitigating the risks associated with foreign trade and overseas investment.



Trade and investment insurance covers losses incurred by Japanese companies, banks, etc. due to the following risks.



* Political Risk: Risk caused by force majeure events that cannot be considered attributable to the party to the contract (also referred to as Country Risk)

* Commercial Risk: Risk that can be considered attributable to the counterparty to the overseas transaction (also referred to as Credit Risk)

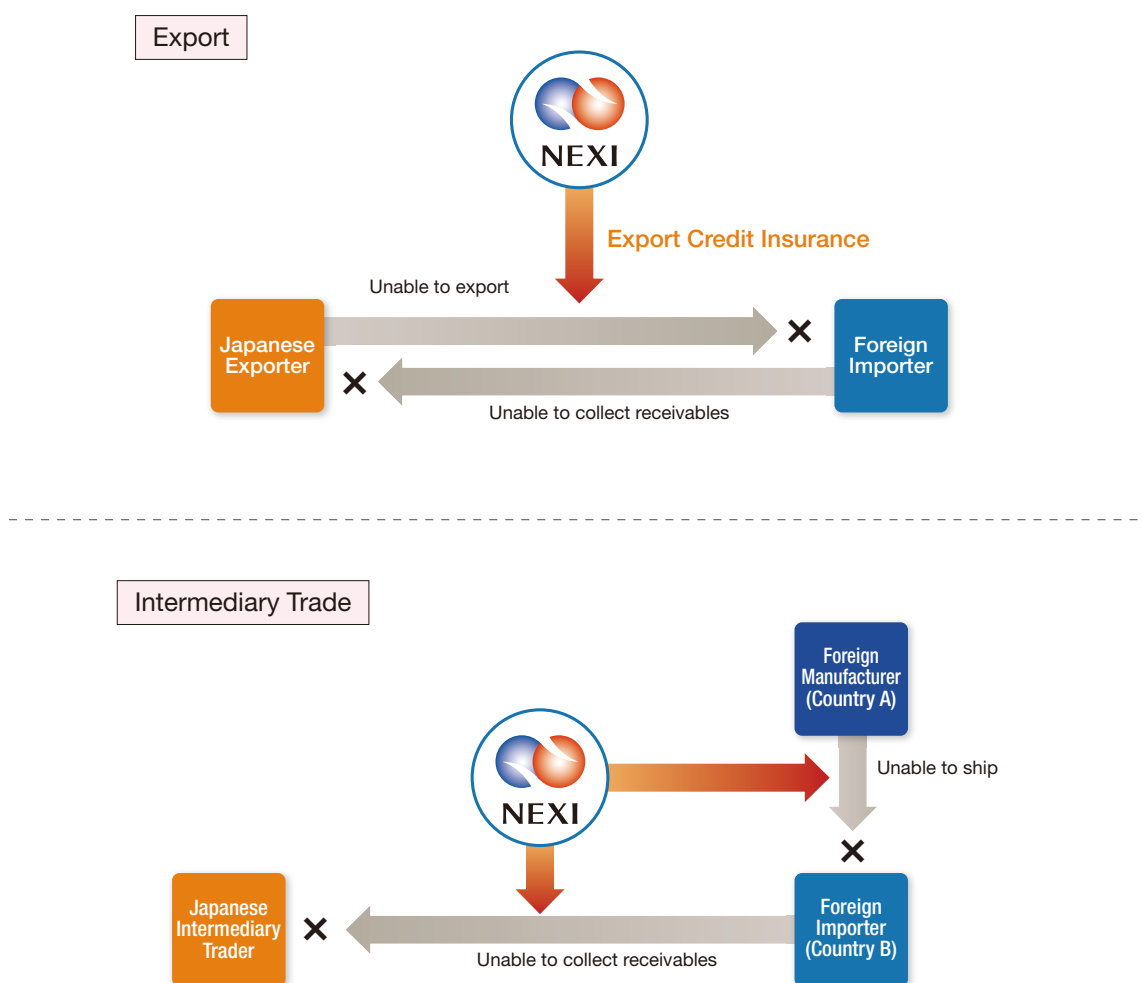
Insurance Products to Support Your Business

Export Credit Insurance

◆ Insurance for export, intermediary trade, and technical cooperation

This insurance covers losses arising from the inability to ship items or collect receivables after shipping goods or providing technology, due to i) force majeure, such as war, revolution, terrorism, import restriction/prohibition and natural disaster, or

ii) bankruptcy or default of the counterparty, when Japanese exporters export goods, conduct intermediary trade, or provide technical services, such as construction.



* We offer two types of Export Credit Insurance: specific insurance provides coverage for a single business contract and enterprise comprehensive insurance provides coverage for all contracts of a company within the scope the policy.

◆ Insurance for License Export (Intellectual Property License Insurance)

Intellectual Property License Insurance covers losses incurred when Japanese companies that provide patents, know-how, or copyrights abroad are unable to collect payment of license

fees such as royalties due to i) force majeure, including war, or ii) bankruptcy or delay in payment by the counterparty.

Insurance Products to Support Your Business

Trade Insurance for Standing Orders from Specific Buyers

◆ Insurance for companies that continually conduct business with specific buyers

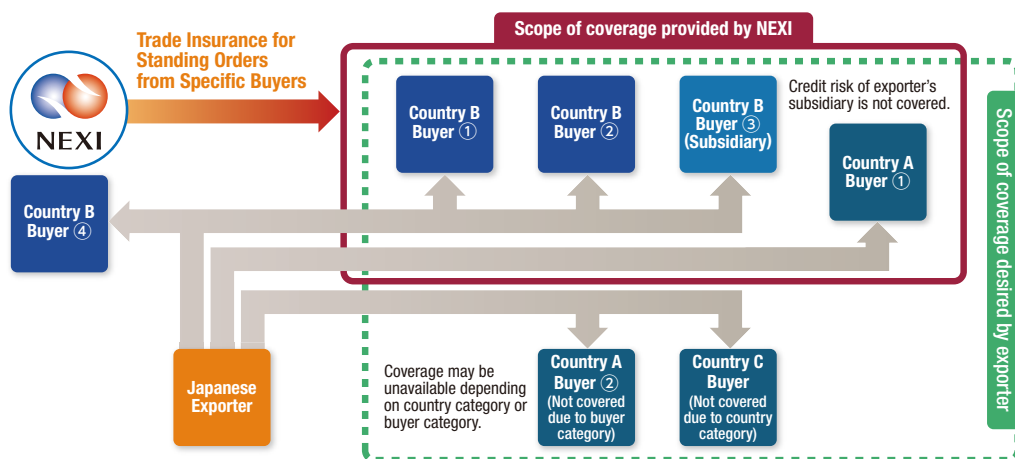
This insurance is suitable for transactions with a buyer or buyers to whom a Japanese exporter repeatedly supplies products, etc.

The features of this insurance are as follows:

- Exporter sets limit on insurance claims: The limit on insurance claims is set for each buyer based on their estimated value of transactions for the year.

- Simplified application procedures: This insurance does not need to be applied for each export contract. All insurable export contracts made during the insurance contract period (1 year) that meet certain conditions are automatically covered.

* The risks covered by this insurance are the same as those covered by Export Credit Insurance.



Comprehensive Export Insurance with Simplified Procedure

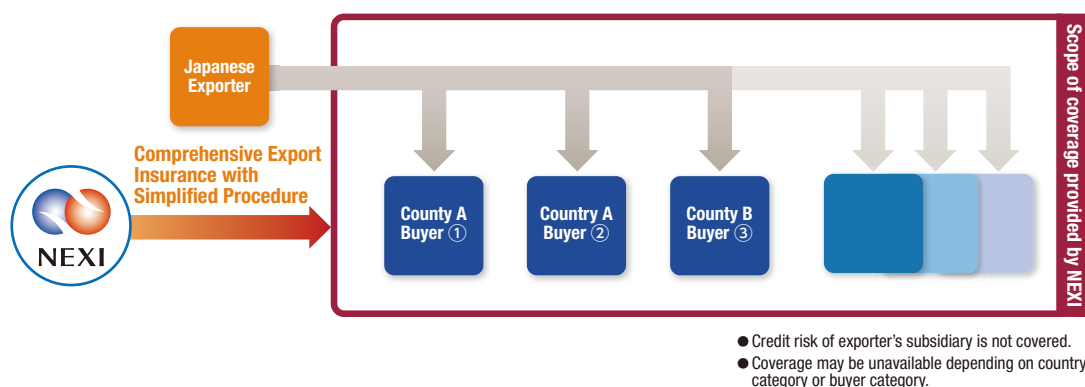
◆ Insurance for companies that continually or repeatedly conduct business with a number of buyers

This insurance comprehensively covers all export/intermediary trade contracts concluded by Japanese exporters that meet certain conditions during the insurance contract period (1 year). Exporters estimate the payment owed for shipped goods based on the export contract and notify NEXI by the end of the month after shipping.

With this insurance, the exporter does not need to purchase a

policy for each export contract, and the procedures for changing the terms and conditions of the contract are less likely to occur because the notification is made after shipment. Therefore, application procedures are simpler than for other types of insurance.

* The risks covered by this insurance are the same as those covered by Export Credit Insurance.

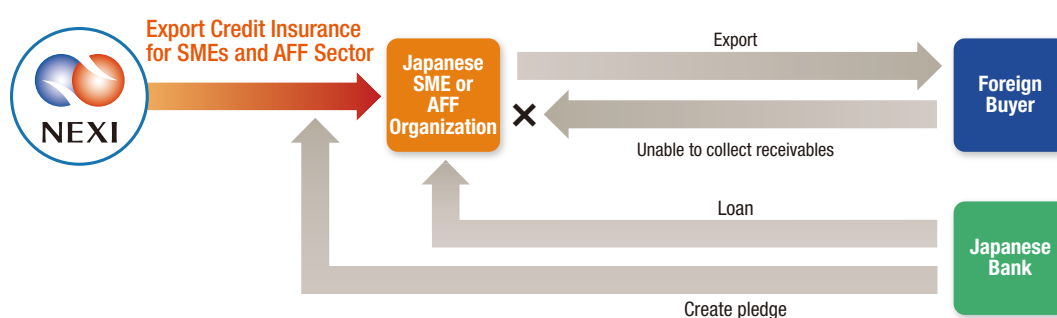


Export Credit Insurance for SMEs and AFF Sector

◆ Insurance for supporting exports by Japanese SMEs and those engaged in the business of agriculture, forestry and fisheries

This insurance provides support for the exports of Japanese small and medium sized enterprises (SMEs) and organizations related to agriculture, forestry and fisheries (AFF Sector). It covers losses incurred in cases where receivables are uncollectable. It offers simple application procedures and speedy payment of

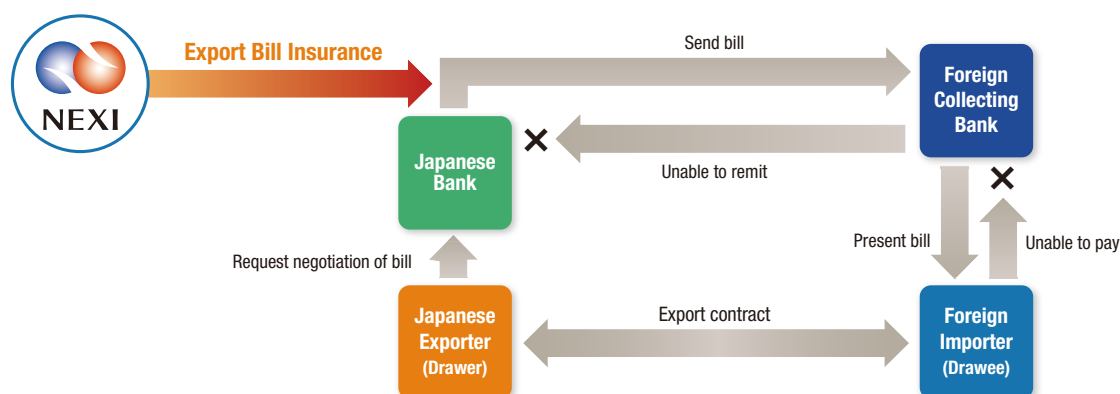
insurance claims to meet the needs of SME and AFF customers. Furthermore, applicants for this insurance who also receive a bank loan can simultaneously complete procedures to establish a pledge on insurance claim rights, etc.



Export Bill Insurance

This insurance makes it easier for banks to purchase documentary bills by primarily covering losses incurred by banks that purchase documentary bills drawn without an L/C if a buyer fails to pay the bill when it comes due. For Japanese banks that purchase documentary bills issued to recover export costs,

the insurance covers losses if the bills are not paid because of i) force majeure, such as war, revolution, prohibition of foreign currency exchange, suspension of remittance and natural disaster, or ii) bankruptcy or default of a foreign importer.



Insurance Products to Support Your Business

Prepayment Import Insurance

This insurance covers losses incurred by Japanese importers who pay for goods in advance in accordance with contract terms but then cannot import the goods nor receive a refund for the prepaid money due to i) force majeure, such as war,

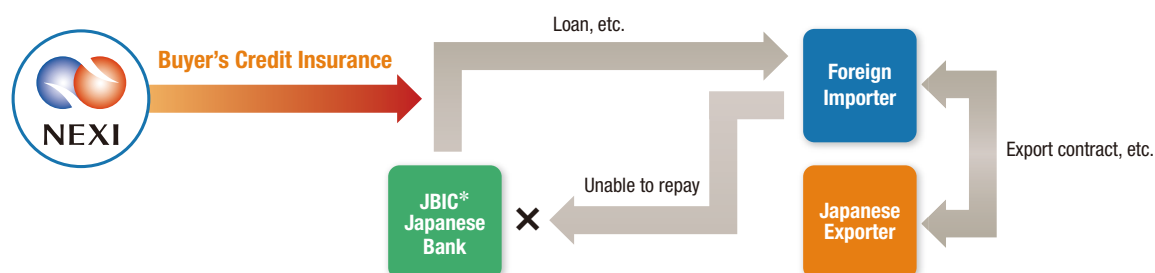
revolution, prohibition of foreign currency exchange, suspension of remittance and natural disaster, or ii) bankruptcy or default of the counterparty, even after requesting a refund of the prepaid money in line with the refund terms.

Buyer's Credit Insurance

◆ Insurance for loans, etc. such as for payment of export goods (Buyer's Credit)

This insurance covers losses incurred by Japanese commercial banks or financial institutions that provide loans, etc., (including bond purchases and surety obligations) to foreign importers that purchase goods and services from Japanese exporters if they are unable to receive repayment of the loans or bonds

due to i) force majeure, such as war, revolution, prohibition of foreign currency exchange, suspension of remittance and natural disaster, or ii) bankruptcy or default of the importer. The terms and conditions for the loan agreements, etc., must comply with international rules. (See page 56.)



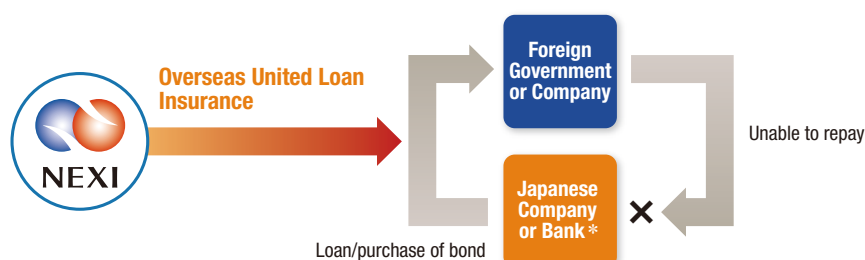
* NEXI provides the insurance only to Japanese commercial banks that extend loans, etc., in cooperation with the Japan Bank for International Cooperation (JBIC).

Overseas Untied Loan Insurance

◆ Insurance for loan or bond purchase for overseas business or projects

This insurance covers losses incurred by Japanese companies and commercial banks* that provide a foreign government or company with business funds untied to exports from Japan for overseas projects that contribute to economic development, or that purchase bonds issued by a foreign government or

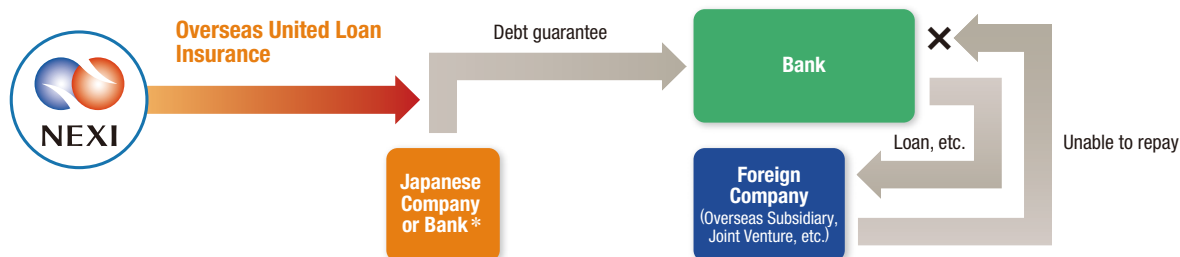
company for the purpose of financing, if they are unable to collect the loan or the bonds are not redeemed due to i) force majeure, including war, revolution, prohibition of foreign currency exchange, and suspension of remittance and natural disaster, or ii) bankruptcy or default of the borrower or the bond issuer.



◆ Insurance for guarantee of obligation

This insurance covers losses incurred by Japanese companies or commercial banks that guarantee the borrowings, etc., of overseas subsidiaries, foreign governments, or companies (borrowers) if they are forced to fulfill that obligation because

borrowers fail to repay their borrowings due to i) force majeure, such as war, revolution, prohibition of foreign currency exchange, suspension of remittance and natural disaster, or ii) bankruptcy or default.



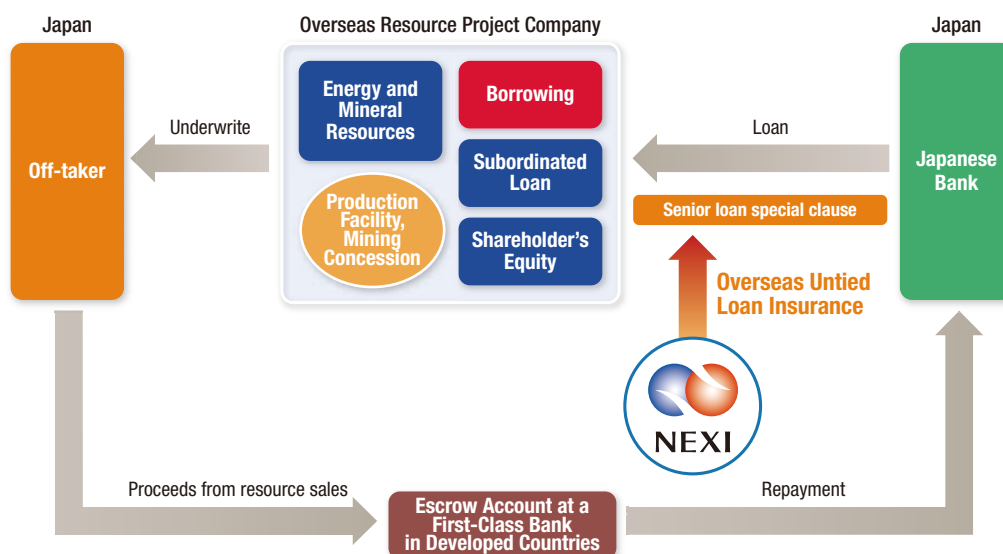
*NEXI may provide coverage to foreign companies or banks, etc. that finance projects particularly needed to promote the sound development of Japan's external transactions (e.g., projects that promote the acquisition of important resources and the competitiveness of Japanese companies).

Investment and Loan Insurance for Natural Resources and Energy

In order to fundamentally reinforce efforts to secure a stable supply of resources from overseas, this insurance features lower premium rates and a wider range of risk coverage than ordinary Overseas United Loan Insurance because of the project risk profile. This insurance can be attached as a special clause to Overseas United Loan Insurance.

The insurance covers losses incurred by Japanese companies

or banks that provide foreign governments or companies with business funds (untied to exports from Japan) for projects which contribute to resource development if they are unable to collect the loan due to i) force majeure, such as war, revolution, prohibition of foreign currency exchange, suspension of remittance and natural disaster, or ii) bankruptcy and default of a borrower.



- This is for senior loans offered by Japanese banks or financial institutions for activities involving Japanese companies: transactions related to the acquisition of energy and mineral resources and of interests, and infrastructure development projects in the sector.*

*The insurance can be applied to not only the transactions where Japan is the final destination of the offtake of energy and mineral resources, but also the transactions where such energy and mineral resources can be supplied to Japan according to the demand.

- An escrow account must be opened at a first-class bank in a developed country.
- Lower premium rates and higher coverage are provided compared to ordinary Overseas United Loan Insurance.

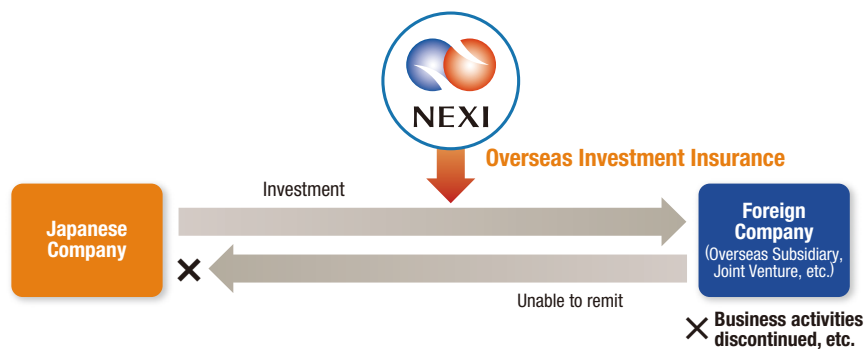
Insurance Products to Support Your Business

Overseas Investment Insurance

◆ Insurance for investment (equity investment, etc.)

This insurance covers losses incurred by Japanese companies with a subsidiary or a joint venture in a foreign country if the subsidiary or joint venture is forced to discontinue business due to force majeure such as war, terrorism and natural disaster. The

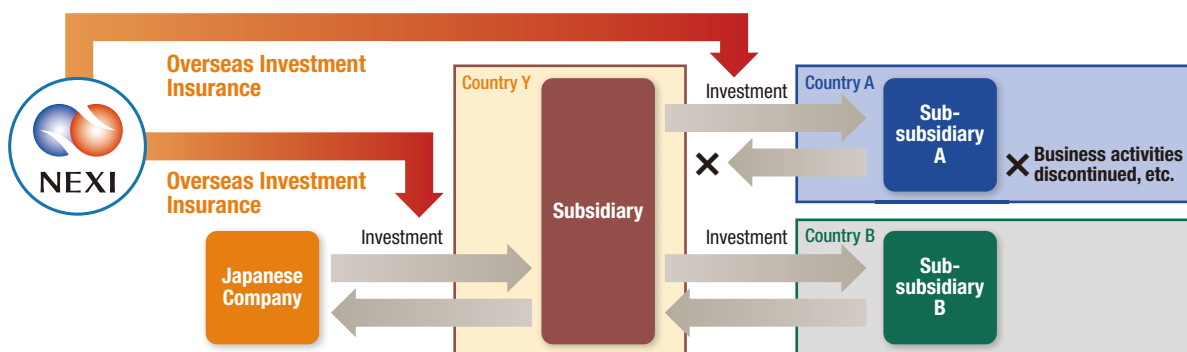
insurance also covers losses incurred when Japanese companies are unable to remit dividends to Japan due to prohibition of foreign currency exchange or suspension of remittance.



*NEXI can provide coverage for premium (goodwill, etc.) paid by an investor to secure a stake in natural resources or to become a shareholder.

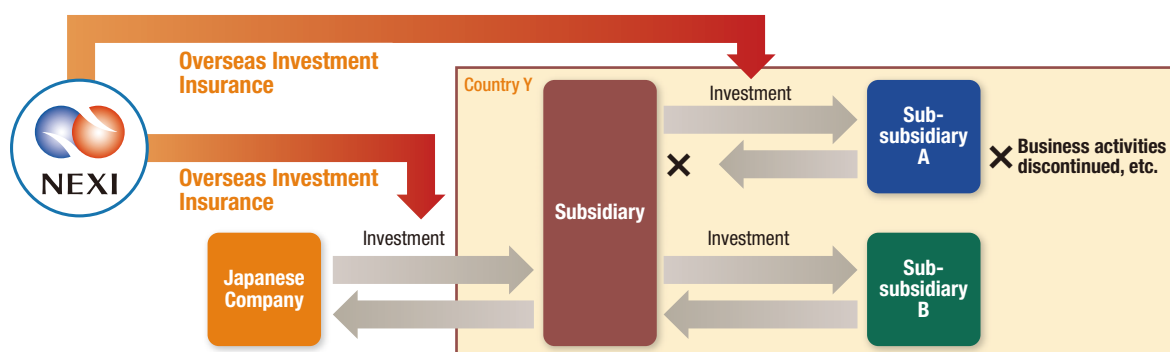
When a subsidiary of a Japanese company establishes sub-subsidiaries in a number of countries, this insurance covers losses if one sub-subsidiary is forced to discontinue business

due to force majeure such as war, terrorism and natural disaster, even if the other sub-subsidiaries are able to continue business.



When a subsidiary of a Japanese company in a foreign country establishes a number of sub-subsidiaries in the same country, this insurance covers losses if one sub-subsidiary is forced to

discontinue business due to force majeure such as war, terrorism and natural disaster, even if the other sub-subsidiaries are able to continue business.



In addition to the above mentioned Overseas Investment Insurance, which mainly covers investments (equity investment,

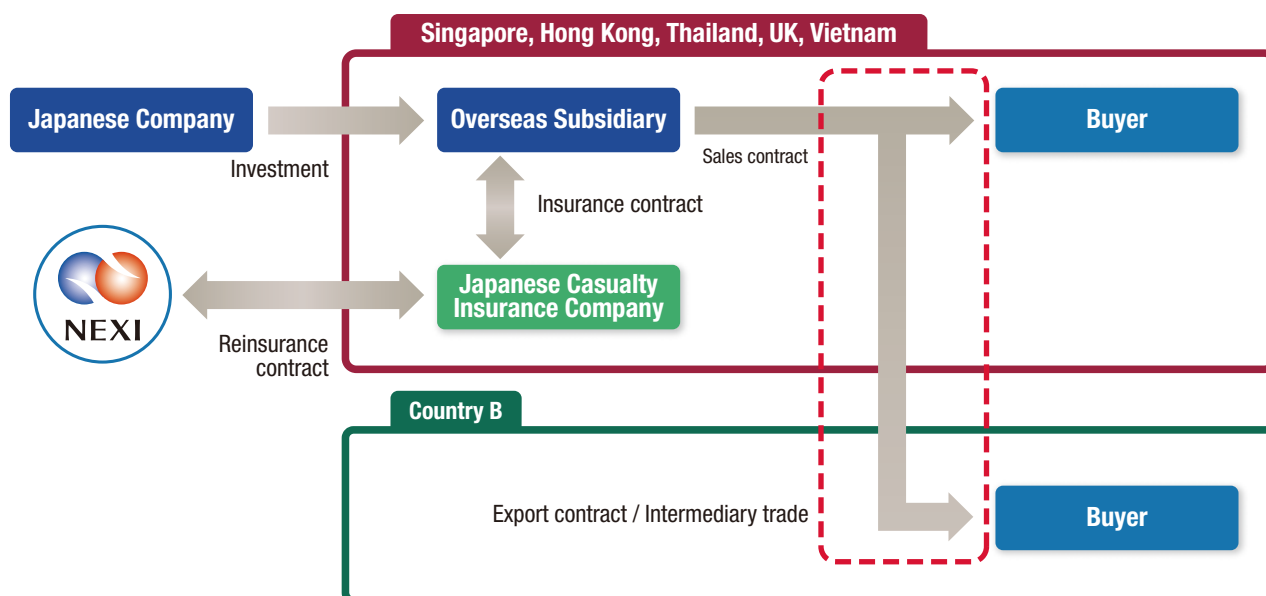
etc.), there is another type of Overseas Investment Insurance that covers rights and acquired profits (real estate, etc.).

Fronting

For export, intermediary trade, etc., that involve an overseas Japanese company in Singapore, Hong Kong, Thailand, Vietnam, or the U.K. to a buyer, claim limit amount is set for one insurable year, and this primarily covers losses resulting from inability to collect receivables because the buyer goes bankrupt

or payment is delayed.

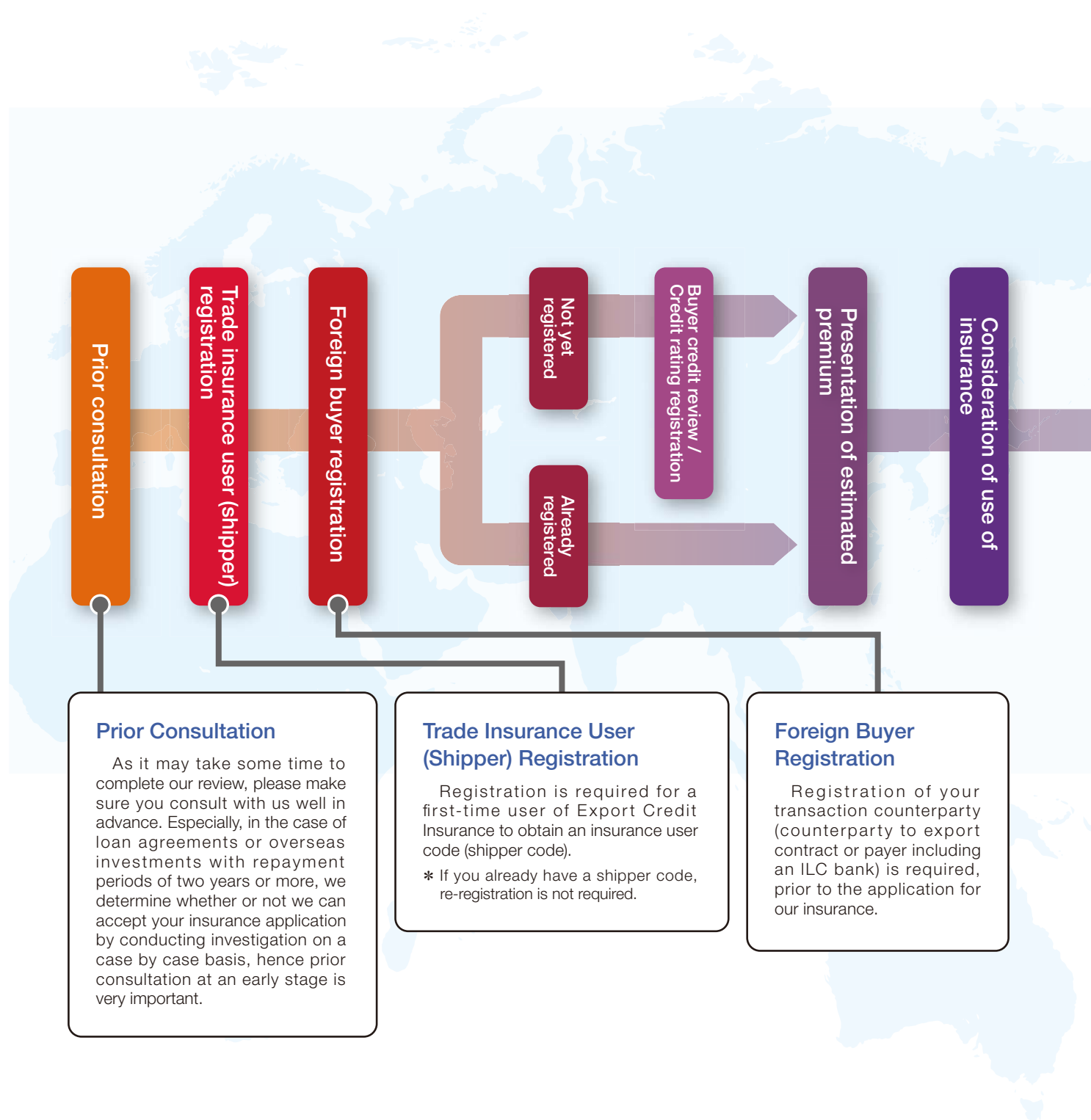
NEXI becomes involved through reinsurance in this scheme. It is called the fronting because NEXI sells the insurance product through an overseas Japanese non-life insurance company.



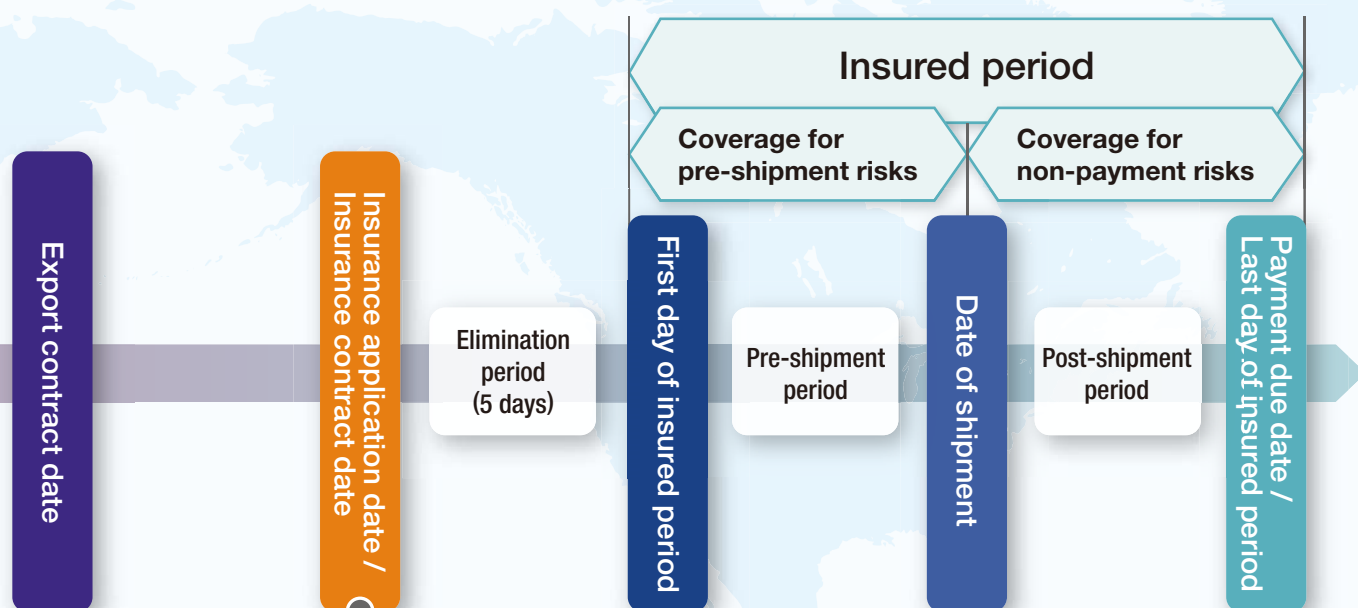
Application Procedures for Trade and Investment

Applying for insurance

The chart below summarizes the application procedures for Export Credit Insurance.



Insurance



Insurance Application Period

The application period is 5 business days from the shipment date (after the contract date). The insurer's obligation period starts after the application.

**For more information or inquiries,
please contact us at the phone numbers below:**

Head Office Underwriting Department

- Business Development Group Toll Free 0120-671-094
- Trade Credit Insurance Underwriting Group I Toll Free 0120-675-094

Osaka Branch Office

- Underwriting Group Toll Free 0120-649-818

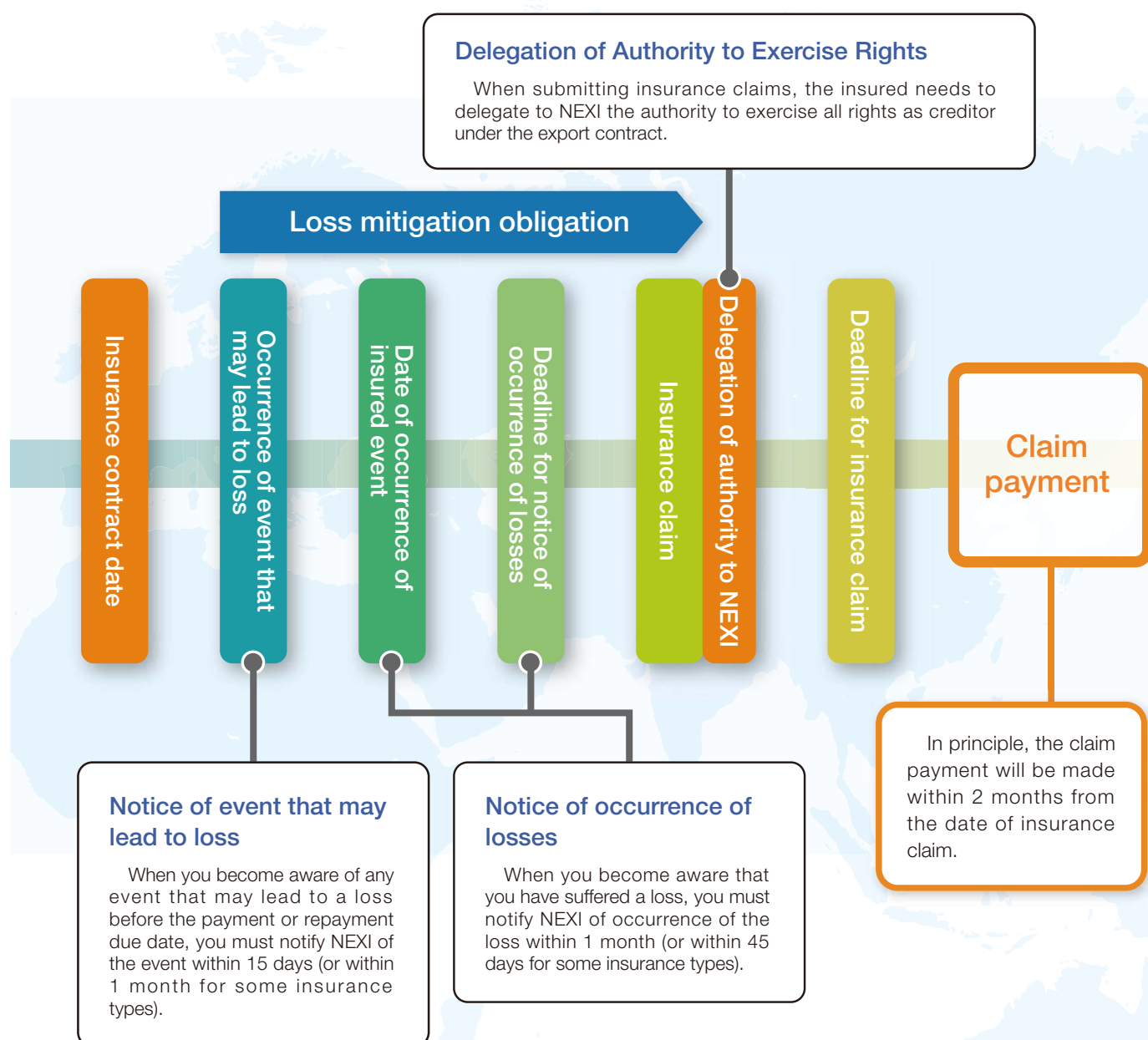
**You will also find more information on
the procedures on our website.**

(<https://www.nexi.go.jp>)

Application Procedures for Trade and Investment Insurance

Insurance claim payment

The chart below summarizes the procedures for Export Credit Insurance.



“Paris Club” — as a solution for debt recovery

The Paris Club is a meeting where major creditor countries gather to discuss and find workable solutions to payment problems faced by debtor nations. Since its inception in 1956, as a gentle informal group with no legally binding force, the Paris Club carries out their activities based on the rules and principles of the club.

At the Paris Club, debt relief (rescheduling, etc.) is discussed with the government of the debtor countries where debt payment has become difficult. Through such debt relief and rescheduling, creditor countries are able to ensure their recovery from countries without adequate foreign currency, although the repayment schedule may be prolonged, while maintaining fairness among all creditor countries concerned.



Determination of appropriate recovery policy

After insurance claim is made by the insured, recovery policy will be made by NEXI.

Parties to conduct actual recovery

- NEXI's partner collection agencies
- The insured
- NEXI and the Japanese government (through negotiations with debtor country at the Paris Club, etc.)

Obligation for the insured (NEXI's customer) to cooperate in recovery efforts

- When instructed by NEXI to take necessary measures for recovery, the insured has an obligation to comply with the instructions. (Cooperation for recovery)
- Even in cases where actual recovery activities are conducted by NEXI's partner collection agencies, NEXI may request the insured to cooperate in the recovery efforts.

For more information, please contact us at the phone numbers below:

Asset Management Department

Toll-Free 0120-673-094

- Claims Service Group 03-3512-7663
- Recovery Group 03-3512-7658



TOPICS

Organization for Economic Cooperation and Development (OECD)

1 Working Party on Export Credits and Credit Guarantees (ECG Meeting and Participants Meeting)

The OECD was established in 1961 to discuss various global economic issues, and Japan has been a member since April 1964. The Working Party on Export Credits and Credit Guarantees (ECG), a subordinate organization of the OECD Trade Committee, exchanges information and discusses issues related to official export credits, including Export Credit Insurance and Buyer's Credit Insurance provided by NEXI. As a Japanese export credit agency (ECA), NEXI actively participates in the discussions in cooperation with concerned Japanese government agencies such as METI.

In addition to discussions on financial terms and conditions for officially supported export credits, the ECG has also focused on the responsibility of ECAs for social issues such as the environment, climate change, anti-bribery, and sustainable lending.

2 Arrangement on Officially Supported Export Credits

The financial terms and conditions for export credits are set out in the OECD's Arrangement on Officially Supported Export Credits to provide a framework for the orderly use of export credit and to foster a level playing field. The Arrangement prescribes common terms and conditions, such as minimum premium rates, down payments, maximum repayment terms, minimum interest rates, and repayment terms, when ECAs provide export credit. In addition to the Arrangement, sector-specific terms reflecting the characteristics of each sector may be applied to projects related to ships, nuclear power plants, civil aircraft, Coal-fired Electricity Generation rail infrastructure, renewable energy, climate change mitigation and adaptation, and water as well as Project Finance. NEXI provides export credits in line with the Arrangement.

3 Approaches to Environmental Issues

Since the formulation of the OECD Council Recommendation on Common Approaches to the Environment and Officially Supported Export Credit in 2001, revisions have regularly been made to improve the Common Approaches, including the third revision made in June 2012. Based on the OECD Common Approaches, NEXI has established the Environmental and Social Consideration Guidelines in Trade Insurance to encourage the appropriate environmental and social considerations for projects covered by its insurance.

4 Anti-bribery Measures

Based on the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions adopted in 1997 and the OECD Council Recommendation on Bribery and Officially Supported Export Credits in 2006, which was created to combat bribery in officially supported export credits, NEXI has taken appropriate measures against bribery in international business. In March 2019, the Recommendation was revised, and NEXI is moving forward with efforts based on the revisions.

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Profile of NEXI

Organization Name	Nippon Export and Investment Insurance	
Date of Establishment	April 1, 2017	
Act	Trade and Investment Insurance Act	
Purpose	To conduct insurance business to cover risks which arise in foreign transactions not covered by ordinary insurance	
Competent Minister	The Minister of Economy, Trade and Industry	
Capital	JPY 169,352,324,369 (100% State-owned)	
Executive Officers	Chairman and CEO	Atsuo Kuroda
	President	Masafumi Nakada
	Senior Managing Executive Officer, Member of Board	Keiji Wada
	Senior Managing Executive Officer, Member of Board	Hidenobu Teramura
	Member of Board	Hideo Teramoto
	Audit & Supervisory Board Member (Full-Time)	Keishi Nakamura
	Audit & Supervisory Board Member	Akio Otsuka
	Audit & Supervisory Board Member	Tomoyo Matsui
Number of Employees	195 (as of April 1, 2019)	
Scope of Business	<ol style="list-style-type: none"> 1) To conduct trade and investment insurance business operations complying with the provision of Chapter III of the Trade and Investment Insurance Act. 2) To conduct business incidental to the business stated in 1) above. 3) To underwrite reinsurance for international institutions, foreign governments or foreign companies who underwrite insurance (including reinsurance) which indemnifies losses similar to the losses covered by the trade and investment insurance, for the liability incurred by such insurers. 4) To underwrite reinsurance for Japanese insurance companies who underwrite insurance (excluding ordinary insurance) other than the trade and investment insurance deemed necessary to carry out the purpose of sound development of foreign transactions as prescribed by Cabinet Order, for the liability incurred by such insurers under the said insurance. 5) To cede reinsurance of the liability held by NEXI under the Trade and Investment Insurance Act to international institutions, foreign governments or foreign companies who underwrite insurance (including reinsurance) which covers the risks similar to those covered by the trade and investment insurance. 	
Brief History	<p>Jul. 1999 Enactment of Act on General Rules for Incorporated Administrative Agency</p> <p>Dec. 1999 Enactment of Act Revising a Section of the Trade and Investment Insurance Act</p> <p>Apr. 2001 Establishment of Nippon Export and Investment Insurance (NEXI) as an Incorporated Administrative Agency</p> <p>Jul. 2015 Enactment of Act Revising a Section of the Trade and Investment Insurance Act</p> <p>Apr. 2017 Establishment of Nippon Export and Investment Insurance ("new" NEXI) as a special stock company</p> <p>(Note: From 1950 through 2001, the trade and investment insurance was handled by the Ministry of Economy, Trade and Industry, the former Ministry of International Trade and Industry)</p>	
Offices	<p>(Domestic) Head Office: Tokyo, Branch Office: Osaka</p> <p>(Overseas) Singapore Branch, Paris Representative office, New York Representative office</p>	

Executive Officers



Back row: Hidenobu Teramura (Senior Managing Executive Officer, Member of Board), Hideo Teramoto (Member of Board)
 Front row: Masafumi Nakada (President), Atsuo Kuroda (Chairman and CEO), Keiji Wada (Senior Managing Executive Officer, Member of Board)



Akio Otsuka (Audit & Supervisory Board Member), Keishi Nakamura (Full Time Audit & Supervisory Board Member), Tomoyo Matsui (Audit & Supervisory Board Member)

Business Plan

Medium-term Business Plan (FY2019 - 21)

In pursuit of the actualization of our corporate philosophies, the medium-term business plan (FY2019–FY2021) has been formulated based on the following four pillars of action.

Four pillars of action:

1. Improve the quality of our service and provide security that a larger number of clients need.
2. Contribute to the realization of state policies.
3. Create a more attractive working environment.
4. Enhance the company's operating foundation for long-term stable insurance business.

◆ Medium-term Business Plan (FY2019 - 21)

1. Improve the quality of our service and provide security that a larger number of clients need.

- 1) Grasp client needs for Comprehensive Export Credit Insurance and continue to review our products and services in order to ensure the regular use of insurance products by existing clients.
- 2) Encourage the continued use of Export Credit Insurance including S/C among existing clients, and promote the insurance to exporters who have not yet used it.
- 3) Expand the scope of companies that make use of Overseas Investment Insurance by creating a mechanism to promote cooperation with private non-life insurance companies, and extending sales tools.
- 4) Develop loan insurance products and revise related systems while taking into consideration market needs in order to push infrastructure exports by Japanese companies.
- 5) Enhance clients' satisfaction with the process claim payments.
- 6) Provide clients with easy-to-understand information in an effective manner via the company website.
- 7) Improve the quality of our client services by performing the PDCA cycle based on client feedback through questionnaires.

2. Contribute to the realization of state policies.

- 1) Develop insurance products that meet the needs of the market and revise product-related systems in order to promote infrastructure exports by Japanese companies.
- 2) Support important business projects which are related to national policies such as infrastructure development programs, through actively providing insurance for them.
 - a) Business projects with high political importance, which are related to the government's policies:
 - Exports of Japan's high quality infrastructure / Participation in overseas business projects.
 - Securing a stable supply of natural resources, energy and food.
 - Exports of advanced environmental and safety technologies / Participation in overseas projects that contribute to greater energy efficiency and a better environment.
 - Exports of high-quality products developed with Japanese companies' technological excellence and related services / Participation in overseas business.
 - b) Projects that can make major contributions to strategic overseas expansion of Japanese companies.

c) Collaboration projects with other countries/public international organizations, which have a significant importance at the international level, or business projects that would allow us to improve international recognition of NEXI and to establish collaborative relationships with other institutions.

3) Provide greater support for international transactions of Japanese SMEs and their exports of agricultural, forestry, and fishery products.

3. Create a more attractive working environment.

- 1) Increase employee awareness of the corporate philosophies and basic behavior guidelines through personnel trainings.
- 2) Offer more opportunities for our employees to exercise their full potentials in jobs by increasing occasions for temporary transfers outside the company and business trainings.
- 3) Realize a working environment that offer various options in work style by promoting telecommuting.
- 4) Improve the current work environment through implementing the PDCA cycle based on employee questionnaire feedback.

4. Enhance the company's operating foundation for long-terms stable insurance business.

- 1) Newly develop an internal IT system with the aim of replacing the current one during FY2021, while reinforcing our IT system department.
- 2) Enhance sophisticated level of risk measurements. Based on the results of quantitative analysis, promote discussions on the management level to establish a framework to incorporate measurement results into our policy to countries, debtors and sectors which have been anticipated of having risk concentrations. In addition,

develop assessment standards to be able to appropriately judge insurance underwriting conditions including amount and shares that can be covered by the insurance, based on results of risk analysis from the early stage of insurance consultation.

- 3) Create a more systematic mechanism to conduct qualitative risk management and continuously promote the autonomous implementation of PDCA cycle.
- 4) Further increase the precision of buyer credit ratings and realize more detailed and accurate settings of credit limit in accordance with credit status of each buyer.
- 5) Regarding country risk, improve our skills of information gathering and analysis while strengthening related monitoring, and appropriately reflect new changes happened in the international situation into reviewing our underwriting policies/examinations.
- 6) Formulate a medium-term employment plan with the aim of increasing the number of personnel to 200 or so, giving consideration to the age structure and conduct systematic recruitments along with the plan. Also, establish and implement personnel development plan especially for PF staff who would play leading roles in the formation stage of business projects, and those working in IT systems, risk control including ceding insurance risks to another export credit agency/organization, fund management and environmental assessment.
- 7) Enhance our fund management system by starting a phased implementation of unifying fund-related divisions and systems that are responsible for asset liability management including conducting valuation of asset side taking the market risk into account.
- 8) Achieve an 18.9% recovery rate by FY2021, on the major transactions that we need to conduct collection of receivables.

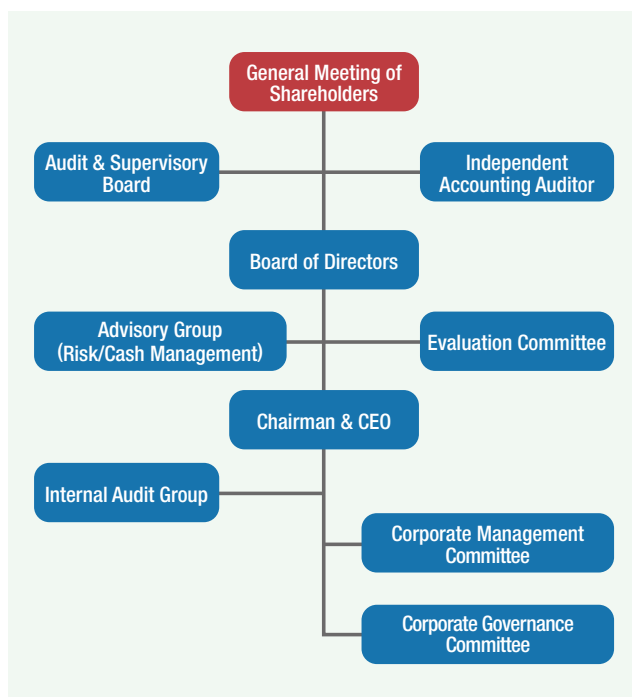
Note 1: Number of regular employees including assigned staff excluding those from IT Systems Division.

Business Operation and Management System

Corporate Governance

◆ Supervision, Evaluation and Business Execution

By establishing not only bodies such as the Board of Directors and the Audit & Supervisory Board in compliance with the Companies Act but also the Evaluation Committee, Corporate Management Committee, Corporate Governance Committee and Advisory Group, NEXI is working to achieve various goals including strengthening the supervision and evaluation of the Board of Directors and other bodies and enhancing business execution agility.



● Board of Directors

The Board of Directors makes decisions on important management issues and supervises the execution of NEXI's business operations. The Board of Directors consists of five directors, one of whom is an outside director as stipulated in the Companies Act. The outside director monitors and supervises the execution of NEXI's business with an outside perspective.

● Audit & Supervisory Board

The Audit & Supervisory Board supervises the decision-making process of the directors and execution of their duties based on

various laws and regulations such as the Companies Act and the Articles of Incorporation. The Audit & Supervisory Board consists of three corporate auditors, two of whom are outside corporate auditors as stipulated in the Companies Act. In collaboration with the full-time corporate auditor, the outside corporate auditors audit the execution of duties of the directors from an outside perspective and contribute to improving the governance structure at NEXI. In addition, we have created an Audit Secretariat to assist the corporate auditors with their duties.

● Evaluation Committee

The Evaluation Committee consists of outside experts and the outside director. This committee evaluates and advises on the operation and management state of NEXI as well as issues regarding NEXI's management that the Board of Directors consults with the committee on.

● Corporate Management Committee

The Corporate Management Committee is a deliberative body composed of executive officers and others, and deliberates on important management issues (except for issues to be addressed by the Corporate Governance Committee).

● Corporate Governance Committee

The Corporate Governance Committee, which is a deliberative body composed of executive officers and others, deliberates on important issues concerning corporate governance and internal control of the company.

● Advisory Group (Risk/Cash Management)

As an advisory body to the Board of Directors, the group evaluates and advises on the risk/cash management state of NEXI based on outside experts' knowledge.

◆ Government Involvement

NEXI is a 100% State-owned company that operates its trade and investment insurance business under the control and supervision by the competent minister, and inspection by the Board of Audit and the competent ministry.

◆ Internal Control Principles

In accordance with the Companies Act, NEXI's Board of Directors has established Internal Control Principles to ensure proper operation of the company. Internal rules and related systems have been created in line with those principles.

Compliance Promotion

NEXI is aware of its public mission and social responsibility as a policy-based financial institution responsible for the trade and investment insurance system and regards compliance as one of

its most important management issues in order to always comply with laws and regulations and operate with a sense of fairness. The following are related efforts:

◆ Awareness and Thorough Implementation of Compliance Rules

- NEXI has established basic compliance policies so that all executive officers and staff members (including dispatched workers) conduct their tasks in compliance with the applicable laws and regulations and the Articles of Incorporation in a sound and appropriate manner.
- Having stipulated internal rules concerning confidential information management, information security policies, and other information management issues, we have created a framework to appropriately store and manage confidential information and information assets. NEXI strives to disseminate and thoroughly comply with compliance rules.
- NEXI has compiled a compliance manual that outlines basic matters concerning compliance that should be known by executive officers and staff members as well as important laws and regulations that must be observed. The manual also provides a comprehensive explanation on internal compliance-related rules to help promote a better understanding of compliance issues. Also, we strive to disseminate and thoroughly comply with compliance rules by conducting education and awareness raising activities related to compliance under our annual compliance promotion program which is formulated each year.

◆ System for Implementing and Promoting Compliance

- We have created a Corporate Governance Committee as a meeting committee structure with the purpose of deliberating on important compliance issues and monitoring the state of compliance.
- NEXI has established a department and director in charge of compliance issues, responsible for improving and promoting the compliance system and increasing awareness of and thoroughly implementing compliance among executive officers and staff members.
- NEXI has established a reporting route in order to detect important issues concerning compliance at an early stage and implement necessary measures. NEXI has also created an effective internal reporting system, which it operates appropriately.

◆ Policy Related to Antisocial Forces

- NEXI does not have any relation with antisocial forces, resolutely confronts antisocial forces as an organization, and firmly rejects improper demands made by such forces.

Risk Management

As the sole specialized institution responsible for the trade and investment insurance business in Japan, NEXI aims to contribute to the sound development of international business by providing security to even more customers who conduct foreign transactions promoting efforts to implement Japan's growth strategy, and actively meeting the diverse needs of our customers. In order to fulfill our future social roles, NEXI has constructed the following framework to appropriately conduct comprehensive risk management.

◆ Approaches to Comprehensive Risk Management

● Insurance Underwriting Risk

When underwriting insurance, NEXI conducts risk assessments based on various data collected by our credit department, overseas offices, and specialized research organizations, in addition to information received by our underwriting departments through our customers. Further, we monitor the status of debtor countries and the creditworthiness of business counterparts and projects, to reflect any detected changes in credit conditions in our underwriting criterion.

In addition to managing credit for individual projects, we also ascertain the risk exposure for our entire portfolio, conduct concentration analysis and scenario analysis, and set standard underwriting amount. In order to promote the sound development of trade and investment insurance, we maintain and expand our insurance underwriting capacity by ceding out a portion of our accumulating risk.

● Cash Management / Investment Risk

NEXI's cash are reserves necessary for payment of future insurance claims.

In order to properly pay claims in a timely manner, NEXI gives the greatest priority to conducting appropriate and effective cash management while ensuring safety and certainty of the reserves by keeping a keen eye on the market trends.

● Operational Risk

We focus on reducing potential operational risks in normal business activities, and in case of occurrence of such risks, will aim to appropriately report and quickly respond to the situation while taking preventive measures to handle them.

Also, events or circumstances that arise with occurrence of risk will be reported to Corporate Governance Committee in order to enhance the effectiveness of operational risk management. NEXI fosters an organizational culture that values disciplined behavior combining with the previously mentioned compliance promotion.

◆ System for Promoting Risk Management

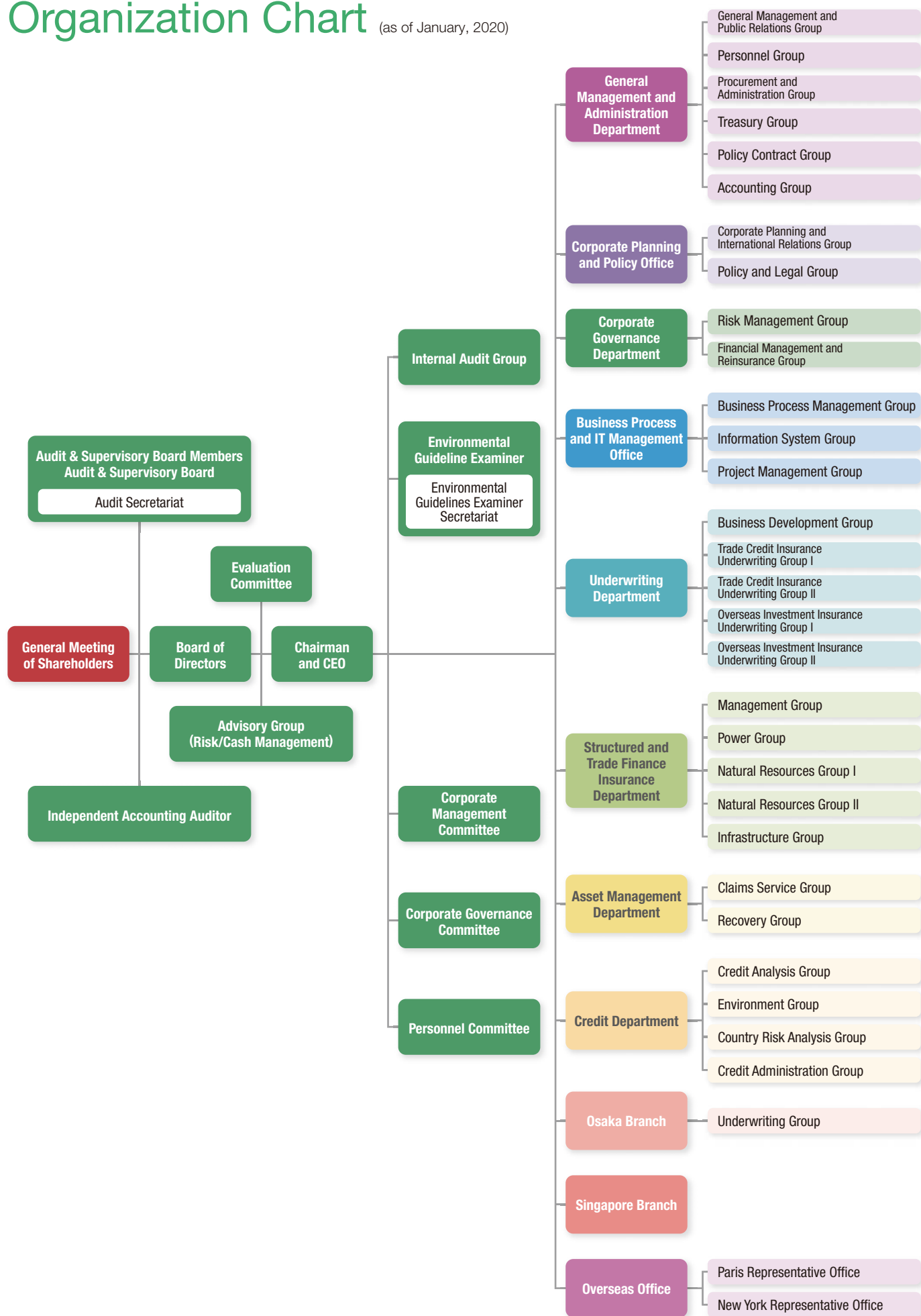
We report deliberation of important matters related to risk management and monitoring results on them to Corporate Management Committee or Corporate Governance Committee, according to the report content.

NEXI has created an Advisory Group related to risk/cash management.

◆ Large-Scale Disaster Risk

With the recognition that risks arising from large-scale disasters can be a serious risk to business, NEXI has formulated a business continuity plan to avoid as much as possible the impact of large-scale disasters on its business and to quickly restore business when such disasters do occur.

Organization Chart (as of January, 2020)



Access Map

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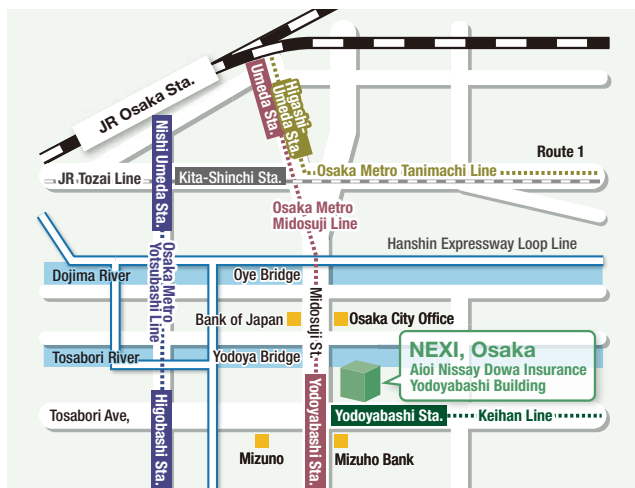


Osaka Branch

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3-1-22 Kitahama, Chuo-ku,
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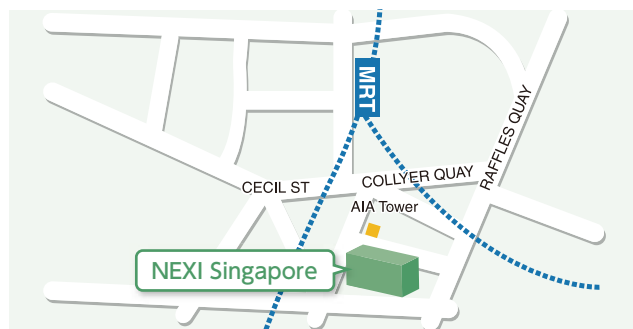


Singapore Branch

16 Raffles Quay, #38-06 Hong Leong Bldg.,
Singapore 048581

Phone: +65-6429-9582 Fax: +65-6222-0481

*NEXI Singapore is not a licensed insurer nor insurance intermediary under the Singapore Insurance Act.



Paris Representative Office

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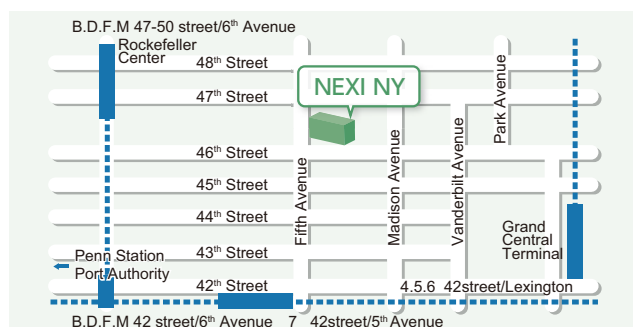
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NY 10017 U.S.A

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TOPICS

NEXI PR Activities

Website (<https://www.nexi.go.jp>)

Various information related to trade and investment insurance is provided on the NEXI website.

◆ Topics

Information on changes to trade and investment insurance programs and underwriting policy by country, related procedures, the underwriting of large-scale projects, and other information is posted on the website when available.

◆ Web Services

With the web services, users can complete the main procedures for some of the insurance products. It is also possible to check the content of contracts and view information on overseas trading companies via the user page. It is necessary to register as an insurance user to have a Web ID, but registering for and using the service is free of charge. The service also offers insurance premium simulation.

Monthly Online Magazine e-NEXI

Available via the website, the monthly online magazine e-NEXI carries trade and investment insurance related articles. The online magazine offers content related to trade, investment, and financing, including feature articles by a wide range of specialists and corporations broken down by topic, explanations of NEXI's activities and projects, and economic and political trends in each country. If you register for the online magazine, you will receive it by email for free each month.

Pamphlets

There are also comic book-style pamphlets that provide explanations of trade and investment insurance programs and the various procedures. The pamphlets can be viewed on the website.



This Is When Trade and Investment Insurance Is Useful (Product Outline)



This Is When Trade and Investment Insurance Is Useful (Use Examples)



This Is When Trade and Investment Insurance Is Useful (Procedures related to insured events)

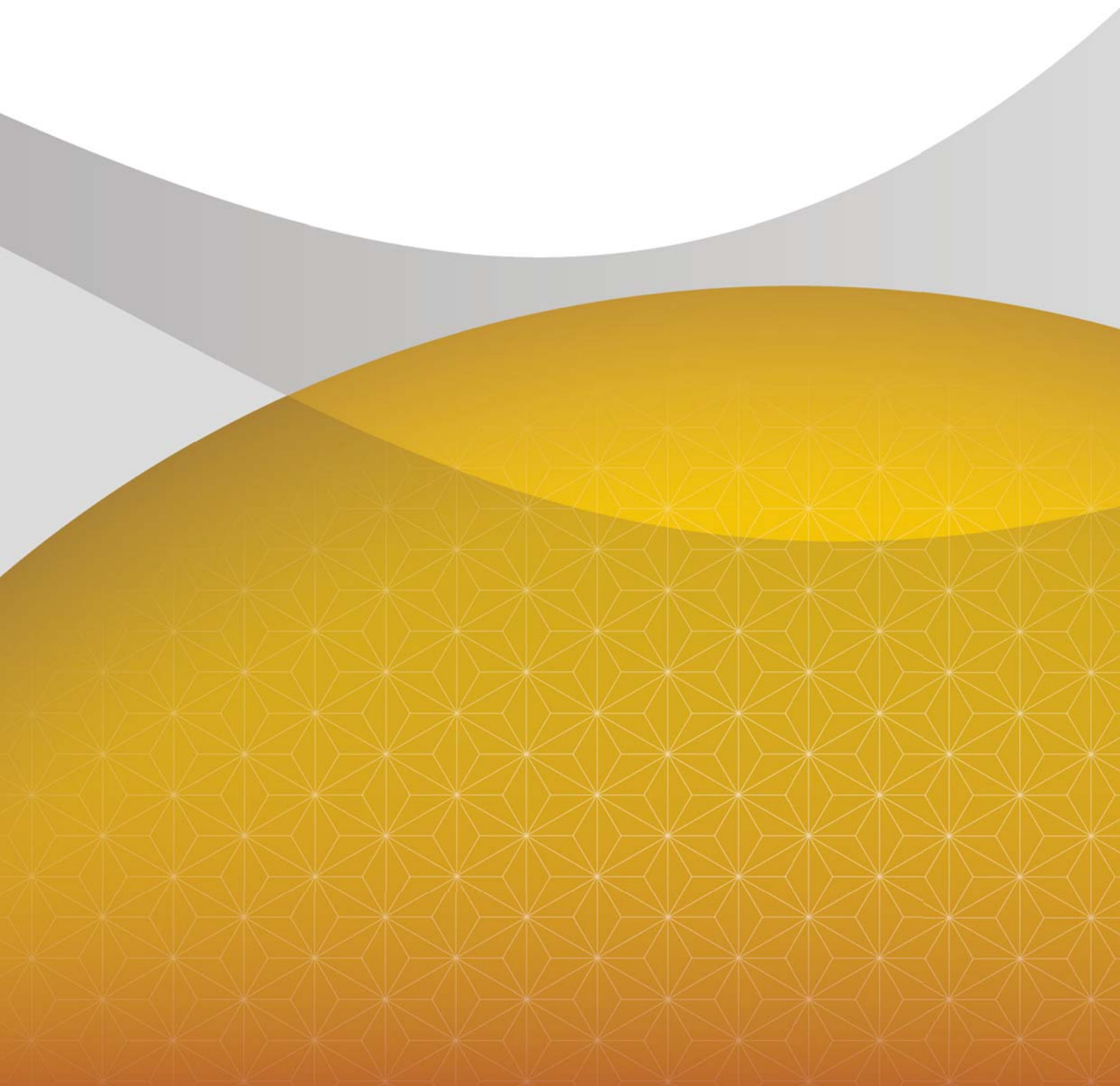
FY2018 Financial Results

FY2018 Financial Review

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Financial Statements etc.

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FY2018 Financial Review

Overview of Financial Statements

(Millions of Yen)

	2nd Fiscal Year (FY2018)
Ordinary income	41,551
Underwriting income	22,918
(Net premiums written)	22,905
Subrogation income	11,725
Investment income	6,900
Other ordinary income	9
Ordinary expenses	39,779
Underwriting expenses	33,354
(Net claims paid)	33,517
(Acquisition of receivables subrogated by paying claims)	(7,727)
(Provision for outstanding claims)	2,473
(Provision for unearned premiums)	(16,915)
(Provision for contingency reserves)	22,846
Subrogation expenses	388
Operating and administrative expenses	6,037
Ordinary profit	1,772
Extraordinary income	1,600
Extraordinary losses	3,372
Income before income taxes	—
Total income taxes	8
Net loss	(8)
Total assets	1,726,083
Net assets	794,887

Profit and Losses

NEXI's underwritten amount in FY2018, the total amount of insurance contracts underwritten during the fiscal year (the same applies below), decreased by 13.9% year-on-year from JPY 7.3 trillion to JPY 6.3 trillion. Premium income, the sum of direct premiums written and inward reinsurance premiums written (the same applies below), declined by 47.7% year-on-year from 56.1 billion to JPY 29.4 billion.

Net premiums written was JPY 22.91 billion; subrogation income, primarily consisting of recoveries, JPY 11.73 billion, and investment income, JPY 6.9 billion. Meanwhile, due to large commercial risk events, net claims paid was JPY 33.52 billion, subrogation expenses JPY 390 million, and operating and administrative expenses JPY 6.04 billion. As a result, provision for contingency reserve of JPY 22.85 billion was recorded.

Financial Statements etc.

Balance Sheet (As of March 31, 2019)

(Millions of Yen)		(Millions of Yen)	
Account Title	Amount	Account Title	Amount
(Assets)		(Liabilities)	
Cash and bank deposits	1,197,998	Insurance liabilities	908,017
Bank deposits	1,197,998	Outstanding claims reserves	2,473
Securities	447,494	Underwriting reserves	905,544
Government bonds	345,442	Unearned premiums	148,896
Municipal bonds	51,000	Contingency reserves	756,648
Corporate bonds	30,900	Other liabilities	22,529
Foreign securities	20,152	Income tax payable	3
Receivables subrogated by paying claims	66,681	Deposits received	15,411
Tangible fixed assets	718	Unearned income	2,504
Buildings	373	Accrued amount payable	4,201
Equipment and fixtures	342	Other liabilities	411
Other tangible fixed assets	3	Provision for employees' bonuses	122
Intangible fixed assets	1,302	Provision for directors' bonuses	9
Software	1,275	Provision for employees' retirement benefits	506
Software in progress	27	Provision for directors' retirement benefits	12
Other assets	11,796	Total liabilities	931,196
Accrued premiums	6,813	(Net assets)	
Accounts receivable	1,185	Capital	169,352
Accrued income	2,947	Capital surplus	625,553
Deposits	513	Legal capital surplus	625,553
Other assets	338	Retained earnings	(19)
Deferred tax assets	94	Other retained earnings	(19)
		Retained earnings brought forward	(19)
		Total shareholders' equity	794,887
		Total net assets	794,887
Total assets	1,726,083	Total liabilities and net assets	1,726,083

Financial Statements etc.

◆ Notes:

1 Significant accounting policies are as follows.

- (1) Valuation of securities: Bonds held to maturity are recorded at amortized cost (straight-line depreciation method).
- (2) Depreciation of tangible fixed assets is calculated using the straight-line method.
- (3) Depreciation of intangible fixed assets is calculated using the straight-line method. Software for internal use is depreciated based on the straight-line method over the period of internal use (five years).
- (4) Foreign-currency receivables and payables are converted into Japanese yen at fiscal year-end exchange rates, and conversion adjustments are recorded as profit or loss.
- (5) Provision for employees' bonuses is recognized for the payment of employees' bonuses, based on the expected amount to be paid at the end of the year.
- (6) Provision for directors' bonuses is recognized for the payment of directors' bonuses, based on the expected amount to be paid at the end of the year.
- (7) Provision for employees' retirement benefits is recognized in preparation for the payment of employees' retirement allowance, based on the projected retirement benefit obligation at the end of the year. Retirement benefit obligation and retirement benefit expense are calculated based on the simplified method whereby the requested amount to be paid at the end of the year for voluntary retirement of all employees is regarded as the company's benefit obligation.
- (8) Provision for directors' retirement benefits is recognized in preparation for the payment of directors' retirement allowance as the requested amount to be paid at the end of the year, in accordance with the internal regulations.
- (9) Contingency reserves are recognized in preparation for the payment of large insurance claims due to political risks or other reasons, in accordance with Article 22 of the Trade Insurance and Investment Act.
- (10) Consumption tax and local consumption taxes are accounted for by the tax-excluded method.

2 Significant components of deferred tax assets include the disallowance of provision for employees' bonuses, provision for employees' retirement benefits, and of unpaid business taxes, while the main component of deferred tax liabilities is retirement benefits liabilities translation adjustments.

3 Financial instruments

(1) Status

a. Policy on financial instruments

NEXI is engaged in the trade and investment insurance business. Some of its surplus is invested in securities to strengthen NEXI's financial base. In addition, the surplus from the trade and investment insurance business is invested in securities, deposits, and other financial instruments to the extent stipulated in Article 29 of the Trade and Investment Act.

b. Financial instruments and risk

Receivables subrogated by paying claims are exposed to the credit risk of debtor countries or debtors. Securities are exposed to the fluctuation risks of interest rates and of market prices.

c. Risk management for financial instruments

[1] Country risk management

In concluding insurance contracts that could cause the acquisition of receivables subrogated by paying claims, NEXI's Country Risk Analysis Group conducts risk assessment by gathering information through the Berne Union and the OECD and by researching and evaluating country risk.

[2] Credit risk management

For the credit risk management of export contract counterparties (overseas buyers), the Credit Administration Group conducts credit check and assessment of overseas buyers.

[3] Market risk management

Regarding the fluctuation risks of interest rates, prices and exchange rates associated with investments in securities and time deposits, NEXI manages those risks in line with the fund management plans discussed by the Board of Directors. The current state of managing these risks is ascertained and controlled, and related reports are submitted to the Board of Directors.

d. Supplementary information on fair value of financial instruments

The fair value of financial instruments is calculated based on quoted market prices and in a rational method when market prices are not available. Such fair values are measured under certain assumptions, and therefore they may differ under other assumptions.

(2) Fair value of financial instruments

The table below describes carrying amounts shown on the balance sheet, fair value and differences of financial instruments as of the end of the year, excluding instruments for which fair value cannot be measured reliably. (Refer to Note 2.)

(Millions of Yen)

	Carrying amount shown on balance sheet	Fair value	Difference
(1) Cash and bank deposits	1,182,597	1,182,597	—
(2) Securities	447,494	501,002	53,508
Bonds held to maturity	447,494	501,002	53,508
(3) Receivables subrogated by paying claims (commercial risk)			
Receivables subrogated by paying claims	13,654	13,654	—
Allowance for doubtful accounts*	—	—	—
(Net)	13,654	13,654	—
(4) Accrued premiums	6,813	6,813	—
Assets	1,650,558	1,704,066	53,508
(5) Deposits received	10	10	—
Liabilities	10	10	—

* Allowance for doubtful accounts associated with receivables subrogated by paying claims is deducted

Note 1. Valuation method for financial instruments and items on securities and other instruments

(1) Cash and bank deposits

The book value is deemed as the fair value, since it is scheduled to be settled in a short period of time and the book value approximates the fair value.

(2) Securities

The fair value is based on the quoted price at the stock exchange or that obtained from the financial institutions. Regarding the bonds held to maturity, the table below describes carrying amounts shown on the balance sheet, fair value and differences by type.

(Millions of Yen)

	Type	Carrying amount shown on balance sheet	Fair value	Difference
Those with fair value exceeding the carrying amount	Government and municipal bonds	419,830	473,458	53,628
Those with fair value not exceeding the carrying amount	Government and municipal bonds	27,663	27,544	-120
Total		447,494	501,002	53,508

(3) Receivables subrogated by paying claims (commercial risk)

The book value shown on the balance sheet as of the end of the year less allowance for doubtful accounts is deemed as the fair value, since the calculated amount approximates the fair value.

(4) Accrued premiums and (5) Deposits received

Regarding accrued premiums, the book value is deemed as the fair value since it is scheduled to be settled in a short period of time and the book value approximates the fair value.

Note 2. Financial instruments whose fair value cannot be measured reliably

Financial instruments whose fair value cannot be measured reliably are as follows.

(Millions of Yen)

	Carrying amount shown on balance sheet
Cash and bank deposits	15,401
Deposits received	15,401

Cash and bank deposits are reserves held in an account at Banco Nacional de Cuba that the government of Cuba opened under the name of "NEXI" (hereinafter referred to as "the Fund"), in accordance with an agreement reached by the Japanese and Cuban governments.

Deposits received represent the amount equivalent to the Fund. This is because the use of withdrawals from the Fund is restricted to activities including Cuban-peso denominated projects related to the development of Cuba approved by the governments of two countries, which means repayments made by the Fund's users to NEXI in Japanese yen is deemed as a partial recovery of the receivables subrogated by paying claims (political risk).

They are not included in (1) cash and bank deposits or (5) deposits received, since it is impossible to reasonably predict cash flows, and therefore it is extremely difficult to measure their fair values.

(Millions of Yen)

	Carrying amount shown on balance sheet
Receivables subrogated by paying claims (political risk)	53,027

It is difficult to measure the fair value of receivables subrogated by paying claims, due to the absence of value based on market prices. Similarly, it is difficult to measure the fair values of receivables

subrogated by paying claims (political risk) and of expected receivables subrogated by paying claims (political risk), due to the difficulty in predicting the time and frequency of concluding debt rescheduling agreements and their details, such as a grace period and debt reduction.

Note 3. Maturity analysis of financial assets

(Millions of Yen)

	Within 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 to 20 years	Over 20 years	Undetermined ^{*1}
Cash and bank deposits	1,182,597	—	—	—	—	—	15,401
Securities							
Bonds held to maturity	4,040	8,213	71,636	138,500	218,500	—	—
Accrued premiums	6,813	—	—	—	—	—	—
Total	1,193,450	8,213	71,636	138,500	218,500	—	15,401

* Receivables subrogated by paying claims (commercial risk) are not given due to the absence of redemption dates.

* 1 Of cash and bank deposits, the amount accumulated in the aforementioned Fund is included in Undetermined.

4 Accumulated depreciation of tangible fixed assets is JPY 292 million.**5 The breakdown of underwriting reserves at the end of the year is as follows.**

Underwriting reserves

Unearned premiums (before the deduction of underwriting reserves for outward reinsurance)	JPY 158,139 million
Underwriting reserves for outward reinsurance related to the above	JPY 9,243 million
Net (a)	JPY 148,896 million
Underwriting reserves for others (b)	JPY 756,648 million
Total (a + b)	JPY 905,544 million

6 Net assets per share is JPY 52,992.48.

Total net assets, the basis for calculating net assets per share, is JPY 794,887 million, and the full amount is related to common shares. The number of common shares at the end of the year is 15 million.

7 Receivables subrogated by paying claims (political risk), receivables subrogated by paying claims (commercial risk), expected receivables subrogated by paying claims (political risk), expected receivables subrogated by paying claims (commercial risk), transferred claims, and their total are as follows.

Receivables subrogated by paying claims (political risk)	JPY 53,027 million
Receivables subrogated by paying claims (commercial risk)	JPY 12,777 million
Expected receivables subrogated by paying claims (political risk)	—
Expected receivables subrogated by paying claims (commercial risk)	JPY 877 million
Transferred claims	—
Total	JPY 66,681 million

8 Amounts are rounded off to the nearest integer unit.

Financial Statements etc.

Statement of Income (April 1, 2018–March 31, 2019)

(Millions of Yen)

Account Title	Amount
Ordinary income	41,551
Underwriting income	22,918
Net premiums written	22,905
Foreign exchange gains	13
Subrogation income	11,725
Investment income	6,900
Interest and dividends income	6,230
Foreign exchange gains	670
Other ordinary income	9
Ordinary expenses	39,779
Underwriting expenses	33,354
Net claims paid	33,517
Acquisition of receivables subrogated by paying claims	(7,727)
Commissions	(839)
Provision for outstanding claims	2,473
Provision for underwriting reserves	5,930
Provision for unearned premiums	(16,915)
Provision for contingency reserves	22,846
Subrogation expenses	388
Operating and administrative expenses	6,037
Ordinary profit	1,772
Extraordinary income	1,600
Gain on government grants	1,600
Extraordinary losses	3,372
Loss on software	3,372
Income before income taxes	—
Income taxes-current	6
Income taxes-deferred	2
Total income taxes	8
Net loss	(8)

◆ Notes:

1

(1) The breakdown of net premiums written is as follows.

Premiums written	JPY 29,362 million
Reinsurance premiums paid	(JPY 6,458 million)
Total	JPY 22,905 million

(2) The breakdown of net claims paid is as follows

Insurance claims paid	JPY 33,517 million
Reinsurance claims recovered	—
Total	JPY 33,517 million

(3) The breakdown of commissions is as follows.

Commissions for agencies and others	JPY 1 million
Commissions for outward reinsurance	(JPY 839 million)
Total	(JPY 839 million)

(4) The breakdown of provision for underwriting reserves (figures in parentheses are reversal of provision) is as follows.

Provision for unearned premiums (before the deduction of underwriting reserves for outward reinsurance)	(JPY 11,692 million)
Provision for underwriting reserves for outward reinsurance related to the above	JPY 5,224 million
Net (a)	(JPY 16,915 million)
Provision for other underwriting reserves (b)	JPY 22,846 million
Total (a + b)	JPY 5,930 million

(5) The breakdown of interest and dividends income is as follows.

Interest from bank deposits	JPY 805 million
Interest and dividends from securities	JPY 5,425 million
Other interest and dividends	—
Total	JPY 6,230 million

(6) The breakdown of subrogation income and subrogation expenses is as follows.

Subrogation income

Recovery of receivables subrogated by paying claims (political risk)	JPY 5,114 million
Interest from receivables subrogated by paying claims (political risk)	JPY 3,969 million
Recovery of receivables subrogated by paying claims (commercial risk)	JPY 469 million
Interest from receivables subrogated by paying claims (commercial risk)	JPY 51 million
Recovery of transferred claims	JPY 184 million
Recovery received	JPY 1,095 million
Recovery received of overseas inward reinsurance	JPY 99 million
Others	JPY 27 million
Foreign exchange gains (subrogation income)	JPY 717 million
Total	JPY 11,725 million

Subrogation expenses

Loss on bad debts (commercial risk)	JPY 275 million
Debt recovery expenses (underwritten)	JPY 106 million
Recovery expenses (inward reinsurance)	JPY 6 million
Total	JPY 388 million

2 Business with related parties is as follows.

(Millions of Yen)

Type	Entity	Ratio of voting rights, etc.	Relationship with party	Transaction	Amount of transactions ²	Account title	Balance at end of year
Major shareholder	Ministry of Finance	Directly held 100%	Trade and investment insurance administration	Proceeds from government grants ¹	1,600	—	—

Transaction terms and decision policies of transaction terms, etc.

Note 1. The grants are provided to partially compensate for the impact that debt deduction for heavily indebted poor countries (HIPC), etc. has on the trade and investment insurance business.

Note 2. The figure does not include consumption tax, etc.

3 Gain on government grants recorded as extraordinary income refers to grants provided by the government to partially compensate for the impact that debt deduction for HIPCs and others has on the trade and investment insurance business.

4 Net loss per share is JPY 0.55.

Net loss for the current fiscal year, the basis for calculating net income or loss per share, is JPY 8 million, with the full amount of the loss being related to common shares.

The average number of common shares during the fiscal year was 15 million. The diluted net loss per share is not given since there are no dilutive shares.

5 Other notes:

Loss on software

During the current fiscal year, misconduct was discovered in the process of developing NEXI's more advanced trade and investment insurance system, including its bidding. As a result, NEXI recognized JPY 3,372 million as loss on software, the total sum of software in progress, which was previously recorded as assets by the fiscal year-end and has been written off from this year's fiscal report, due to no expectation of the system's use; and related expenses, which was incurred in the fiscal year.

The breakdown of the item is as follows.

Loss on disposal of software in progress	JPY 2,594 million
Related expenses	JPY 778 million
Total	JPY 3,372 million

6 Amounts are rounded off to the nearest integer unit.

Financial Statements etc.

Statement of Changes in Shareholders' Equity (April 1, 2018–March 31, 2019)

(Millions of Yen)

	Shareholders' Equity						Total net assets
	Share Capital	Capital Surplus		Retained Earnings		Total shareholders' equity	
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings brought forward			
Beginning balance	169,352	625,553	625,553	(10)	(10)	794,895	794,895
Changes during the year							
Net loss			—	(8)	(8)	(8)	(8)
Total change during the year	—	—	—	(8)	(8)	(8)	(8)
Ending balance	169,352	625,553	625,553	(19)	(19)	794,887	794,887

◆ Notes:

1 Type and number of issued shares and treasury shares

(Thousands of Shares)

	Number of shares as of April 1, 2018	Increase during the fiscal year 2018	Decrease during the fiscal year 2018	Number of shares as of March 31, 2019
Issued shares				
Common shares	15,000	—	—	15,000
Total	15,000	—	—	15,000

Note: NEXI holds no treasury shares.

2 Stock acquisition rights and treasury stock acquisition rights

There are no applicable matters.

3 Dividends

There are no applicable matters.

Statement of Cash Flows (April 1, 2018–March 31, 2019)

(Millions of Yen)

Account Title	Amount
Cash flows from operating activities	
Premiums received	26,411
Insurance claims paid	(33,509)
Commissions	(1)
Proceeds from collection of receivables subrogated by paying claims	33,209
Payment for allocation of collection from receivables subrogated by paying claims	(6,099)
Payment for operating and administrative expenses	(6,134)
Others	(29)
Subtotal	13,849
Interest and dividend income received	10,071
Income taxed refund (paid)	(160)
Net cash provided by (used in) operating activities	23,760
Cash flows from investing activities	
Payments into time deposits	(80,000)
Purchase of securities	(100,651)
Proceeds from sales and redemption of securities	16,500
Total from asset management activities	(164,151)
(Total from operating and asset management activities)	(140,391)
Purchase of tangible fixed assets	(23)
Purchase of intangible fixed assets	(1,071)
Others	(27)
Net cash provided by (used in) investing activities	(165,272)
Cash flows from financing activities	
Proceeds from government grants received	1,600
Net cash provided by (used in) financing activities	1,600
Effect of exchange rate changes on cash and cash equivalents	1,096
Net increase (decrease) in cash and cash equivalents	(138,816)
Cash and cash equivalents at the beginning of the year	1,241,712
Cash and cash equivalents at the end of the year	1,102,896

◆ Notes:

- 1 The Statement of Cash Flows to be submitted to the Minister of Trade, Economy and Industry under the provisions of Article 20 of the Trade and Investment Insurance Act is prepared in accordance with accounting principles generally accepted in Japan and ordinance on terminology, forms and preparation methods of financial statements.
- 2 Cash and cash equivalents in the statement of cash flows comprise cash on hand, deposits that can be withdrawn at any time, and short-term investments that are readily convertible into cash and bear only minor risks with respect to fluctuation of value with their redemption deadline arriving within about three months from the acquisition date.

- 3 The reconciliation of the balance of cash and cash equivalents at the end of the year and the amounts of items presented in the balance sheet is as follows.

At the end of the current fiscal year	(Millions of Yen)
Cash and bank deposits	1,197,998
Time deposit	(79,701)
Other bank deposits*	(15,401)
Cash and cash equivalents at the end of the year	1,102,896

* Other bank deposits are not included in the scope of cash and cash equivalents due to the following reason. Under the debt relief agreement between the governments of Japan and Cuba, the Cuban government opened an account at Banco Nacional de Cuba under the name of "NEXI." The use of withdrawals from the account is restricted to activities including Cuban-peso denominated projects related to the development of Cuba approved by both governments, with the account's users making a repayment of the equivalent amount in Japanese yen.

- 4 Amounts are rounded off to the nearest unit.

Financial Statements etc.

Details of account items

◆ Balance Sheet

Account item	Details
Receivables subrogated by paying claims	Of the rights acquired under Article 42 of the Trade and Investment Insurance Act, the item consists of receivables subrogated by paying claims (political risk), receivables subrogated by paying claims (commercial risk), expected receivables subrogated by paying claims (political risk), expected receivables subrogated by paying claims (commercial risk) and transferred claims.
Accrued premiums	Accrued premiums associated with insurance application
Accrued income	Total amount of accrued interests from securities and receivables subrogated by paying claims (political risk) at the end of the fiscal year
Outstanding claims reserves	The amount needed to pay claims that are already made but not yet recorded as expenses or that are not yet made but the occurrence of events is already notified (excluding notification of the delay in the performance of obligations)
Unearned premiums	Of premiums written, the amount equivalent to liabilities to cover the remaining period of coverage at the end of the fiscal year, specified in insurance contracts and others
Contingency reserves	The amount to prepare for possible future risks, in order to ensure the fulfillment of obligations based on insurance contracts and others

◆ Statement of Income

Account item	Details
Net premiums written	Direct premiums written adjusted by reinsurance premiums, with inward reinsurance premiums added and outward reinsurance premiums deducted
Subrogation income (expenses)	The item includes profit from recovery of receivables subrogated by paying claims, interest income, foreign exchange profit or loss, and loss on bad debts.
Investment income (expenses)	The item includes interests from financial assets such as bank deposits and securities, investment income such as dividends, foreign exchange profit or loss, and gain or loss on sales.
Net claims paid	Claims paid less reinsurance claims collected
Acquisition of receivables subrogated by paying claims	Value at the time of recognition of acquiring receivables subrogated by paying claims (excluding transferred claims)
Commissions	The item includes commissions for outward reinsurance, agencies, and others.
Gain on government grants	Grants received, related to matters including debt forgiveness deemed necessary to fulfill international obligations under Article 36 of the Trade and Investment Insurance Act



NEXI

Nippon Export and Investment Insurance

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