



NEXI

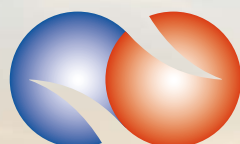
Nippon Export and Investment Insurance

ANNUAL REPORT

Nippon Export and Investment Insurance

2019





NEXI

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

Nippon Export and Investment Insurance
Chairman and CEO **Atsuo Kuroda**



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.

As the global economy already contracted in 2019 due to the US-China trade tensions and falling oil prices, the coronavirus outbreak in early 2020 has brought new uncertainty. In such circumstances, NEXI's underwriting amount in the last fiscal year fell below JPY 6.0 trillion for the first time since the foundation in 2001, reflected by decreases in Japanese export and direct investment.

In fiscal year 2019, the third year since NEXI was converted into a special stock company, we set three objectives: to increase insurance customers, reform the trade and investment insurance system, and strengthen international cooperation. It was precisely in times like this, when uncertainties over economy were growing, that we conducted business with a stronger sense of mission to provide better security to Japanese companies.

In order to increase the number of clients, NEXI conducted top-level sales and strengthened cooperation with related organizations to raise awareness of trade and investment insurance. We also worked towards creating an environment to encourage more customers to use Overseas Investment Insurance, by sharing risk through reinsurance with private insurance companies.

With respect to reforming the trade and investment insurance system, NEXI launched a new insurance product called Loan Insurance for Green Innovation. It was intended to support projects related to sustainable environment and climate change by providing a higher coverage rate than regular loan insurance products. Additionally, we signed memorandums of understanding on cooperation with 13 domestic and foreign financial institutions, aiming to build a fund bond scheme that would attract new fund providers to meet the global demand for infrastructure investment.

Furthermore, to strengthen international cooperation, NEXI enhanced support and network in Africa through participation in the 7th Tokyo International Conference on African Development (TICAD7), where we signed MOUs with three international organizations and held the first side event. Also, aiming to support Japanese companies' business expansion in third countries, we signed MOUs with governmental institutions and export credit agencies of such countries as the United States and Thailand, which resulted in setting up concrete projects.

In addition to the above initiatives, NEXI announced measures against the global coronavirus pandemic in early 2020, which included covering supply chain risk by investment insurance, supporting Japanese companies' overseas subsidiaries to procure working capital, and easing underwriting criteria for Prepayment Import Insurance for the import of medical supplies. In this unprecedented economic crisis, we have been strengthening support to make our customers feel more secured in conducting overseas transactions.

Some experts say that global supply chains will be transformed and globalization will come to an end in the post coronavirus world. However, I consider globalization as inevitable for Japan whose domestic market is expected to shrink. Given the above, NEXI continues to provide quality trade and investment insurance to meet increasingly diverse global business needs.

This year, Japan's trade insurance system celebrates its 70th anniversary. Appreciating all who have been involved in supporting overseas expansion of Japanese businesses, NEXI's executives and employees continue to contribute to the sound development of Japanese companies' international transactions. As the public institution engaged in Japan's trade insurance business, we remain committed to providing better security to more insurance clients under the customer-first principle. We appreciate your continued understanding and support for our business.

July 2020

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Figures in this Annual Report

In principle, figures in this report are rounded to the nearest unit. Therefore, the sum of individual figures may deviate from the sum presented. Figures that fall below a unit as a result of rounding are indicated as "0"; if there is no corresponding figure, "—" is indicated. Figures in the trade and investment insurance business are on a fiscal period basis unless otherwise noted.

Japan's trade and investment insurance business celebrates its 70th anniversary in 2020, since it was initiated with the enactment of the Export Credit Insurance Law in 1950. The timeline below illustrates a brief history from the post-WWII reconstruction period to the present.

1950s ~ 1960s

Launch of Export Insurance System as an Export Promotion Policy in the Post-WWII Reconstruction Period

Japan's trade insurance system was initiated under the Export Credit Insurance Law (1950), which was enacted to acquire foreign currency during the post-WWII reconstruction period by promoting Japanese exports. The system was designed to cover losses due to failed shipment and unrecovered payment arising from political risk. Although the system initially provided only a few insurance products and limited coverage, in response to increasing export volume and diversified transaction types, it was developed to cover more eventualities including credit risk and additional expenditure. As various measures, such as the introduction of Comprehensive Export Credit Insurance, led to a steady increase in the number of insurance users, the system made a significant contribution to Japan's export promotion.

The export insurance system was operated by the Export Insurance Division of the Ministry of International Trade and Industry (MITI), which was the predecessor of the Ministry of Economy, Trade and Industry (METI), under a special account (i.e. independent of general national budget) in the long-term break-even principle.

In the 1960s, foreign currency transfer regulations imposed by developing countries such as Indonesia triggered multiple political risk events, which resulted in large-scale insurance events.

1987

Export Credit Insurance Law was renamed to Trade and Investment Insurance Act.

1950

Export Credit Insurance Law was enacted. Export Insurance Division was established in the Ministry of International Trade and Industry (MITI).

1970s ~ 1990s

Responding to Sophisticated Trade Structures, International Cooperation Frameworks, and Larger Insurance Claims

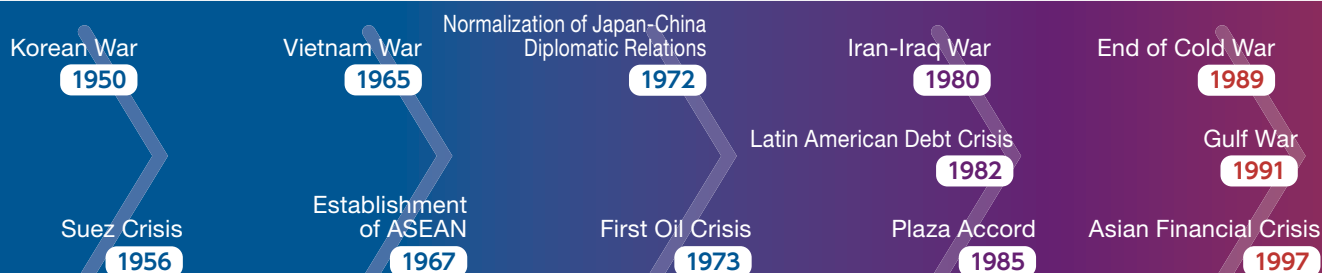
As the Japanese government (the Government) gradually liberalized foreign direct investment, Overseas Investment Insurance was introduced in 1970. Also, Buyer's Credit Insurance was launched responding to a shift in the form of providing credit for large machinery plant exports from long-term installment payments to bank loans to importers.

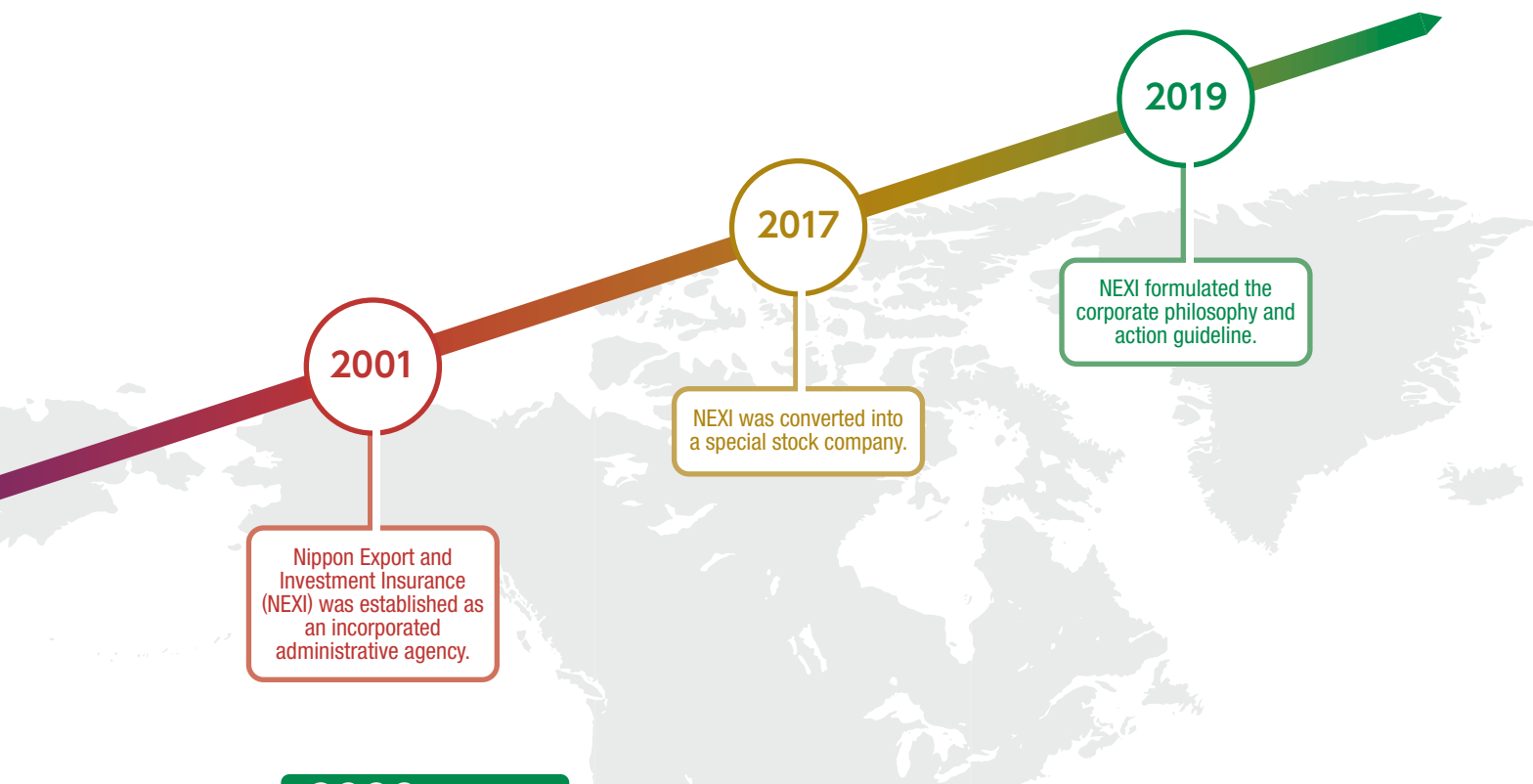
Furthermore, as Japan's trade structure became sophisticated, the Government took a series of measures to improve the export insurance system, such as the launch of new insurance products: Prepayment Import Insurance in the 1990s to meet demand for increasing import volume and Overseas Untied Loan Insurance to support national interest projects. As a result, the current trade and investment insurance system, which consists of three pillars of export (import), investment and financing, was established.

With Japan's status in cross-border trade being elevated, Japan joined two major global frameworks at their requests. One is the Berne Union—a leading global association for the export credit and investment insurance industry, and the other is the OECD Arrangement on Officially Supported Export Credits—an international arrangement intended to avoid excessive export competition. For the same purpose, the Government gradually improved the reinsurance system with overseas export credit agencies.

From the 1980s to the 1990s, many large insurance claims were made due to the deterioration in the Middle East situation such as the Iran-Iraq War. Additionally, the Asian Financial Crisis, which took place in the second half of the 1990s, discouraged private insurance companies to issue policies. In the meantime, however, the export insurance system continued to provide insurance as a public service, acting as a last resort.

Major International Events





2000 onwards

Establishment of NEXI and Support for Japanese Companies' Overseas Expansion

Nippon Export and Investment Insurance (NEXI) was established in April 2001 as an incorporated administrative agency which was engaged in practical operations in the trade insurance business, being split from the Governmental department that had directly run the business. The separation between operational function and policy-making function was intended to streamline projects undertaken by the Government, improve service quality and transparency, and increase staff expertise. Simultaneously, a reinsurance system was established under the Trade Reinsurance Special Account of the Government. These initiatives improved business agility, which enabled the system to better meet shifting needs in trade insurance, such as regarding Japanese companies' overseas business expansion and an increase in trilateral trade, both of which are accelerated by ongoing globalization.

NEXI increasingly provided insurance for long-term and large-scale projects, regarding such as overseas business expansion of infrastructure system and resource development, and was required to conduct more complex and advanced risk assessment. Due to such changes, NEXI faced the challenges of further developing its business agility, expertise and management decision making skills, as well as of better reflecting Government policies to insurance undertaking and of strengthening governance by the Government.

In these circumstances, NEXI was converted into a special stock company wholly owned by the Government in April 2017, aiming to improve management flexibility, efficiency and agility as well as to strengthen the unity with the Government. At the same time, the reinsurance system under the Special Account of Trade Reinsurance of the Government was abolished. NEXI made a new start as a stock company and addressed to enhance the governance through various measures including setting up the board of directors, audit and supervisory board and evaluation committee.

As the only public institution in Japan's trade investment insurance business, NEXI continues to contribute to the sound development of Japanese companies' international transactions, in accordance with Government policies such as overseas expansion of infrastructure systems, stable supply of natural resources and energy to Japan, and support for SMEs' international business. NEXI is committed to providing better security to clients by carrying out appropriate risk management and meeting their diverse needs.

September 11
Terrorist Attacks

2001

Iraq War,
SARS Outbreak

2003

Anti-Japanese
Demonstrations in China

2005

Global Financial Crisis

2008

European Debt Crisis

2009

Great East Japan Earthquake

2011

COVID-19 Pandemic

2020

As the sole public operator of Japan's trade and investment insurance system, NEXI's mission is to provide security to customers and regularly contribute to the sound development of Japanese companies.

In order to achieve this goal, NEXI has made various measures against crises since its foundation, based on the accurate grasp of economic and social conditions. It seeks to ensure that Japanese companies maintain smooth operations in overseas transactions even in the event of crises.

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Global Financial Crisis

- In order to satisfy the financing needs of Japanese companies' overseas subsidiaries, NEXI expanded the coverage of Overseas Untied Loan Insurance to include the subsidiaries' one or more years of working capital. The underwritten amount stood approximately JPY 1 trillion.
- NEXI broadened the reinsurance and coinsurance network, so that it could cooperate with other countries' export credit agencies (ECAs) in the event of crises.

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Great East Japan Earthquake

- As a measure against the reputational damage that Japan was contaminated with radiation, NEXI covered losses incurred by Japanese exporters due to import restrictions or bans in countries where cargo should have been shipped or business should have been conducted.

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Coronavirus (COVID-19) Pandemic

- The global COVID-19 pandemic starting in early 2020 has not only claimed a large number of victims, but also caused enormous damage to the world's economy, trade and investment.
- In order to cover the losses that the outbreak caused to Japanese companies and to support trade and investment, NEXI is making every possible effort based on the following six basic policies.
 - ▶ Losses due to the COVID-19 pandemic can be covered by export, investment and loan insurances.
 - ▶ Cross-border supply chain risks are now covered by investment insurance. The new coverage includes losses due to the investee's a month or more of business suspension, even if the suspension is caused by the investee's parts suppliers and sales partners that have been affected by COVID-19, regardless of which countries they are located in.
 - ▶ New export and investment projects, as well as existing investment projects, can be covered by insurance. The coverage includes cases in which export and investment destinations are in the regions where COVID-19 has already spread.
 - ▶ Export and investment risks in transactions that Japanese companies' overseas subsidiaries made to third countries can be covered by reinsurance with other countries' ECAs.
 - ▶ As a response to the funding needs of Japanese companies' overseas subsidiaries, their procurement of working capital can be covered by loan insurance. (The underwriting facility is JPY 1.5 trillion)
 - ▶ In Prepayment Import Insurance, underwriting criteria for the medical supply imports made at the request of the Government have been eased.

As of June 2020



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Performance Highlights

Export Trends

Japan's export value decreased by 6.0% year on year to approximately JPY 75.9 trillion in FY2019. This is mainly due to a decrease in exports of general machinery, transportation equipment.

Looking at the results by country and region, export to Asia decreased by 7.0% to JPY 40.9 trillion, which includes export to the People's Republic of China with a decline of 7.2% to JPY 14.5 trillion. Exports to the U.S. and the EU also decreased by 4.7% to JPY 14.9 trillion and by 5.1% to JPY 8.5 trillion, respectively. Meanwhile, export to the Middle East increased by 1.4% to JPY 2.3 trillion.

Japan's export value

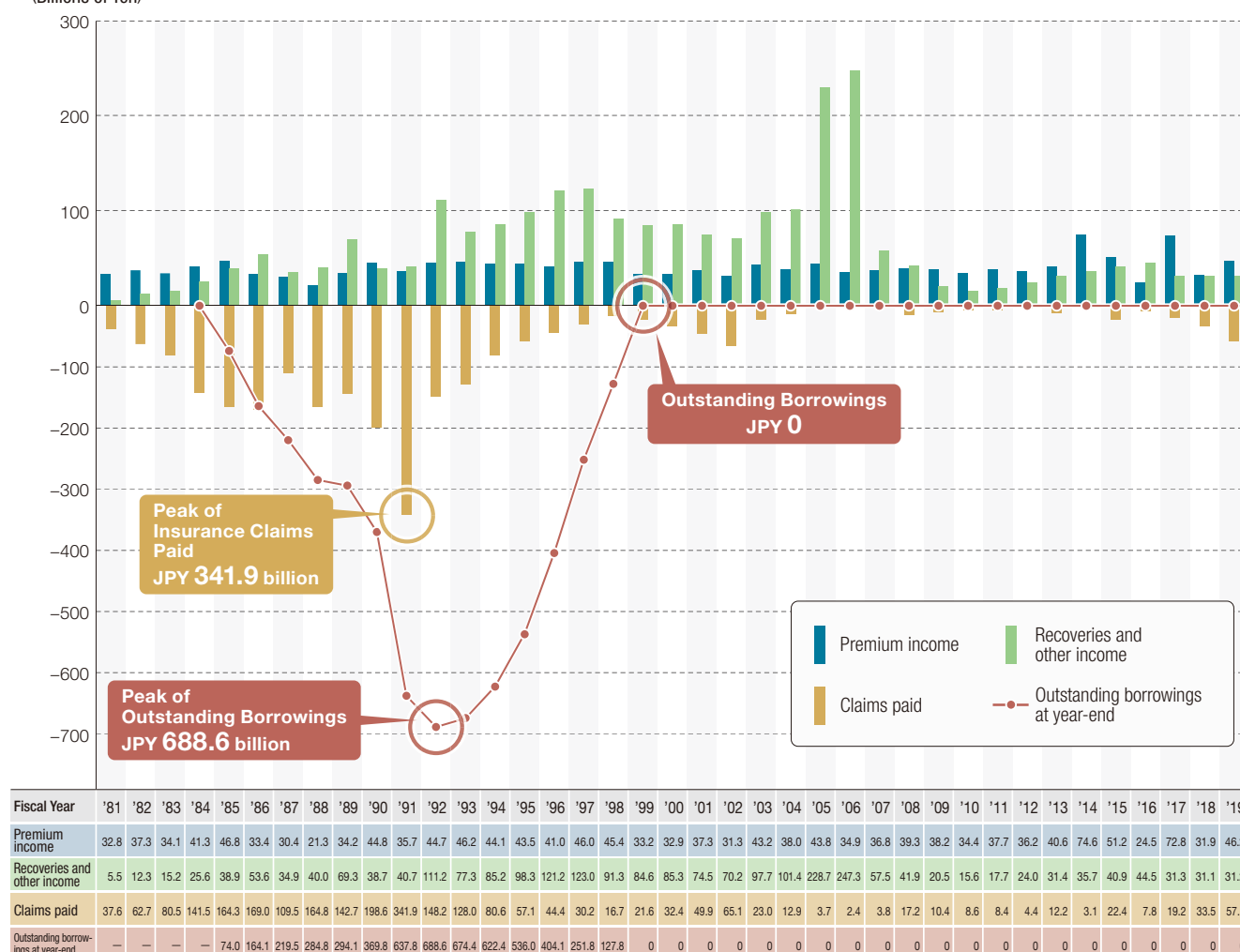
(Millions of Yen)

	FY2015	FY2016	FY2017	FY2018	FY2019
Total Export Value	74,115,132	71,522,248	79,221,249	80,709,887	75,880,217
Year-on-Year Change (%)	(0.7)	(3.5)	10.8	1.9	(6.0)

(Source: Trade Statistics, Ministry of Finance)

Trends of Trade and Investment Insurance Business

(Billions of Yen)



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

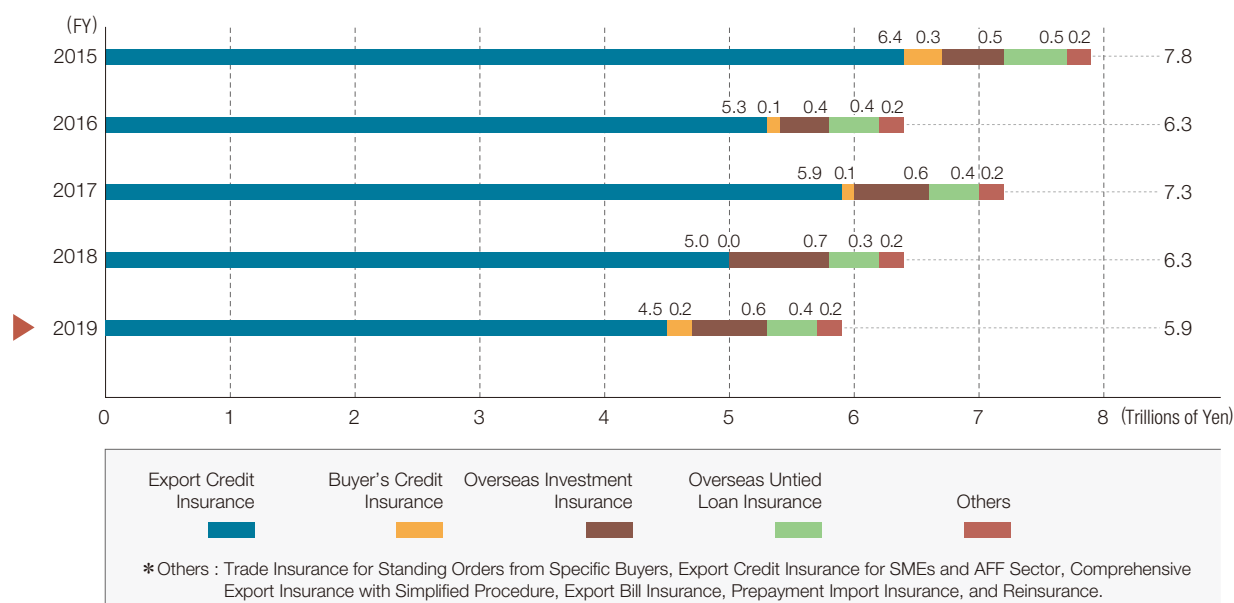
(Billions of Yen)



Underwritten Amount

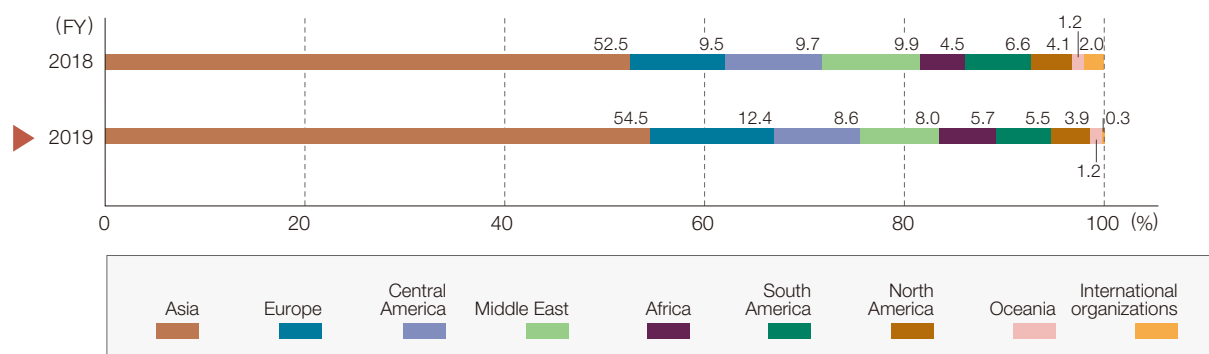
Underwritten Amount by Insurance Type

The underwritten amount decreased by 6.3% year on year to approximately JPY 5.9 trillion in FY2019. This is mainly due to declining performance in Export Credit Insurance. Meanwhile, Overseas Untied Loan Insurance increased by 23.2% to JPY 0.4 trillion, and Buyer's Credit Insurance increased by 433.5% to JPY 0.2 trillion.



Underwritten Amount by Region

Asia continued to account for the largest share with 54.5% (JPY 3.4 trillion), followed by the Europe with 12.4% (JPY 0.8 trillion).



Top Ten Countries and Regions for Underwritten Amount in FY2019

Rank	Country/Region	Underwritten amount	Composition
1	Vietnam	508,266	14.2%
2	Indonesia	458,938	12.8%
3	Taiwan	439,264	12.2%
4	China	428,187	11.9%
5	Thailand	344,955	9.6%

(Millions of Yen)

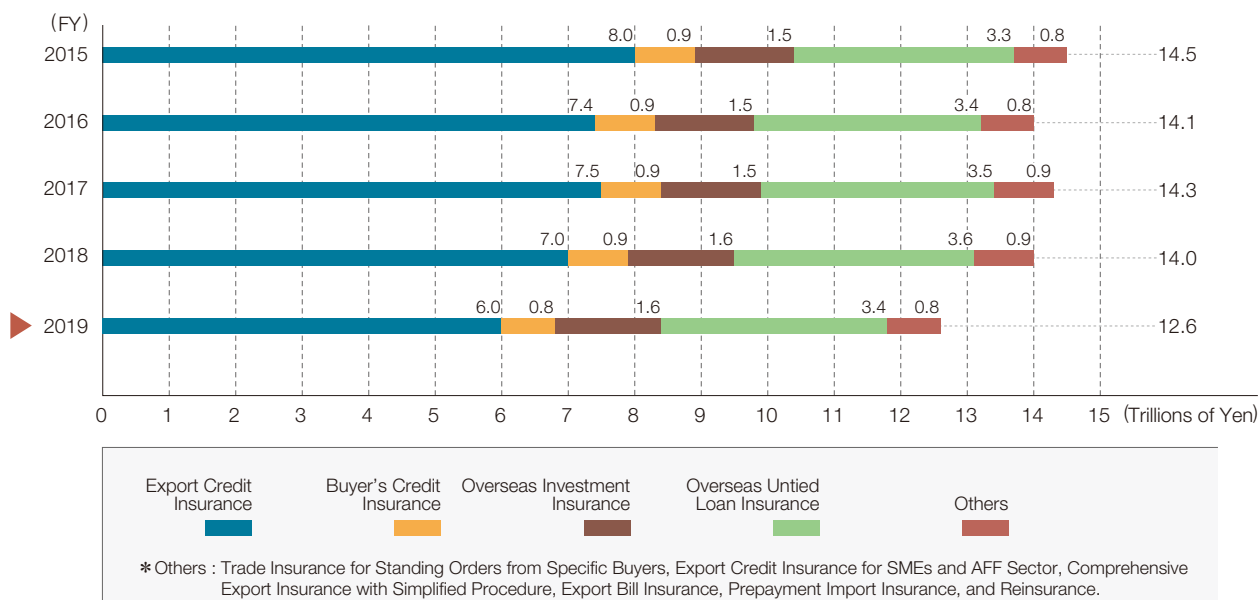
Rank	Country/Region	Underwritten amount	Composition
6	Belgium	324,939	9.1%
7	Korea	321,932	9.0%
8	Panama (flag of convenience vessel)	304,813	8.5%
9	United Arab Emirates	244,227	6.8%
10	U.S.A	213,373	5.9%

Performance Highlights

Outstanding Commitment

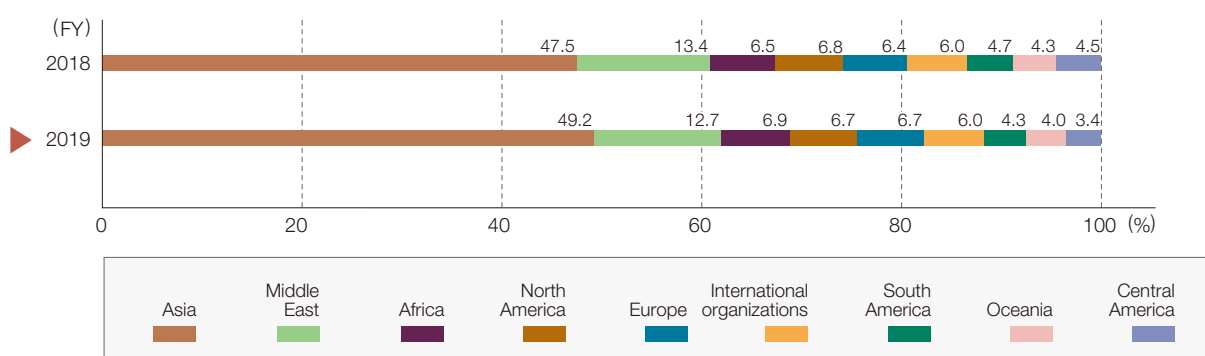
● Outstanding Commitment by Insurance Type

The outstanding commitment decreased by 10.0% year on year to approximately JPY 12.6 trillion in FY2019.



● Outstanding Commitment by Region

Asia accounted for the largest share with 49.2% (JPY 6.5 trillion), followed by the Middle East with 12.7% (JPY 1.7 trillion).

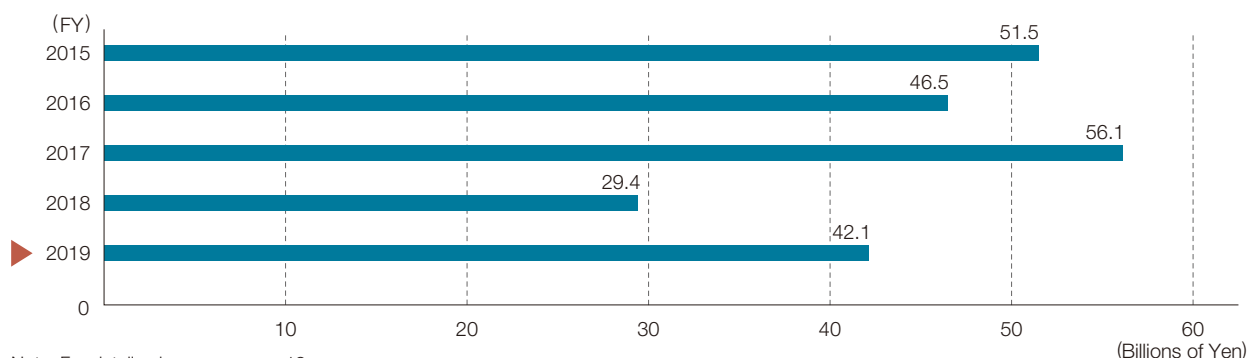




Premium Income

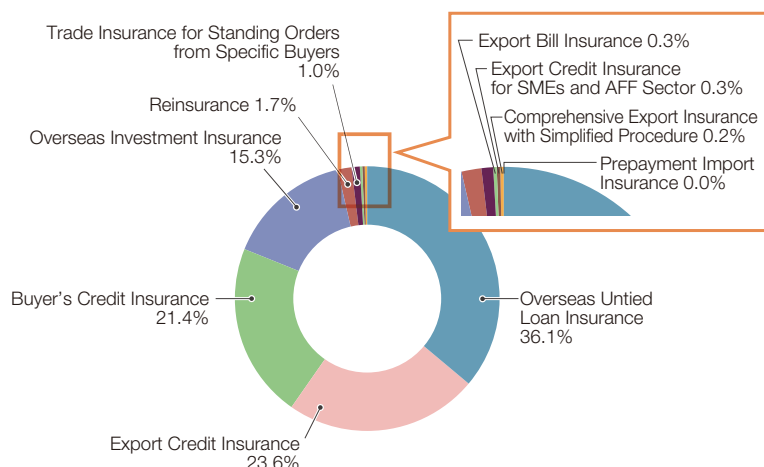
Trends of Premium Income

Premium income increased by 43.5% year on year to approximately JPY 42.1 billion in FY2019.



Premium Income by Insurance Type

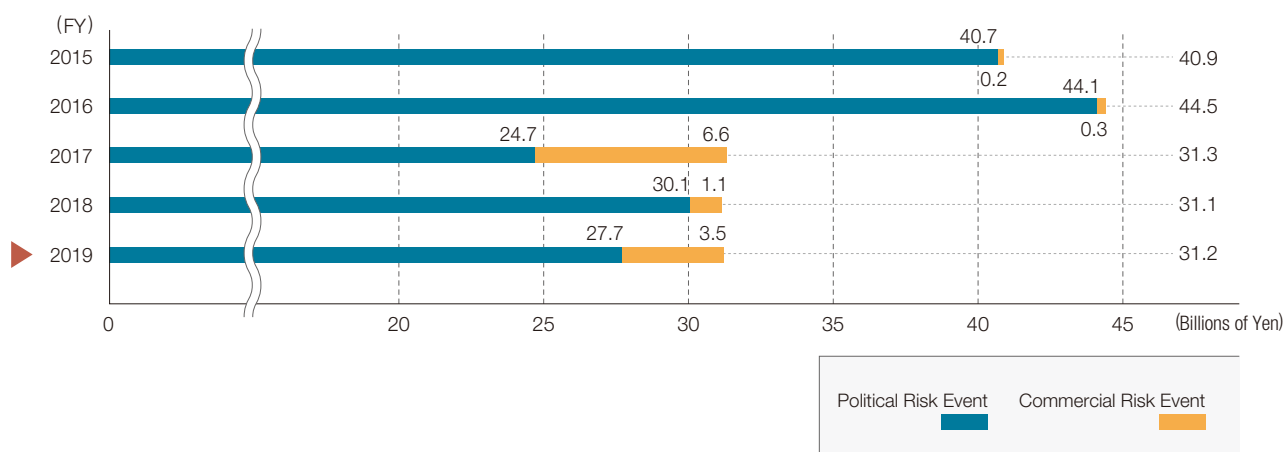
Overseas Untied Loan Insurance accounted for the largest share with 36.1% (approximately JPY 15.2 billion), followed by Export Credit Insurance with 23.6% (JPY 9.9 billion), and Buyer's Credit Insurance with 21.4% (JPY 9.0 billion).



Recoveries

Trends of Recoveries

The amount of recoveries increased by 0.2% year on year to approximately JPY 31.2 billion in FY2019. Recoveries of claims associated with political risk events, including debt rescheduling, accounted for 89% (JPY 27.7 billion). The remaining 11% (JPY 3.5 billion) was associated with commercial risk events.

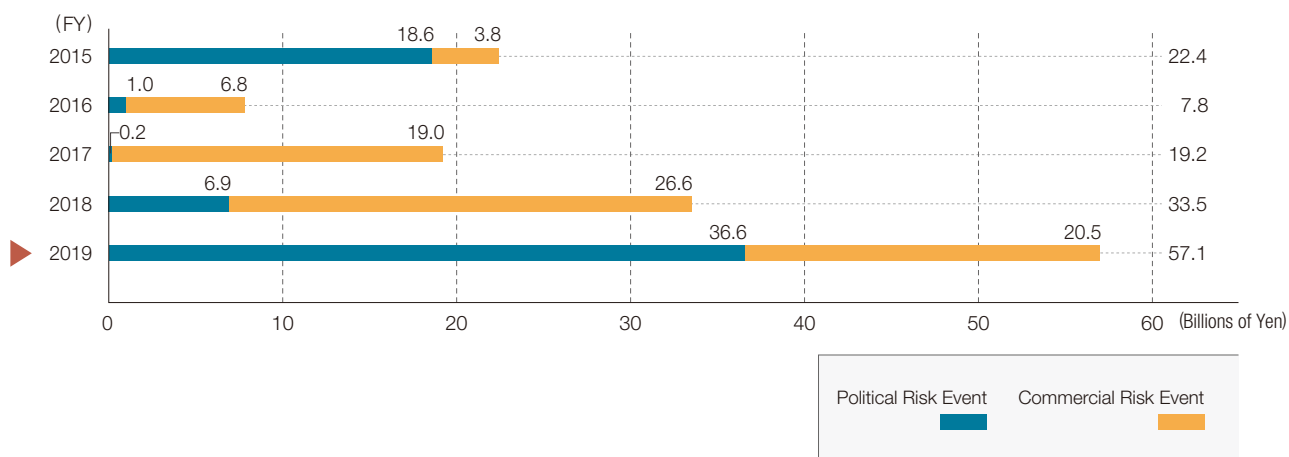


Performance Highlights

Claims Paid

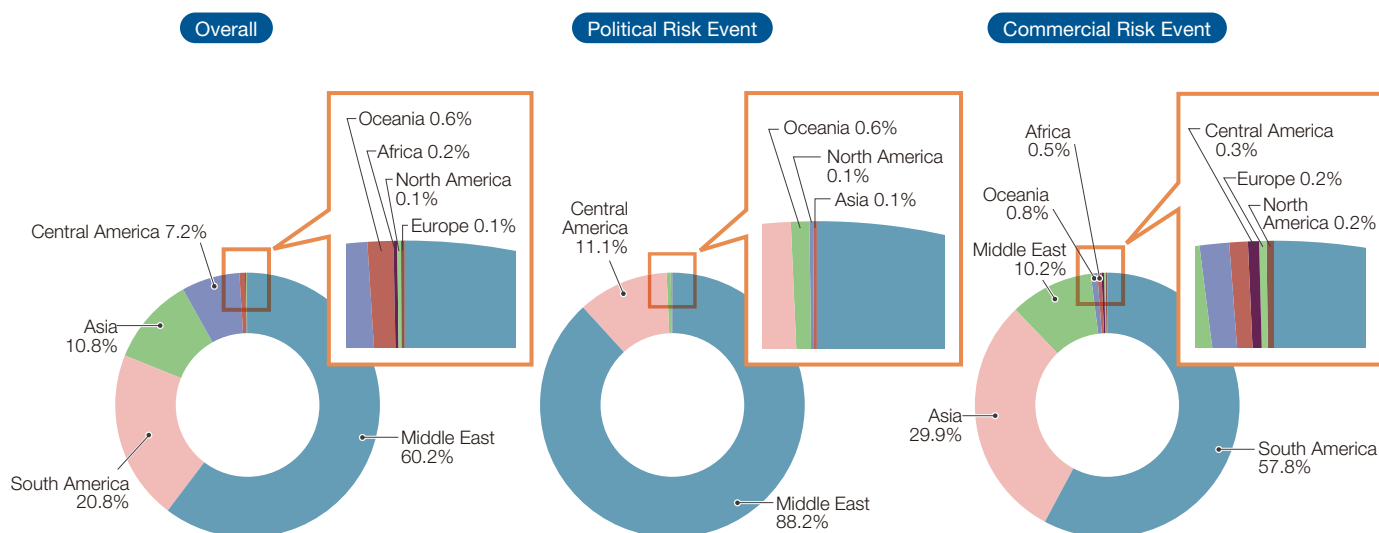
Trends of Claims Paid

Claims paid increased by 70.3% year on year to approximately JPY 57.1 billion in FY2019, due to large claims paid for both political risk event and commercial risk event.



Claims Paid by Region

The Middle East accounted for the largest share with 60.2% (approximately JPY 34.3 billion).





Insured Events in FY2019 (Based on the data as of May 15, 2020)

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

The reported occurrence of risk events decreased to approximately JPY 67.3 billion from the previous year. This is due to a decline in both political and commercial risk events, in particular because of a substantial decrease in commercial risk events despite negative factors such as Asian and Middle East buyers' delayed payments which were also seen last year.

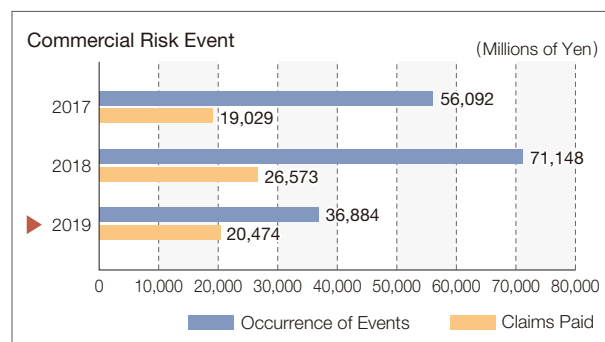
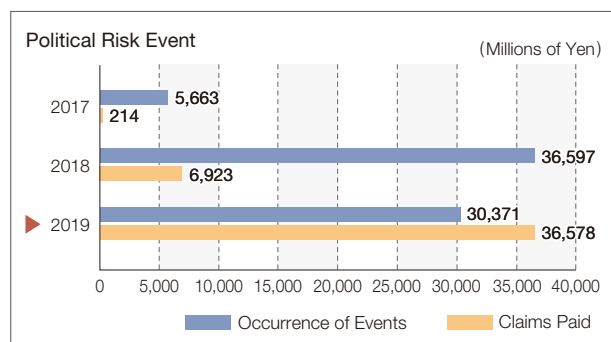
Meanwhile, overall claims paid significantly increased to JPY 57.1 billion. This is due to a huge surge in political risk events that was mainly caused by economic sanctions, although commercial risk events experienced a decrease in delayed payments.

(Millions of Yen)

	Risk Type	FY2017	FY2018	FY2019	Year-on-year Change (%)
Occurrence of Events	Political Risk	5,663	36,597	30,371	(17.0%)
	Commercial Risk	56,092	71,148	36,884	(48.2%)
	Total	61,755	107,745	67,255	(37.6%)
Claims Paid	Political Risk	214	6,923	36,578	428.4%
	Commercial Risk	19,029	26,573	20,474	(23.0%)
	Total	19,243	33,497	57,052	70.3%

* 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.

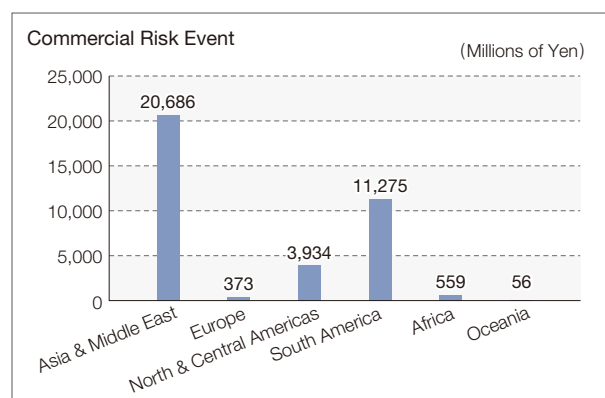
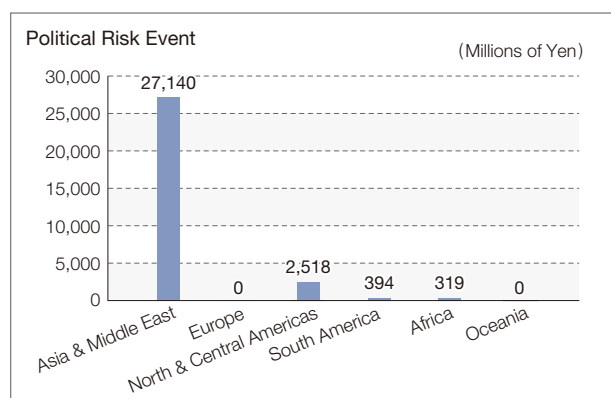
Occurrence of Events and Claims Paid (FY2017-FY2019)



Occurrence of Events by Region

Approximately 90% of political risk events occurred in Asia and the Middle East, and the remaining 10% occurred in North, Central and South Americas and Africa.

Occurrence of Events by Region (FY2019)



Review of Performance

Underwritten Amount

Underwritten Amount by Insurance Type

(Millions of Yen)

Type of Insurance	FY2015	FY2016	FY2017	FY2018	FY2019	Composition (%)	Year-on-Year Change (%)
Export Credit Insurance	6,438,129	5,344,820	5,915,423	5,030,034	4,526,832	76.7	(10.0)
One year or less	3,304,188	2,745,229	3,093,390	2,908,306	2,810,763	47.6	(3.4)
More than one year	3,133,941	2,599,591	2,822,033	2,121,728	1,716,069	29.1	(19.1)
Trade Insurance for Standing Orders from Specific Buyers	5,463	5,308	8,115	7,443	10,907	0.2	46.5
Export Credit Insurance for SMEs and AFF Sector	9,290	9,640	8,449	9,812	13,656	0.2	39.2
Comprehensive Export Insurance with Simplified Procedure	40,956	47,106	51,963	58,024	51,207	0.9	(11.7)
Export Bill Insurance	13,258	12,255	11,823	13,023	12,358	0.2	(5.1)
Prepayment Import Insurance	454	98	981	214	2,844	0.0	1229.3
Overseas Investment Insurance	503,508	401,538	641,568	712,045	601,782	10.2	(15.5)
Buyer's Credit Insurance	256,135	61,898	138,372	37,083	197,823	3.4	433.5
Overseas Untied Loan Insurance	454,643	366,722	422,123	342,565	422,132	7.2	23.2
Reinsurance	93,426	85,297	115,971	86,219	62,313	1.1	(27.7)
Total	7,815,262	6,334,680	7,314,788	6,296,462	5,901,854	100.0	(6.3)

(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 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	FY2015	FY2016	FY2017	FY2018	FY2019	Composition (%)	Year-on-Year Change (%)
Asia	4,103,595	3,711,316	3,878,278	3,517,050	3,422,851	54.5	(2.7)
Middle East	1,311,427	571,306	696,610	661,380	500,303	8.0	(24.4)
Europe	743,348	578,369	699,293	638,012	780,216	12.4	22.3
North America	383,047	250,236	303,599	274,361	245,916	3.9	(10.4)
Central America	789,353	723,744	703,342	647,942	538,946	8.6	(16.8)
South America	377,503	251,170	438,422	442,875	345,257	5.5	(22.0)
Africa	317,625	373,657	590,893	304,254	355,564	5.7	16.9
Oceania	137,866	119,886	100,603	81,527	72,864	1.2	(10.6)
International organizations	293,575	177,508	445,278	134,460	16,221	0.3	(87.9)

(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.

(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	FY2015	FY2016	FY2017	FY2018	FY2019	Composition (%)	Year-on-Year Change (%)
Export Credit Insurance	7,988,439	7,446,773	7,538,669	6,994,430	5,968,467	47.4	(14.7)
One year or less	3,056,828	2,649,163	2,497,946	2,417,727	2,291,738	18.2	(5.2)
More than one year	4,931,611	4,797,610	5,040,723	4,576,703	3,676,729	29.2	(19.7)
Trade Insurance for Standing Orders from Specific Buyers	9,375	7,313	9,868	11,383	13,211	0.1	16.1
Export Credit Insurance for SMEs and AFF Sector	3,161	3,028	2,817	3,817	4,491	0.0	17.6
Comprehensive Export Insurance with Simplified Procedure	10,531	11,879	13,003	16,415	10,874	0.1	(33.8)
Export Bill Insurance	2,851	3,283	3,556	3,224	3,831	0.0	18.8
Prepayment Import Insurance	301	0	979	208	2,298	0.0	1002.7
Overseas Investment Insurance	1,457,399	1,460,533	1,528,398	1,596,806	1,602,810	12.7	0.4
Buyer's Credit Insurance	923,292	922,836	866,474	923,657	831,832	6.6	(9.9)
Overseas Untied Loan Insurance	3,348,179	3,439,069	3,549,807	3,608,086	3,365,701	26.7	(6.7)
Reinsurance	740,210	821,174	827,116	830,151	783,808	6.2	(5.6)
Total	14,483,737	14,115,888	14,340,688	13,988,179	12,587,322	100.0	(10.0)

(Note 1) In principle, the foreign currency denominated insurance contract is calculated based on the exchange rate at the end of each fiscal year. (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	FY2015	FY2016	FY2017	FY2018	FY2019	Composition (%)	Year-on-Year Change (%)
Asia	6,768,579	6,941,039	6,896,936	6,926,035	6,463,037	49.2	(6.7)
Middle East	2,413,796	2,198,618	2,050,197	1,945,372	1,673,822	12.7	(14.0)
Europe	1,368,305	1,105,592	1,070,642	930,638	885,666	6.7	(4.8)
North America	981,989	912,846	977,828	984,054	886,348	6.7	(9.9)
Central America	687,931	755,757	769,735	653,945	444,834	3.4	(32.0)
South America	925,309	767,445	695,229	685,649	565,177	4.3	(17.6)
Africa	680,693	751,177	965,515	952,503	911,884	6.9	(4.3)
Oceania	747,300	725,637	654,853	624,052	520,348	4.0	(16.6)
International organizations	243,752	282,677	1,084,413	868,089	787,432	6.0	(9.3)

(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	FY2015	FY2016	FY2017	FY2018	FY2019	Composition (%)	Year-on-Year Change (%)
Export Credit Insurance	13,858	14,838	14,213	12,032	9,932	23.6	(17.5)
One year or less	5,081	5,240	6,600	5,441	5,022	11.9	(7.7)
More than one year	8,777	9,598	7,613	6,591	4,909	11.7	(25.5)
Trade Insurance for Standing Orders from Specific Buyers	194	166	340	259	433	1.0	67.1
Export Credit Insurance for SMEs and AFF Sector	83	85	72	84	125	0.3	49.4
Comprehensive Export Insurance with Simplified Procedure	99	105	116	127	102	0.2	(19.7)
Export Bill Insurance	131	109	120	130	130	0.3	0.0
Prepayment Import Insurance	3	0	3	3	17	0.0	562.1
Overseas Investment Insurance	5,802	5,264	6,102	6,188	6,454	15.3	4.3
Buyer's Credit Insurance	13,030	3,378	6,326	1,424	9,009	21.4	532.5
Overseas Untied Loan Insurance	15,231	22,044	26,220	7,018	15,227	36.1	117.0
Reinsurance	3,038	526	2,603	2,098	697	1.7	(66.8)
Total	51,469	46,516	56,117	29,362	42,127	100.0	43.5

(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	FY2015			FY2016			FY2017			FY2018			FY2019				
		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	21,926	18,571	3,355	3,499	1,000	2,499	4,205	114	4,091	18,082	2,175	15,907	43,996	36,344	7,652	77.1	143.3
Trade Insurance for Standing Orders from Specific Buyers	221	0	221	0	0	0	13	0	13	0	0	0	0	0	0	0.0	—
Export Credit Insurance for SMEs and AFF Sector	2	0	2	136	0	136	193	0	193	78	0	78	150	0	150	0.3	91.8
Comprehensive Export Insurance with Simplified Procedure	0	0	0	13	0	13	3	0	3	0	0	0	6	0	6	0.0	—
Export Bill Insurance	0	0	0	31	0	31	0	0	0	10	0	10	35	0	35	0.1	240.6
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	100	100	0	2,941	2,941	0	234	234	0	0.4	(92.0)
Buyer's Credit Insurance	0	0	0	114	0	114	0	0	0	1,807	1,807	0	117	0	117	0.2	(93.5)
Overseas Untied Loan Insurance	0	0	0	1,047	0	1,047	13,839	0	13,839	9,253	0	9,253	11,760	0	11,760	20.6	27.1
Reinsurance	245	0	245	2,943	0	2,943	891	0	891	1,325	0	1,325	755	0	755	1.3	(43.0)
Total	22,395	18,571	3,824	7,782	1,000	6,782	19,243	214	19,029	33,497	6,923	26,573	57,052	36,578	20,474	100.0	70.3

Claims Paid by Region

(Millions of Yen)

Region	FY2015		FY2016			FY2017			FY2018			FY2019					
	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	1,059	0	1,059	3,662	0	3,662	4,385	112	4,273	12,477	0	12,477	6,154	32	6,121	10.8	(50.7)
Middle East	1,472	0	1,472	872	29	843	287	2	286	5,646	2,103	3,543	34,348	32,259	2,090	60.2	508.3
Europe	24	20	4	245	0	245	542	0	542	1,115	1	1,114	43	0	43	0.1	(96.1)
North America	0	0	0	503	0	503	25	0	25	187	71	116	75	32	43	0.1	(59.8)
Central America	980	0	980	0	0	0	0	0	0	40	0	40	4,114	4,053	61	7.2	10,137.8
South America	18,584	18,551	33	1,384	320	1,064	13,940	100	13,840	11,090	1,807	9,283	11,841	0	11,841	20.8	6.8
Africa	276	0	276	884	652	233	65	0	65	2,941	2,941	0	106	0	106	0.2	(96.4)
Oceania	0	0	0	232	0	232	0	0	0	0	0	0	371	202	169	0.6	—
Total	22,395	18,571	3,824	7,782	1,000	6,782	19,243	214	19,029	33,497	6,923	26,573	57,052	36,578	20,474	100.0	70.3



Recoveries

Recoveries by Risk

(Millions of Yen)

Type of Risk	FY2015	FY2016	FY2017	FY2018	FY2019	Composition (%)	Year-on-Year Change (%)
Political Risk	40,667	44,141	24,696	30,068	27,730	88.9	(7.8)
Commercial Risk	201	327	6,575	1,052	3,467	11.1	229.4
Total	40,867	44,468	31,271	31,121	31,197	100.0	0.2

Recoveries by Region

(Millions of Yen)

Region	FY2015	FY2016	FY2017	FY2018	FY2019	Composition (%)	Year-on-Year Change (%)
Asia	9,039	5,895	1,995	2,368	3,628	11.6	53.2
Middle East	11,528	11,953	17,374	11,461	11,930	38.2	4.1
Europe	572	594	713	683	771	2.5	12.8
North America	1	4	6	81	33	0.1	(59.4)
Central America	1,519	1,534	1,472	1,701	38	0.1	(97.7)
South America	10,771	20,337	9,024	14,193	14,211	45.6	0.1
Africa	7,437	4,152	657	629	586	1.9	(6.8)
Oceania	0	0	29	4	0	0.0	(100.0)
Total	40,867	44,468	31,271	31,121	31,197	100.0	0.2

Recoveries in FY2019

Recoveries by Risk Type

The total recovery amount in FY2019 slightly increased by 0.2% year-on-year to approximately JPY 31.2 billion from JPY 31.1 billion.

Looking at the results by risk type, the recovery amount related to political risk events, including those involving Paris Club debt rescheduling, declined by 7.8% to JPY 27.7 billion. Meanwhile, that of commercial risk events surged by 229.4% to JPY 3.5 billion.

Recoveries by Region

South America accounted for the largest portion of total recoveries with 45.6% at JPY 14.2 billion. The amount includes JPY 13.8 billion in the Argentine Republic (primarily Paris Club recoveries) and JPY 0.3 billion in the Republic of Chile (commercial risk-related recoveries).

The Middle East came second with 38.2% at JPY 11.9 billion, including JPY 9.2 billion in the Republic of Iraq and JPY 1.6 billion in the Kingdom of Saudi Arabia (commercial risk-related recoveries).

Asia ranked third with 11.6% at JPY 3.6 billion, including JPY 2.1 billion in the Republic of Indonesia and JPY 1.2 billion in the People's Republic of China (commercial risk-related recoveries).

The remaining recoveries are as follows: Europe with JPY 0.8 billion (including JPY 0.6 billion in the Republic of Serbia and JPY 0.1 billion in Bosnia and Herzegovina), Africa with JPY 0.6 billion (including JPY 0.5 billion in the Arab Republic of Egypt), and North and Central Americas with JPY 0.1 billion (including JPY 0.02 billion in the Republic of Cuba).

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



Case

1

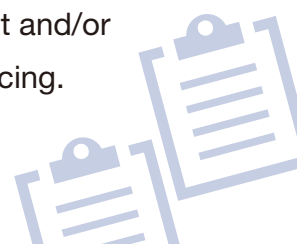
I am thinking of launching business with new buyers.



Case

2

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



Case

3

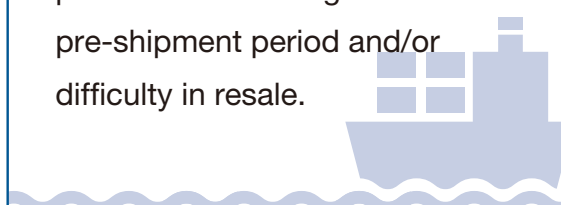
The amount of export transactions with existing customers is increasing.



Case

4

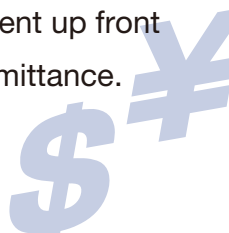
I am thinking of exporting products with a long pre-shipment period and/or difficulty in resale.



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	30
Projects Covered by NEXI Insurance	32
SME Exports Covered by NEXI Insurance	38

Main Activities

Support for Strategic Priority Sectors

● Promoting Overseas Infrastructure Projects

Based on its “Infrastructure System Export Strategy” (approved at the Ministerial Meeting on Strategy relating Infrastructure Export and Economic Cooperation) and “Partnership for Quality Infrastructure”, the Japanese government aims to contribute to international society by increasing overseas orders for Japanese companies’ infrastructure systems and supporting exports of their quality systems.

In FY 2019, NEXI provided Overseas Investment Insurance to support Thilawa Area Port Terminal Operation Project in the Republic of the Union of Myanmar, and while for Standard Gauge Railway Project in the United Republic of Tanzania, for which Japanese railroad rail will be delivered, has decided to offer reinsurance.

In June 2019, a memorandum of understanding (MOU) was concluded between NEXI and 13 private financial institutions to concretize cooperation on the utilization of

infrastructure funds and project bonds. The MOU intends to build a framework between NEXI and financial institutions to work together in laying the groundwork for structuring the utilization of infrastructure funds and project bonds, based on the recognition of the need for attracting funding not only from conventional investors such as commercial banks, but also from new financial actors, including institutional investors, amid growing demands for infrastructure projects under ever-changing financing environment, while smooth financial flows are needed.

Also, today the world community needs to respond to global environmental issues and various social problems, as exemplified by the Sustainable Development Goals (SDGs) adopted by all United Nations Member States in 2015. We will work to achieve those goals through our various supports for Japanese companies’ infrastructure development overseas.

● Business Initiatives in Natural Resources and Energy Fields

Securing a stable supply of energy and mineral resources is a key policy challenge for Japan. Regarding liquefied natural gas (LNG) projects, we therefore handles our insurance business in accordance with the policies set by the Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry. We are working to provide greater support to the realization of LNG projects by extending the scope of relevant insurance policy; Investment and Loan Insurance for Natural Resources and Energy, and presented this new initiative at the LNG Producer-Consumer Conference held in September 2019. In the same year, we provided investment insurance for Arctic LNG 2 Project in the Russian Federation, which will contribute to establishing a LNG value chain in Asia because natural gas produced will be delivered mainly to Asia and Europe via the Northern Sea Route.

In addition, based on the recognition of the importance of stable supply of affordable energy amid growing energy demand in the world centering on Asia, we have offered insurance for Natural Gas-Fired Power Project in Myanmar and Gas-fired Combined-cycle Power Plant Project in the United Arab Emirates. These projects can be considered as proactive initiatives that are in line with the SDG 7: “Ensure access to affordable, reliable, sustainable and modern energy for all.”

At the same time, we positively supports renewable energy projects contributing to decarbonize energy systems by offering insurance for Offshore Wind Power Project in Taiwan.

NEXI will continue to extend support for the energy and natural resources fields, while meeting the needs of the project country.

● Launch of Loan Insurance for Green Innovation

In July 2019, to further promote financing for business projects relating to environmental preservation and climate change measures, NEXI newly launched “Loan Insurance for Green Innovation,” offering an increased commercial risk coverage rate of 97.5%, a higher rate than that of existing loan insurance.

Specifically, this insurance is applicable to renewable energy and energy efficiency projects, as well as projects utilizing new technologies that contribute to global environmental preservation, in which Japanese companies (exporter or investor) and banks are involved in while actively disclosing

information on environmental preservation and climate change.

In May 2019, assenting to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB), NEXI has joined the TCFD consortium, a discussion platform set up for promoting better climate-related financial disclosures. As a public institution, we will enhance continuous support to private-sector efforts and initiatives in environmental preservation and climate change measures (including the above-mentioned active disclosure of information).



Promoting Business Collaboration in Third Countries

● Conclusion of Reinsurance Agreement and MOU with EXIM Thailand

In July 2019, NEXI signed a reinsurance agreement with the Export-Import Bank of Thailand (EXIM Thailand), the export credit agency of the Kingdom of Thailand. Following the reinsurance agreement completed between the two parties in 2009, to share risk on short-term insurance (for a period of less than two years), this new agreement is about medium- and long-term insurance (for a period of two or more years), this agreement supports overseas projects jointly conducted by Japanese and Thai companies, and makes it possible for NEXI to provide reinsurance to EXIM Thailand for a portion of investments and loans extended by Japanese companies.

Also, in February 2020, a memorandum of understanding (MOU) was concluded between the pair to enhance mutual cooperation for further promoting the use of the reinsurance scheme developed for Japanese and Thai companies. The two entities provided a joint seminar to introduce the contents of the scheme.

In recent years, along with the ongoing economic development of Thailand, export volume of Japanese companies based in Thailand, and investments made by Thai companies in other countries centering on Asia have been

increasing. This new reinsurance agreement is expected to contribute to encourage Thailand-based Japanese companies' exports to third countries, and investments and financing for collaborative projects launched by both countries, while supporting the economic development of relevant countries.



(Signing ceremony)

● Conclusion of Reinsurance Agreement with EKF

In August 2019, NEXI completed a one-stop-shop reinsurance agreement with Eksport Kredit Fonden (EKF), Denmark's export credit agency.

This reinsurance agreement is to promote mutual cooperation between the pair in relation to reinsurance underwriting/ceding for mid- and long-term projects. Under the agreement, NEXI and EKF will cooperate in terms of reinsurance, to provide more comprehensive support to both Japanese and Danish corporations for their export transactions.

EKF has been engaged in financing for many wind power projects, while NEXI is strengthening support for renewable energy projects as well as those introducing new technologies

that contribute to environmental preservation. The cooperation with EKF who has expertise in the field is consistent with the current global trend toward creating a sustainable society by focusing on both the environmental protection and economic growth. Moreover, as EKF is strengthening its finance function for mid- and long-term projects in Africa, greater cooperation between the two entities for projects encompassing Japanese corporate participants including their subsidiaries can be expected.

By actively utilizing One-Stop-Shop reinsurance scheme formalized under the agreement, we will provide support in terms of export credit to enhance industrial cooperation between Japan and Denmark.

● Conclusion of MOU with SUEK, Russian Coal Producer

In June 2019, NEXI and the Joint Stock Company Siberian Coal Energy Company (SUEK), the largest coal producer and exporter in the Russian Federation, signed an MOU.

This MOU aims to create a general framework for exchanging information, which allows both parties to mutually benefit from each other's know-how and expertise

accumulated through years of experience, and to identify potential business projects to be implemented together with Japanese companies, as a way of effectively promoting business opportunities between SUEK and Japanese companies. It is also expected to strengthen Japan–Russia relations.

Main Activities

● Conclusion of MOU with Credendo and Reinsurance Agreement with Credendo-Ingosstrakh Credit Insurance

In October 2019, NEXI and Credendo, the export credit agency of Belgium, concluded an MOU to establish a framework for mutual cooperation in the field of trade, investments and loans, in order to effectively support projects implemented by both Japanese and Belgian corporations in the two countries or third countries.

In November 2019, NEXI also completed a reinsurance agreement with Credendo-Ingosstrakh Credit Insurance, LLC, a credit insurance company, in which Credendo has a 67% stake, and Ingosstrakh, one of the major Russian non-life insurers, has a 33% stake. The agreement supports reinsurance underwriting by NEXI for Japanese companies' transactions in Russia, for which Credendo-Ingosstrakh Credit Insurance has provided trade credit insurance. The agreement is expected to

reduce risks associated with business transactions conducted by Japanese companies based in Russia.



(Signing ceremony)

● Enhanced Cooperation with US EXIMBANK through Reinsurance Underwriting

In November 2019, NEXI entered into a reinsurance agreement with the Export-Import Bank of the United States (US EXIMBANK), the export credit agency of the United States, in order to enlarge the scope of mutual cooperation in reinsurance underwriting. The signing ceremony was held in Bangkok in the presence of U.S. Secretary of Commerce Wilbur Ross, Chargé d'Affaires ad interim at the U.S. Embassy Joseph M. Young, U.S. Under Secretary of State Keith Krach, and Special Adviser to the Ministry of Economy, Trade and Industry Tatsuya Terazawa.

Although NEXI and US EXIMBANK concluded a reinsurance agreement in 2004, it was limited to reinsurance underwriting from NEXI side for US EXIMBANK. The revised agreement makes it possible for US EXIMBANK to provide reinsurance to NEXI, and to allow the both parties to offer more comprehensive support for export transactions conducted by both Japanese and U.S. companies. The new reinsurance

agreement is expected to create a closer relationship between the two countries.

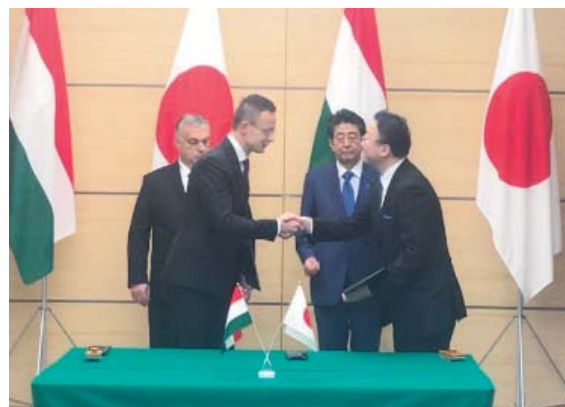


(Signing ceremony)

● Conclusion of MOU with MEHIB

In December 2019, NEXI signed a MOU with the Hungarian Export Credit Insurance Private Limited Company (MEHIB), the export credit agency in Hungary. It was signed by Hungarian Minister of Foreign Affairs and Trade Peter Szijjarto and NEXI CEO Atsuo Kuroda at the signing ceremony held at the Prime Minister's official residence on December 6, in the presence of Japanese Prime Minister Shinzo Abe and Hungarian Prime Minister Viktor Orban.

This MOU aims to create a framework for NEXI -MEHIB cooperation for promoting economic and trade partnership between both countries, through various efforts including information exchange on politics, economy, and financial market information of both countries and neighboring countries.



(Signing ceremony)



Strengthening Support for Africa

● Conclusion of MOU with IsBD, ICIEC, and ATI

In conjunction with the 7th Tokyo International Conference on African Development (TICAD7) held in August 2019, NEXI concluded an MOU with three financial institutions respectively, including the Islamic Development Bank (IsBD), Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), and the African Trade Insurance Agency (ATI). The signing ceremony was held on August 27 at the Ministry of Economy, Trade and Industry with the presence of the Minister of Economy, Trade and Industry Hiroshige Seko.

These MOUs aim to enhance partnership between NEXI and IsBD, ICIEC, and ATI, which possess a wealth of support experience and achievements in business operation in Africa, and a powerful network with the African governments and government agencies, in order to build a cooperative system facilitating further Japanese companies' trades and investments into Africa.

Africa has huge demand for infrastructure, and there is a great potential for Japanese companies to participate in future projects. However, expanding business in to Africa is a difficult hurdle for many Japanese companies compared to Asia. In such circumstances, and in light of the request from private companies for strengthening insurance function through cooperation with international financial institutions, made at the TICAD7 Public-Private Roundtable Meeting in March 2019, NEXI has decided to create a business environment facilitating Japanese companies' financing project development by cultivating close partnerships

with IsBD, ICIEC, and ATI, who can provide financial support for deposits for project funding, which should be arranged by the government of the project country.

Also, NEXI and the three institutions have agreed to establish consulting counters called "Japan Desk" for Japanese corporate clients, with designated staff trained by NEXI in trade and investment insurance systems.

We will continue to actively promote Japan's exports and investments to Africa, and to support Japanese companies' overseas business expansion by enhancing cooperation with international financial institutions and governmental financial organizations in other countries and regions.



(Signing ceremony)

● Holding TICAD7 Side Event

NEXI held a side event at TICAD7, under the theme of "Using trade and investment insurance to expand business into Africa – new efforts by NEXI and international financial organizations for risk reduction."

At the side event, representatives of IsBD, ICIEC, ATI, and NEXI appeared on a stage and gave a presentation about future business opportunities, points to remember for business in Africa, ideas how international financial institutions can be utilized, and potentials for cooperation with NEXI, to companies willing to conduct export transaction to Africa or operate business in Africa. Representatives of each organization provided a brief overview of their organization and its functions, and expressed their expectations regarding the MOU. At the end of the event, many question were exchanged between attendees, showing their strong interest in the initiatives implemented under the MOU. The event attracted the participation of nearly 200 people, from various corporations and organizations.



(Side event)

Main Activities

● Holding Africa Workshop

In February 2020, we invited staff of three organizations with which NEXI has concluded MOUs, as well as those of development organizations and export credit agencies in Africa, to a workshop held at NEXI. The objective of this workshop was to promote deeper mutual understanding of each organization's products, systems, and business practices. We exchanged opinions regarding case studies introduced by each organization.

Also, NEXI held sessions providing business information and individual meetings with the visiting organizations for Japanese companies, in order to help building relationship between them.



(Workshop)

Strengthening Partnerships with Overseas Organizations

● Participation in Berne Union Meetings

The Berne Union, also known as the International Union of Credit and Investment Insurers, is an international association for the global export credit and investment industry. The members include government-backed official export credit agencies, multilateral financial institutions, and private credit insurers from across the globe. They discussed shared issues related to export credit insurance and investment insurance, from their respective standpoints as experts. Since the first

meeting held in 1934 in Berne, Swiss Confederation, its membership has grown to a total of 84 as of April 2019.

In 2019, The Berne Union organized the spring meeting in April in the Republic of Singapore, and the fall meeting in October in Hyderabad, India. NEXI attended both meetings and exchanged opinions with other members on various topics including export credits.

● Hosting RCG CEO Meeting

In January 2020, NEXI hosted the annual CEO meeting of Regional Cooperation Group (RCG) consisting of export credit agencies (ECAs) in Asia and the Pacific region, in Tokyo.

The meeting was held under the theme of “cooperation among ECAs in third countries,” and participants confirmed mutual role and cooperation in tapping into new markets such as Africa. In addition, the participating agencies reaffirmed that the parties will work together to achieve the United Nations' Sustainable Development Goal 7: “Ensure access to affordable, reliable, sustainable and modern energy for all”, amid the accelerating shift of the global economy's center toward Asia.

As outcome of this meeting, a joint statement on the above-mentioned topics has been adopted.



(RCG meeting)



● Bilateral Meetings

NEXI held bilateral meetings with ECAs and government officials from People's Republic of China, Federal Republic of Germany, French Republic, and Republic of Austria, to exchange honest opinions on a wide range of topics including the global financial situation, each country's challenges and

efforts being made. Through this type of discussions held once a year, we are enhancing a collaborative relationship with related organizations, while confirming trends of trade and investment insurance in relevant countries.

Support for Global Operation of Japanese SMEs

● NEXI's Business Support System Enhanced for SMEs

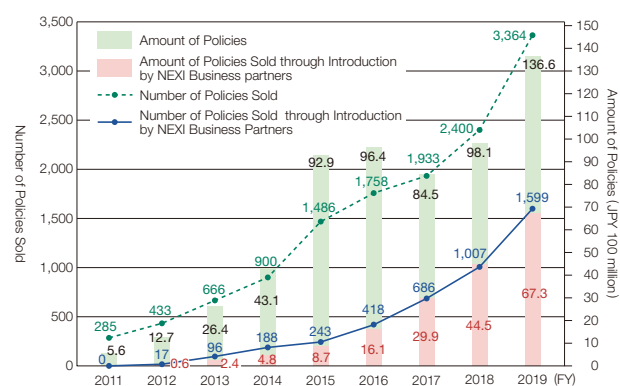
Since its launch made with 11 regional banks in 2011 to widely publicize the use of export credit insurance, NEXI's support network for Japanese SMEs overseas business development has grown to include 111 members from all 47 prefectures including regional banks, shinkin banks, and organizations in the agriculture, forestry, and fisheries (AFF) industries. Through our partnership with these business tie-up partners, we have provided support for Japanese SMEs and companies engaged in AFF sector in their creating safe, worry-free environment in overseas business expansion.

In January 2020, NEXI made a major revision to the outsourcing agreement signed with the partners, in order to relax the existing requirements on premium discount applicable for the insurance subscribers with Export Credit Insurance for SMEs and AFF Sector, who have been introduced to us by partner banks or organizations, and clarify the business scheme rules in NEXI insurance introduction to potential clients. Thanks to the network, the number of our clients is steadily increasing through detailed consultation services at customer sites, accompanying with specialist staff from business tie-up partners.

With such efforts, the number of Export Credit Insurance policies sold for SMEs and AFF Sector continues to rise

each year, marking around 40 % increase in FY2019, in both "number of policies sold" and "amount of policies," from the previous year, which resulted in over 3,000 policies at the amount exceeding JPY 13.0 billion.

We will continue to actively support Japanese SMEs in their global operation while fully utilizing the network, and offer better insurance products and services to provide even greater help for them.



(Sales of Export Credit Insurance for SMEs and AFF Sector by Year)

Main Activities

● Reinsurance Agreements Signed with Japanese Insurers to Share Risk on Overseas Investment Insurance

We have concluded a reinsurance agreement with Tokio Marine & Nichido Fire Insurance Co., Ltd., (Tokio Marine & Nichido), and Mitsui Sumitomo Insurance Co., Ltd. (Mitsui Sumitomo Insurance) respectively, to share risk on overseas investment insurance.

Previously, cooperation between private non-life insurance companies and us had been limited to reinsurance underwriting by NEXI for trade credit insurance provided by such insurers to cover exports by Japanese companies. However, the Cabinet Ordinance for Partial Revision of the Trade Insurance Law came into effect in July 2019, aiming to extensively supporting the overseas expansion of Japanese SMEs. This has allowed private non-life insurance companies

to sell overseas investment insurance by themselves with the support of NEXI reinsurance. Based on the above-mentioned agreements, Tokio Marine & Nichido started selling overseas investment insurance in August 2019, and Mitsui Sumitomo Insurance in February 2020 through various sales channels including its agents.

As a result, these insurers that are familiar to Japanese SMEs, have become more accessible for SMEs to seek some advice on country risk of export destinations.

We were also involved in trade and investment insurance seminars held by Tokio Marine & Nichido for its sales promotion, as the reinsurance underwriter holding lectures for the seminars, and the sole export credit agency in Japan.

● Promoting Trade and Investment Insurance

NEXI works to spread knowledge and use of trade and investment insurance, primarily through partnerships with central government ministries and agencies and government affiliated organizations that support SMEs' overseas business expansion.

Through the "Consortium for New Export Nation," which JETRO sponsors, NEXI, as a support organization, not only provides information on trade and investment insurance as a method to hedge risks related to exports and investments, one type of support for SMEs' overseas business expansion that the Japanese government promotes, but also gives lectures and exhibit booths at seminars and events held by support organizations, such as the Japan International Cooperation Agency (JICA), Organization for Small & Medium Enterprises and Regional Innovation Japan (SME Support, JAPAN), and Japan Finance Corporation (JFC).

In FY2019, more aggressive efforts were made to spread the use of trade and investment insurance, which included support organizations sending letters to and individually visiting introduced companies.

As for tools to educate people about trade and investment insurance, NEXI also creates and updates product explanatory pamphlets for SMEs when necessary, and updates its website, making it possible to provide information more easily. In this and other ways, efforts continue to be made to educate people about and get them to use trade and investment insurance.



(Trade and investment insurance seminar)



In Pursuit of Sustainable Society

● Guidelines on Environmental and Social Considerations

In order to carry out its corporate social responsibilities regarding environmental and social issues, NEXI conducts investigations to confirm whether environmental and social considerations have been appropriately taken by project companies for the projects with NEXI insurance coverage, in accordance with the “Guidelines on Environmental and Social Considerations in Trade Insurance” and the “Guidelines for Information Disclosure Considerations for Nuclear Sector Projects in Trade Insurance.”

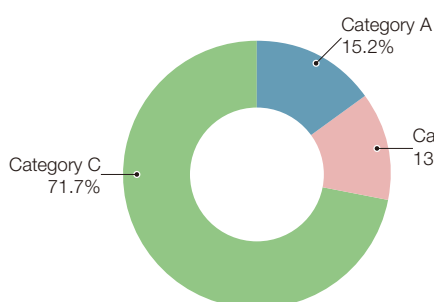
In FY2019, NEXI implemented 46 project screenings. In the screenings, projects were classified into three categories (A, B, or C, in the order starting with the largest environmental impact) based on the results of the screening forms submitted by applicants for NEXI insurance, and NEXI conducted appropriate assessments based on the results of the classification. For example, a site visit was conducted for each project classified in the category A, which accounted for about 15% of all projects in FY2019.

Also, to ensure compliance with the guidelines, NEXI has introduced Objection Procedures and assigned an examiner, who is independent from NEXI insurance underwriting department. We will continue to implement appropriate assessments over projects.



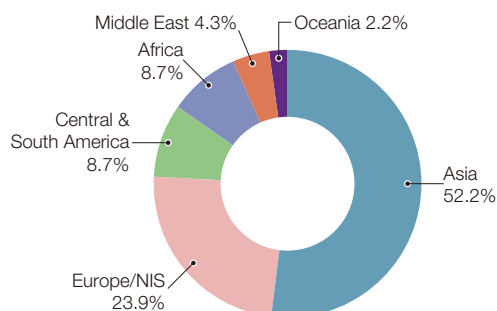
(Site Visit)

FY2019 Screening by Category



* Categorized in the order starting with the largest environmental impact

FY2019 Screening by Region



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

● Investing in SDGs Bonds

In FY 2019, NEXI invested in SDGs bonds including green, social, and sustainability bonds issued by the five entities listed in the following table.

“Green bonds” are designated bonds intended to encourage green projects, those contributing to solve environmental problems, such as global warming.

“Social bonds” are a form of bond that allow investors to help raise funds for projects with positive social outcomes (social projects).

“Sustainability bonds” are bonds where the proceeds will be exclusively applied to finance for both Green and Social Projects.

Funds raised by these bonds contribute to achieving the United Nation’s Sustainable Development Goals (SDGs), by being used for related projects.

NEXI will continue to fulfill its social mission through investments in SDGs Bonds, in order to contribute to the achievement of SDGs and realization of a sustainable society.

SDGs Bonds Invested in FY2019

Bond Name	Type
Japan Railway Construction, Transport and Technology Agency bonds	Sustainability bond
JICA bonds	Social bond
Japan Housing Finance Agency bonds	Green bond
East Nippon Expressway Company bonds	Social bond
National Institution for Academic Degrees and Quality Enhancement of Higher Education bonds	Social bond

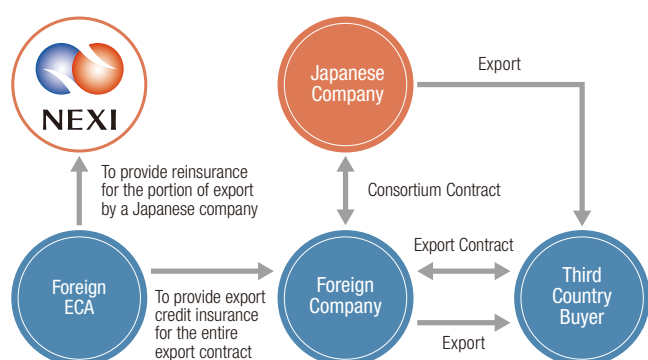


International Cooperation

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.

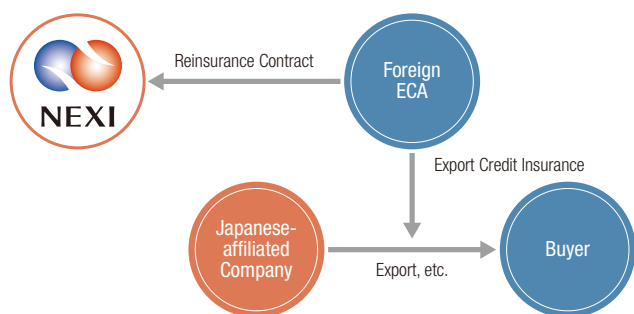
(1) One-Stop-Shop Reinsurance Agreements

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 regions. 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

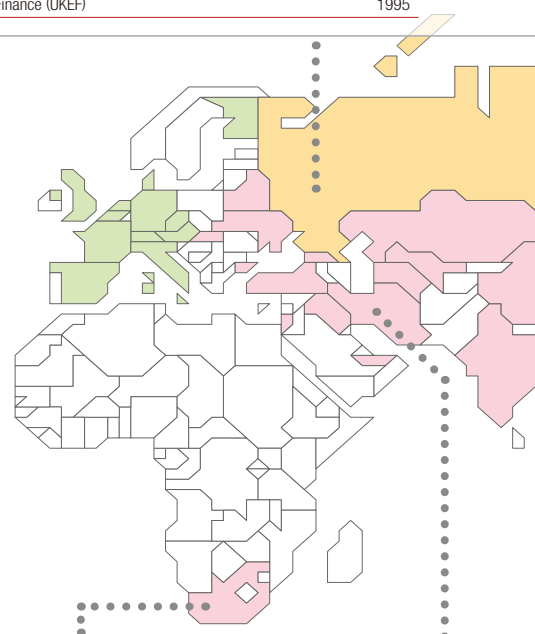
Italy	Servizi Assicurativi Del Commercio Estero (SACE)	2002
Netherlands	Atradius N.V. (ATRADIUS)	2002
Belgium	Credendo – Export Credit Agency	2002
Germany	Euler Hermes Deutschland AG (EULER-HERMES)	2003
Austria	Oesterreichische Kontrollbank Aktiengesellschaft (OeKB)	2003
Finland	Finnvera Plc. (FINNVERA)	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
Denmark	Eksport Kredit Fonden (EKF)	2019

Short-term Reinsurance Agreements

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



Germany	Euler Hermes Deutschland AG (EULER-HERMES) / C&L	1996
	KfW Bankengruppe (KfW)	2011
Austria	Oesterreichische Kontrollbank Aktiengesellschaft (OeKB)	1996
Italy	Servizi Assicurativi Del Commercio Estero (SACE)	1996
Finland	Finnvera Plc. (FINNVERA)	1996
Netherlands	Atradius N.V. (ATRADIUS)	1996
Spain	Compañía Española de Seguros de Crédito a la Exportación (CESCE)	2000
Uzbekistan	Uzbekinvest National Export Import Insurance Company (UZBEKINVEST)	2007
Ukraine	The State Export-Import Bank of Ukraine (UKREXIMBANK)	2009
Russia	Bank for Development and Foreign Economic Affairs (VEB)	2009
Belarus	Belarusbank	2009
Russia	Russian Agency for Export Credit and Investment Insurance (EXIAR)	2013
Turkmenistan	The State Bank of Foreign Economic Affairs of Turkmenistan (TFEB)	2015
Czech Republic	Export Guarantee and Insurance Corporation (EGAP)	2015
Kazakhstan	KazakhExport	2016
Georgia	Ministry of Economy and Sustainable Development of Georgia	2019
Russia	Joint Stock Company Siberian Coal Energy Company	2019
Belgium	Credendo	2019
Hungary	Hungarian Export Credit Insurance Plc. (MEHIB)	2019

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
U.S.	Export-Import Bank of the United States (US EXIMBANK)	2019

Short-term Reinsurance Agreements

Canada	Export Development Canada (EDC)	2012
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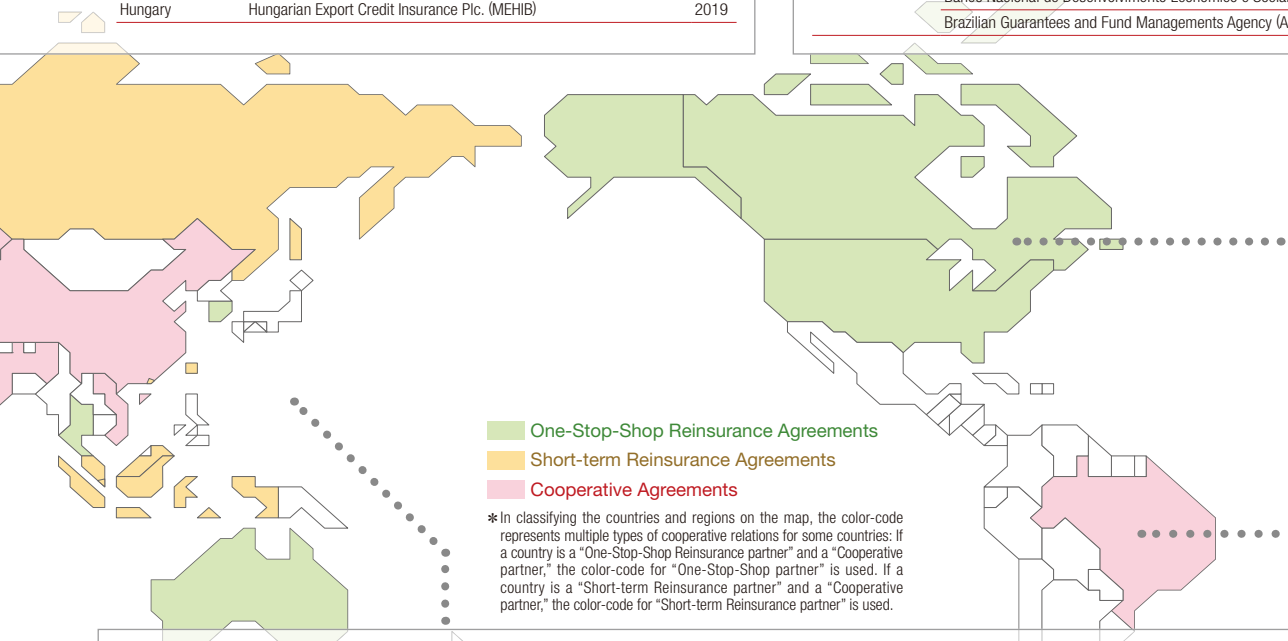
Cooperative Agreements

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 Australia (ECA)	2005
Korea	Korea Trade Insurance Corporation (KSURE)	2011
Thailand	Export-Import Bank of Thailand (EXIM THAILAND)	2019

Short-term Reinsurance Agreements

Singapore	ECICS Limited (ECICS)	2004
Malaysia	Export-Import Bank of Malaysia Berhad (MEXIM)	2006
Indonesia	Asuransi Ekspor 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 Ekspor 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 Australia (ECA)	2018
Thailand	Export-Import Bank of Thailand (EXIM THAILAND)	2020

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

Euler Hermes Deutschland AG (EULER-HERMES) (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
Credendo-Ingosstrakh Credit Insurance, LLC	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
Multilateral Investment Guarantee Agency (MIGA)	2018
European Investment Bank (EIB)	2018
Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)	2019
Islamic Development Bank (IsDB)	2019
African Trade Insurance Agency (ATI)	2019

Projects Covered by NEXI Insurance

Power

Republic of the Union of Myanmar / Natural Gas-fired Power Project

The Chugoku Electric Power Co., Inc., (Chugoku Electric Power) and Shikoku Electric Power Co., Inc., (Shikoku Electric Power) joined a project to operate the currently running Ahlone natural gas-fired power plant, which is located in Yangon, the largest commercial city in the Republic of the Union of Myanmar (Myanmar), by purchasing some of the shares held by a subsidiary of TTCL Public Company Limited, a major engineering company in Thailand.

NEXI has provided Overseas Investment Insurance to Chugoku Electric Power and Shikoku Electric Power. Furthermore, with the two companies' equity participation in the project, NEXI has underwritten reinsurance ceded from the Export-Import Bank of Thailand (THAI EXIM) for a portion of the risks related to its Political Risk Insurance that has been provided to the operation of the power plant since even before Chugoku Electric Power and Shikoku Electric Power made their investment. This is the first reinsurance effected under a reinsurance agreement (for medium-term projects) concluded between NEXI and THAI EXIM.

In Myanmar, tight power supply is becoming a serious social problem as the country's economy grows. Under this situation, the Myanmar government is planning to construct new power plants while aiming to secure sustainable and stable operation of existing ones. This project will contribute to the realization of sustainable

and stable power supply for the country through utilizing the operation and maintenance skills that both Chugoku Electric Power and Shikoku Electric Power have acquired over the years. Also, NEXI's support for this project is expected to help Japanese utility companies to expand their businesses overseas.

- Date of signing the insurance contract: June 2019



(Photo provided by The Chugoku Electric Power Co., Inc.)

Taiwan / Changfang and Xidao Offshore Wind Farm Project

MHI Vestas Offshore Wind A/S (MVOW), an offshore wind power equipment manufacturer of the Kingdom of Denmark that Mitsubishi Heavy Industries, Ltd. has a 50% stake in, will supply, install, and maintain 62 wind turbine generators and towers for a 589 MW offshore wind farm project being developed off the coast of Changhua Country of central Taiwan. The electricity generated at the wind farms will be sold to Taiwan Power Company under a 20 year power purchase agreement after the start of commercial operation.

Of the total NTD 90.0 billion (approximately JPY 324 billion) in project financing, NEXI has provided loan insurance coverage for NTD 10.2 billion (approximately JPY 37.0 billion) of the financing provided by ten private financial institutions, based on its local buyer's credit. This is the first insurance provided by NEXI to support MVOW's exports.

Amid ever-increasing demand for energy, Taiwan is highly dependent on imports for required energy resources, and the volume of nuclear power generation is in a declining trend. The Taiwanese government is therefore planning to install 5,700 MW of offshore wind power by 2025. The project is in line with this government's target and is expected to contribute to the overall energy mix and decarbonization that Taiwan is striving for.

In addition, NEXI's support for the project will contribute towards the expansion of business opportunities for Japanese corporate groups in the offshore wind power installation market where significant growth is expected, and the increased international

competitiveness of Japanese industry. Furthermore, this is the first time for NEXI to provide insurance for a project whose main sponsor is an infrastructure fund because the project companies were established through a fund operated by Copenhagen Infrastructure Partners, a Danish infrastructure fund management company. With the continued diversification of funding sources globally, the involvement of infrastructure funds in various projects is likely to increase. In response to such changing times and environments, NEXI will strive to further strengthen its flexibility and abilities.

- Date of signing the insurance contract: February 2020



(Photo provided by MHI Vestas Offshore Wind A/S)



Kingdom of Morocco / Taza Wind Power Project

Mitsui & Co., Ltd. (Mitsui), and French renewable energy company EDF Renouvelables S.A. have agreed to participate in a 87.21 MW wind power construction project, located near Taza, a city in northern Morocco, through a project company established by the two companies. The project includes the operation and maintenance of the wind farm, and the electricity generated will be sold to Office National de L'Électricité et de l'Eau Potable (Moroccan public electricity and water company) over a 20-year period after the start of its operation.

Of the total co-financing (EUR 113 million) procured by the project company, NEXI loan insurance covers the financing provided by two Japanese private financial institutions, MUFG Bank, Ltd. and Sumitomo Mitsui Banking Corporation (EUR 44 million). The Japan Bank for International Cooperation (JBIC) has also decided to provide financing for this project.

The Moroccan government aims to increase the renewable energy share of total electricity to 52% by 2030. This is because Morocco is poor in domestic fossil fuel resources and is highly dependent on imports of such resources. This project is consistent with this government policy and is expected to contribute to the energy mix and reduction in the environmental burden that Morocco is striving for.

Japan's collaborative policy towards Africa received the Moroccan government's support at the 7th Tokyo International Conference on African Development (TICAD7) held in August 2019, and thus the project is also in line with Japan's policy to Africa.

- Date of signing the insurance contract: February 2020



(Photo provided by Mitsui & Co., Ltd.)

Resources

Malaysia / Refinery and Petrochemical Integrated Development Project

NEXI provided insurance for loans extended for a Refinery and Petrochemical Integrated Development (RAPID) project in the southern Malaysian state of Johor. The project is being undertaken by Pengerang Refining Company Sdn. Bhd. (Pengerang Refining Company) and Pengerang Petrochemical Company Sdn. Bhd. (collectively, PRefChem).

The project involves Petrolim Nasional Berhad (PETRONAS), the state-owned petroleum company in Malaysia, and Saudi Arabian Oil Company (Saudi Aramco), Saudi Arabia's state-owned national oil company, constructing and operating Malaysia's largest refinery and petrochemical integrated complex. The complex, located in Pengerang, Johor, consists of a refinery with a capacity of 300,000 barrels per stream day and a petrochemical complex for producing compounds such as ethylene, propylene, polyethylene, polypropylene and glycols. Toyo Engineering Corporation has been awarded an EPCC contract for the steam cracker complex.

PRefChem is funding this RAPID project through project financing. The funds to purchase equipment exported from Japan were provided to Pengerang Refining Company through nearly USD 1.5 billion in co-financing by Japan Bank for International Cooperation (JBIC); Mizuho Bank, Ltd.; Sumitomo Mitsui Banking Corporation; MUFG Bank, Ltd.; and Citibank, N.A., Tokyo Branch, and NEXI underwrote the insurance for about USD 600 million of the financing provided by the commercial banks.

This project employs international co-financing supported jointly by several export credit agencies, including Compañía Española de Seguros de Crédito a la Exportación (CESCE), Export-Import Bank of Korea (KEXIM), Korea Trade Insurance Corporation (KSURE), SACE S.p.A (SACE), JBIC, and NEXI.

By aiding this project, NEXI is offering financial support for the exports of Japanese companies, and it is expected that this will help the companies maintain and strengthen their international competitiveness.

- Date of signing the insurance contract: November 2019



(Photo provided by PETRONAS)

Projects Covered by NEXI Insurance

People's Republic of Bangladesh / Loan insurance for Ghorasal Polash Urea Fertilizer Project

Mitsubishi Heavy Industries, Ltd. (MHI) has received the order for a fertilizer plant construction from Bangladesh Chemical Industries Corporation (BCIC), a state-owned fertilizer manufacturer in the People's Republic of Bangladesh (Bangladesh). The project order has been placed through a consortium formed together with China National Chemical Engineering & Construction Corporation Seven, Ltd., and thanks to the cooperation of Marubeni Corporation. The fertilizer plant will be built in Ghorasal, 50 kilometers northeast of the capital city of Dhaka.

Of the total co-financing of JPY 110.3 billion for the project, which is extended by commercial banks and the Japan Bank for International Cooperation (JBIC), NEXI has provided loan insurance for JPY 44.2 billion loan jointly financed by MUFG Bank, Ltd. and Tokyo Branch of the Hongkong and Shanghai Banking Corporation Limited.

Agriculture remains the most important sector of Bangladeshi economy, contributing more than 10% of the national GDP and proving employment for approximately 40% of the population. With the recent economic growth and population expansion, domestic demand for fertilizer has been increasing more than ever before. Under such a situation, BCIC's plants have deteriorated, the country therefore depends partially on imports for its fertilizer supply. This project will help the country go a way towards

reaching self-sufficiency in fertilizer production and significantly contribute to further economic development in the future.

In addition, by adopting MHI's CO₂ capture technologies in the project will make it possible to both reduce the environmental load and enhance urea production. With support from NEXI, it is anticipated that infrastructure exports by Japanese companies will continue to grow.

- Date of signing the loan insurance contract: January 2020



(Rendering image of the plant, provided by Mitsubishi Heavy Industries Engineering Ltd.)

Russian Federation / Arctic LNG2 Project

Mitsui & Co., Ltd., (Mitsui) and Japan Oil, Gas and Metals National Corporation (JOGMEC) have invested in the Arctic LNG2 Project, in which 10% interest is held by the jointly owned Dutch Company, Japan Arctic LNG B.V. The project is being developed in the Gydan Peninsula of the Russian Federation, by PAO Novatek, a leading Russian company engaged in the production and sale of natural gas.

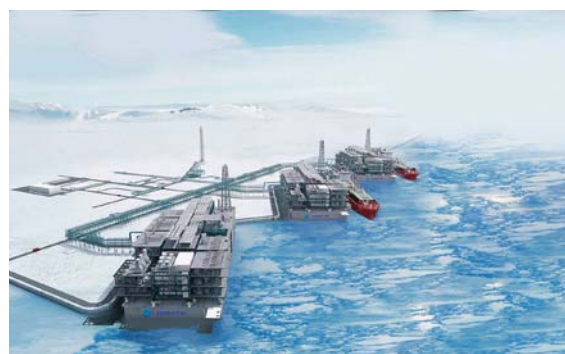
This is an international project that not only PAO Novatek, Mitsui, and JOGMEC, but also France-based Total, China National Petroleum Corporation (CNPC), and China National Offshore Oil Corporation (CNOOC) are taking part in. The project involves developing a conventional onshore gas field and constructing natural gas liquefaction facilities with an annual production capacity of 19.80 million tons. The production, transport, and sale of natural gas are expected to start around 2023.

NEXI has provided Overseas Investment Insurance for Mitsui's investment in the project. Japan Bank for International Cooperation (JBIC) and several private financial institutions are also providing co-financing.

Mitsui will be obtaining a volume of natural gas proportional to its 10% stake in the project, which allows Japan to secure a stable supply of natural gas, the country's important energy resource.

Natural gas produced from the project will be delivered mainly to Asia and Europe via the Northern Sea Route, helping to create an LNG value chain in Asia. This is expected to contribute not only to the economic growth of Japan and Russia, but also strengthen diplomatic relations between the two countries.

- Date of signing the insurance contract: July 2019



(Rendering image of the integrated liquefied natural gas facility, provided by PAO Novatek)



Infrastructure

Republic of Palau / Palau International Airport Terminal Operation Project

The three Japanese corporations Sojitz Corporation (Sojitz), Japan Airport Terminal Co., Ltd. (Japan Airport Terminal) and Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN) have participated in the operation management in Palau International Airport. The project includes renovating and expanding the existing passenger terminal of the Airport, the capital gateway to the Republic of Palau (Palau), and also operating commercial facilities for 20-years through a joint venture established together with the government of Palau.

NEXI has provided Overseas Investment Insurance to cover not only the Palau political risk that Sojitz and Japan Airport Terminal's investment entails, but also the risk of a breach of the concession agreement concluded with the government of Palau. This is the first Overseas Investment Insurance that NEXI has offered for a project in Palau.

Palau International Airport is the country's sole international airport, and its importance has risen in recent years thanks to a growing visitor population. The project will contribute significantly to sustainable social and economic development in Palau, a country whose core industry is tourism. It is also in line with the Japanese government's efforts toward the realization of "Free and Open Indo-Pacific". Three government-affiliated financial

institutions therefore have decided to provide financial assistance for the project, including loans by the Japan International Cooperation Agency (JICA), capital investments by JOIN, as well as Overseas Investment Insurance by NEXI, in order to help Japanese companies' infrastructure development overseas by making the most of the private sector's strengths in its business expertise and networks.

- Date of signing the insurance contract: April 2019



(Rendering image of the airport, provided by Sojitz Corporation)

United Republic of Tanzania / Standard Gauge Railway Project

In a large-scale infrastructure project implemented at the initiative of the government of the United Republic of Tanzania (Tanzania), Mitsui & Co., Ltd. exported railroad rail manufactured by Nippon Steel Corporation. This project includes renovation and construction of the facilities for semi high-speed railway stretching 1,219 kilometers, being operated with maximum train speed of 160 km/h, such as rail tracks, bridges, signaling systems, station buildings and management rooms etc. The project area is divided into five major sections, and the railroad rail exported from Japan will be used for two sections of them: Dar es Salaam - Morogoro, and Morogoro - Makutupora, which are currently under construction.

Based on a reinsurance agreement concluded with EKF Denmark's Export Credit Agency (EKF) on August 20, 2019, NEXI has decided to provide reinsurance for export credit issued by EKF to the project. This is the first reinsurance program realized under this agreement. Other than NEXI, four export credit agencies from the Kingdom of Spain, the Republic of Austria, the Italian Republic and the Swiss Confederation, will be participating in the project finance through reinsurance. Also, the Swedish Export Credit Corporation, the African Export-Import Bank, the Development Bank of Southern Africa and the Eastern and Southern African Trade and Development Bank will be part of the project.

As evidenced by the 7th Tokyo International Conference on African Development (TICAD 7) held in Yokohama in August 2019, Japan has been promoting its business in the African countries through joint efforts by both the government and private sectors. NEXI is strengthening collaborations with related organizations toward smooth project implementation through financing

support. It is expected that utilizing One-Stop-Shop reinsurance scheme based on the reinsurance agreement will allow Japanese companies to further expand exports and investments to the African countries.

Also, as represented by "the Partnership on Sustainable Connectivity and Quality Infrastructure" signed by the Japanese Prime Minister Shinzo Abe and the European Commission President Jean-Claude Juncker in September 2019, Japanese and European cooperation is becoming more and more important. The reinsurance program this time could be considered as a symbolic approach that encourages Japanese and European ECAs to mutually collaborate toward the realization of an infrastructure project.

- Date of signing the reinsurance contract: May 2020



(Photo provided by Standard Chartered Bank)

Projects Covered by NEXI Insurance

Agriculture

Republic of Sierra Leone / Investment Project on Pineapple Plantation and Processing Facility Development

Dole International Holdings, a wholly owned subsidiary of ITOCHU Corporation (ITOCHU), intends to establish pineapple plantation and an Agro-processing facility in Lugbu Chiefdom, located about southeast 200 km of Freetown, the capital city of the Republic of Sierra Leone (Sierra Leone).

NEXI has provided Overseas Investment Insurance for the investment by Dole International Holdings in order to cover war and other force majeure risks in Sierra Leone. NEXI has also offered reinsurance for the Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group, to share a part of the risks covered by MIGA, on expropriation and violations of the project-related agreements by the Sierra Leone government. This is the first reinsurance effected for the African region under the Memorandum of Understanding on Reinsurance Cooperation concluded between MIGA and NEXI in May 2018.

The project will create a large number of jobs in the region where there were civil wars and other political instabilities. This is a project resulted from the cooperation and efforts by ITOCHU, the Japanese and Sierra Leone governments, MIGA, NEXI, and other various parties involved. It can be considered a business model of Japan's overseas investment that proves a win-win relationship between Japan and Sierra Leone, which will significantly contribute to Japanese business expansion and Sierra Leone's social development. With NEXI's support, it is expected that Japanese

companies have greater business opportunities in Africa with high growth potential.

Furthermore, this project is considered as an important business initiative that can contribute to the promotion of Japan's overseas investment and industrial diversification, which was stated in the Japanese government's policies released at the Seventh Tokyo International Conference on African Development (TICAD7) held in August 2019.

- Date of signing of the insurance contract: April 2019
- Date of signing of the reinsurance contract: June 2019



(Photo provided by ITOCHU Corporation)

Federative Republic of Brazil / Loan for Long-term Working Capital of Louis Dreyfus Company Brasil S.A.

NEXI provided loan insurance to Louis Dreyfus Company Brasil S.A. (LDC Brasil), one of the largest exporters and processors of agricultural products in the Federative Republic of Brazil (Brazil). The USD 180 million loan was delivered as part of a syndicated export prepayment facility that will finance long-term working capital needs, with co-financing by Citibank, N.A., Tokyo Branch; BNP Paribas (acting through its Tokyo branch); ING Bank N.V., Tokyo Branch; Shinkin Central Bank; Commerzbank Aktiengesellschaft, Tokyo Branch; The Bank of Kyoto, Ltd.; and The Joyo Bank, Ltd.

LDC Brasil was established in 1942 as the Brazilian subsidiary of Louis Dreyfus Company B.V., a leading global merchant and processor of agricultural goods, founded in 1851. LDC Brasil sources, processes and merchandizes products ranging from soybeans and corn - key items in Japan's food security strategy - to sugar, rice, cotton, coffee and citrus juices. As one of the world's largest food exporters, Brazil ranks first for soybean and second for corn exports by volume. LDC Brasil is a leading exporter of the country's major agricultural production, the largest for cotton and rice, and among the top exporters of corn, coffee orange juice and oilseeds such as soybeans.

This project embodies one of the Japanese government's policies: the Export Strategy for Infrastructure Systems (revised by the Management Council for Infrastructure Strategy in FY 2019). The strategy aims to ensure a sustainable supply of food in Japan, describing that public-private measures should be considered to meet the following goals. One is to increase agricultural production

and investment on a global scale. The other is to hold Japan's food import capacity constant and to add new suppliers: specifically, in Latin America and other regions, by strengthening Japanese food procurement efforts for such products as soybeans and corn as well as by encouraging overseas investment in the agriculture sector. In line with these purposes, the loan insurance will trigger Japanese companies to import Brazilian agricultural commodities such as soybeans and corn from LDC Brasil, thereby contributing to an increase in Japan's food procurement and diversification of suppliers.

- Date of signing the insurance contract: December 2019



(Photo provided by Louis Dreyfus Company Brasil S.A., taken by Marcio Bruno)



Machinery and Equipment

India / Wire Rod Manufacturing Facilities Installation Project

JSW Steel is a leading private steel manufacturing company in India, in which JFE Steel Corporation holds a 15% stake. JSW Steel is setting up a wire rod mill of 1.2 mtpa capacity at Vijayanagar Works in Karnataka State in southwestern India. For this project, Primetals Technologies USA LLC and Primetals Technologies India Private Limited, both subsidiaries of Primetals Technologies Ltd. have delivered a complete set of facilities.

This project has been carried out with the co-financing of USD 49.44 million from Mizuho Bank, Ltd., and the Japan Bank for International Cooperation (JBIC), under the export credit line* established between JBIC and JSW Steel on March 26, 2018. Of the co-financing, NEXI has offered loan insurance for the financing portion of USD 19.78 million provided by Mizuho Bank.

In India with growing new steel demand in the background of the country's undergoing remarkable economic growth, there is a strong interest in Japanese high-quality steel manufacturing facilities. Through providing this insurance, NEXI helps Japanese overseas subsidiaries to expand their exports and sales of industrial machines and equipment, while quickly and flexibly responding to the investment demand by JSW Steel, which has been financed by a Japanese company.

*An export credit line is a form of export financing offered within a certain amount of financing limit, in order to promote equipment exports from Japan.

● Date of signing the insurance contract: January 2020



(Photo provided by Primetals Technologies)

Russian Federation / Export of Centrifugal Compressors to Urea Plant of PJSC ACRON

NEXI has provided Export Credit Insurance (for a period of more than two years) for Hitachi Capital Corporation (Hitachi Capital) to support its exports of centrifugal compressors and related equipment, used in the Urea Plant of PJSC ACRON, one of the leading fertilizer producers in the Russian Federation (Russia).

Being the top producer and distributor in the field of fertilizers, PJSC ACRON does not only conduct sales in Russia but also exports its fertilizers and chemicals used in fertilizer production to various countries all over the world. The company's Veliky Novgorod production facility at present emits a significant amount of carbon dioxide generated from producing ammonia into the atmosphere. However, the company is planning to collect, compress, and reuse the carbon dioxide at the urea plant located in the same facility in order to further increase its urea production capacity while raising self-sufficiency rate for fertilizer raw materials. Hitachi Capital will be exporting centrifugal compressors, which are major equipment required for the urea production, and ancillary equipment such as motors with long-term deferred payment over a five-year period.

The ordered centrifugal compressors will be manufactured by Hitachi Industrial Products, Ltd. who has a track record in delivering machineries to PJSC ACRON in 2016 when the company launched the Veliky Novgorod production facility. Hitachi Industrial Products has been selected as a supplier of facility

equipment in recognition of its high quality products and reliability in respecting delivery deadlines, as well as the long-term deferred payment offered for the exports. In April 2017, NEXI announced that it would restart offering export credit insurance even for projects with deferred payment of two or more years. This project is the first one with long-term deferred payment for Russia since NEXI's resumption of such insurance service.

● Date of signing the insurance contract: September 2019



(Photo provided by Hitachi Industrial Products, Ltd.)

SME Exports Covered by NEXI Insurance

Wagyu Beef Exports

The agricultural producer Ushichan Farm Co., Ltd. (Ushichan Farm) based in Ishinomaki City, Miyagi Prefecture, has taken out Export Credit Insurance for SMEs and AFF Sector to reduce the risk of non-payments from overseas customers after changing its payment terms for overseas transactions from advanced payment to deferred payment arrangements.

Since its foundation in 1970, Ushichan Farm has been committed to raising Japanese cattle and selling Japanese Wagyu beef and processed meat products. It works to supply safe & secure beef by using fodder produced in Japan, including rice straw and hay from local producers, and growing some of its feed on its own farms.

In order to meet the overseas demand, Ushichan Farm will continue to deliver its flavorful Japanese Wagyu beef to many people around the world through the production of safe & secure beef, while utilizing export credit insurance.

- Export value covered by the insurance:
About JPY 2.8 million
- Date of signing the insurance contract: July 2019



(Photo provided by Ushichan Farm Co., Ltd.)

Green Tea Exports

Yamama Masudaen Co., Ltd. (Yamama Masudaen) has joined Export Credit Insurance for SMEs and AFF Sector to protect its exports of green tea to Ukraine against the risk of non-payments from a new buyer.

Located in an excellent natural environment of the Makinohara plateau in the city of Omaezaki in Shizuoka Prefecture, Yamama Masudaen has developed an integrated production system, from tea cultivation to production and sales of tea products, with five generations and nearly 150 years of family commitment and experience since 1870.

Through its export business, which it began in 1991, the wide variety of Japanese tea the company offers have been enjoyed in more than twenty countries and regions, mainly in North America, Europe and Asia. In recognition of such business efforts, in 2015, the company was awarded the Emperor's Cup, the top prize in the silk yarn and local specialty product category at the Agriculture, Forestry, and Fisheries Festival sponsored by the Ministry of Agriculture, Forestry, and Fisheries.

Yamama Masudaen will continue to deliver delicious Japanese tea to many people overseas, while utilizing export credit insurance.

- Export value covered by the insurance: JPY 810,000
- Date of signing the insurance contract: January 2020



(Photo provided by Yamama Masudaen Co., Ltd.)



Japanese Tea Exports

MARUMAGO Co., Ltd.(MARUMAGO), located in the city of Shimada in the center of Shizuoka Prefecture, the most prominent tea region that has occupied the first position in Japan in the tea production. Through an introduction from The Shizuoka Bank, Ltd.*, one of NEXI business partners, MARUMAGO has applied for Export Credit Insurance for SMEs and AFF Sector as a means to hedge the risk in collecting sales proceeds under deferred payment terms set up for its Japanese tea exports to Hong Kong.

Established in 1905, MARUMAGO has been producing Japanese tea for over a century, sticking to quality tea leaves cultivated in its own tea plantations. The company quickly promoted the modernization of tea production system in the era when all tea production process from tea picking to tea processing were completed by hand. At the time, MARUMAGO introduced tea production equipment in order to hold quality to the highest standard, and expanded its business overseas while developing its plantations, introducing larger tea leaf harvesters, and building new tea plants.

Remaining true to the traditions and culture of Japan, MARUMAGO will continue to offer Japan's precious tea to

people throughout the world with the aim of conveying the attraction of its Japanese tea.

* The Shizuoka Bank: business tie-up with NEXI since January 2013.

- Export value covered by the insurance: JPY 11 million
- Date of signing the insurance contract: March 2020



(Photo provided by MARUMAGO Co., Ltd.)

Frozen Seafood Exports

Japan Network Trading Company (Japan Network Trading), based in Totsuka ward of Yokohama city in Kanagawa Prefecture, has enrolled Export Credit Insurance for SMEs and AFF Sector for its exports of frozen seafood to the Socialist Republic of Vietnam (Vietnam), in order to manage the risk of collecting payments from overseas buyers.

Founded in May 2017, as a trading company that supports the regional industries in Japan, Japan Network Trading has been exporting Japanese food products made by domestic companies to consumers in Asia, primarily Vietnam. In Vietnam, a country that continues to enjoy economic growth, there has been growing interest lately in Japanese food, which is recognized around the world as being very healthy and safe. Serving as an intermediary between Vietnamese consumers who want quality Japanese food and the companies and producers throughout Japan who intend to expand their sales channels overseas, Japan Network Trading engages in exporting quality frozen seafood products and ingredients.

The company will continue to expand the volume of its safe food exports by serving as a bridge between Japan and the world, while utilizing export credit insurance as a hedging tool.

- Export value covered by the insurance: JPY 11.98 million
- Date of signing the insurance contract: August 2019



(Photo provided by Japan Network Trading Company)

SME Exports Covered by NEXI Insurance

Farmed Salmon Exports

Aysen Asia Inc. (Aysen Asia), which is located in Tsukiji in Chuo-ku, Tokyo, holds Export Credit Insurance for SMEs and AFF Sector to reduce risks associated with collection of deferred payments for its exports of farmed salmon to Taiwan. The most distinctive feature of this insurance is its simple design, which makes it possible to apply for insurance for each export contract. Also, it is available at relatively low premium rate.

Since being established in 2017 as the Japanese subsidiary of Salmenes Aysen S.A., a Chile-based salmon farming company, Aysen Asia has served as a platform for developing new businesses in Asia, and exports quality farmed salmon from Japan to Taiwan and various other Asian countries.

To start using the insurance, the company consulted with NEXI from the negotiation phase with overseas buyers.

Aysen Asia plans to expand its export volume of quality farmed salmon to Asian markets while effectively utilizing export credit insurance.

- Export value covered by the insurance: JPY 10.77 million
- Date of signing the insurance contract: January 2020



(Photo provided by Aysen Asia Inc.)

Dried Mullet Roe Exports

Shimozono Satsuo Syouten Co., Ltd. (Shimozono Satsuo Syouten) of Akune City, Kagoshima Prefecture, uses Export Credit Insurance for SMEs and AFF Sector in order to reduce non-payment risks by overseas buyers in exporting its dried mullet roe to Taiwan, with a deferred payment method.

Founded in 1939, the company manufactures and sells dried salted marine products, primarily whole dried round herring. Under the corporate philosophy of “offering a life-enriching experience with pride and satisfaction to customers by adding a twist to marine products,” it has taken new initiatives such as producing “Tabisuru Maruboshi,” whole dried fish pickled in oil.

As for overseas business, Shimozono Satsuo Syouten had been selling its products through trading companies, but for the first time, it has decided to deal directly with the counterparty taking the opportunity of exporting its dried mullet roe to Taiwan. Although the company was initially considering to set up advanced payment terms, it has been changed to deferred payment terms as a result of discussion and negotiation with the buyers. Amid a situation where the company was concerned about the risk of non-payment from the buyer, it was introduced to Export Credit Insurance by The Miyazaki Bank, Ltd.*, one of NEXI business partners, and has taken out the first-time Export Credit Insurance.

Ahead of upcoming exports to Socialist Republic of Vietnam scheduled in the near future, Shimozono Satsuo Syouten plans to continue to expand sales in overseas markets.

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

- Export value covered by the insurance: JPY 9 million
- Date of signing the insurance contract: March 2020



(Photo provided by Shimozono Satsuo Syouten Co., Ltd.)



Sake Exports

Having been engaged in sake brewing in Tendo City, Yamagata Prefecture, Mitobe Sake Brewery Co., Ltd. (Mitobe Sake Brewery) used Export Credit Insurance for SMEs and AFF Sector for its exports to the Republic of Korea.

The company was initially concerned about political risks in the destination country for export, and just at that time, was introduced to Export Credit insurance by The Shonai Bank, Ltd.* who is one of NEXI business partners. After realizing that this insurance provides financial protection to the insured in the event of losses not only due to commercial risks such as customers' non-payment, but also political risks including import restrictions, which are beyond the contractual partner's control, the company has therefore decided to conduct ongoing transactions with customers in South Korea while utilizing the insurance in preparation for special needs.

"Yamagata Masamune" produced by Mitobe Sake Brewery, which was founded in 1898, is extremely popular even among sake connoisseurs for its clean sharp finish like the edge of Legendary Masamune's blade, which is the result of using infiltrated water having a high hardness from the Ou Mountains.

From Yamagata Prefecture, one of Japan's premier sake-producing regions, Mitobe Sake Brewery will continue to

convey the attractiveness of Japanese sake to customers overseas by proactively exporting sake made with traditional sake-brewing methods.

* The Shonai Bank: business tie-up with NEXI since January 2013.

- Export value covered by the insurance: JPY 230,000
- Date of signing the insurance contract: December 2019



(Photo provided by Mitobe Sake Brewery Co., Ltd.)

Cedar Exports

Nice Corporation (Nice) based in Yokohama City, Kanagawa Prefecture, holds Export Credit Insurance as a risk reduction measure in collecting payments from customers overseas in cases where the amount of deferred payments expands as it continues to export cedar lumber to New Zealand.

The company is engaged in supplying construction materials, conducting real estate business and promoting wooden non-housing structures. As for lumber, it procures quality domestic lumber from all over Japan through partnerships with the country's leading lumber manufacturers and supplies high-quality products to a wide variety of customers both within and outside Japan.

Nice has built a procurement system that enables it to prompt acquisition of Forest-certified wood used in construction from all 47 prefectures. Of the certified domestic cedar collected from 47 prefectures for the construction of exterior eaves of Japan National Stadium, which was completed in December 2019, the company has supplied the lumber used in the louver works for that part while implementing the construction work.

Nice will continue to export domestic lumber making it suitable for use worldwide, while utilizing the insurance.

- Export value covered by the insurance: JPY 4 million
- Date of signing the insurance contract: January 2020



(Photo provided by Nice Corporation)

SME Exports Covered by NEXI Insurance

Lumber Exports

In exporting broadleaf lumber from the Tohoku region in northeastern Japan to Southeast Asia, National Federation of Forest Owners' Co-operative Associations (JForest) based in Tokyo used Export Credit Insurance for SMEs and AFF Sector to reduce the risk of non-payment from new customers overseas.

JForest is the national organization of forest owners' co-operative associations, consisting of the largest number of membership in the world, including the associations from 45 prefectures, Tokyo Prefectural Forest Owners' Cooperative, and Osaka Prefectural Forest Owners' Association. Based on the spirit of mutual support amongst themselves, it aims to promote the socioeconomic development of its members, cultivation of sustainable forest resources, and forest productivity.

In addition to supplying its Japanese consumers with construction lumber, wood packaging materials, and woodchips procured from the association nationwide, JForest encourages greater consumption of domestic lumber resources and a stable supply of them. In recent years, the association has started to export Japanese lumber, with an eye toward meeting overseas demand.

JForest will actively expanding its business overseas while utilizing the insurance for transactions with new customers.

- Export value covered by the insurance: JPY 2 million
- Date of signing the insurance contract: January 2020



(Photo provided by National Federation of Forest Owners' Co-operative Associations)

Medical Supply Exports

LIBATAPE PHARMACEUTICAL CO., LTD. (LIBATAPE) based in Kumamoto City, Kumamoto Prefecture, used Export Credit Insurance for SMEs and AFF Sector to reduce non-payment risks associated with its sanitary supply exports under deferred payment terms to medical equipment wholesalers in the United Arab Emirates (UAE).

Established in 1878, LIBATAPE became the first company in Japan to successfully develop first aid bandage in 1960. Since the company started selling the plaster under the name of "LIBATAPE," the brand has been highly recognized especially in the Kyushu region, while being widely used even now as a general word meaning "First aid bandage". Other than medical and sanitary articles, it manufactures and sells a wide variety of cosmetics.

As for overseas business, LIBATAPE has shipped its products to Kingdom of Saudi Arabia, People's Republic of China and Republic of Korea so far, basically on condition of advanced payment. However, a buyer from UAE has requested the company to partially accept deferred payment terms on future transactions, and the company was concerned about non-payment risks in such case. Just at the time, Export Credit Insurance was introduced to LIBATAPE by one

of NEXI insurance subscribers, and the company decided to join the insurance for the first time, as a result of taking into consideration the benefits of insurance to its business.

LIBATAPE will continue to expand its sales in the overseas market.

- Export value covered by the insurance: JPY 8 million
- Date of signing the insurance contract: October 2019



(Photo provided by LIBATAPE PHARMACEUTICAL CO., LTD.)



Egg Farm Automation Equipment Exports

Hytem Co., Ltd. (Hytem) based in the city of Kakamigahara in Gifu Prefecture, has signed up for Export Credit Insurance to reduce non-payment risks by overseas buyers in exporting its egg farm automation (EFA) equipment to the People's Republic of Bangladesh (Bangladesh), under deferred payment terms.

Established in 1972, Hytem is an innovative manufacturer supplying technology-driven equipment in niche markets. Having secured the largest market share in Japan, consisting of numerous egg farms with the world's top-level facilities, the company is now aiming to become a leader providing high standard of performance and product quality in Asia, the most populous continent, accounting for roughly 60% of the global population.

As for overseas business, Hytem has so far shipped its EFA equipment to various customers in the poultry industry in People's Republic China and Socialist Republic of Viet Nam. However, with new opportunity to expand its business into Bangladesh, which is an unknown market to the company, Hytem was concerned about both political and commercial risks in the country. Just at the time, the company was introduced to Export Credit Insurance by the Japan External

Trade Organization (JETRO), and applied for it for the first time.

Hytem will continue to develop its business in overseas markets.

- Export value covered by the insurance: JPY 150 million
- Date of signing the insurance contract: December 2019



(Photo provided by Hytem Co., Ltd.)

Motorcycle Parts Exports

DIRTFREAK CO. (DIRTFREAK) based in Seto City, Aichi Prefecture, has started to use Comprehensive Export Insurance with Simplified Procedure to reduce non-payment risks in exporting motorcycle parts to its business partners around the world under deferred payment terms.

Since its establishment in 1990, the company has been engaged not only in the sales of motorcycle parts, but also in the planning and production of its own products, as evidenced by "Yotsuba Moto Series" for children. Among many types of motorcycles, DIRTFREAK provides a wide variety of off-road bike-related products, and actively exports overseas, including Europe and North America. In 2017, it became a wholly-owned subsidiary of Daytona Corporation, a firm in the same line of business, and has built a stronger sales network through this process.

Having been introduced to Export Credit Insurance by one of NEXI insurance subscribers, the company has applied for the insurance. This has allowed DIRTFREAK to surely secure a hedging instrument against overseas business risks the

company had been taking by itself. DIRTFREAK will continue to expand globally while utilizing the insurance.

- Date of signing the insurance contract: June 2019



(Photo provided by DIRTFREAK CO.)



Insurance Products

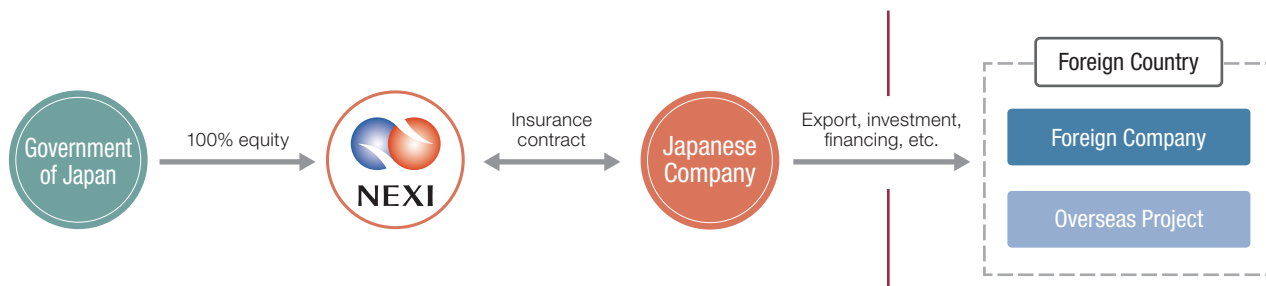
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Trade and Investment Insurance – How It Works

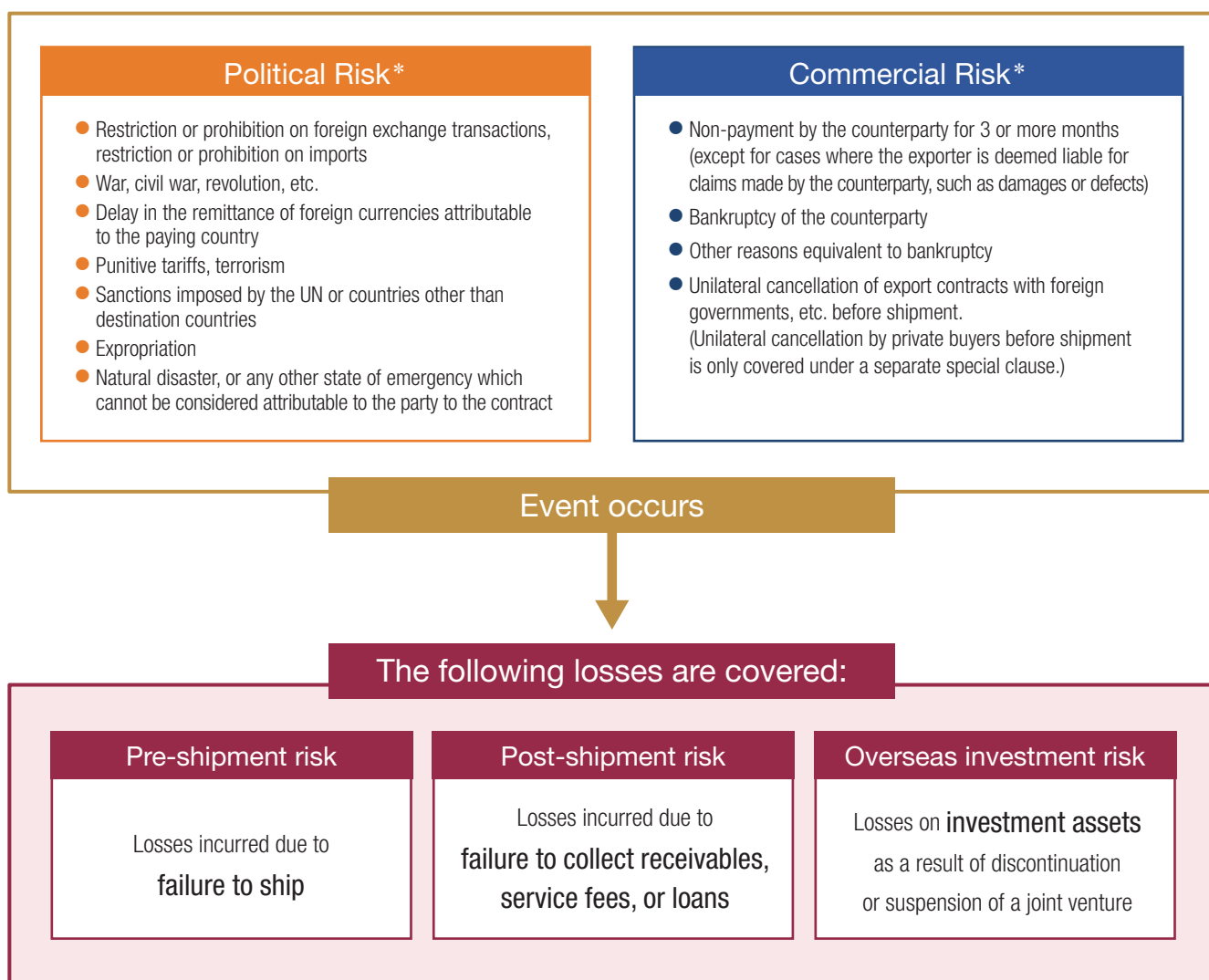
Trade and investment insurance covers risks associated with international trade and other overseas transactions that cannot be covered by private-sector insurance.

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)

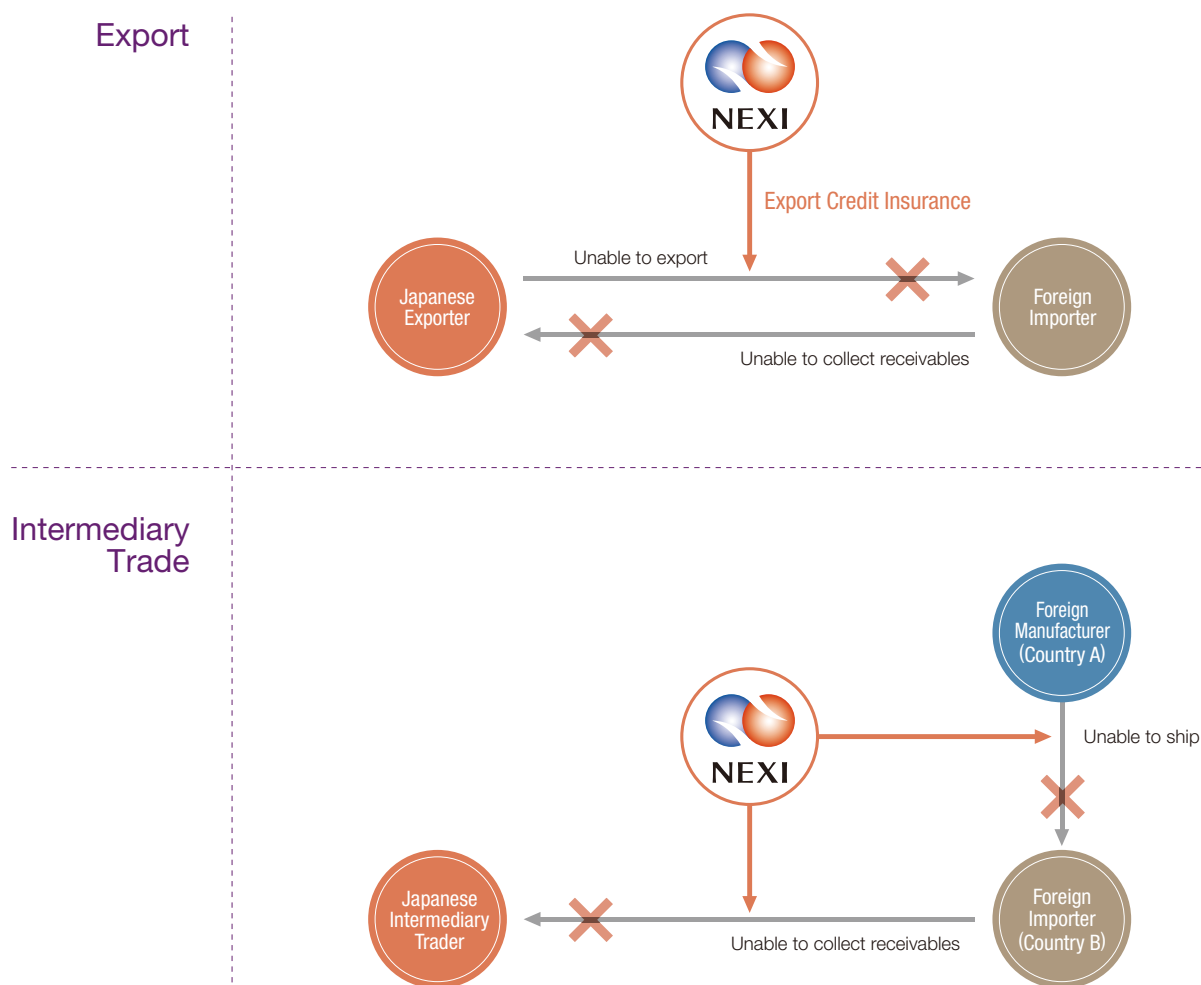
Insurance Products to Support Your Business

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 of 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

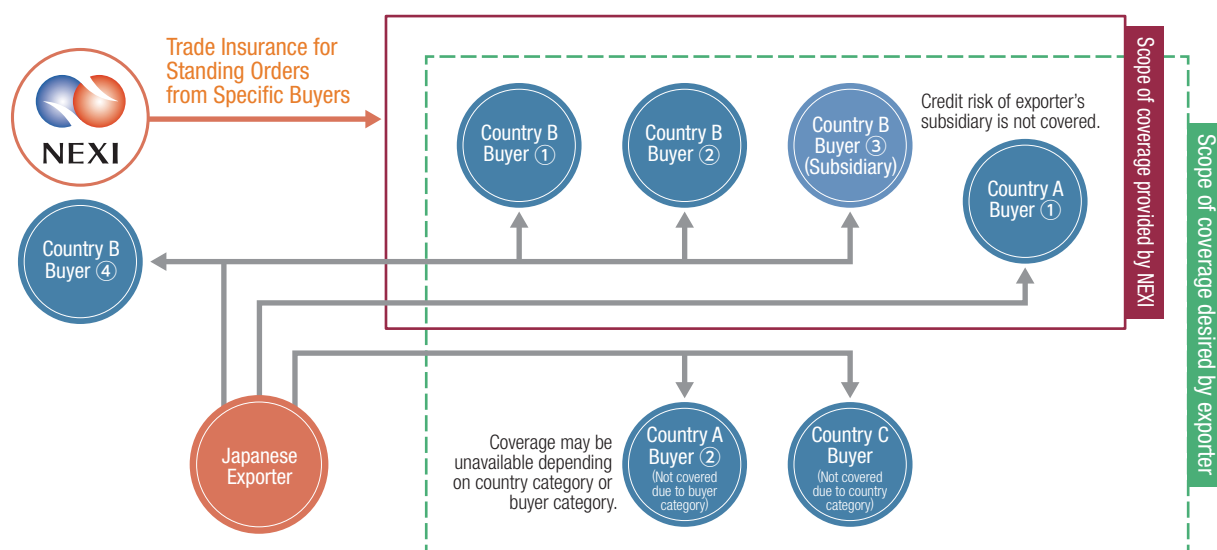
This insurance is suitable for transactions with a buyer or buyers to whom a Japanese exporter repeatedly supplies products, etc.

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.



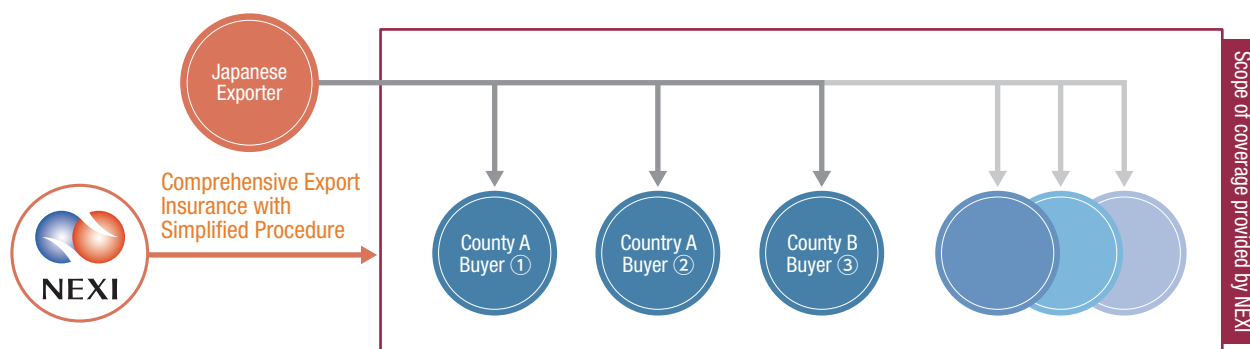
Comprehensive Export Insurance with Simplified Procedure

● 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.



- Credit risk of exporter's subsidiary is not covered.
- Coverage may be unavailable depending on country category or buyer category.

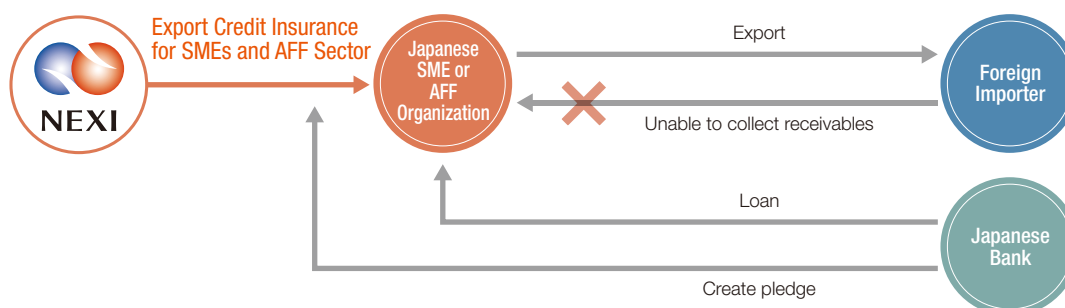


Export Credit Insurance for SMEs and AFF Sector

- 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

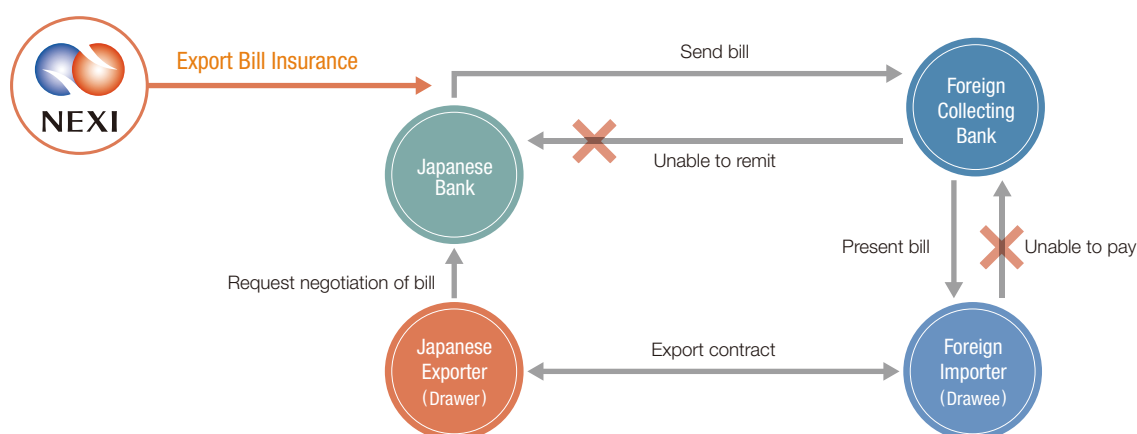
speedy payment of insurance claims to meet the needs of SME and AFF customers. Furthermore, applicants for this insurance who also receive a bank loan can simultaneously complete procedures to establish a pledge on insurance claim rights.



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.



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.

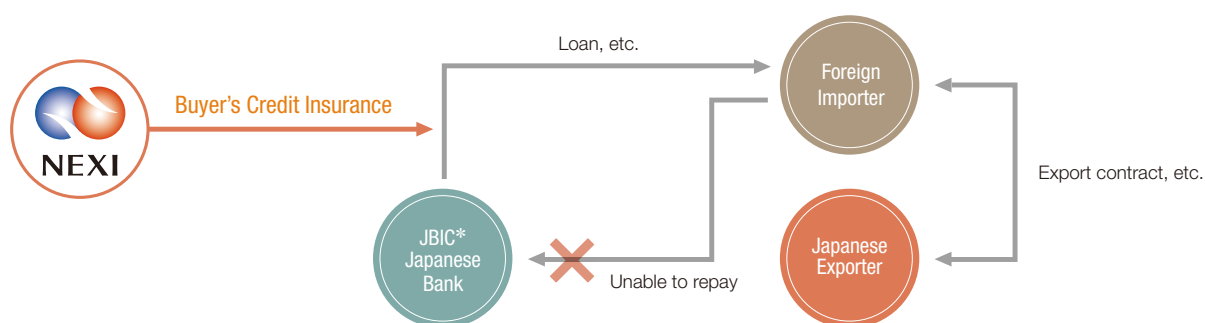
Insurance Products to Support Your Business

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 58.)



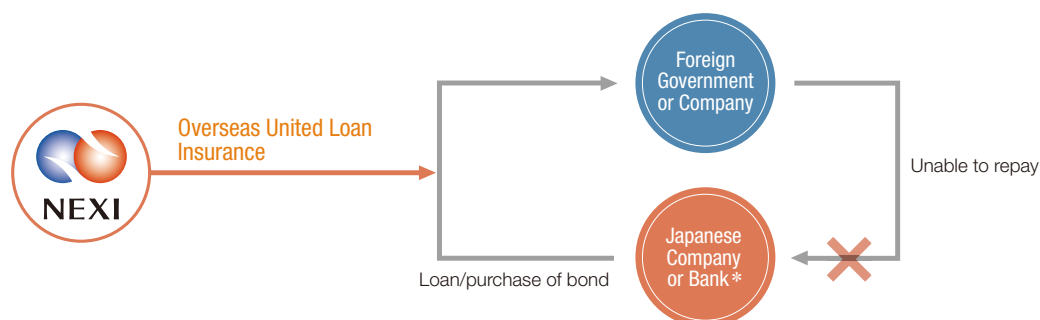
* NEXI provides the insurance only to Japanese commercial banks that extend loans, etc., in cooperation with the Japan Bank for International Cooperation (JBIC).

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 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.

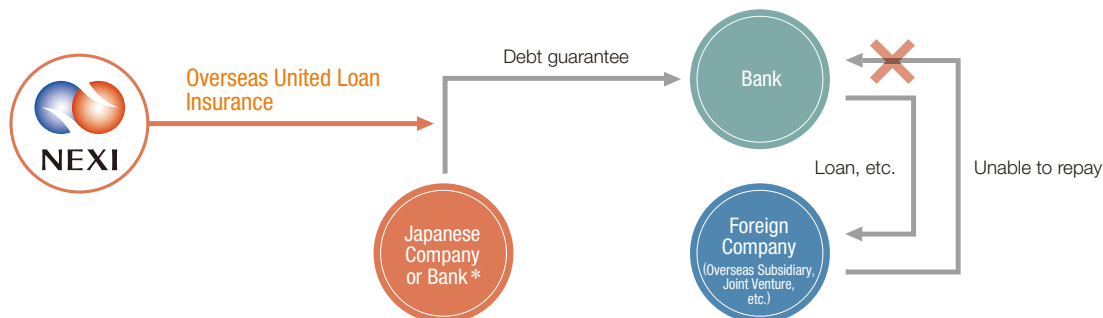




● Insurance for guarantee of obligation

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.



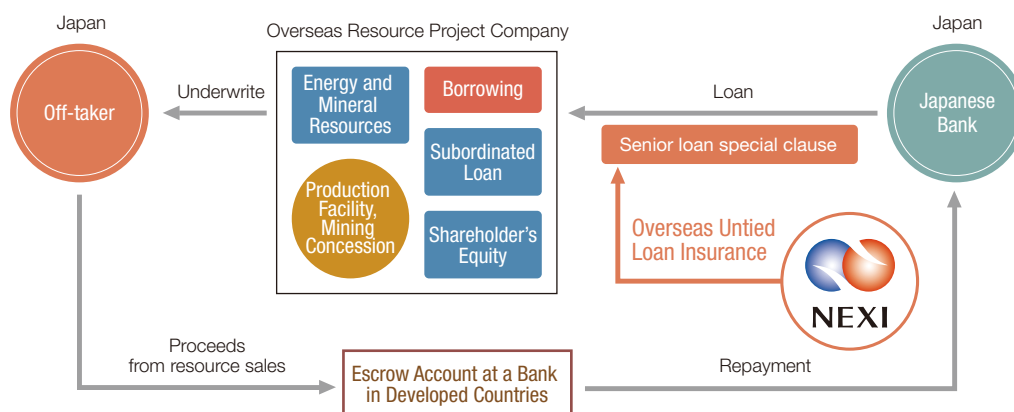
* NEXI may provide coverage to foreign companies or banks, etc. that finance projects particularly needed to promote the sound development of Japan's external transactions (e.g., projects that promote the acquisition of important resources and the competitiveness of Japanese companies).

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 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.

- A lower premium rate compared to Overseas United Loan Insurance is applicable only when an escrow account is opened with a bank in a developed country. Unless the condition is met, the rate of Overseas United Loan Insurance will be applied, but a higher percentage of commercial risk coverage (97.5%) will be granted.

Insurance Products to Support Your Business

Loan Insurance for Green Innovation

As a special clause to Buyer's Credit Insurance or Overseas Untied Loan Insurance, this insurance provides a higher percentage of commercial risk coverage (97.5%) than regular loan insurances. The insurance is available to projects related to the renewable energies and energy conservation businesses, as well as to those which utilize new technologies

contributing to environmental sustainability.

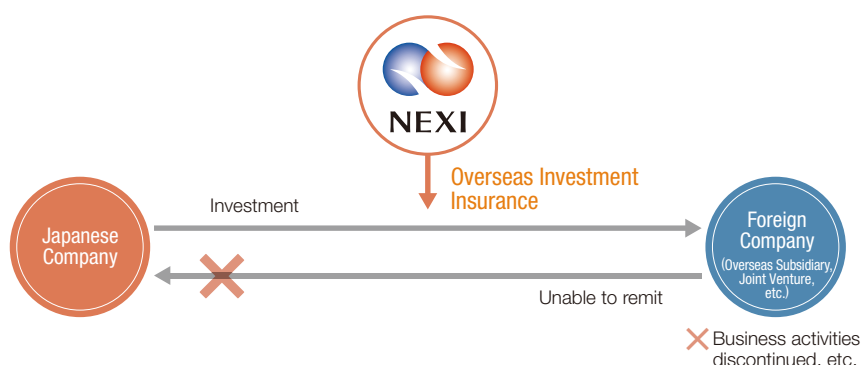
Use of this insurance requires Japanese companies that will undertake the projects and financial institutions to proactively disclose information on environmental conservation and their climate change measures.

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

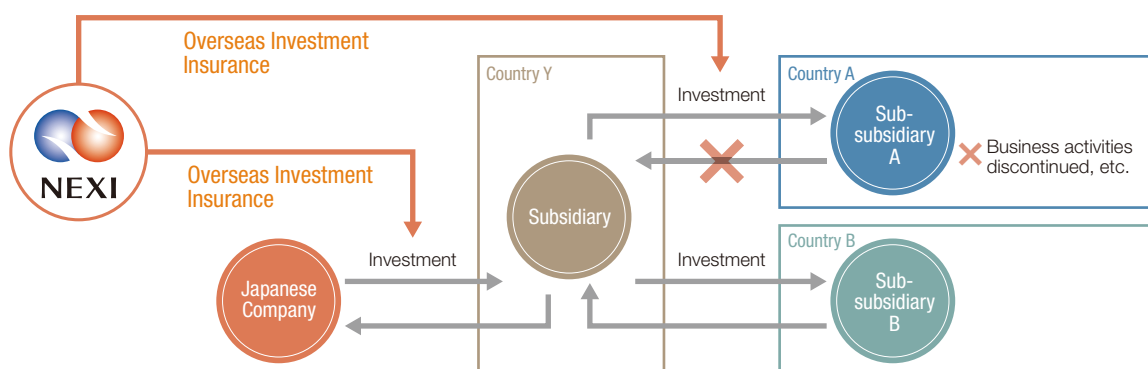
natural disaster. The insurance also covers losses incurred when overseas subsidiaries are unable to remit dividends to Japan due to prohibition of foreign currency exchange or suspension of remittance.



* 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

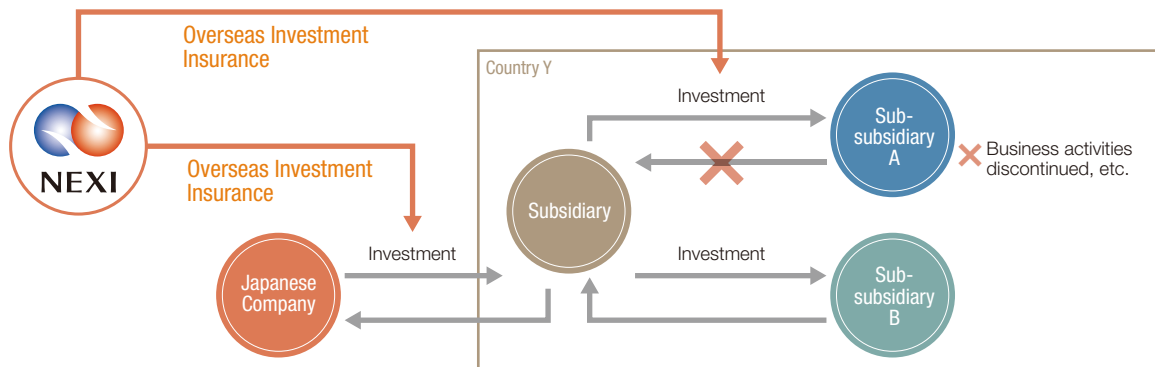
due to force majeure such as war, terrorism and natural disaster, even if the other sub-subsidiaries are able to continue business.





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 equity investments, there is

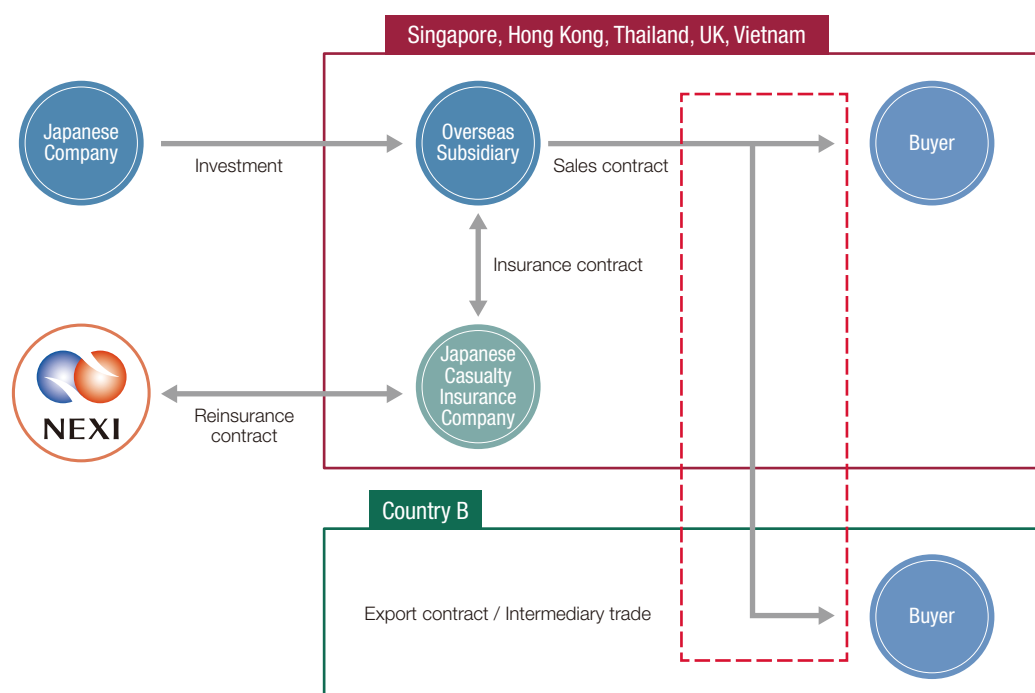
another type of Overseas Investment Insurance that covers rights and acquired profits (real estate, etc.).

Fronting

For export, intermediary trade, etc., that involve an overseas Japanese subsidiary 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.

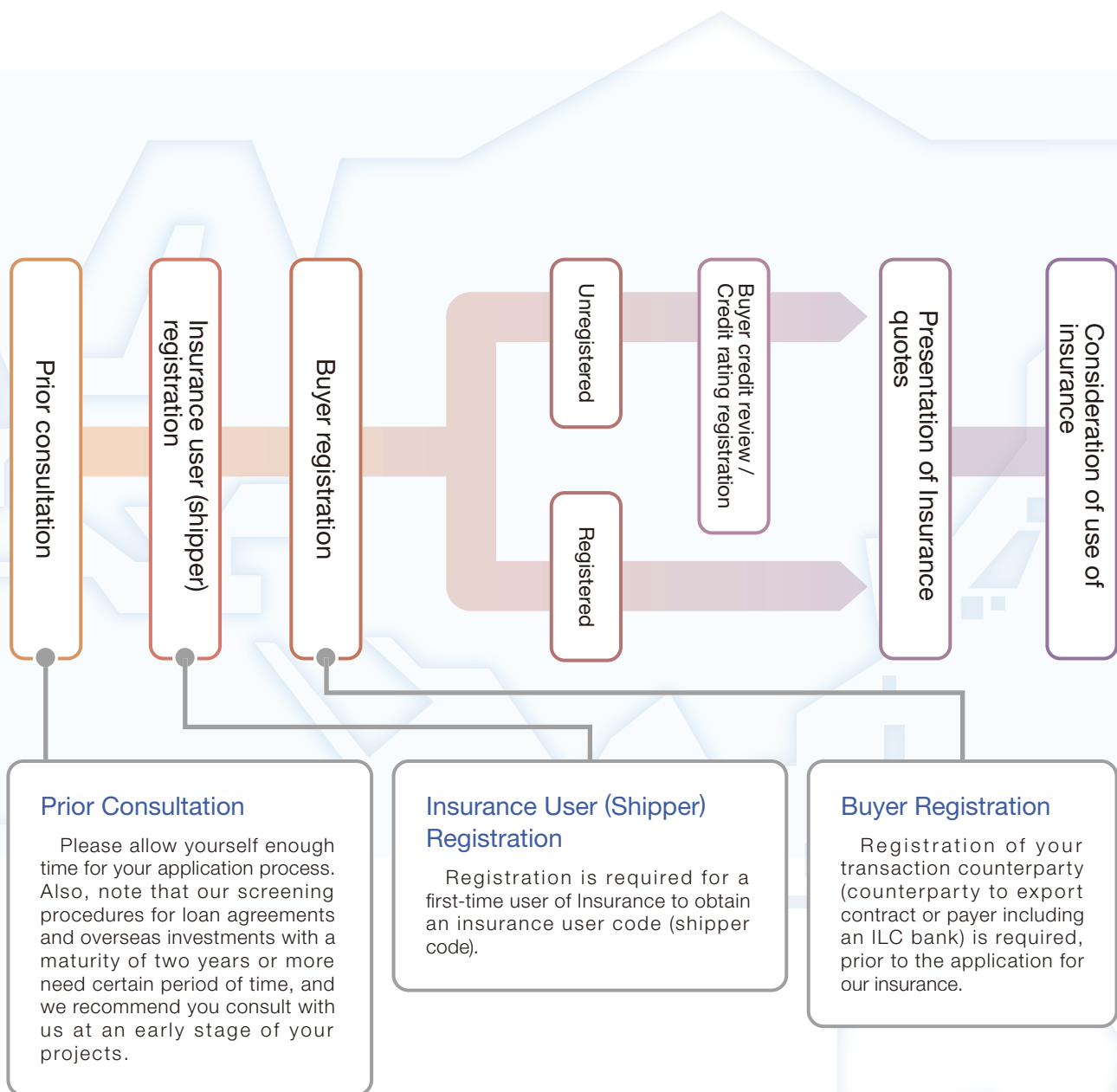
NEXI provides the coverage through reinsurance with an overseas Japanese non-life insurance company.

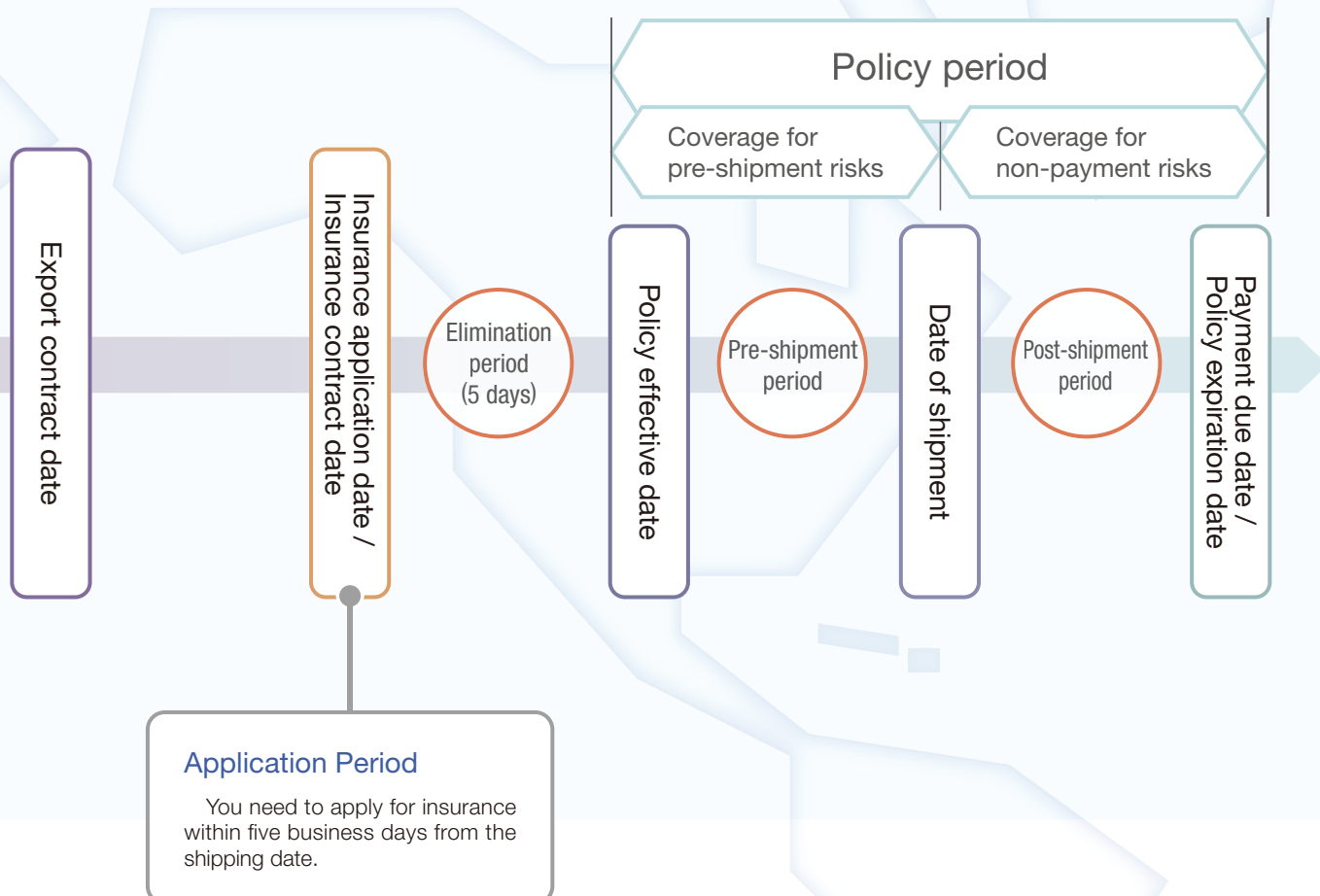


Insurance Application Process

Applying for insurance

Application process for Export Credit Insurance has the following steps.





For more details or assistance, please contact us.

Underwriting Department, NEXI head office

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

Osaka Branch

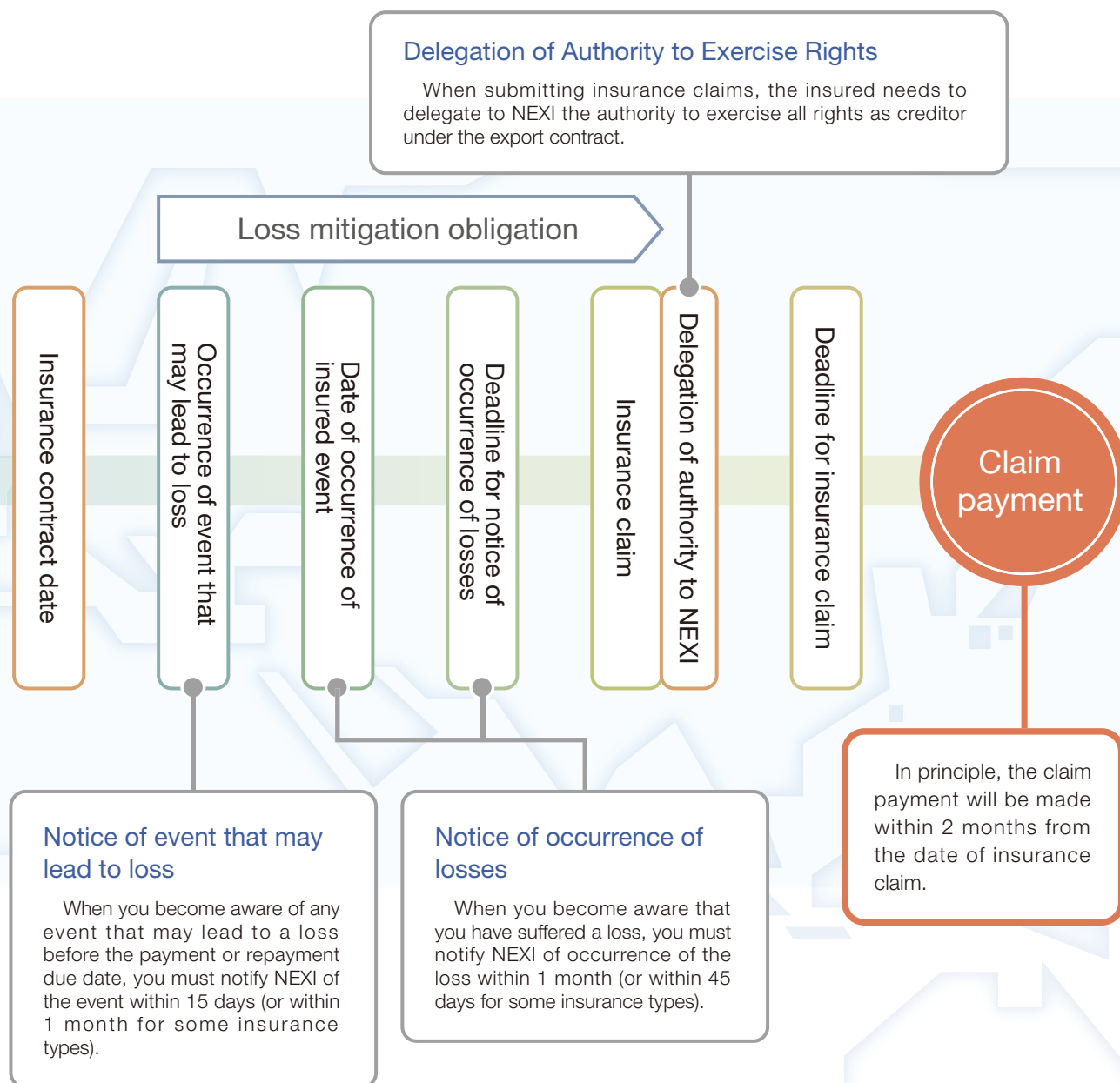
- Underwriting Group Toll-Free 0120-649-818

Further information on insurance application is available on our website at: <https://www.nexi.go.jp>

Insurance Application Process

Insurance claim payment

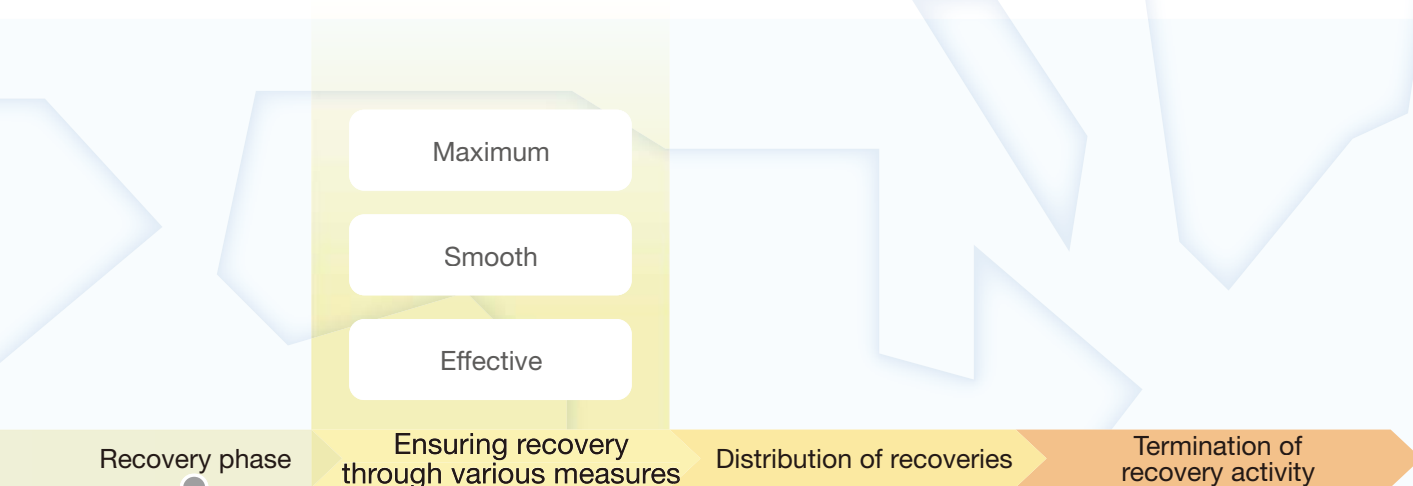
Insurance claim process has the following steps.



“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 strategy

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

Parties to conduct actual recovery

- NEXI partner collection agencies
- Insured
- NEXI and the Japanese government (through negotiations with debtor countries 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 partner collection agencies, NEXI may request the insured to cooperate in the recovery efforts.

**For details on insurance claim,
please contact us**

Asset Management Department

Toll-Free 0120-673-094

● Claims Service Group

03-3512-7663

● Recovery Group

03-3512-7658

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 strengthening its efforts based on the revisions.



About NEXI and Organizational Operation

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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	210 (as of April 1, 2020)	
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) Tokyo Head Office, Osaka Branch</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.

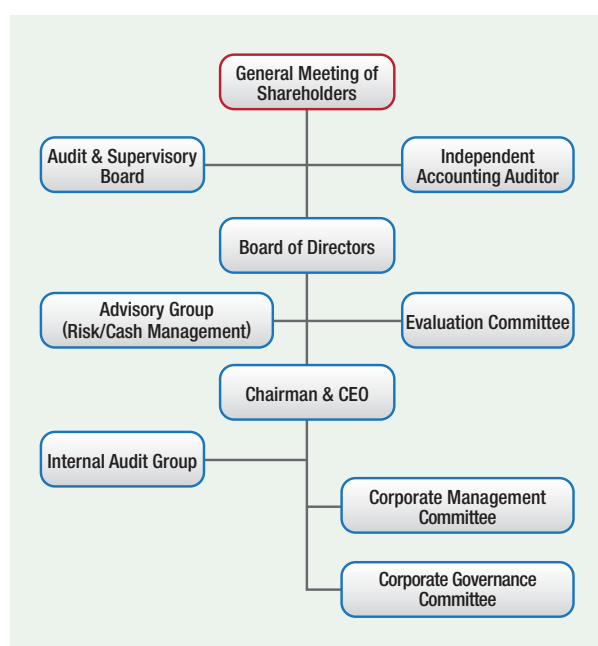
Note 1: Number of regular employees including assigned staff excluding those from IT Systems Division.

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 engaging in 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 thoroughly implementing the system 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 and appropriate 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.

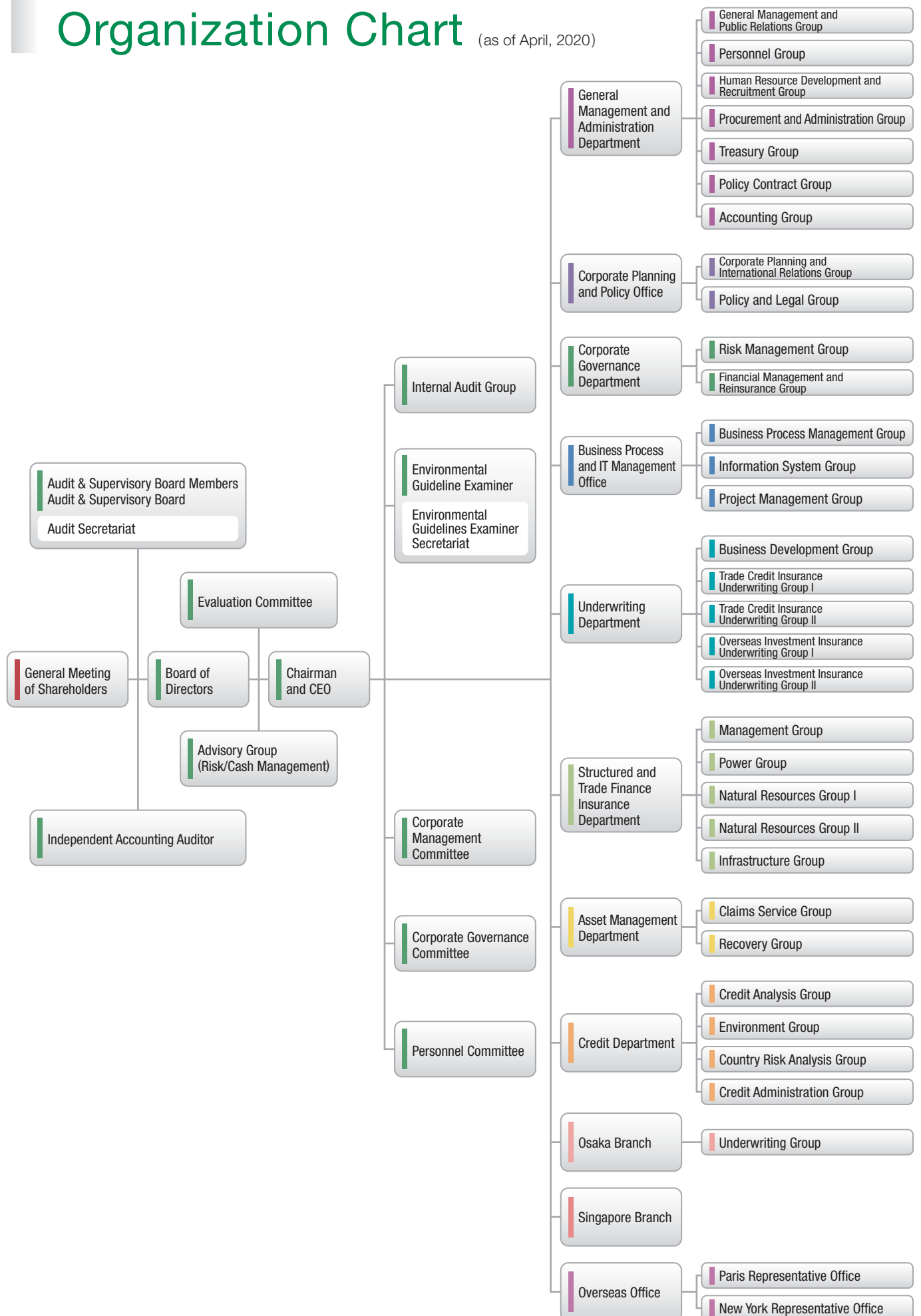
● System for Promoting Risk Management

- 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.

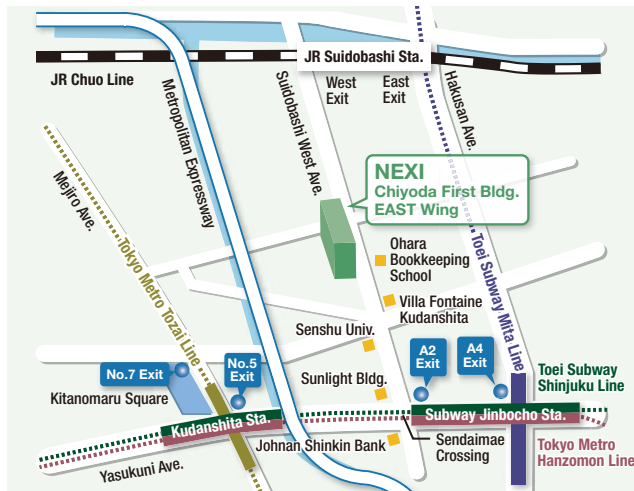
Organization Chart (as of April, 2020)



Access Map

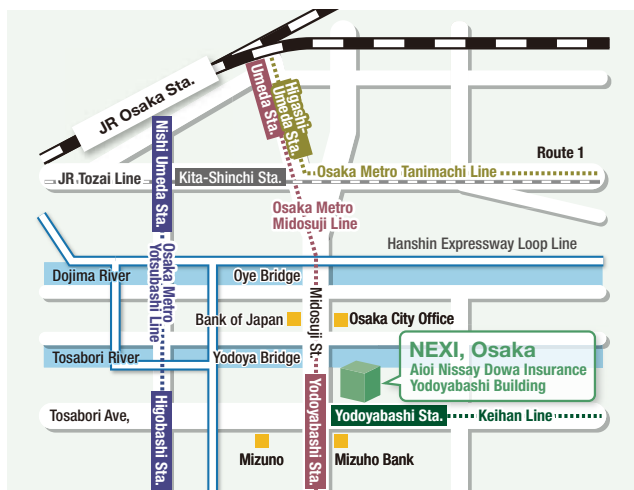
Head Office

Chiyoda First Bldg., East Wing,
5th Floor, 3-8-1 Nishikanda,
Chiyoda-ku, Tokyo 101-8359 Japan
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Osaka Branch

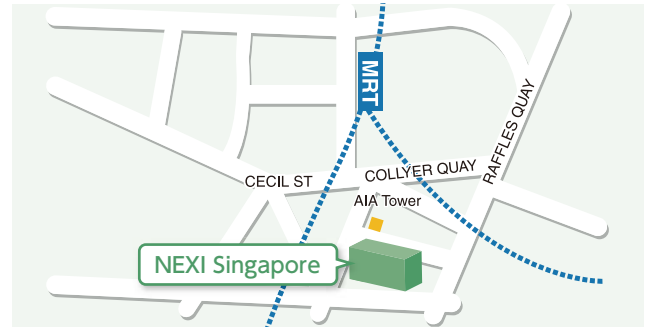
Aioi Nissay Dowa Insurance
Yodoyabashi Bldg., 8th Floor,
3-1-22 Kitahama, Chuo-ku,
Osaka City, Osaka 541-0041
Japan
Phone: +81 (0) 6-6233-4019
Fax: +81 (0) 6-6233-4001



Singapore Branch

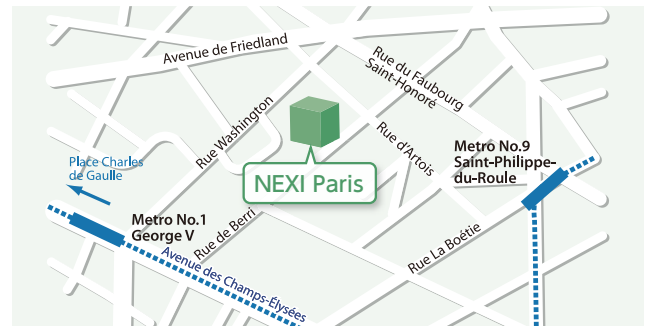
16 Raffles Quay, #38-06 Hong Leong Bldg.,
Singapore 048581
Phone: +65-6429-9582 Fax: +65-6222-0481

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



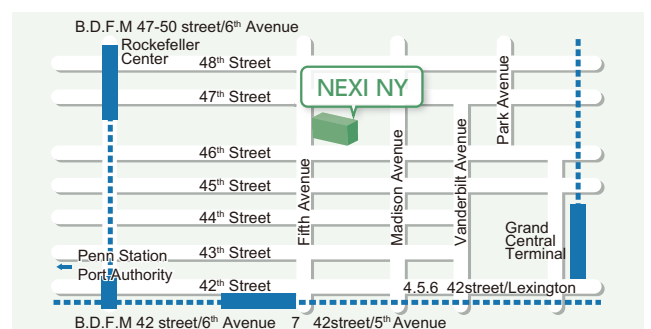
Paris Representative Office

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NY 10017 U.S.A
Phone +1-212-819-7769 Fax. +1-212-997-0464





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.



Product Outline



Use Examples



Procedures related to insured events



FY2019 Financial Results

FY2019 Financial Review

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Financial Statements etc.

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FY2019 Financial Review

Overview of Financial Statements

(Millions of Yen)

	3rd Fiscal Year (FY2019)
Ordinary income	67,958
Underwriting income	36,678
(Net premiums written)	36,678
Subrogation income	22,090
Investment income	9,178
Other ordinary income	12
Ordinary expenses	69,558
Underwriting expenses	59,956
(Net claims paid)	57,058
(Acquisition of receivables subrogated by paying claims)	(6,255)
(Provision for outstanding claims)	(2,389)
(Provision for unearned premiums)	(1,256)
(Provision for contingency reserves)	13,522
Subrogation expenses	801
Investment expenses	2,807
Operating and administrative expenses	5,993
Ordinary loss	(1,600)
Extraordinary income	1,600
Income before income taxes	—
Total income taxes	12
Net loss	(12)
Total assets	1,739,569
Net assets	794,875

Profit and Losses

NEXI's underwritten amount in FY2019, the total amount of insurance contracts underwritten during the fiscal year (the same applies below), decreased 6.3% year on year to JPY 5.9 trillion from around JPY 6.3 trillion. Although loan insurance was firm, the underwritten amount fell to its lowest since the company was founded because export credit insurance, which accounts for approximately 80% of overall underwriting, declined dramatically due to a falloff in comprehensive export insurance, mainly for equipment goods, against a backdrop of an overall contraction in the value of Japanese exports.

Premium income, the sum of direct premiums written and inward reinsurance premiums written (the same applies

below), rose 43.5% year on year to JPY 42.13 billion from approximately JPY 29.36 billion. Subrogation income, primarily consisting of recoveries, rose 88.3% year on year to JPY 22.09 billion from about JPY 11.73 billion, and investment income grew 33.0% year on year to JPY 9.18 billion from approximate JPY 6.90 billion. Meanwhile, due to large country risk events, net claims paid increased 70.2% year on year to JPY 57.06 billion from about JPY 33.52 billion, and subrogation expenses rose 105.1% year on year to JPY 800 million from approximately JPY 390 million. Operating and administrative expenses totaled JPY 5.99 billion. As a result, a provision for contingency reserves of JPY 13.52 billion was recorded.

Financial Statements etc.



Balance Sheet (As of March 31, 2020)

(Millions of Yen)

Account Title	Amount
(Assets)	
Cash and bank deposits	1,054,592
Bank deposits	1,054,592
Securities	610,488
Government bonds	344,946
Municipal bonds	110,500
Corporate bonds	119,900
Foreign securities	35,143
Receivables subrogated by paying claims	59,008
Tangible fixed assets	607
Buildings	349
Equipment and fixtures	256
Other tangible fixed assets	2
Intangible fixed assets	1,699
Software	1,132
Software in progress	567
Other assets	13,062
Accrued premiums	2,360
Reinsurance accounts receivable	14
Foreign reinsurance accounts receivable	1,033
Accounts receivable	5,081
Accrued income	3,772
Deposits	513
Other assets	289
Deferred tax assets	113
Total assets	1,739,569

(Millions of Yen)

Account Title	Amount
(Liabilities)	
Insurance liabilities	917,894
Outstanding claims reserves	84
Underwriting reserves	917,810
Unearned premiums	147,640
Contingency reserves	770,170
Other liabilities	26,163
Income tax payable	32
Deposits received	20,699
Unearned income	2,372
Accrued amount payable	2,442
Other liabilities	619
Provision for employees' bonuses	120
Provision for directors' bonuses	9
Provision for employees' retirement benefits	495
Provision for directors' retirement benefits	12
Total liabilities	944,694
(Net assets)	
Capital	169,352
Capital surplus	625,553
Legal capital surplus	625,553
Retained earnings	(31)
Other retained earnings	(31)
Retained earnings brought forward	(31)
Total shareholders' equity	794,875
Total net assets	794,875
Total liabilities and net assets	1,739,569

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 Insurance 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	1,033,905	1,033,905	—
(2) Securities	610,488	656,279	45,791
Bonds held to maturity	610,488	656,279	45,791
(3) Receivables subrogated by paying claims (commercial risk)			
Receivables subrogated by paying claims	17,884	17,884	—
Allowance for doubtful accounts*	—	—	—
(Net)	17,884	17,884	—
(4) Accrued premiums	2,360	2,360	—
Assets	1,664,638	1,710,429	45,791
(5) Deposits received	12	12	—
Liabilities	12	12	—

* 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	396,956	443,752	46,796
Those with fair value not exceeding the carrying amount	Government and municipal bonds	213,532	212,527	(1,005)
Total		610,488	656,279	45,791

(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	20,687
Deposits received	20,687

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)	41,123

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	1,033,905	—	—	—	—	—	20,687
Securities							
Bonds held to maturity	7,999	27,421	125,788	254,300	188,500	—	—
Accrued premiums	2,360	—	—	—	—	—	—
Total	1,044,265	27,421	125,788	254,300	188,500	—	20,687

* 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 436 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 160,448 million
Underwriting reserves for outward reinsurance related to the above	JPY 12,808 million
Net (a)	JPY 147,640 million
Underwriting reserves for others (b)	JPY 770,170 million
Total (a + b)	JPY 917,810 million

6 Net assets per share is JPY 52,991.65.

Total net assets, the basis for calculating net assets per share, is JPY 794,875 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 41,123 million
Receivables subrogated by paying claims (commercial risk)	JPY 17,855 million
Expected receivables subrogated by paying claims (political risk)	—
Expected receivables subrogated by paying claims (commercial risk)	JPY 30 million
Transferred claims	—
Total	JPY 59,008 million

8 Amounts are rounded off to the nearest integer unit.

Financial Statements etc.

Statement of Income (April 1, 2019 – March 31, 2020)

(Millions of Yen)

Account Title	Amount
Ordinary income	67,958
Underwriting income	36,678
Net premiums written	36,678
Subrogation income	22,090
Investment income	9,178
Interest and dividends income	9,178
Other ordinary income	12
Ordinary expenses	69,558
Underwriting expenses	59,956
Net claims paid	57,058
Acquisition of receivables subrogated by paying claims	(6,255)
Commissions	(890)
Provision for outstanding claims	(2,389)
Provision for underwriting reserves	12,266
Provision for unearned premiums	(1,256)
Provision for contingency reserves	13,522
Foreign exchange loss	166
Other underwriting expenses	0
Subrogation expenses	801
Investment expenses	2,807
Operating and administrative expenses	5,993
Ordinary loss	(1,600)
Extraordinary income	1,600
Gain on government grants	1,600
Income before income taxes	—
Income taxes-current	32
Income taxes-deferred	(19)
Total income taxes	12
Net loss	(12)



● Notes:

1

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

Premiums written	JPY 42,127 million
Reinsurance premiums paid	(JPY 5,449 million)
Total	JPY 36,678 million

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

Insurance claims paid	JPY 57,058 million
Reinsurance claims recovered	—
Total	JPY 57,058 million

(3) The breakdown of commissions is as follows.

Commissions for agencies and others	JPY 1 million
Commissions for outward reinsurance	(JPY 891 million)
Total	(JPY 890 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 2,310 million
Provision for underwriting reserves for outward reinsurance related to the above	JPY 3,565 million
Net (a)	(JPY 1,256 million)
Provision for other underwriting reserves (b)	JPY 13,522 million
Total (a + b)	JPY 12,266 million

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

Interest from bank deposits	JPY 3,119 million
Interest and dividends from securities	JPY 6,059 million
Other interest and dividends	—
Total	JPY 9,178 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 10,784 million
Interest from receivables subrogated by paying claims (political risk)	JPY 3,588 million
Recovery of receivables subrogated by paying claims (commercial risk)	JPY 1,716 million
Interest from receivables subrogated by paying claims (commercial risk)	JPY 26 million
Recovery of transferred claims	JPY 93 million
Recovery received	JPY 5,777 million
Recovery received of overseas inward reinsurance	JPY 78 million
Others	JPY 28 million
Total	JPY 22,090 million

Subrogation expenses

Loss on bad debts (commercial risk)	JPY 250 million
Debt recovery expenses (underwritten)	JPY 114 million
Recovery expenses (inward reinsurance)	JPY 11 million
Foreign exchange loss (subrogation expenses)	JPY 426 million
Total	JPY 801 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 0.83.

Net loss for the current fiscal year, the basis for calculating net income or loss per share, is JPY 12 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 Amounts are rounded off to the nearest integer unit.

Financial Statements etc.

Statement of Changes in Shareholders' Equity (April 1, 2019 – March 31, 2020)

(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	(19)	(19)	794,887	794,887
Changes during the year							
Net loss			—	(12)	(12)	(12)	(12)
Total change during the year	—	—	—	(12)	(12)	(12)	(12)
Ending balance	169,352	625,553	625,553	(31)	(31)	794,875	794,875

● Notes:

1 Type and number of issued shares and treasury shares

(Thousands of Shares)

	Number of shares as of April 1, 2019	Increase during the fiscal year 2019	Decrease during the fiscal year 2019	Number of shares as of March 31, 2020
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, 2019 – March 31, 2020)

(Millions of Yen)

Account Title	Amount
Cash flows from operating activities	
Premiums received	40,836
Insurance claims paid	(57,050)
Commissions	(1)
Proceeds from collection of receivables subrogated by paying claims	33,171
Payment for allocation of collection from receivables subrogated by paying claims	(5,383)
Payment for operating and administrative expenses	(5,015)
Others	(105)
Subtotal	6,452
Interest and dividend income received	12,698
Income taxed refund (paid)	48
Others	(210)
Net cash provided by (used in) operating activities	18,988
Cash flows from investing activities	
Payments into time deposits	(128,803)
Proceeds from repayment of time deposits	78,098
Purchase of securities	(169,254)
Proceeds from sales and redemption of securities	3,647
Total from asset management activities	(216,312)
(Total from operating and asset management activities)	(197,324)
Purchase of tangible fixed assets	(43)
Purchase of intangible fixed assets	(881)
Others	(0)
Net cash provided by (used in) investing activities	(217,237)
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	(1,160)
Net increase (decrease) in cash and cash equivalents	(197,809)
Cash and cash equivalents at the beginning of the year	1,102,896
Cash and cash equivalents at the end of the year	905,087

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 Insurance and Investment 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	1,054,592
Time deposit	(128,819)
Other bank deposits *	(20,687)
Cash and cash equivalents at the end of the year	905,087

* 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.
Reinsurance accounts receivable	The accrued portion associated with underwriting insurance with Japanese insurance companies.
Foreign reinsurance accounts receivable	The accrued portion and portion of advancement payments associated with underwriting insurance and reinsurance with overseas insurance companies.
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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