

# NEXI

Nippon Export and Investment Insurance

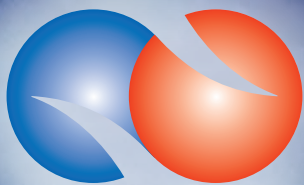


## ANNUAL REPORT

Nippon Export and Investment Insurance

# 2020





# 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**

As we publish this annual report, I would like to take this opportunity to express my sincere gratitude to all of you for your patronage and support of Nippon Export and Investment Insurance (NEXI).

In 2020, as the COVID-19 pandemic unfolded, the world confronted its worst economic crisis since the Second World War. Although the economic outlook remains uncertain, NEXI has been doing its utmost to support Japanese companies throughout the pandemic by providing trade insurance for their overseas business activities. Indications have finally begun to emerge of a normalization of economic activity. NEXI

will nonetheless continue to work relentlessly toward three goals: increasing the number of trade insurance users; enhancing the trade insurance system; and strengthening international cooperation. Looking ahead to the post-pandemic era, we aim to give Japanese companies a new level of assurance through the provision of trade insurance.

In FY2020, we made strong progress with regard to our goal of increasing the number of trade insurance users. We met, for the first time, our target of 900 companies using trade insurance annually. We achieved this by using a range of new sales tools such as remote interviews and webinars and by strengthening our external communications through regular press conferences and various types of media. We also implemented various other new initiatives including strengthening our sales system for the domestic reinsurance scheme of Overseas Investment Insurance and launching a rating information service.

In pursuit of our goal of enhancing the trade insurance system, we established the LEAD Initiative in response to “Infrastructure System Overseas Promotion Strategy 2025”. Through the LEAD Initiative, we aim to expand the underwriting of loan insurance by recognizing “LEAD elements” for projects that contribute to combating climate change, promoting digitalization, strengthening relations with foreign governments, achieving the SDGs and others. As well as expanding the use of trade insurance, this initiative has led to an increase in the number of projects that use a variety of private sector funds through our fund and bond schemes.

We also made progress toward our goal of strengthening international cooperation. As well as expanding the number of MOUs to include Saudi Arabia and Azerbaijan, we signed cooperation agreements with international development finance institutions such as the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD), and the Multilateral Investment Guarantee Agency (MIGA). Through these agreements, we aim to promote the structuring of projects for developing countries as well as the cofinancing in the environmental sector. In addition, NEXI opened Japan Desks at six international development finance institutions in the Middle East and Africa region, leading to support for specific projects in the region.

We have received strongly positive feedback on our efforts against the coronavirus pandemic. We will continue to strengthen our support for customers through measures such as by extending the deadline for providing the overseas subsidiaries of Japanese companies with working capital procurement support. We will continue to develop a system that gives customers greater assurance about overseas transactions as they conduct business activities amid unstable conditions.

In February 2021, we discovered that NEXI had violated the Trade and Investment Insurance Act in our management of foreign bonds and an incorrect collection of insurance premiums. We sincerely apologize for any inconvenience and concern this may have caused to our customers. In response to the report submitted by an investigative committee consisting of external lawyers, we have acted to prevent recurrence by further strengthening our legal compliance system. We are strongly determined to prevent recurrence and ensure legal compliance going forward and will strive to restore trust in NEXI.

This year marks the 20th anniversary of NEXI's establishment. All of us at NEXI will continue striving to improve the quality of our services with a “customer first” mindset. As a public organization in charge of trade insurance business, NEXI will continue to contribute to the sound development of foreign trade of Japanese companies by providing assurance to as many customers as possible.

Thank you for your continued understanding and support.



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# NEXI celebrates its 20th anniversary - Our History & Milestones (2001-2010)

## FY2001

### ● April 1, 2001

#### **Establishment of NEXI**

Nippon Export and Investment Insurance (NEXI) was established 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 the business, improve service quality and transparency, and increase staff expertise. Simultaneously, a reinsurance system was established under the Special Account for Trade Reinsurance of the government. This improved operational agility, which enabled the system to respond quickly to the accelerating overseas expansion of Japanese companies and the changing needs for trade insurance in foreign transactions.



#### **Supported projects**



Taiwan / Bullet train construction project (export insurance)

September 11 terrorist attacks  
Argentina financial crisis

Bali terrorist attacks

SARS outbreak  
Iraq war

## FY2002

### ● Establishment of Guidelines on Environmental and Social Considerations in Trade Insurance

We established NEXI's guidelines based on the agreement of the OECD Working Party on Export Credits and Credit Guarantees.

### ● Including natural disasters and acts of terrorism as basic risks covered by investment insurance

Following the September 11 terrorist attacks in the U.S., NEXI began underwriting losses caused by acts of terrorism and natural disasters as basic coverage risk for Overseas Investment Insurance.

### ● Establishment of Trade Insurance for Standing Orders from Specific Buyers

We established Trade Insurance for Standing Orders from Specific Buyers for manufacturers engaging in continued and repeated transactions



Algeria / Arzew desalination and power plant project (export insurance)

## FY2004

### ● Easing an insurance event certification requirement in Overseas Investment Insurance

We improved Overseas Investment Insurance by easing a criterion for recognizing insurance events from six months of business suspension to three months.

### ● Strengthening export support through collaboration on reinsurance

NEXI started providing support for the export of parts developed and manufactured by Japanese companies for Boeing aircrafts, with the conclusion of a reinsurance agreement with the Export-Import Bank of the United States. We also concluded reinsurance agreements with export credit agencies (ECAs) in Asian countries, aiming to enable overseas subsidiaries of Japanese companies in Asia to use the trade insurance of local ECAs.



Export project of Boeing 767 aircraft for Uzbekistan Airways (reinsurance)

## FY2003

### ● Responding to SARS

In response to the SARS outbreak, we decided to cover losses caused by the outbreak through Overseas Investment Insurance, recognizing SARS as a "disaster caused by an unusual natural phenomenon." This later provided a model for our response to COVID-19 in 2020.

### ● Asia bonds

As part of the ASEAN-Japan Economic Partnership Initiative, we established a system that provided loan insurance to Japanese companies that provided guarantees for local currency-denominated bonds (Asia bonds) issued by Japanese companies in ASEAN countries.

### ● Establishment of Intellectual Property License Insurance

In response to increasing activity in the licensing business, we established license insurance to cover the non-payment of royalties from overseas business partners.



Azerbaijan / BTC pipeline project (loan insurance)

## FY2005

### ● Establishment of Export Credit Insurance for SMEs

NEXI established Export Credit Insurance for SMEs, a dedicated product for supporting exports by SMEs.

### ● Expanding insurance underwriting to loans for non-L/G projects

We strengthened and expanded our credit risk screening system in response to an increasing number of private sector projects conducted without host government guarantees, such as infrastructure projects.



Thailand / Japanese automaker Asia bond project (loan insurance)



## FY2006

### ● Review of Overseas Investment Insurance

We reduced premium rate for Overseas Investment Insurance by 30% to further promote Japanese companies' overseas investment in natural resources and energy. We also established a partial loss clause to cover inability of a reinvested company to continue its business, as well as a clause to cover extra premiums that arise when shares are acquired in foreign companies.

### ● Launch of online service

NEXI launched an online service, along with the start of operating our trade insurance information system SPIRIT ONE. By introducing the service that enabled insurance applications and various procedures online, we increased convenience for customers while also improving our administrative efficiency.



United Arab Emirates /  
Dubai Metro phase II  
construction project  
(export insurance)

## FY2008

### ● Cooperation with Asian countries during the financial crisis

For two years from October 2007, NEXI's then-Chairman Hidehiro Konno served as president of the Berne Union (BU), the International Union of Credit and Investment Insurers. He actively promoted discussions on the role of ECAs during the financial crisis. In November 2008, a special meeting of ECAs in Asia was established on his initiative. The first meeting was held in Tokyo, where it was agreed to promote the establishment of a reinsurance network of ECAs in Asia to support supply chains in the region.

### ● Establishment of Trade and Investment Insurance for Preventing Global Warming

NEXI established an insurance policy to support export and overseas business related to facilities and equipment that contribute to the reduction of greenhouse gas emissions.



Laos / Vientiane Wattay  
International Airport project  
(investment insurance)

## FY2010

### ● Support for export of packaged infrastructure systems

We implemented a range of measures to strengthen support for overseas infrastructure projects conducted by Japanese companies. These included: introducing the coverage of policy change risk to Overseas Investment Insurance; strengthening our response to local currency exchange rate risk; and increasing the insurance coverage ratio for co-financing with the Japan Bank for International Cooperation (JBIC).

### ● Launch of fronting service

NEXI launched a fronting service in response to an increasing number of direct exports from overseas subsidiaries of Japanese companies to buyers in third countries. The service supports these transactions by underwriting the reinsurance of primary insurance contracts issued by local insurance companies.

### ● Establishment of Comprehensive Export Insurance with Simplified Procedure

We established Comprehensive Export Insurance with Simplified Procedure, which reduced the administrative burden for insurance applications.



Vietnam / Hydroelectric  
power station construction  
project (loan insurance)

Thailand military  
coup

Global financial crisis

European debt crisis

## FY2007

### ● Review of Comprehensive Insurance with Exporters' Associations and improvement of product quality

As well as introducing an optional coverage plan for Comprehensive Insurance with Exporters' Association, we increased the scope of coverage risks, expanded the menu of options, and introduced a premium rate system that aligned to risks with increased accuracy.

### ● Establishment of Investment and Loan Insurance for Natural Resources and Energy

Amid fierce international competition for resources driven by rapid growth in energy demand in emerging countries, we established Investment and Loan Insurance for Natural Resources and Energy. By providing this insurance, we aim to help ensure a stable supply of resources and energy.



Kazakhstan / Uranium mine development  
project (loan insurance)

## FY2009

### ● Responding to the global financial crisis Support for funding needs of Japanese companies' overseas subsidiaries

In response to the sharp decline in the intermediary function of financial markets during the global financial crisis, NEXI provided insurance cover to procurement of working capital to meet the funding needs of Japanese companies' overseas subsidiaries.



Turkey / Export project for a bulk carrier  
(export insurance)



# NEXI celebrates its 20th anniversary - Our History & Milestones (2011-2020)

NEXI

FY2011

## ● Responding to the Great East Japan Earthquake

Following the Great East Japan Earthquake, we acted in response to import restrictions that were imposed as a result of rumors about radioactive contamination of export cargo. We made exporters eligible for trade insurance payments in the event of losses incurred due to restrictions or bans on imports in destination countries or business countries. For affected customers, NEXI extended deadlines and relieved the insured's administrative burdens. NEXI also established a dedicated helpline.

## ● Responding to Thailand floods

Large-scale floods in central Thailand caused enormous damage to the local subsidiaries of Japanese companies, rendering their facilities inoperable due to flooding in industrial parks and the disruption of supply chains. In response to this, we provided support for working capital procurement for the affected local subsidiaries.

## ● Launch of network for supporting overseas business development of SMEs

To actively support the overseas business development of small and medium-sized enterprises (SMEs), we established a nationwide support network of 11 regional banks. In cooperation with regional banks who have close business relationships with local companies, we made it easier for SMEs across Japan to use our trade insurance.

### Supported projects

New Zealand / Geothermal power generation project (loan insurance)



FY2013

## ● Provision of new overseas fronting scheme

To respond to diversification in the overseas transactions of Japanese companies, we upgraded the fronting scheme that we had established in 2010. We developed a new fronting product that could support sales by overseas subsidiaries of Japanese companies within the local market, as well as their direct exports to third countries. We launched this product in Thailand, Singapore, and Hong Kong.



Australia / Roy Hill iron ore mining project (loan insurance)

Great East Japan Earthquake  
Thailand floods

Spanish financial crisis  
Algeria hostage crisis

FY2012

## ● Strengthening support for overseas business development by SMEs

We improved Export Credit Insurance for SMEs, by lowering the premium rate, raising the policy amount limit, and extended the coverage to medium-sized companies. We also expanded our overseas business support network for SMEs to 29 financial institutions including regional banks.

## ● Support for overseas infrastructure projects

We pursued the securitization of NEXI-insured loans in response to changes in the lending environment for banks, such as the European financial crisis and the implementation of new financial regulations. In addition, we strengthened our support for overseas infrastructure projects through providing insurance for Local Buyer's Credit and loans denominated in local currencies.



UK / Intercity Express project (loan insurance)  
Australia / Ichthys LNG project (loan insurance)

FY2014

## ● Revision of the Trade and Investment Insurance Act in 2014

The Trade and Investment Insurance Act was revised for the first time since establishment of NEXI. Against the backdrop of the terrorist attacks in Algeria in 2013, the revision has enabled NEXI's insurance to cover the additional costs incurred when plant construction is suspended due to terrorism or war. In addition, we shortened the period of business suspension, a criterion for recognizing insurance events under Overseas Investment Insurance, from three months to one month. Other enhancement include reinsurance for a domestic insurer as part of SME support.

## ● Support for the agricultural sector

We provided insurance for a project for a Brazilian grain company to support stable procurement of food supplies.



U.S.A. / Shale gas LNG project (loan insurance)

FY2015

## ● Revision of the Trade and Investment Insurance Act in 2015

The Trade Insurance and Investment Act was revised to materialize NEXI's transition to a fully government-owned special stock company from April 2017.

## ● Establishment of African Sustainable Export and Investment Support Insurance

NEXI established the product to promote investment and financing by Japanese companies in Africa.



Myanmar / Telecommunication services project (investment insurance)



## FY2016

### ● Enhancing product features to support the "Initiative to Expand Export of Quality Infrastructure"

In response to the "Partnership for Quality Infrastructure" and the "Initiative to Expand Export of Quality Infrastructure" announced by the Japanese government, we enhanced various product features. These included: lengthening the investment insurance policy period (to 30 years); expanding the political risk coverage ratio for loan insurance and investment insurance (to 100%); and establishing sub-sovereign response insurance. In addition, with the aim of providing an impetus for NEXI to actively underwrite insurance, a direct investment of JPY 65 billion was made in the second supplementary budget for FY2016, which strengthened our financial base.

### ● Launching Export Credit Insurance for SMEs and AFF Sector

To support the overseas business development of entities in the agricultural, forestry, and fishery sector (AFF sector), we revised our Export Credit Insurance for SMEs, repositioning it as Export Credit Insurance for SMEs and AFF Sector. In addition, our support network for the overseas business development of SMEs, which was launched in 2011, expanded to all 47 prefectures in Japan. The number of partner financial institutions increased to 114.



Qatar / Doha Metro construction and maintenance project (export insurance)

## FY2018

### ● Expanding scope of Investment and Loan Insurance for Natural Resources and Energy

We expanded the types of transactions covered by the insurance, which was first launched in 2007. In addition to the long-term offtake of mineral and energy resources to Japan, we established coverage of the offtake of mineral and energy resources by Japanese companies in third countries, thereby strengthening the support we provide for LNG-related projects.

### ● Improving convenience with simplification of insurance application procedures

We simplified the procedures for Export Credit (Comprehensive) Insurance by making it unnecessary to submit evidence such as copies of export contracts when applying for insurance.



Oman / Sharqiyah seawater desalination project (loan insurance)

## FY2020

### ● Responding to economic crisis caused by COVID-19 pandemic

To support trade and investment by Japanese companies during the crisis, we decided to cover losses caused by the pandemic through export, investment, and loan insurance, and to continue underwriting new policies. In addition, we worked to cover supply chain risks through investment insurance, as well as to support working capital procurement for overseas subsidiaries of Japanese companies, procurement of medical supplies through Prepayment Import Insurance, and export to third countries from overseas subsidiaries of Japanese companies.

### ● Establishment of LEAD Initiative

To respond to the business environment with and after the COVID-19, NEXI announced an initiative to actively promote the underwriting of projects, with a focus on contributing to global carbon neutrality, solving social issues and achieving the SDGs.



African Export-Import Bank / COVID-19 Pandemic Trade Impact Mitigation Facility (loan insurance)

U.S.-China trade conflict

Hong Kong Protests

COVID-19 economic crisis

## FY2017

### NEXI converted into a special stock company.

On April 1, 2017, Nippon Export and Investment Insurance (NEXI) transitioned into 100% government-owned special stock company from an incorporated administrative agency. The aim of this change was to increase the flexibility, efficiency, and mobility of its management while enhancing alignment with the government and its policy intentions. The government's Special Account for Trade Reinsurance was abolished, and all assets and liabilities of the account were succeeded by NEXI. In the event of emergency where NEXI is faced with difficulty in funding, the government will take necessary financial measures to ensure the reliable payment of insurance claims. In addition, NEXI has put in place the necessary framework for strengthening its governance by establishing a Board of Directors, Audit & Supervisory Board, as well as other organizational structures as prescribed by the Companies Act.

### ● Establishment of U.S. dollar-denominated trade insurance

As part of NEXI's efforts to strengthen its functions under the "Partnership for Quality Infrastructure," we began underwriting U.S. dollar-denominated insurance for Buyer's Credit Insurance and Overseas Untied Loan Insurance.



Turkey / Hospital PPP project (loan insurance and reinsurance)

## FY2019

### ● Establishment of Loan Insurance for Green Innovation

To further promote financing for projects relating to environmental preservation and climate change measures, NEXI launched Loan Insurance for Green Innovation. This product offers an increased commercial risk coverage rate of 97.5%, a higher rate than that of existing loan insurance.

### ● Establishment of fund and bond schemes

To respond to enormous demand for infrastructure investment in emerging countries and other parts of the world, and to attract new sources of funds, including institutional investors, we have established a scheme for using infrastructure funds as well as project bonds. We have concluded MOUs for business cooperation with 13 private financial institutions.

### ● Strengthening support for Japanese businesses entering the African market

At the 7th Tokyo International Conference on African Development (TICAD7), we concluded MOUs with African financial institutions for establishing a system to support Japanese companies entering the African market. We also strengthened our support for Africa by establishing Japan Desks at each institution and holding a workshop with the institutions and Japanese companies.



Taiwan / Changfang and Xidao offshore wind farm project (loan insurance)





# NEXI Review of Performance

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# Performance Highlights

## FY2020 Export Trends

Japan's exports in FY2020 was approximately JPY 68.4 trillion, a decrease of approximately JPY 8.5 trillion from the previous fiscal year (down 11.1% year on year). This was due to a decrease in exports of general machinery, electrical equipment, and automobiles, which were affected by the coronavirus pandemic and other factors.

Looking at the results by country and region, exports to Asia were approximately JPY 39.2 trillion (down 5.1% year on year), of which China accounted for approximately JPY 15.1 trillion (up 2.7% year on year). Exports to the U.S. were approximately JPY 12.6 trillion (down 17.3% year on year). Exports to the EU were approximately JPY 6.5 trillion (down 14.6% year on year). Exports to the Middle East were approximately JPY 1.8 trillion (down 23.2% year on year).

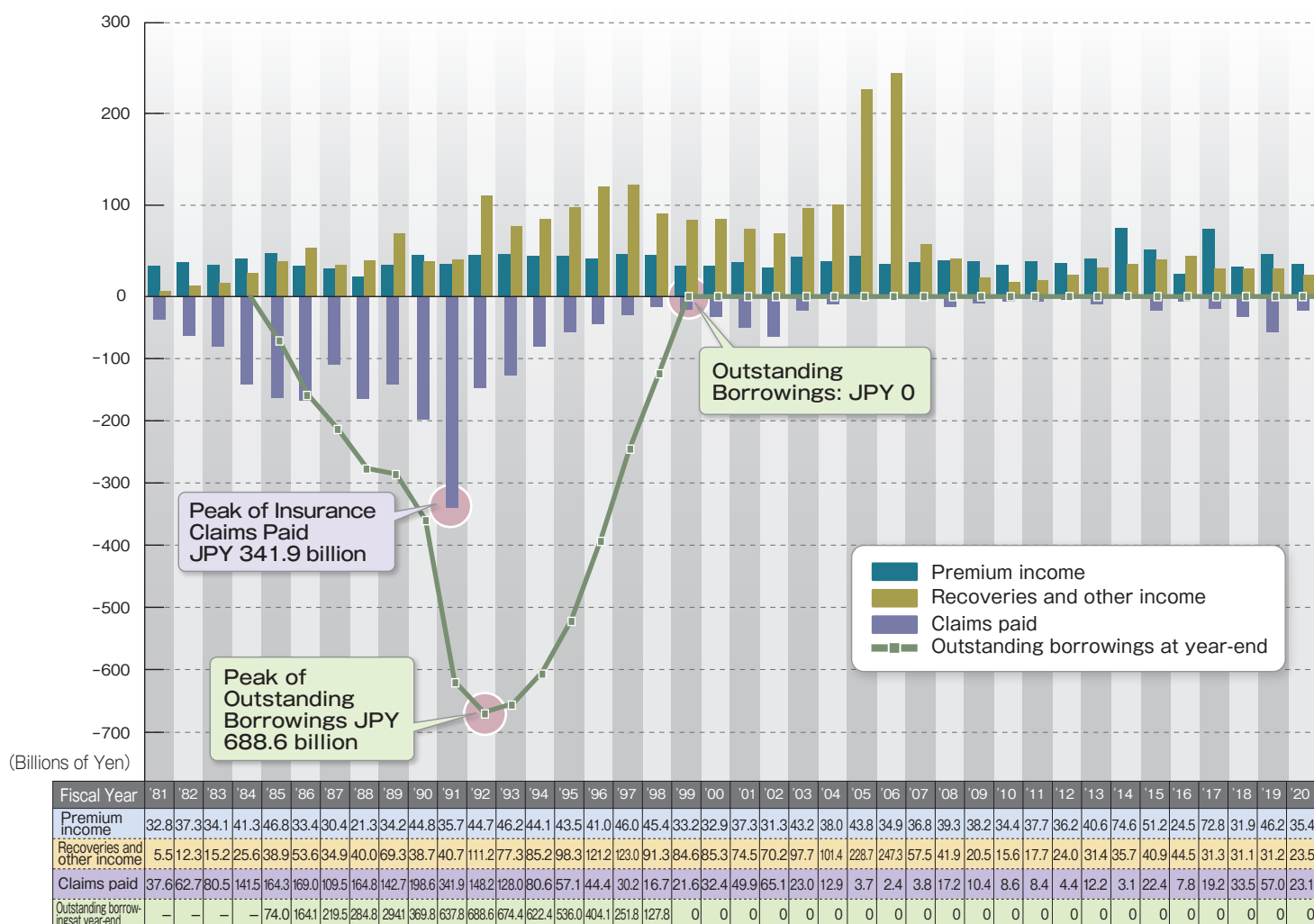
Reference: Japan's exports

(Millions of Yen)

	FY2016	FY2017	FY2018	FY2019	FY2020
Total Exports	70,035,770	78,286,457	81,478,753	76,931,665	68,400,483
Year-on-Year Change (%)	△7.4	11.8	4.1	△5.6	△11.1

Source: Trade Statistics, Ministry of Finance

## Trade and Investment Insurance Business



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

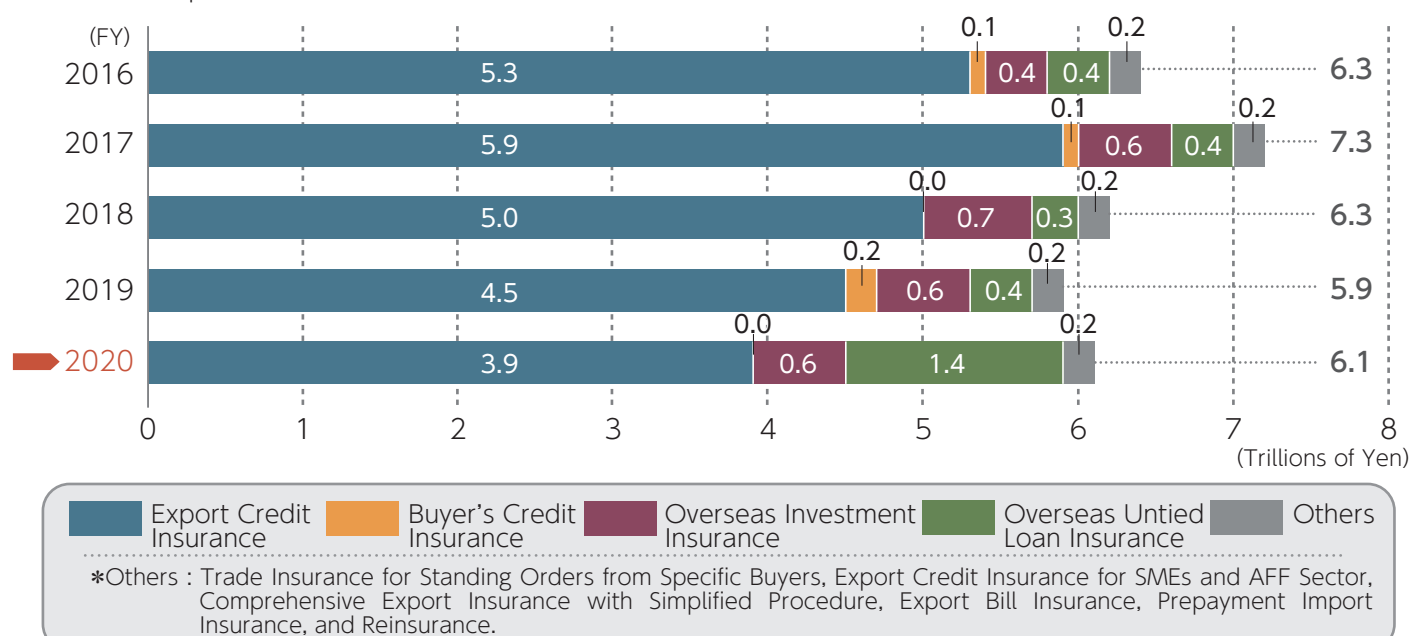
(Billions of Yen)



## Underwritten Amount

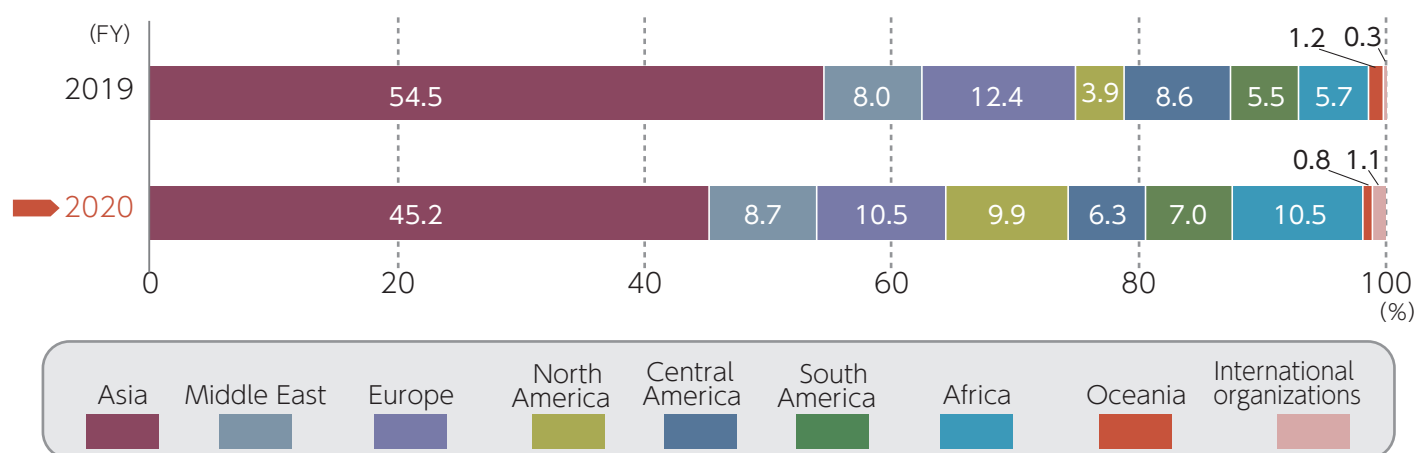
### Trends in Underwritten Amount by Insurance Type

Underwritten amount in FY2020 were approximately JPY 6.1 trillion (up 4% year on year) due to a significant increase in Overseas Untied Loan Insurance of approximately JPY 1.4 trillion (up 226% year on year). Export Credit Insurance was JPY 3.9 trillion (down 15% year on year), due to a decline in Japan's total exports caused by the coronavirus pandemic and other factors.



### Underwritten Amount by Region

Asia continued to account for the largest share with 45.2% (approximately JPY 2.9 trillion), followed by Europe and Africa with 10.5% (approximately JPY 0.7 trillion), respectively.



### Top Ten Countries and Regions for Underwritten Amount in FY2020

(Millions of Yen)

Rank	Country / Region	Underwritten Amount	Composition
1	U.S.A	821,045	12.1%
2	China	489,191	7.2%
3	Japan	348,692	5.2%
4	Thailand	341,251	5.0%
5	Saudi Arabia	312,892	4.6%

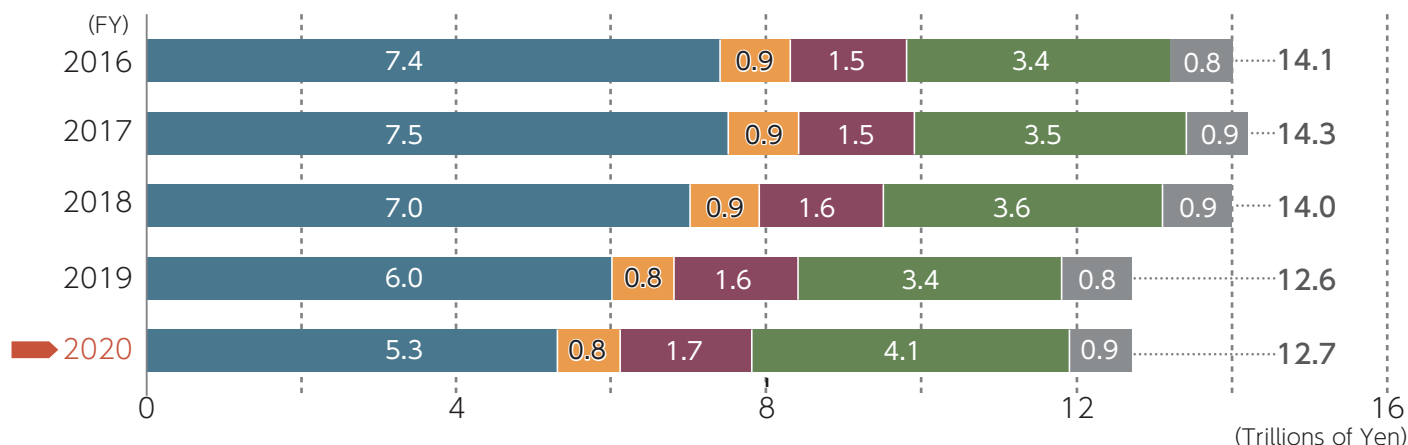
Rank	Country / Region	Underwritten Amount	Composition
6	Vietnam	288,376	4.3%
7	Mozambique	281,514	4.2%
8	Taiwan	256,046	3.8%
9	Indonesia	250,389	3.7%
10	Korea	242,640	3.6%

# Performance Highlights

## Outstanding Commitment

### ■ Trends in Outstanding Commitment by InsuranceType

Outstanding commitment in FY2020 was approximately JPY 12.7 trillion (up 1% year on year).

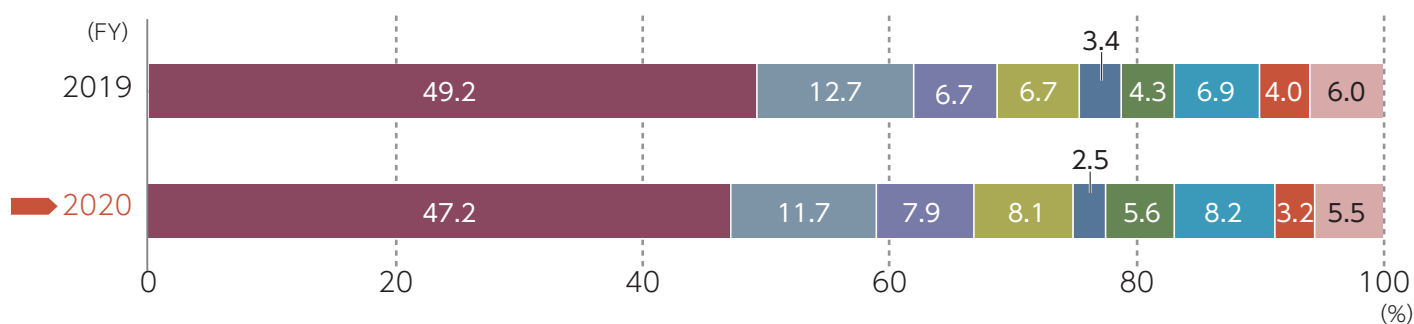


■ Export Credit Insurance 
 ■ Buyer's Credit Insurance 
 ■ Overseas Investment Insurance 
 ■ Overseas United Loan Insurance 
 ■ Others

\*Others : Trade Insurance for Standing Orders from Specific Buyers, Export Credit Insurance for SMEs and AFF Sector, Comprehensive Export Insurance with Simplified Procedure, Export Bill Insurance, Prepayment Import Insurance, and Reinsurance.

### ■ Outstanding Commitment by Region

Asia accounted for the largest share with 47.2% (approximately JPY 6.2 trillion), followed by the Middle East with 11.7% (approximately JPY 1.6 trillion).



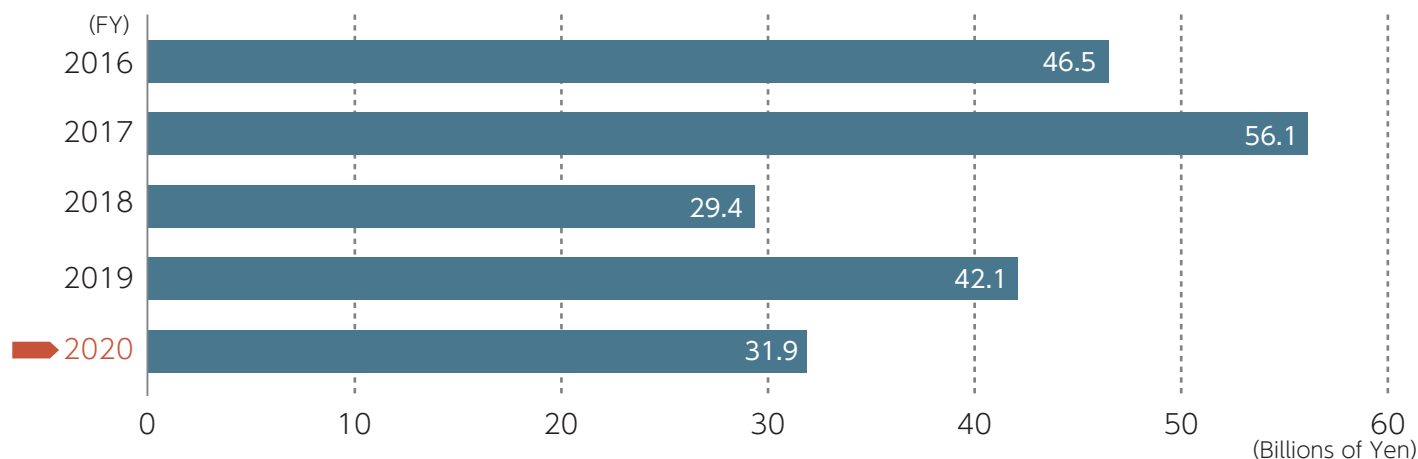
■ Asia 
 ■ Middle East 
 ■ Europe 
 ■ North America 
 ■ Central America 
 ■ South America 
 ■ Africa 
 ■ Oceania 
 ■ International organizations



## Premium income

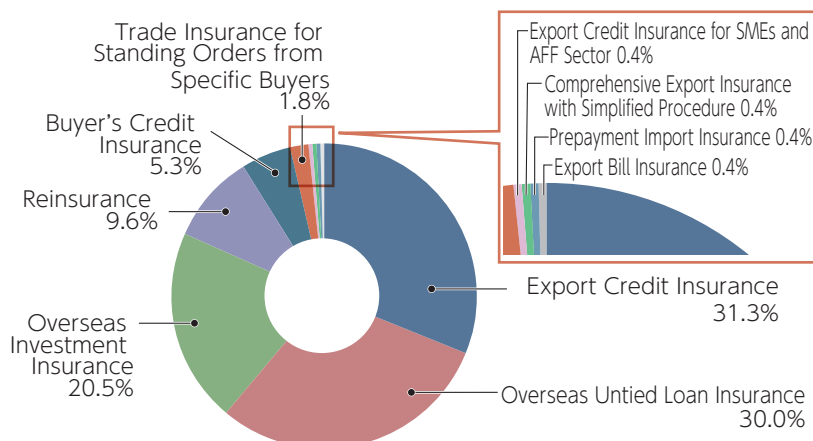
### Trends in Premium Income

Premium income in FY2020 was approximately JPY 31.9 billion in FY2020 (down 24% year on year).



### Premium Income by Insurance Type

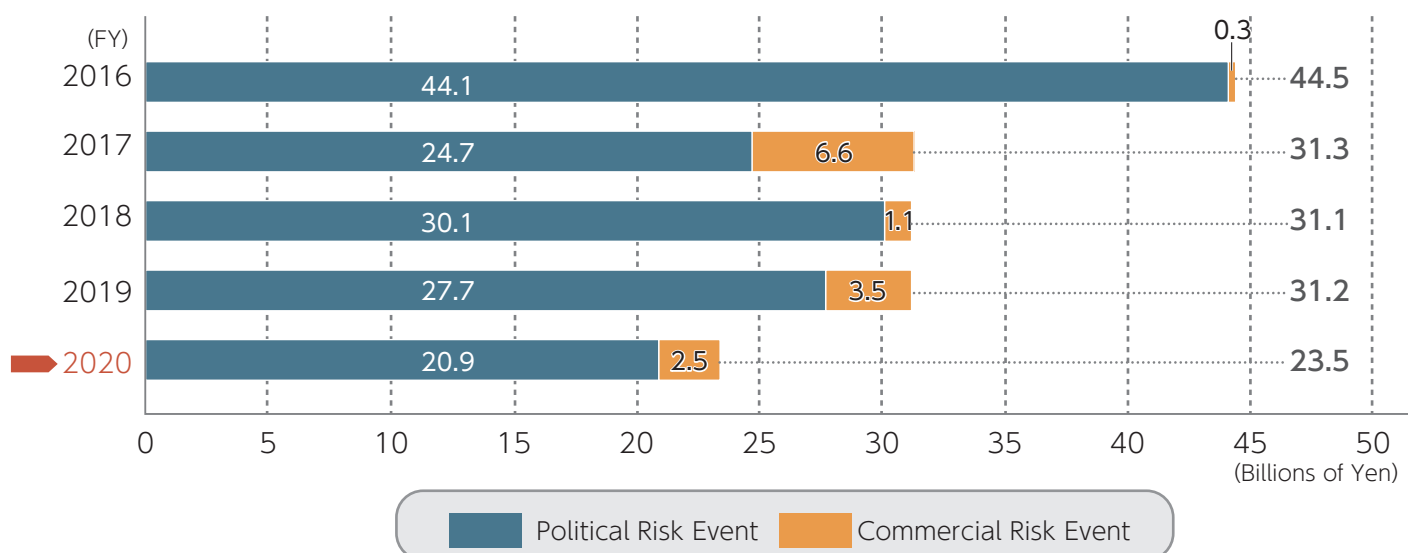
By insurance type, Export Credit Insurance accounted for the largest share with 31.3% (approximately JPY 10.0 billion). This was followed by Overseas Untied Loan Insurance with 30.0% (approximately JPY 9.5 billion) and Overseas Investment Insurance with 20.5% (approximately JPY 6.5 billion).



## Recoveries

### Trends in Recoveries

The amount of recoveries decreased by 25% year on year to approximately JPY 23.5 billion in FY2020. Recoveries of claims associated with political risk events, including debt rescheduling, accounted for 89% (approximately JPY 20.9 billion). The remaining 11% (approximately JPY 2.5 billion) was associated with commercial risk events.

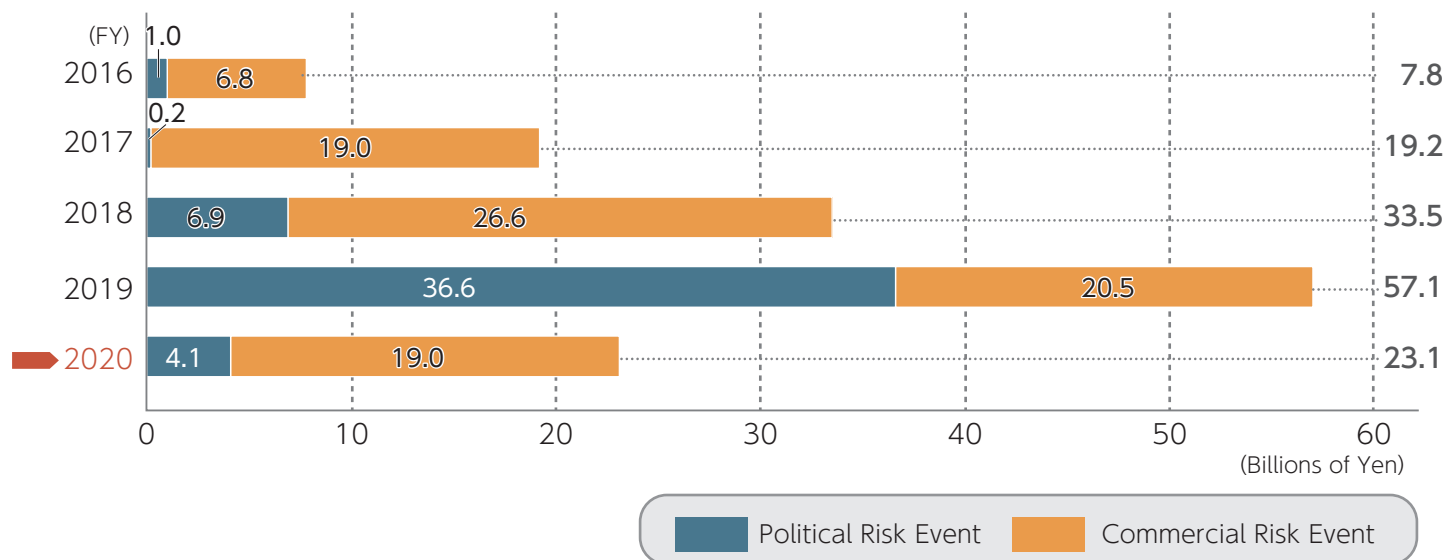


# Performance Highlights

## Claims paid

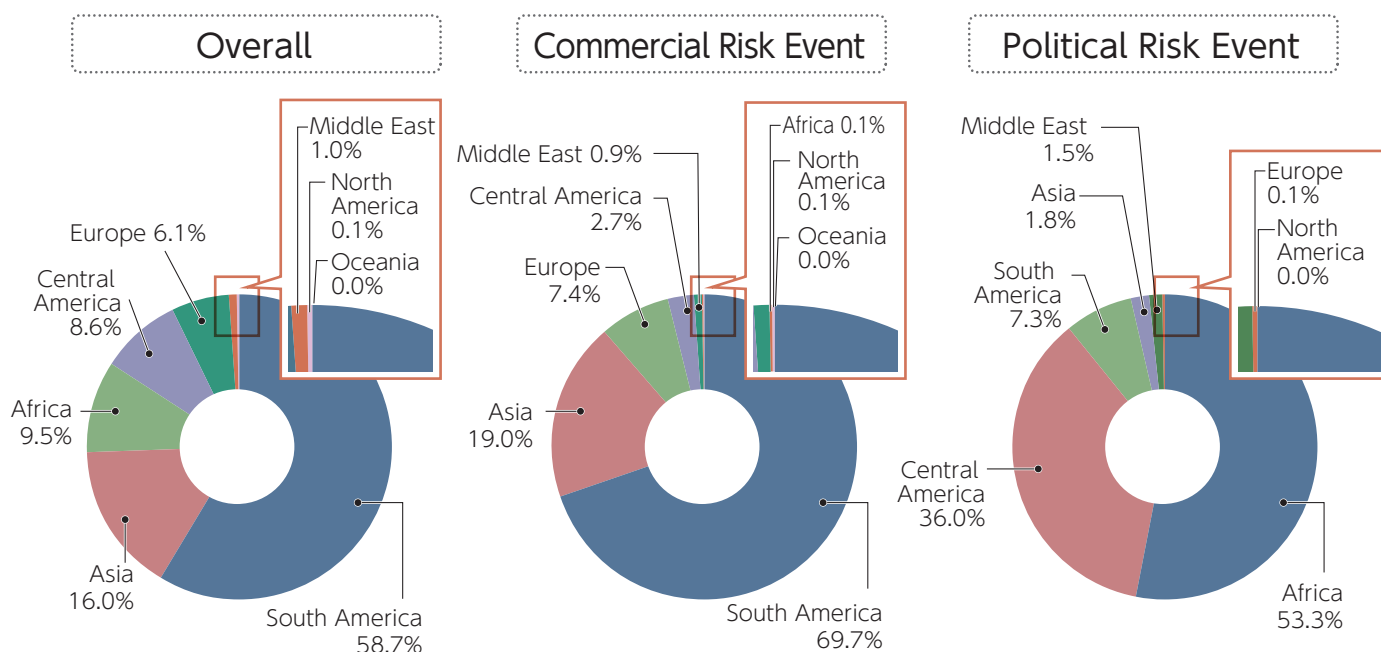
### ■ Trends in Claims Paid

Claims paid in FY2020 were approximately JPY 23.1 billion, down 59% year on year, due to a decrease in claims paid for political risk events.



### ■ Claims Paid by Region

South America accounted for the largest share with 58.7% (approximately JPY 13.5 billion).



\*There were no political risk event-related claims paid in Oceania.



# Insured Events in FY2020 (Based on data as of May 15, 2021)

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

Insured events amounted to JPY 104.7 billion in reported insured losses in FY2020. The number of insured events increased year on year, both for political risk events and commercial risk events. While large-scale events did occur, this increase also reflected the impact of the coronavirus pandemic, which directly affected political risk events and indirectly affected commercial risk events.

Total claims paid were JPY 23.1 billion. Compared to the previous fiscal year, the number of political risk events decreased significantly, while that of commercial risk events decreased slightly. Although the number of insured events increased by 55% year on year, that of insurance claims decreased by 60% year on year. This was mainly due to claims being carried over to FY2021 onward.

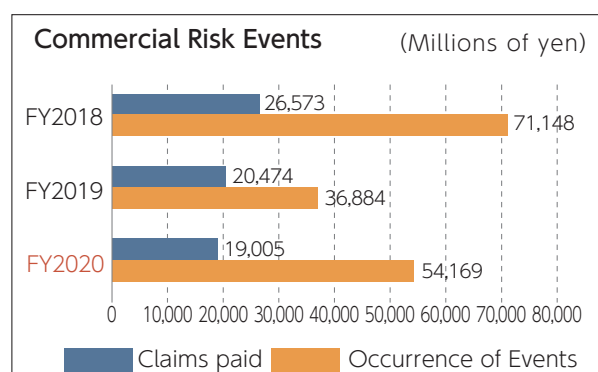
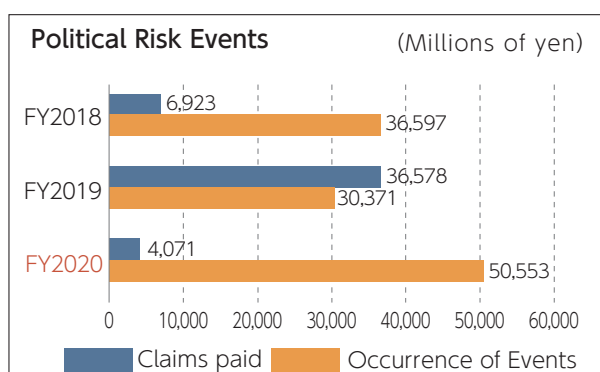
(Millions of yen)

Category	Risk Type	FY2018	FY2019	FY2020	Year-on-year Change (%)
Occurrence of Events	Political Risk	36,597	30,371	50,553	66.5%
	Commercial Risk	71,148	36,884	54,169	46.9%
	Total	107,745	67,255	104,721	55.7%
Claims Paid	Political Risk	6,923	36,578	4,071	△88.9%
	Commercial Risk	26,573	20,474	19,005	△7.2%
	Total amount	33,497	57,052	23,076	△59.6%

※In certain cases, debts are fully paid after submission of notification of occurrence of losses. This results in claims either not being made at all or being made in the following fiscal year. For this reason, the number of occurrence of events does not directly correspond to the amount for claims paid.

※Reinsurance is recorded under commercial risk.

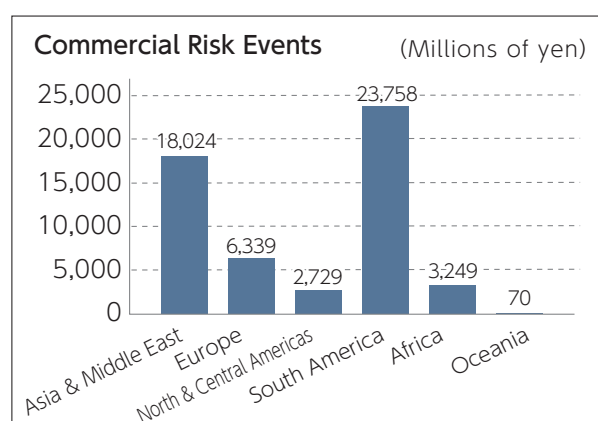
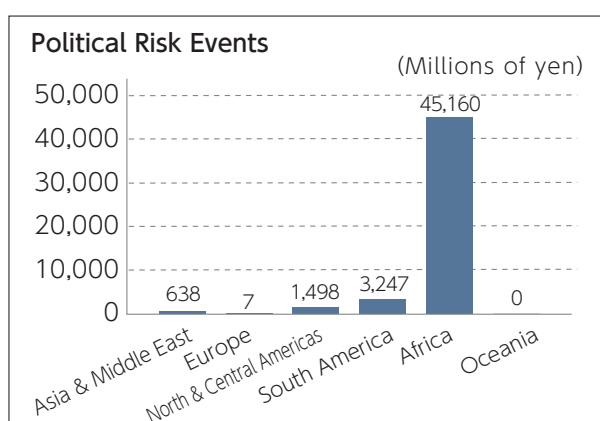
### Occurrence of Events and Claims Paid (FY2018-FY2020)



## Occurrence of Events by Region

Approximately 90% of political risk events occurred in Africa in FY2020. The remainder occurred in North, Central and South Americas, Asia, and the Middle East. Commercial risk events mainly comprised events in South America, Asia, and the Middle East.

### Occurrence of Events: Amounts by Region (FY2020)



# Review of Performance

## Underwritten Amount

### ■ Underwritten Amount by Insurance Type

(Millions of Yen)

Type of Insurance	FY2016	FY2017	FY2018	FY2019	FY2020	Composition (%)	Year-on-Year Change (%)
Export Credit Insurance	5,344,820	5,915,423	5,030,034	4,526,832	3,859,827	62.8	△14.7
One year or less	2,745,229	3,093,390	2,908,306	2,810,763	2,052,303	33.4	△27.0
More than one year	2,599,591	2,822,033	2,121,728	1,716,069	1,807,525	29.4	5.3
Trade Insurance for Standing Orders from Specific Buyers	5,308	8,115	7,443	10,907	15,118	0.2	38.6
Export Credit Insurance for SMEs and AFF Sector	9,640	8,449	9,812	13,656	14,562	0.2	6.6
Comprehensive Export Insurance with Simplified Procedure	47,106	51,963	58,024	51,207	55,545	0.9	8.5
Export Bill Insurance	12,255	11,823	13,023	12,358	8,865	0.1	△28.3
Prepayment Import Insurance	98	981	214	2,844	9,935	0.2	249.3
Overseas Investment Insurance	401,538	641,568	712,045	601,782	622,834	10.1	3.5
Buyer's Credit Insurance	61,898	138,372	37,083	197,823	36,565	0.6	△81.5
Overseas Untied Loan Insurance	366,722	422,123	342,565	422,132	1,378,107	22.4	226.5
Reinsurance	85,297	115,971	86,219	62,313	142,271	2.3	128.3
<b>Total</b>	<b>6,334,680</b>	<b>7,314,788</b>	<b>6,296,462</b>	<b>5,901,854</b>	<b>6,143,627</b>	<b>100.0</b>	<b>4.1</b>

(Note 1) The total amount is calculated based on the insurance policy issue date, by applying the exchange rate on the insurance policy contract date; and using the actual underwritten amount, not the insured amount of policies with a special clause for foreign currency. (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	FY2016	FY2017	FY2018	FY2019	FY2020	Composition (%)	Year-on-Year Change (%)
Asia	3,711,316	3,878,278	3,517,050	3,422,851	2,949,704	45.2	△13.8
Middle East	571,306	696,610	661,380	500,303	566,818	8.7	13.3
Europe	578,369	699,293	638,012	780,216	683,404	10.5	△12.4
North America	250,236	303,599	274,361	245,916	645,106	9.9	162.3
Central America	723,744	703,342	647,942	538,946	411,231	6.3	△23.7
South America	251,170	438,422	442,875	345,257	454,955	7.0	31.8
Africa	373,657	590,893	304,254	355,564	685,523	10.5	92.8
Oceania	119,886	100,603	81,527	72,864	53,872	0.8	△26.1
International organizations	177,508	445,278	134,460	16,221	71,842	1.1	342.9

(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 underwritten amount is recorded for both destination and payer countries, the total amount does not match 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	FY2016	FY2017	FY2018	FY2019	FY2020	Composition (%)	Year-on-Year Change (%)
Export Credit Insurance	7,446,773	7,538,669	6,994,430	5,968,467	5,278,555	41.5	△11.6
One year or less	2,649,163	2,497,946	2,417,727	2,291,738	1,925,810	15.1	△16.0
More than one year	4,797,610	5,040,723	4,576,703	3,676,729	3,352,745	26.3	△8.8
Trade Insurance for Standing Orders from Specific Buyers	7,313	9,868	11,383	13,211	19,077	0.1	44.4
Export Credit Insurance for SMEs and AFF Sector	3,028	2,817	3,817	4,491	4,893	0.0	9.0
Comprehensive Export Insurance with Simplified Procedure	11,879	13,003	16,415	10,874	19,202	0.2	76.6
Export Bill Insurance	3,283	3,556	3,224	3,831	2,536	0.0	△33.8
Prepayment Import Insurance	0	979	208	2,298	9,796	0.1	326.3
Overseas Investment Insurance	1,460,533	1,528,398	1,596,806	1,602,810	1,697,292	13.3	5.9
Buyer's Credit Insurance	922,836	866,474	923,657	831,832	778,010	6.1	△6.5
Overseas Untied Loan Insurance	3,439,069	3,549,807	3,608,086	3,365,701	4,084,100	32.1	21.3
Reinsurance	821,174	827,116	830,151	783,808	831,042	6.5	6.0
<b>Total</b>	<b>14,115,888</b>	<b>14,340,688</b>	<b>13,988,179</b>	<b>12,587,322</b>	<b>12,724,503</b>	<b>100.0</b>	<b>1.1</b>

(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	FY2016	FY2017	FY2018	FY2019	FY2020	Composition (%)	Year-on-Year Change (%)
Asia	6,941,039	6,896,936	6,926,035	6,463,037	6,241,627	47.2	△3.4
Middle East	2,198,618	2,050,197	1,945,372	1,673,822	1,551,671	11.7	△7.3
Europe	1,105,592	1,070,642	930,638	885,666	1,047,275	7.9	18.2
North America	912,846	977,828	984,054	886,348	1,076,438	8.1	21.4
Central America	755,757	769,735	653,945	444,834	324,080	2.5	△27.1
South America	767,445	695,229	685,649	565,177	734,267	5.6	29.9
Africa	751,177	965,515	952,503	911,884	1,081,938	8.2	18.6
Oceania	725,637	654,853	624,052	520,348	426,080	3.2	△18.1
International organizations	282,677	1,084,413	868,089	787,432	727,950	5.5	△7.6

(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 outstanding commitment is recorded for both destination and payer countries, the total amount does not match that of outstanding commitment 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	FY2016	FY2017	FY2018	FY2019	FY2020	Composition(%)	Year-on-Year Change(%)
Export Credit Insurance	14,838	14,213	12,032	9,932	9,955	31.3	0.2
One year or less	5,240	6,600	5,441	5,022	4,423	13.9	△11.9
More than one year	9,598	7,613	6,591	4,909	5,533	17.4	12.7
Trade Insurance for Standing Orders from Specific Buyers	166	340	259	433	572	1.8	32.0
Export Credit Insurance for SMEs and AFF Sector	85	72	84	125	134	0.4	7.6
Comprehensive Export Insurance with Simplified Procedure	105	116	127	102	134	0.4	31.2
Export Bill Insurance	109	120	130	130	124	0.4	△4.5
Prepayment Import Insurance	0	3	3	17	126	0.4	621.6
Overseas Investment Insurance	5,264	6,102	6,188	6,454	6,516	20.5	1.0
Buyer's Credit Insurance	3,378	6,326	1,424	9,009	1,696	5.3	△81.2
Overseas Untied Loan Insurance	22,044	26,220	7,018	15,227	9,546	30.0	△37.3
Reinsurance	526	2,603	2,098	697	3,048	9.6	337.1
Total	46,516	56,117	29,362	42,127	31,852	100.0	△24.4

(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 Type

(Millions of Yen)

Type of Insurance	FY2016			FY2017			FY2018			FY2019			FY2020				
		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	3,499	1,000	2,499	4,205	114	4,091	18,082	2,175	15,907	43,996	36,344	7,652	2,831	104	2,727	12.3	△93.6
Trade Insurance for Standing Orders from Specific Buyers	0	0	0	13	0	13	0	0	0	0	0	0	67	0	67	0.3	—
Export Credit Insurance for SMEs and AFF Sector	136	0	136	193	0	193	78	0	78	150	0	150	180	0	180	0.8	20.1
Comprehensive Export Insurance with Simplified Procedure	13	0	13	3	0	3	0	0	0	6	0	6	0	0	0	0.0	—
Export Bill Insurance	31	0	31	0	0	0	10	0	10	35	0	35	84	0	84	0.4	140.8
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	100	100	0	2,941	2,941	0	234	234	0	1,797	1,797	0	7.8	668.2
Buyer's Credit Insurance	114	0	114	0	0	0	1,807	1,807	0	117	0	117	2,287	2,170	117	9.9	1,854.5
Overseas Untied Loan Insurance	1,047	0	1,047	13,839	0	13,839	9,253	0	9,253	11,760	0	11,760	11,724	0	11,724	50.8	△0.3
Reinsurance	2,943	0	2,943	891	0	891	1,325	0	1,325	755	0	755	4,106	0	4,106	17.8	444.1
Total	7,782	1,000	6,782	19,243	214	19,029	33,497	6,923	26,573	57,052	36,578	20,474	23,076	4,071	19,005	100.0	△59.6

### ■ Claims Paid by Region

(Millions of Yen)

Region	FY2016			FY2017			FY2018			FY2019			FY2020				
		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	3,662	0	3,662	4,385	112	4,273	12,477	0	12,477	6,154	32	6,121	3,687	73	3,614	16.0	△40.1
Middle East	872	29	843	287	2	286	5,646	2,103	3,543	34,348	32,259	2,090	235	62	174	1.0	△99.3
Europe	245	0	245	542	0	542	1,115	1	1,114	43	0	43	1,403	2	1,401	6.1	3,141.0
North America	503	0	503	25	0	25	187	71	116	75	32	43	27	0	27	0.1	△63.7
Central America	0	0	0	0	0	0	40	0	40	4,114	4,053	61	1,978	1,466	511	8.6	△51.9
South America	1,384	320	1,064	13,940	100	13,840	11,090	1,807	9,283	11,841	0	11,841	13,544	297	13,246	58.7	14.4
Africa	884	652	233	65	0	65	2,941	2,941	0	106	0	106	2,198	2,170	28	9.5	1,974.6
Oceania	232	0	232	0	0	0	0	0	0	371	202	169	4	0	4	0.0	△98.8
Total	7,782	1,000	6,782	19,243	214	19,029	33,497	6,923	26,573	57,052	36,578	20,474	23,076	4,071	19,005	100.0	△59.6

## Recoveries

### Recoveries by Risk Type

(Millions of Yen)

Type of Risk	FY2016	FY2017	FY2018	FY2019	FY2020	Composition (%)	Year-on-Year Change (%)
Political Risk	44,141	24,696	30,068	27,730	20,926	89.2	△24.5
Commercial Risk	327	6,575	1,052	3,467	2,533	10.8	△26.9
Total	44,468	31,271	31,121	31,197	23,458	100.0	△24.8

### Recoveries by Region

(Millions of Yen)

Region	FY2016	FY2017	FY2018	FY2019	FY2020	Composition (%)	Year-on-Year Change (%)
Asia	5,895	1,995	2,368	3,628	3,845	16.4	6.0
Middle East	11,953	17,374	11,461	11,930	16,897	72.0	41.6
Europe	594	713	683	771	835	3.6	8.4
North America	4	6	81	33	471	2.0	1329.8
Central America	1,534	1,472	1,701	38	9	0.0	△77.5
South America	20,337	9,024	14,193	14,211	880	3.8	△93.8
Africa	4,152	657	629	586	517	2.2	△11.8
Oceania	0	29	4	0	3	0.0	—
Total	44,468	31,271	31,121	31,197	23,458	100.0	△24.8

## Recoveries in FY2020

### Recoveries by Risk Type

Recoveries totaled approximately JPY 23.5 billion in FY2020, compared with JPY 31.2 billion in FY2019 (a year-on-year decrease of 24.8%).

Looking at the results by risk type, recoveries related to political risk events, including those through Paris Club debt rescheduling, amounted to JPY 20.9 billion (24.5% lower than the previous year). Recoveries related to commercial risk events amounted to JPY 2.5 billion (26.9% lower than the previous year).

### Recoveries by Region

The Middle East accounted for 72.0% of total recoveries at JPY 16.9 billion. This includes JPY 9 billion from the Republic of Iraq (Paris Club recoveries) and JPY 1.1 billion from Jordan (Paris Club recoveries).

Asia accounted for 16.4% at JPY 3.8 billion. This includes JPY 2.2 billion from the Republic of Indonesia and JPY 1.0 billion from the People's Republic of China (commercial risk-related recoveries).

South America accounted for 3.8% at JPY 0.9 billion. This includes JPY 0.7 billion from the Argentine Republic and JPY 0.1 billion from the Republic of Chile (commercial risk-related recoveries).

Recoveries from Europe amounted to JPY 0.8 billion, including JPY 0.7 billion from the Republic of Serbia and JPY 0.1 billion from Bosnia and Herzegovina, while those from Africa amounted to JPY 0.5 billion, including JPY 0.5 billion from the Arab Republic of Egypt.

Recoveries from North and Central Americas amounted to JPY 0.5 billion, mainly comprising commercial risk-related recoveries of JPY 0.5 billion in the United States of America.

## TOPICS

# Organization for Economic Cooperation and Development (OECD)



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

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

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



### 2 Arrangement on Officially Supported Export Credits

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



### 3 Approaches to Environmental Issues

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



### 4 Anti-bribery Measures

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



# NEXI Activities

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# Main Activities

## ■ Conclusion of MOU on Cooperation with EBRD

In October 2020, Nippon Export Investment Insurance (NEXI) concluded a memorandum of understanding (MOU) with the European Bank for Reconstruction and Development (EBRD), a multilateral development bank. The signing ceremony was held online.

The EBRD promotes the transition towards open-market economies across the Central and Eastern Europe, Central Asia, and North Africa regions, as well as provides financial assistance to private and entrepreneurial initiatives through investments and loans.

This agreement aims to establish a framework for cooperation between NEXI and the EBRD and to help Japanese companies expanding overseas by creating new business opportunities for them in common regions of operations, while effectively combining the EBRD's unique expertise as an MDB and NEXI's accumulated know-how of financial assistance for Japanese entities.

NEXI has been strengthening its support for private-sector endeavors towards global environmental protection and climate change, by offering a new product called "Loan Insurance for Green Innovation" launched in July 2019. While the EBRD, through its Green Economy Transition approach, has increased green financing in its annual business volume. By concluding this MOU, NEXI and the EBRD are able to work in common efforts aimed at promoting infrastructure projects that will contribute to environmental preservation.

Furthermore, it is in line with NEXI's efforts to strengthen international cooperation with related organizations under the worst economic crisis since the Second World War, which is caused by a massive outbreak of COVID-19 across the world. Working directly with the EBRD, which provides financial support for developing countries suffering from severe coronavirus outbreaks, will allow NEXI to expand its scope of assistance for Japanese companies operating in such countries.

## ■ Conclusion of MOU on Cooperation with IFC

In September 2020, Nippon Export Investment Insurance (NEXI) concluded a memorandum of understanding (MOU) with the International Finance Corporation (IFC), a multilateral development bank (MDB). The signing ceremony was held online.

The IFC, a member of the World Bank Group, promotes sustainable private sector investment in developing countries. This agreement will enhance cooperation between the two parties in promoting projects in which the IFC participates and in supporting Japanese companies' overseas business. NEXI will support such projects by providing insurance for project-related Japanese bank loans.

This MOU aims to establish a framework for cooperation between the two parties in order to create new business opportunities for Japanese companies in developing countries, while increasing complementarities in the partnership with the IFC's

unique expertise as an MDB and NEXI's accumulated know-how of financial support for Japanese entities.

Massive infrastructure demand is now anticipated in developing countries that have achieved marked economic growth. However, realizing infrastructure projects in such countries has been considered "high risk," and it can be quite challenging to obtain sufficient funding from private banks. It is also difficult to satisfy capital-raising needs by public funds. It is said, therefore, that a funding gap of trillions of dollars exists on a yearly basis. Amid such circumstances, signing an MOU with the IFC, which has played an important role in private-sector development in emerging markets while mobilizing private capital, is expected to contribute to fostering Japanese companies' investment and finance into developing countries.

## ■ Conclusion of Cooperation Agreement with MIGA

In November 2020, Nippon Export Investment Insurance (NEXI) concluded a cooperation agreement with the Multilateral Investment Guarantee Agency (MIGA), a multilateral development bank. The signing ceremony was held online.

MIGA, a member of the World Bank Group, promotes foreign direct investment (FDI) into developing countries by providing guarantees to protect investors and lenders against losses caused by political or non-commercial risks.

NEXI and MIGA already have an established track record together including the conclusion of a cooperative agreement in the field of reinsurance, and joint assistance for investments and loans in various projects under the mutual agreement. In order to further enhance and leverage the mutual partnership, NEXI and MIGA have determined to sign a new cooperation agreement on comprehensive business cooperation such as providing support for

joint projects and holding regular consultations.

Also, this cooperation agreement aims to create new business opportunities for Japanese companies operating in developing countries by providing co-insurance and reinsurance for investment and lending in such countries, while effectively combining MIGA's unique expertise as an MDB and NEXI's accumulated know-how of financial assistance for Japanese entities. Under the agreement, NEXI and MIGA are expected to closely work together in order to promote effective use of private sources for emerging and developing countries where Japanese companies are seeking to expand their business, and for oil producing countries suffering from the oil price crash.

Additionally, working closely with MIGA to provide financial support for developing countries hit hard by the coronavirus will allow NEXI to expand its scope of assistance for Japanese companies operating in such areas including Latin America and Africa.

## ■ Establishment of Consultation Desks for Japanese Companies at African Financial Institutions

In order to promote trade with and investment in Africa by Japanese companies, Nippon Export and Investment Insurance (NEXI) is working to cooperate with financial institutions which have a wealth of experience supporting local projects.

In 2020, we established consultation desks for Japanese companies at six institutions, namely the African Trade Insurance Agency (ATI), African Development Bank (AfDB), African Export-Import Bank (Afrexim), Islamic Development Bank (IsDB), Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), and the Eastern and Southern African Trade and Development Bank (TDB). The staff who have undergone a training workshop for African financial institutions put on by NEXI in February 2020 provide consultation with Japanese companies considering trade, investment, or lending in Africa. Among these institutions, the ATI has launched a Japanese language website to make it easier for Japanese companies to consult them. Support was also provided in 2020 for projects which inquired through these consultation desks about cooperating with NEXI.

While there is great potential for the involvement of Japanese companies throughout Africa due to the various needs such as infrastructure, the risks are relatively high compared to Asia. In light of this situation, NEXI will continue working to create an environment that is conducive to export, investment, and lending by Japanese companies.

## ■ Attendance at Berne Union Meetings

The Berne Union (The International Union of Credit and Investment Insurers) is a forum for global export insurance agencies, international organizations, and private insurers to share expert knowledge and discuss common challenges pertaining to export credit insurance and investment insurance. The inaugural meeting was held in 1934 in Berne, Switzerland, which is the origin of the name Berne Union, and as of the end of 2020 there are 84 member institutions in total.

The Berne Union meets twice per year in spring and autumn to exchange ideas and hold discussions, and also holds sessions such as expert meetings and webinars from time to time. In FY2020, meetings were held in an online format in response to the Covid-19 pandemic, with the Spring Meeting held in April and the Annual General Meeting held in October. NEXI attended both meetings where we exchanged information with attending institutions.

## ■ Bilateral Meetings

In FY2020, bilateral meetings were held in an online format with export credit institutions and government officials from China, Germany, and France. In addition to responses to and the state of business under the Covid-19 crisis, we exchanged unreserved opinions on a wide range of topics, including addressing climate change and risk management initiatives.

Such discussions which are held once per year allow us to confirm trade and investment insurance trends around the world as well as to further strengthen cooperation with institutions in other countries.



Source: <https://www.ati-aca.org/jp/>  
African Trade Insurance Agency (ATI) Website



## Supporting Japanese SMEs in their Overseas Business Development

## Enhanced Business Support System for SMEs

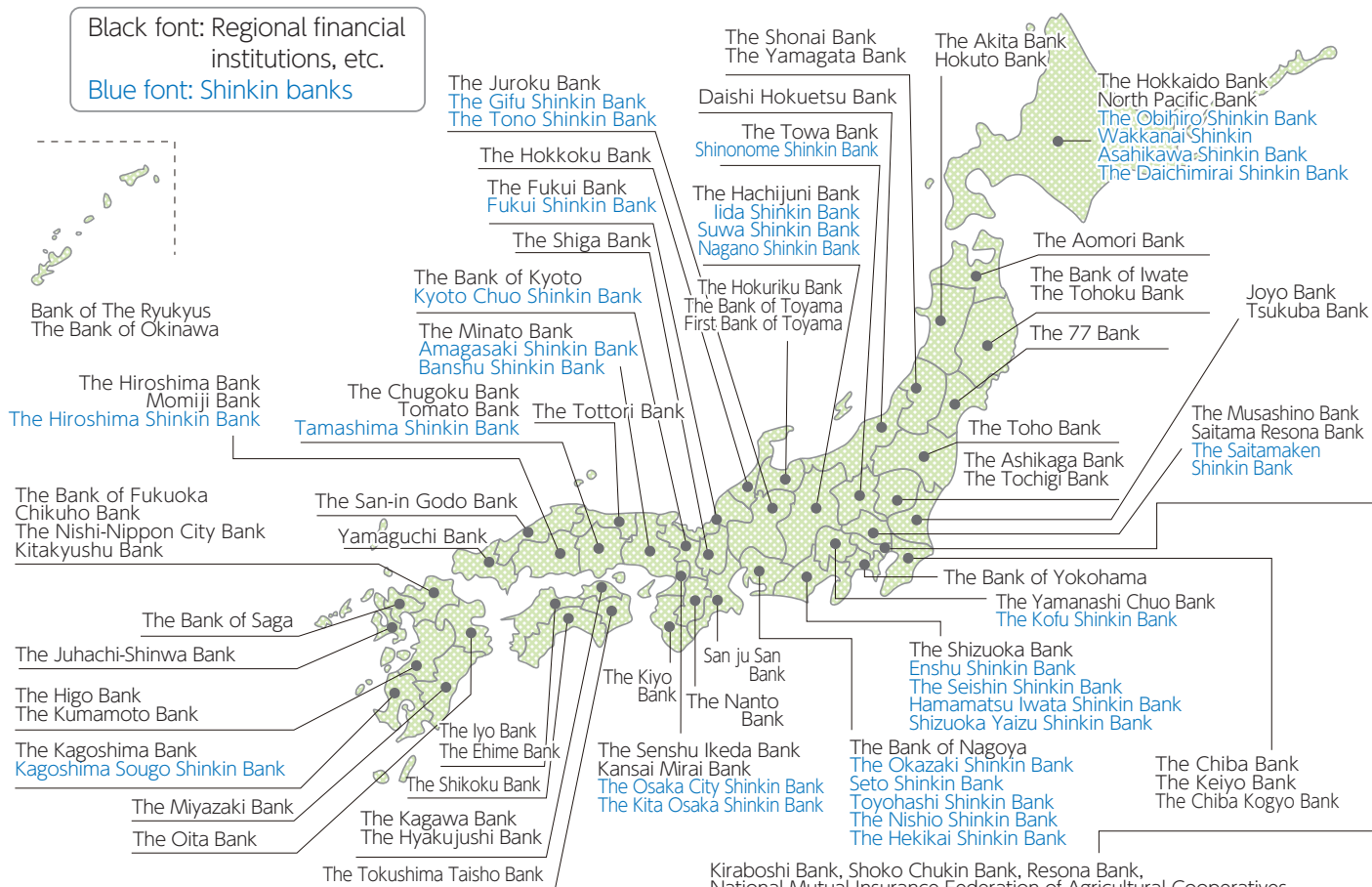
NEXI launched its network for supporting Japanese small- and medium-sized enterprises (SMEs) in their overseas business development in 2011, with the aim of promoting the use of trade and investment insurance. Since then, the network has expanded across all of Japan's 47 prefectures. Having started as a partnership with 11 regional banks, as of April 2021, the network comprised 110 members including regional banks, shinkin banks, and the organizations in the agriculture, forestry, and fisheries (AFF) industries. Through collaboration with these partner institutions, we have supported Japanese SMEs and the entities engaged in the AFF sector across the country as they develop their overseas businesses.

In FY2020, we created six new introductory videos for SMEs and other customers using trade and investment insurance for the first time. We published these videos, which provide overviews of our products as well as other information such as how to use them, on our website. In this way, customers considering using trade and investment insurance can easily access detailed trade and investment insurance information at any time. We also carried out a large number of meetings with potential customers via video conferencing system, handling their queries in detail. As a result, the number of SMEs using the network in FY2020 exceeded 530 companies, a year-on-year increase of more than 10%.

NEXI will continue to use partnership in the network to actively support the overseas expansion of SMEs and organizations in the AFF sector. We will also work to strengthen our support by enhancing our products and services.

Number of New Partnerships by Fiscal Year  
(currently 110 institutions)(decrease due to mergers, etc.)

	Regional Banks, etc.	Shinkin Banks (Credit Unions)	Total
FY2012	18 banks		29 institutions
FY2013	20 banks		49 institutions
FY2014	6 banks	22 shinkin banks	77 institutions
FY2015	12 banks	16 shinkin banks	105 institutions
FY2016	6 institutions	3 shinkin banks	114 institutions
FY2017	3 institutions		117 institutions
FY2018			114 institutions
FY2019			111 institutions
FY2020			110 institutions



Support Network for Global Operations of Japanese SMEs  
As of April 2021

Kiraboshi Bank, Shoko Chukin Bank, Resona Bank,  
National Mutual Insurance Federation of Agricultural Cooperatives  
National Mutual Insurance Federation of Fishery Cooperatives  
The Norinchukin Bank  
Asahi Shinkin Bank, The Johnan Shinkin Bank, Johoku Shinkin Bank,  
The Sugamo Shinkin Bank, Seibu Shinkin Bank, The Tama Shinkin Bank,  
The Tokyo Higashi Shinkin Bank

## Working Toward a Sustainable Society

### Guidelines on Environmental and Social Considerations

To fulfill its corporate social responsibility regarding environmental and social issues, NEXI conducts investigations to assess whether companies implementing projects covered by NEXI's insurance have adequately addressed environmental and social considerations. We conduct these investigations in accordance with our "Guidelines on Environmental and Social Considerations in Trade Insurance" and "Guidelines for Information Disclosure Considerations for Nuclear Sector Projects in Trade Insurance."

In FY2020, NEXI conducted screenings for 47 projects. In the screenings, projects were classified into three categories (A, B, or C, categorized in descending order of the size of their environmental impact), based on information provided in screening forms submitted by applicants for NEXI's insurance. NEXI then conducted each assessment appropriately for its category. Even during the pandemic in fiscal 2020, we conducted detailed assessments for Category A projects, using virtual inspections and other means instead of the on-site inspections that are ordinarily required.

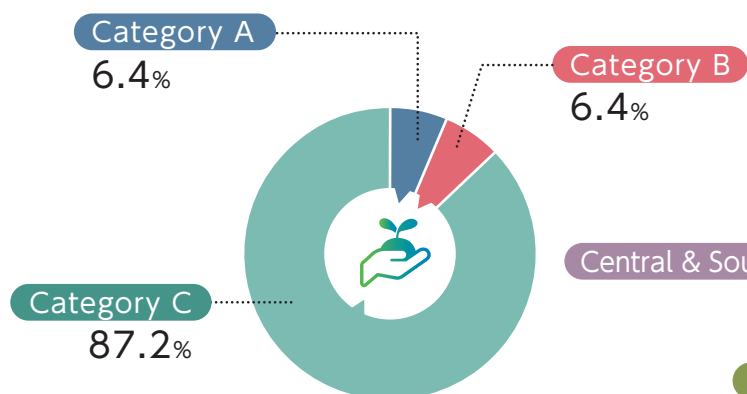
Also, to ensure compliance with the guidelines, NEXI has introduced objection procedures, assigning an

environmental guidelines examiner who is independent from our insurance underwriting department. We will continue to assess each project as appropriate.



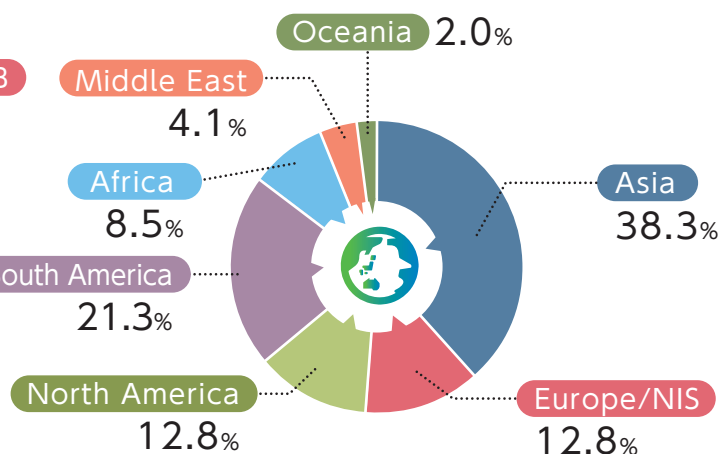
An on-site inspection conducted previously

FY2020 Screenings by Category



※Categorized as A, B, or C in descending order of the size of environmental impact of each project

FY2020 Screenings by Region



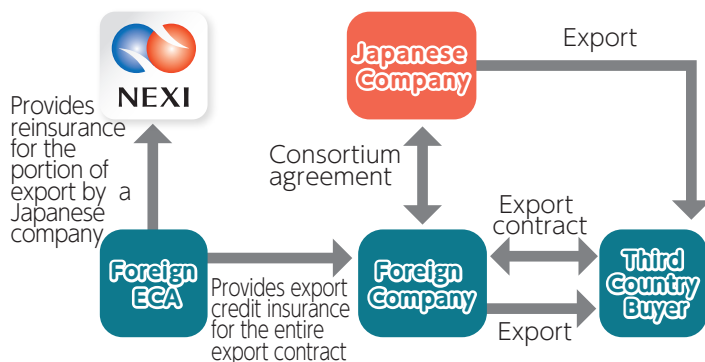
※The Middle East includes Turkey; Central & South America includes Mexico.

## Cooperation with Overseas Organizations

NEXI has established a cooperative network with related institutions around the world. This enables us to quickly and accurately respond to the diverse needs of Japanese companies as they develop their businesses internationally.

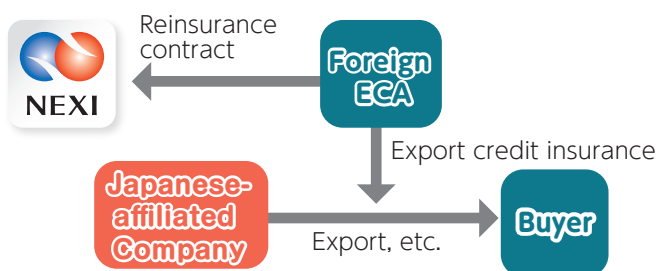
### (1) One-Stop-Shop Reinsurance

For cases in which a Japanese company is partnering with foreign companies on a project in a third country, NEXI concludes one-stop-shop reinsurance agreements with major overseas export credit agencies (ECAs). The purpose of these agreements is to underwrite 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. NEXI then provides reinsurance to the foreign ECAs for the portion exported by the Japanese company.



### (2) Short-term Reinsurance

NEXI has concluded reinsurance agreements with ECAs in Asia and other regions to support exports to third countries by Japanese companies located in Asian and other countries. These agreements increase the underwriting capacity of ECAs in Asia and other regions. This makes it easier for Japanese companies in these regions to mitigate their international trade risks by using export credit insurance offered by local ECAs.



### (3) Reinsurance with European and US Private-sector Insurers

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

### (4) Other Cooperative Relations

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

#### Europe

##### One-Stop-Shop Reinsurance Agreements

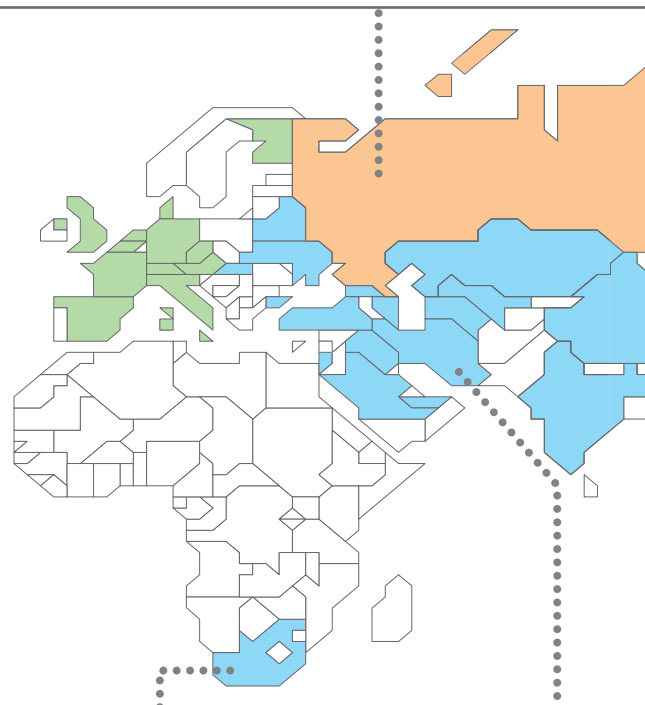
Italy	Servizi Assicurativi del Commercio Estero (SACE)	2002
Netherlands	Atradius N.V. (ATRADIUS)	2002
Belgium	Credendo - Export Credit Agency	2002
Germany	Euler Hermes Deutschland AG (EULER-HERMES)	2003
Austria	Oesterreichische Kontrollbank AG (OeKB)	2003
Finland	Finnvera plc (FINNVERA)	2004
Spain	Compañía 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	Direction des Relations Économiques Extérieures (DREE)	1995
	Banque Publique d'Investissement (Bpifrance)	2016
UK	UK Export Finance (UKEF)	1995



#### Africa

##### Cooperative Agreement

South Africa	Export Credit Insurance Corporation of South Africa (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	2011
	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
Saudi Arabia	Ministry of Finance of Saudi Arabia	2020



Germany	Euler Hermes Deutschland AG (EULER-HERMES) Coopers & Lybrand, Germany (C&L)	1996
	KfW Bankengruppe (KfW)	2011
Austria	Oesterreichische Kontrollbank AG (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	State Development Corporation (VEB.RF)	2009
Belarus	Belarusbank	2009
Russia	Russian Agency for Export Credit and Investment Insurance (EXIAR)	2013
Turkmenistan	The State Bank for 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 (SUEK JSC)	2019
Belgium	Credendo - Export Credit Agency	2019
Hungary	Hungarian Export Credit Insurance Plc. (MEHIB)	2019
Azerbaijan	The Republic of Azerbaijan Ministry of Economy	2021

## North America

### One-Stop-Shop Reinsurance Agreements

Canada	Export Development Canada (EDC)	2018
US	Export-Import Bank of the United States (US EXIMBANK)	2019

### Short-term Reinsurance Agreements

Canada	Export Development Canada (EDC)	2012
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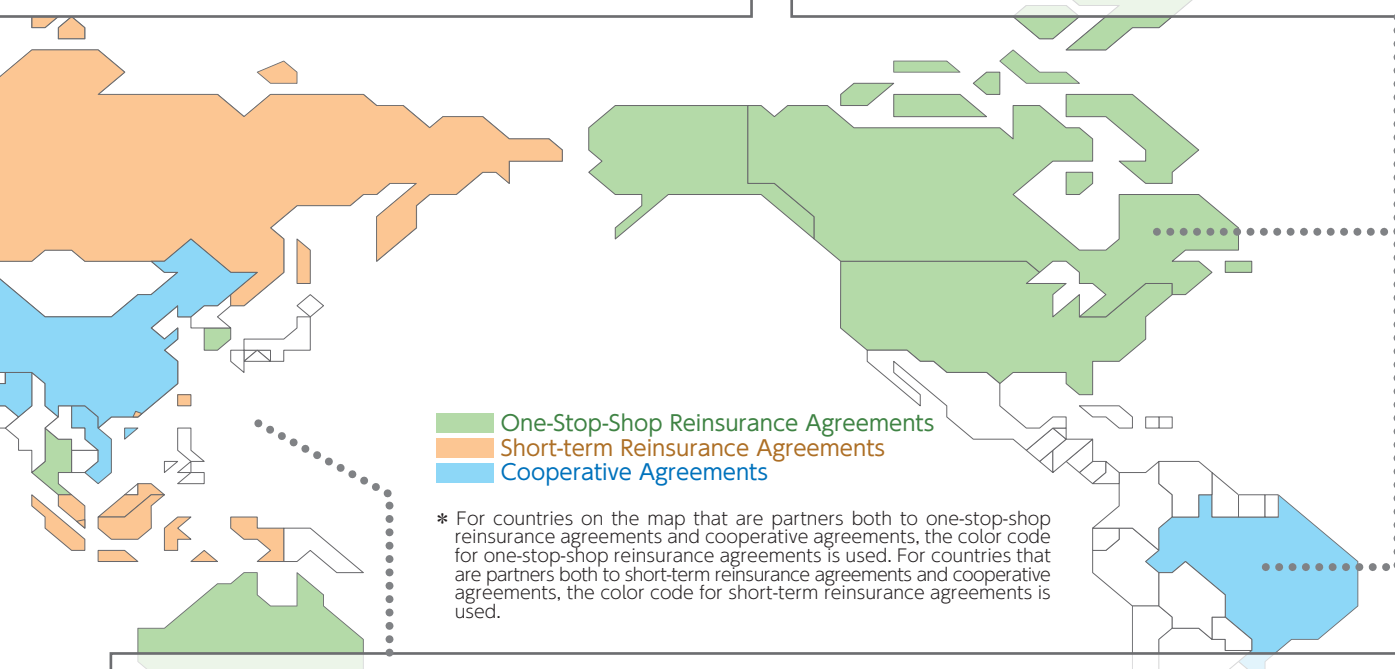
### Cooperative Agreements

US	Export-Import Bank of the United States (US EXIMBANK)	1991
Canada	Export Development Canada (EDC)	1997
US	The United States Department of Energy (DOE)	2009
	U.S. International Development Finance Corporation (DFC)	2017

## South America

### Cooperative Agreements

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



## Asia/Oceania

### One-Stop-Shop Reinsurance Agreements

Australia	Export Finance Australia (EFA)	2005
Korea	Korea Trade Insurance Corporation (K-SURE)	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	PT. Asuransi Asei Indonesia (Asuransi Asei)	2009
Thailand	Export-Import Bank of Thailand (EXIM Thailand)	2009
Taiwan	Taiwan's Export-Import Bank of the Republic of China (Taiwan EXIM)	2010
Hong Kong	Hong Kong Export Credit Insurance Corporation (HKECIC)	2012

### Cooperative Agreements

Korea	Korea Export Insurance Corporation (K-SURE)	1994
Singapore	ECICS Limited (ECICS)	1997
Taiwan	Taiwan's Export-Import Bank of the Republic of China (Taiwan EXIM)	2005
Indonesia	PT. Asuransi Asei Indonesia (Asuransi Asei)	2008
Vietnam	Vietnam Oil and Gas Group (Petrovietnam)	2010
	Ministry of Finance of Vietnam	2014
Indonesia	PT Pertamina (Persero) (Pertamina)	2015
China	China Export & Credit Insurance Corporation (SINOSURE)	2018
India	ECGC Ltd. (ECGC)	2018
Australia	Department of Foreign Affairs and Trade (DFAT) / Export Finance Australia (EFA)	2018
Thailand	Export-Import Bank of Thailand (EXIM Thailand)	2020

## Reinsurance Agreements with European and US 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) Limited / MS Amlin	2019
Credendo - Ingosstrakh Credit Insurance, LLC	2019

## International Organizations

### Cooperative Agreements

Export credit agencies and export financing institutions of APEC members (15 organizations in 12 countries)	1997
European Investment Bank (EIB)	2018
The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)	2019
Islamic Development Bank (IsDB)	2019
African Trade Insurance Agency (ATI)	2019
European Bank for Reconstruction and Development (EBRD)	2020
Multilateral Investment Guarantee Agency (MIGA)	2020
International Finance Corporation (IFC)	2020

# Projects Covered by NEXI Insurance

## Republic of Palau / Optical Submarine Cable Export Project

In this project, NEC Corporation (NEC) will supply and install optical submarine cables for Belau Submarine Cable Corp (BSCC), a telecom company of the Republic of Palau (Palau). Of the USD 8 million co-financing provided to BSCC by Sumitomo Mitsui Banking Corporation (SMBC) and Japan Bank for International Cooperation (JBIC), NEXI has provided loan insurance for a financing by SMBC (USD 4 million).

The installed cables are due to be connected to the US-South East Asia submarine cable and are expected to contribute to building a better telecommunications environment in Palau. This project also meets the intent of the LEAD initiative announced at the end of 2020, as a joint project in third countries by Australia, Japan, and the US. Financial assistance for the project is provided by not only Japan's ECA and financial institutions, but also the US government, the United States Agency for International Development (USAID), the Australian Government, and the Australian Infrastructure Financing Facility for the Pacific (AIFFP).

Through the LEAD initiative, NEXI will continue to support projects contributing to address diplomatic and trade challenges such as "Free and Open Indo-Pacific" strategy and to strengthen economic partnerships.

● Date of signing the insurance contract: March 2021



Photo provided by NEC Corporation

## Africa / Financing for the African Export-Import Bank

NEXI has provided Overseas United Loan Insurance for a loan of USD 520 million, which was extended by MUFG Bank, Ltd. and Mitsubishi UFJ Trust and Banking Corporation to the African Export-Import Bank (Afreximbank) with 51 African member countries.

Through the Pandemic Trade Impact Mitigation Facility (PATIMFA) program, a new facility which Afreximbank has launched to help African countries deal with the impacts of the Covid-19 pandemic, this loan will be subleased to government agencies of key countries for Japanese companies' business development in Africa and utilized in various fields including medicine, sanitation, environment, education, and import-export.

The TICAD7, which was held in Yokohama in 2019, called for enhancement of support for Africa by leveraging private financing, with the aim of strengthening support for Japanese companies' expansion in Africa and of establishing a sustainable society in African countries by such measures as improving hygiene conditions. In response, NEXI's Infrastructure Fund Scheme announced in December 2019 was applied to this loan, and nearly 20 Japanese institutional investors have entered in the African market, encouraged by the risk mitigation effect of NEXI's coverage.

One of the aims of the Japanese government's "Infrastructure Systems Export Strategy 2025" is to contribute to solving social issues and achieving the SDGs in countries where Japanese infrastructure development business is conducted. In the midst of the Covid-19 pandemic, the importance of utilizing private funding in this sector has been increasing. This loan is the first project to meet the intention of the LEAD initiative, in terms of contributing to the development in the infrastructure sector and showing Japan's presence through economic cooperation in the private sector.

● Date of signing the insurance contract: December 2020



Photo provided by African Export-Import Bank  
Photo credit: MUFG Bank, Ltd.

## Georgia / Dariali Hydropower Plant Management Project

In April 2020, TEPCO Renewable Power, Incorporated (TEPCO RP) acquired 31.4% of the shares in JSC Dariali Energy (Dariali Energy), a Georgian hydropower company, from Peri LLC in Georgia, for the purpose of participating in the management of the Dariali Hydropower Plant (Dariali HPP), which has already started its operations in the Kazbegi municipality, Mtskheta-Mtianeti province. NEXI has provided Overseas Investment Insurance for the TEPCO RP's investment in this project.

Dariali HPP is a major renewable energy power facility that generates 4% of annual domestic electricity needs. In Georgia, where hydropower accounts for 80% of total power generation, the operational efficiency of hydropower plants needs to be improved. The operation and maintenance technology, to be provided by TEPCO RP through the project, will contribute to an increase in operational capability of the Dariali HPP. The hydropower plant is operated by Dariali Energy under a power sales contract with the Electricity System Commercial Operator (ESCO), the market operator in Georgia's electricity sector.

This is the first project implemented under the memorandum of understanding (MOU) signed between NEXI and the Ministry of Economy and

Sustainable Development of Georgia in March 2019 for the purpose of promoting bilateral trade and assisting companies from both countries in expanding their business into the other country. As Japan's policy-based financial institution, NEXI will continue to support Japanese utility companies in their business development overseas.

● Date of signing the insurance contract: November 2020



Photo provided by JSC Dariali Energy

## Federative Republic of Brazil / FPSO Project for Buzios and Marlim Oil Fields

MODEC, Inc., Mitsui & Co., Mitsui O.S.K. Lines, Ltd. and Marubeni Corporation have agreed to participate in a long-term charter business of two floating production storage and offloading (FPSO) units, by investing in Petroleo Brasileiro S.A. (Petrobras), the Brazilian state-owned oil company, through Buzios5 MV32 B.V. (MV32) and Marlim1 MV33 B.V. (MV33), two Dutch companies which hold FPSOs. In this project, MODEC will build FPSOs for Buzios oil and gas field located in the pre-salt region, about 180km off the coast of Rio de Janeiro, and Marlim oil and gas field, about 150km off the coast of Rio de Janeiro, while MV32 and MV33 will provide charter service of these FPSOs to Petrobras for a long term.

Of the USD 1,350 million project financing procured by MV32, NEXI has provided loan insurance for a part of the financing which is USD 540 million extended by Japanese financial institutions. Also, of the USD 969.5 million project financing procured by MV33, NEXI has offered loan insurance for a part of the financing which is USD 387.8 million extended by Japanese financial institutions. Japan Bank for International Cooperation (JBIC) has also provided funding for the project.

This project is expected to strengthen relationships between Japanese companies and Petrobras, as

Petrobras has plans to continuously develop deep-water oil and gas fields located off the coast of Brazil. Also, demand for FPSOs for offshore oil and gas fields is expected to increase in other countries. Therefore, supporting this project will assist Japanese companies to acquire further knowledge on FPSO projects, as well as to increase their presence and business opportunities in the FPSO industry.

● Date of signing the insurance contracts: July 2020, October 2020



Photo of FPSO in operation off the Brazilian coast, provided by MODEC, Inc.



# Projects Covered by NEXI Insurance

## Socialist Republic of Viet Nam / Earth Observation Satellite Export Project to Vietnam National Space Center

NEXI has provided Export Credit Insurance for Sumitomo Corporation to cover risks associated with its export of an earth observation satellite, which has been ordered by Vietnam National Space Center (VNSC) in the Socialist Republic of Viet Nam (Vietnam).

This project is to manufacture an earth observation satellite and launch it from a launch site in Japan, while developing a ground system in Vietnam and implementing technology transfer from Japan to Vietnam through personnel development and other measures. This is the first time that an international yen loan has been provided for an earth observation satellite.

In Vietnam, as in Japan, the risk of frequent and large-scale natural disasters, such as heavy rains, typhoons, and floods, has been increasing, and introducing a new monitoring system for damage caused by the disasters is a pressing issue. With the satellite, the Vietnamese government intends to enhance its monitoring capabilities and ability to forecast natural disasters in order to reduce damage.

This project is in accordance with expansion of Japanese aerospace business which the Japanese

government stipulates in the Infrastructure System Export Strategy. The supply of the earth observation satellite equipment/system and assistance in personnel development can be expected to assist Vietnam to increase its ability to monitor and predict damage from natural disasters.

● Date of signing the insurance contract: May 2020



Conceptional drawing of the satellite, provided by NEC Corporation

## People's Republic of Bangladesh / Meghnaghat 718MW Gas-fired Combined-cycle Power Plant Project

Reliance Bangladesh LNG & Power Limited, which is sponsored JERA Co., Inc.(JERA) has participated in a project that intends to build, own, and operate a natural gas-fired combined-cycle power plant at Meghnaghat in the People's Republic of Bangladesh (Bangladesh). The electricity generated from the project will be sold to the Bangladesh Power Development Board for 22 years after commercial operation starts.

NEXI has offered Overseas Investment Insurance for the investment share of JERA. Additionally, of the USD 642 million co-financed through project finance, NEXI has provided loan insurance for the financing of USD 177 million jointly provided by Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., and Societe Generale Tokyo branch. Japan Bank for International Cooperation (JBIC) has also provided for the project. This is the first time for NEXI to offer its investment and loan insurance for project finance in Bangladesh.

In Bangladesh, a shortage of power supply has become an issue as the domestic economy grows. The government therefore plans to expand the country's power generation capacity to meet the increasing demand. This project is in accordance with such government policy and is expected to contribute to the country's

industrial development and further economic growth.

JERA will also take the lead in operation and maintenance (O&M) of the plant. Such comprehensive efforts by JERA, ranging from the project company management to the power plant operation, are in line with the Infrastructure System Export Strategy led by the Japanese government. The project is expected to create new business opportunities for Japanese companies to expand business in Asia.

● Date of signing the investment insurance contract: June 2020

Date of signing the loan insurance contract: August 2020



Conceptional drawing of the power plant, provided by JERA Co., Inc.



## Kingdom of Sweden / Northvolt's LIB Plant Construction Project

Northvolt AB(Northvolt), which was founded in the Kingdom of Sweden in 2016, will build a lithium-ion battery (LIB) gigafactory and sell the LIBs produced to automobile/truck/machine tool manufacturers in Europe. Japanese companies are planning to deliver manufacturing equipment to the project.

Northvolt will fund the project through project financing extended by the European Investment Bank (EIB) and ECAs in Europe and Asia. Of the project financing, NEXI has provided insurance for the funds to purchase goods exported from Japanese companies, which amounts to USD 150 million jointly financed by Sumitomo Mitsui Banking Corporation, BNP Paribas Bank, Societe Generale, and ING Bank.

This is the first time for NEXI to offer insurance for a project finance associated with an LIB gigafactory. As an essential material in the production of electric vehicles, LIB will become increasingly important in the carbon-neutral era. As Japan's policy-based financial institution, NEXI will continue to actively support exports by Japanese companies including SMEs, while contributing to the realization of carbon neutrality.

Additionally, this is the first joint project since the

memorandum of understanding (MOU) between EIB and NEXI was signed in October 2018, and is expected to strengthen NEXI's cooperative relationship with Europe in the economic development.

●Date of signing the insurance contract: October 2020



Photo provided by Northvolt AB

## Republic of Mozambique / Mozambique LNG Project

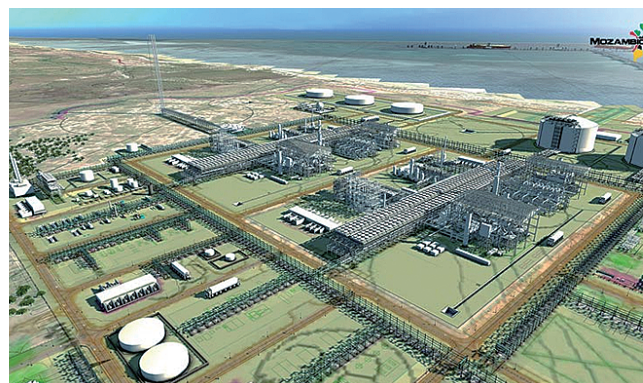
This project is an integrated business to cover the upstream and midstream stages, ranging from the development of a large offshore natural gas field located off the coast of northern part of the Republic of Mozambique, to the production and liquefaction of natural gas and the transportation of liquefied natural gas (LNG). Mitsui & Co., Ltd. (Mitsui) and Japan Oil, Gas and Metals National Corporation (JOGMEC) has invested in the project to hold upstream rights for the natural gas field, a part of the LNG produced from the project will be sold to Japanese electricity and gas companies.

Of the project financing, NEXI has provided insurance for the USD 2 billion financing extended by Japanese financial institutions. This is an international project co-financed by multiple ECAs and regional development banks, as well as the largest project financing project to date in Africa. Japan Bank for International Cooperation (JBIC) has also provided funding for the project.

Additionally, this is the first project to which expanded scope of the coverage of Investment and Loan Insurance for Natural Resources and Energy has applied, since NEXI revised the policy in October 2018. LNG is the most environmentally friendly energy resource of fossil fuels due to its less carbon dioxide

emission, which is a cause of global warming, compared with that of oil and coal, and the global demand is likely to continue to grow. This project is expected to contribute to a stable supply of LNG by taking advantage of geographical proximity to the regions where LNG is needed.

●Date of signing the insurance contract: August 2020



Architectural rendering provided by Mitsui & Co., Ltd.

# Projects Covered by NEXI Insurance

## Emirate of Dubai, the United Arab Emirates / Waste-to-Energy Project

ITOCHU Corporation (ITOCHU) and Hitachi Zosen Corporation (Hitachi Zosen) will build a waste-to-energy plant, with a processing capacity of 1.9 million tons of municipal waste annually, in the Emirate of Dubai, the United Arab Emirates (UAE). They will also be involved in plant operation/management as well as power generation under a 35-year concession period after commercial operation starts. ITOCHU is playing a leading role through measures such as sending personnel to the project company, taking advantage of rich experience in the waste-to-energy power generation business, while Hitachi Zosen is playing a key role in the plant construction, operation, and maintenance work.

Of the USD 900 million co-financing raised by the project company through project finance, NEXI has provided loan insurance for the loan facility of USD 380 million extended by Japanese financial institutions. Japan Bank for International Cooperation (JBIC) has also provided funding for this project.

Under the Dubai Clean Energy Strategy 2050, this project is in accordance with the policy objectives set by the Government of Dubai, including minimizing the volume of municipal waste in landfills, conducting sustainable and ecologically friendly waste management, and promoting the development of alternative energy

sources. This project is also considered as one of the long-term initiatives aiming at carbon neutrality and decarbonization, while contributing to achieving the UN Sustainable Development Goals (SDGs), because the waste-to-energy power generation is a clean energy that does not consume fossil fuels.

This project is expected to further promote Japanese companies' business expansion and deployment of their decarbonizing technology in the Middle East, as well as the virtuous cycle of environmental improvement and economic growth in the region.

● Date of signing the insurance contract: March 2021



Conceptional drawing provided by ITOCHU Corporation and Hitachi Zosen Corporation

## Overseas Investment Insurance for FinTech Services Company (Underwriting of Reinsurance)

NEXI has provided Overseas Investment Insurance to Global Mobility Service, Inc. (GMS), a global start-up offering financially inclusive FinTech services, for one of its initiatives to achieve "No Poverty," via Tokio Marine & Nichido Fire Insurance Co., Ltd.

With its vision "Build a Fairer World that Values Workers Equally," GMS has developed a platform by collaborating with financial institutions. In the platform, financial institutions will provide automobile loans to people who have failed to pass credit checks, based on visualized data of their work skills provided by GMS's FinTech services which will create credits for them. This business is underway in the Philippines, Cambodia, and Indonesia, leading to the achievement of the Sustainable Development Goals (SDGs). GMS's technologies and services bring many possibilities to a society of mobility and make contribution to the global market through Japan's integrated advanced technologies.

NEXI's Overseas Investment Insurance provides a coverage for country risks associated with business expansion by global startups that contribute to achieving the SDGs. This project is symbolic, as sales network of private casual insurers has effectively contributed to the underwriting of a new insurance

policy. As Japan's policy-based financial institution, NEXI will continue to support more Japanese businesses, using its reinsurance network through public-private partnerships.

● Date of signing the insurance contract: December 2020



Photo provided by Global Mobility Service, Inc.



# SME Exports Covered by NEXI Insurance

## Cooking Utensil Exports

WAHEI FREIZ CORPORATION (WAHEI FREIZ), a manufacturer of cooking utensils located in Tsubame City, Niigata Prefecture, used Export Credit Insurance for SMEs and AFF Sector to seek protection against non-payments for its exports of cooking utensils to Taiwan, following a change in settlement method from advanced to deferred payment.

Since its foundation in 1951, WAHEI FREIZ has dedicated itself to developing products taking in feedback from end users. To ensure that its products satisfy customers, the company designed its own set of standards, focusing on user-friendliness through its attention to details such as the material of handle screws or heat resistance of the knobs. Daishi Hokuetsu Bank, Ltd.\* introduced trade and investment insurance to WAHEI FREIZ, allowing the company to hedge the risks while meeting the post-payment requirements of its business partners.

WAHEI FREIZ plans to expand exports of its refined products which represent the traditional craftsmanship of Tsubame Sanjo region in Japan, while making full use of trade and investment insurance.

\* Daishi Hokuetsu Bank: business tie-up with NEXI since July 2012.

Formerly the Daishi Bank, Ltd. at the time of signing the insurance contract.

- Export value covered by the insurance: About JPY 4.6 million
- Date of signing the insurance contract: July 2020



Photo provided by WAHEI FREIZ CORPORATION

## Chicken Egg Exports

Nikko Corporation (Nikko), a trading company in Shizuoka City, Shizuoka Prefecture, used Export Credit Insurance for its exports of locally produced eggs to Hong Kong while reducing the risks of import restrictions or bans in the market.

In recent years, Hong Kong has seen a rapid increase in the demand for Japanese eggs which are safe to be eaten raw. Targeting such needs, Nikko has been exporting eggs to Hong Kong which it purchased from producers in Shizuoka Prefecture. Through its export of safe and high-quality eggs, Nikko has been serving as an intermediary between local producers in the prefecture who wish to expand their sales channel in Hong Kong and the consumers there who are adapting a new food culture of eating raw eggs and are looking for fine Japanese eggs.

Utilizing trade and investment insurance, Nikko aims to increase its sales in the markets abroad through its trading products including not only eggs but also Japanese food products such as miso and soy sauce, as well as daily necessities.



Photo provided by Nikko Corporation

- Export value covered by the insurance: About JPY 2.7 million
- Date of signing the insurance contract: January 2021

# SME Exports Covered by NEXI Insurance

## Textile Exports

Kawagoshi Masa Co., Ltd. (KGM) in Tokyo signed up for Export Credit Insurance for SMEs and AFF Sector to reduce non-payment risks associated with the supposed increase in deferred payment for its textile exports to the U.K.

Established in 1957, KGM is a comprehensive manufacturer of textiles and textile products. The company's strength lies in its efficient supply system, which covers the entire process from planning and proposal, textile development and sewing production, to delivery. Employing its network of few hundred business partners both in and out of Japan, the company pursues to produce customers' ideal fabrics, and together with new ideas and its extensive experience in textile production, caters to their needs for creating original fabrics.

KGM plans to further develop its international business leveraging its global network with four offices located overseas, while hedging the risks of uncollectible payments using trade and investment insurance.

- Export value covered by the insurance: About JPY 2 million
- Date of signing the insurance contract: February 2021



Photo provided by Kawagoshi Masa Co., Ltd.

## Sake Exports

Kikusui Sake Co., Ltd. (Kikusui), a sake brewery located in Shibata City, Niigata Prefecture, used Export Credit Insurance for SMEs and AFF Sector for the export of Japanese sake to the Republic of Korea.

Kikusui, celebrating the 140th year since foundation in 2021, aims to enrich people's lives with the outstanding quality and flavor of its products. One of its flagship brands, Funaguchi Original Gold, launched in 1972 as Japan's first unpasteurized and undiluted sake in aluminum cans, has been sold for more than 300 million bottles to date, and remains to be much-loved to this day. Since it was the first time for Kikusui to trade directly with a foreign company under deferred payment, the brewery decided to use trade and investment insurance introduced through Japan External Trade Organization (JETRO) to reduce the risks against non-payment.

From its birthplace of Shibata, Kita-Echigo in northern Japan, Kikusui plans to expand sales of its finest sake to customers all over the world, making use of the trade and investment insurance.

- Export value covered by the insurance: About JPY 2.3 million
- Date of signing the insurance contract: March 2021



Photo provided by Kikusui Sake Co., Ltd.



## Ice Cream Exports

Imuraya Group Co., Ltd. (Imuraya Group) in Tsu City, Mie Prefecture, used Comprehensive Export Insurance with Simplified Procedure for ice cream exports to Hong Kong and other regions to reduce non-payment risks associated with the trading under deferred payment terms.

Imuraya Group started business in 1896 as a confectionery store Imuraya, and since then has been manufacturing and selling a wide range of food products, including confectioneries using azuki beans and paste. The ice cream products that Imuraya Group develops and exports are highly popular in Japan, including its long-selling Azuki Bar, which was launched in 1973, and Yawamochi Ice Cream, which won the Good Design Award in 2013.

Imuraya Group has been exploring its sales channel through its overseas offices. In the process, concerns arose about country risks and credit risks regarding its global business partners, for which comprehensive risk coverage is being provided through trade and investment insurance. Imuraya Group plans to further expand its international business while employing trade and investment insurance.

- Export value covered by the insurance:  
About JPY 55 million
- Date of signing the insurance contract:  
August 2020



Photo provided by Imuraya Group Co., Ltd.

## Yuzu Exports

Motoi, Inc. (Motoi), a trading company based in Tokushima City, Tokushima Prefecture, exported yuzu (a type of citrus fruit) to the French Republic (France) through Export Credit Insurance for SMEs and AFF Sector.

The trading company exports high-quality food produce from Tokushima and Shikoku to markets around the world.

When Motoi received an inquiry from a buyer in France about the Kigashira Yuzu with a vivid color and rich aroma, the company was concerned about the risk of non-payment due to a term of deferred payment offered by the buyer. Motoi was referred to NEXI by the export promotion department of the Tokushima prefectural government and took out trade and investment insurance that allowed the company to hedge the risk before carrying out the export.

Motoi will continue to enter overseas markets using trade and investment insurance, with the aim of broadening the appeal of food products in Tokushima and Shikoku.

- Export value covered by the insurance : About JPY 2 million
- Insurance contract signing date : November 2020



Photo provided by Motoi, Inc.

# SME Exports Covered by NEXI Insurance

## Exports of Eyeglass Frames

CHARMANT Group (CHARMANT), an eyeglass frame manufacturer based in Sabae City, Fukui Prefecture, took out Export Credit Insurance for SMEs and AFF Sector, referred to NEXI by the Fukui Bank, a partner financial institution of NEXI.\* The Japanese maker used the insurance as a preventive measure to reduce the risk of non-payment in the export of eyeglass frames for the Federative Republic of Brazil during the coronavirus pandemic in 2020.

CHARMANT, founded in 1956 as a manufacturer of eyeglass frame parts, developed into a comprehensive eyeglass frame manufacturer covering production of all parts and surface treatment to manufacture finished products in-house. Now the company has grown to a global manufacturer, selling the eyeglass frames and sunglasses with a superior fit and beautiful ergonomic design based on the continuous development of technology in more than 100 countries. CHARMANT will continue using trade and investment insurance to provide its eyeglass frames to more customers all over the world.

\* The Fukui Bank has been in partnership with NEXI since October 2015.

- Export value covered by the insurance :  
About JPY 3.5 million
- Insurance contract signing date: November 2020



Photo provided by CHARMANT Group

## Exports of Composite Additives for Plastics

KYODO CHEMICAL CO., LTD. (KYODO CHEMICAL), a chemical manufacturer based in Hadano City, Kanagawa Prefecture, took out Export Credit Insurance for SMEs and AFF Sector as a measure to hedge the risk of non-payment in a contract to export composite additives for plastics to the Socialist Republic of Viet Nam.

KYODO CHEMICAL was founded in 1939 for the purpose of manufacturing industrial chemicals, with the aspiration of "working together to build a business." In 1953, the company succeeded in the industrial production of a basic intermediate, a stabilizer necessary for thermoforming polyvinyl chloride. It has since developed as a comprehensive manufacturer of additives that are essential for molding plastics and providing functionality for plastics.

Today, the company is engaged in the formulation design of plastic additives and the contract processing business, with the philosophy to "constantly anticipate the needs of the times, create new value, and provide customer satisfaction."

KYODO CHEMICAL will continue to use trade and investment insurance to expand business overseas, while meeting the needs of domestic customers.



Photo provided by KYODO CHEMICAL CO., LTD.

- Insurance contract signing date: November 2020

## TOPICS

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

Case

1

I am thinking of launching business with new buyers.

Case

2

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

Case

3

The amount of export transactions with existing customers is increasing.

Case

4

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

Case

5

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

Case

6

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

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





# Insurance Products

Trade and Investment Insurance

— How It Works

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Insurance Products to Support Your Business

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Insurance Application Process

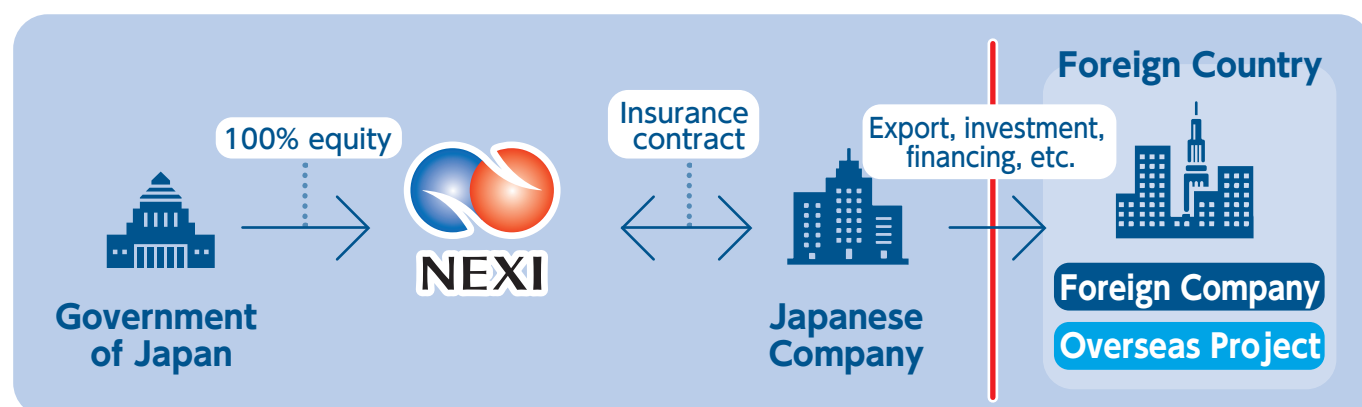
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# Trade and Investment Insurance – How It Works

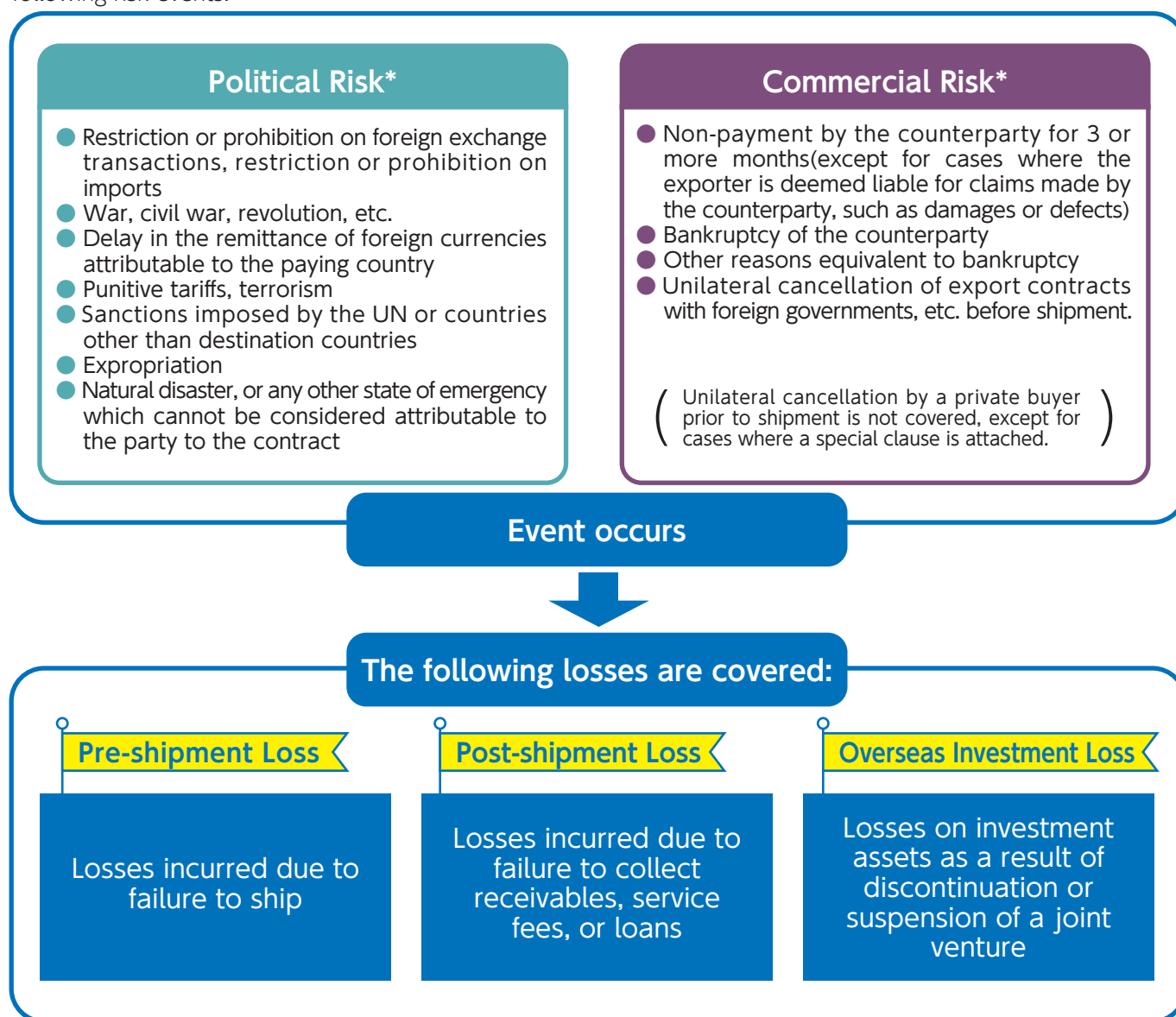
Trade and investment insurance covers risks associated with international trade and other overseas transactions that cannot be covered by private-sector insurance.

The purpose of trade and investment insurance is to

support and promote companies on overseas business development 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 risk events.



**Political Risk** Risk of force majeure for which the insured party is not liable (also referred to as Country Risk)

**Commercial Risk** Risk for which the counterparty to an overseas transaction can be deemed liable (also referred to as Credit Risk)

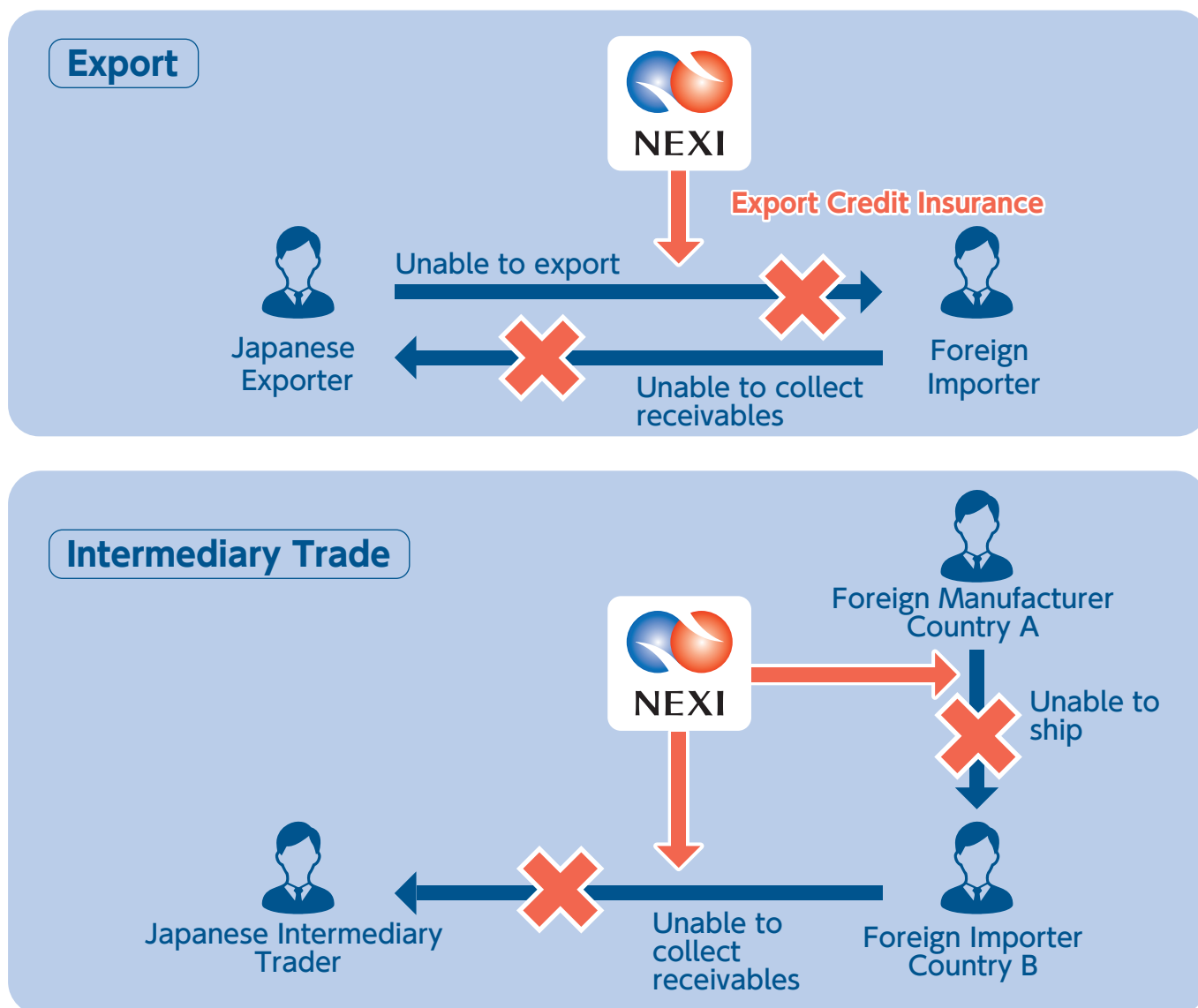
# Insurance Products to Support Your Business

## Export Credit Insurance

### Insurance for export, intermediary trade, and technical cooperation

In cases where Japanese exporters export cargoes to foreign countries, engage in intermediary trade, or provide technology such as construction work, this insurance covers losses due to i) force majeure such as war, revolution, terrorism, import restriction/prohibition, and natural disaster,

or ii) inability to ship cargoes due to bankruptcy of the business partner, etc., as well as losses resulting from inability to collect payment after the cargoes have been shipped or after the technology has been provided.



\* There are different ways of providing Export Credit Insurance such as specific insurance, which provides coverage for a single business contract, and comprehensive insurance for business entities, which 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 if Japanese companies that provide patents, expertise, or copyrights abroad are unable to collect payment of license fees such as royalties due to i)

force majeure such as war, or ii) the counterparty's bankruptcy or delay in payment.

## Trade Insurance for Standing Orders from Specific Buyers

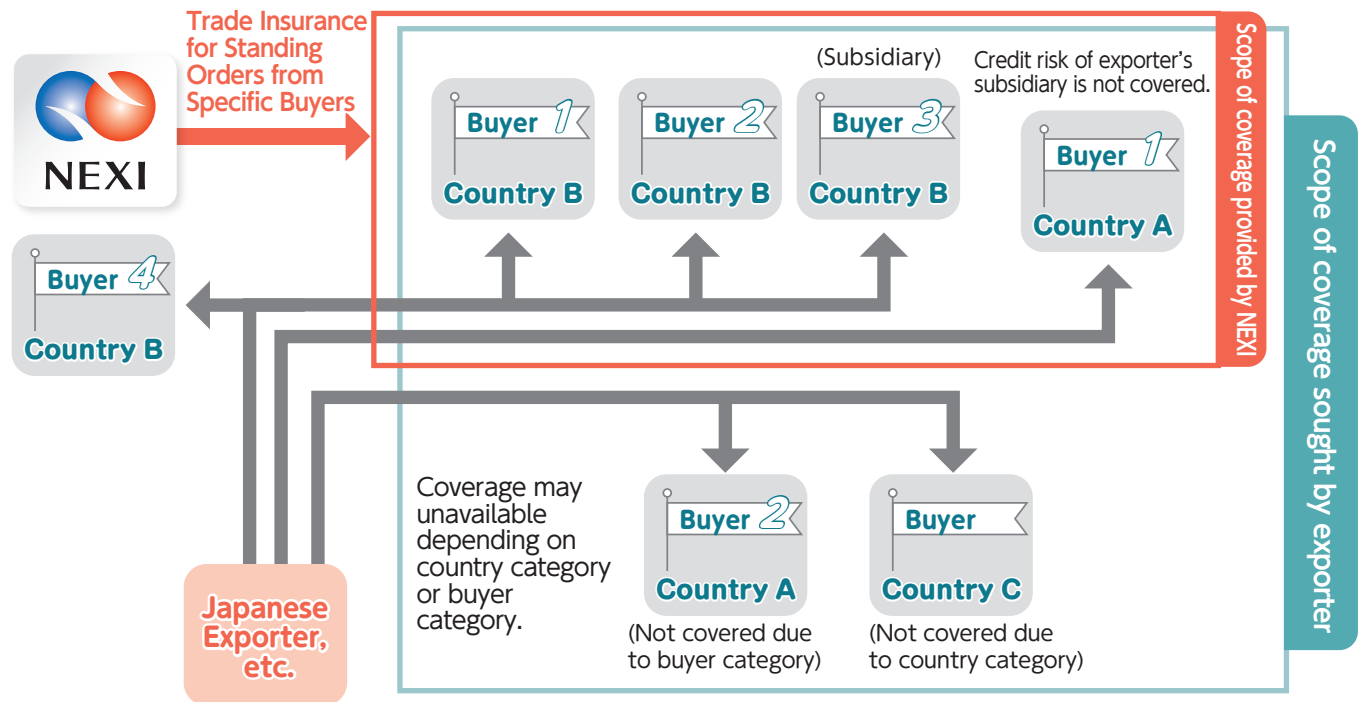
### Insurance for companies that continually conduct business with specific buyers

This insurance is suitable for continuous transactions with a specific buyer for a Japanese exporter to supply products, etc. The exporter sets a limit on insurance claims for a specific buyer based on the estimated value of transactions for the year.

The insurance also features simplified application procedures. The exporter does not need to apply

insurance for each export contract. All insurable export contracts signed during the insurance contract period (1 year) are automatically covered if the contracts meet certain conditions.

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



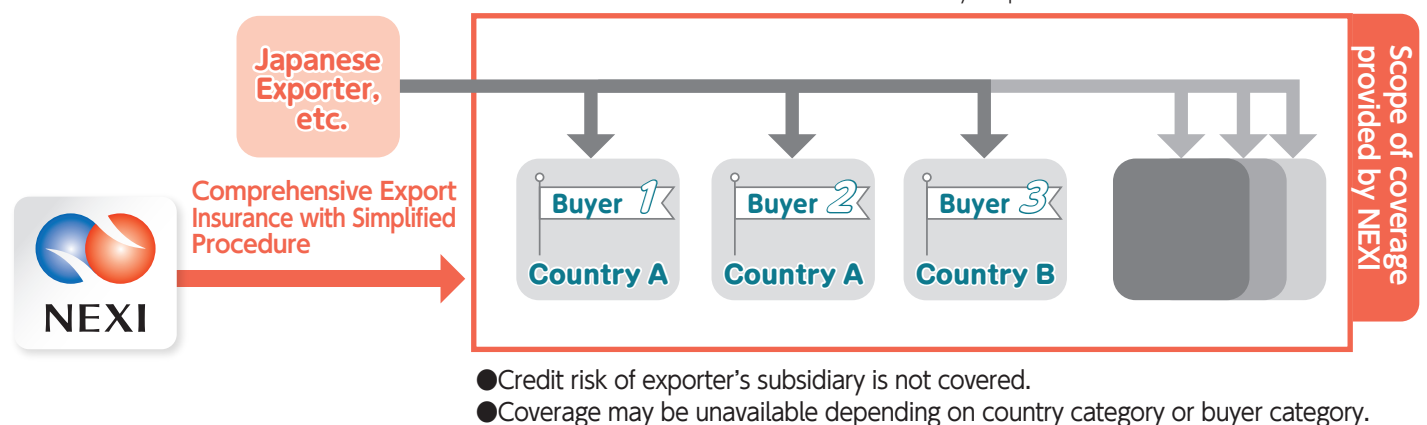
## Comprehensive Export Insurance with Simplified Procedure

### Insurance for companies that continually and repeatedly conduct business with multiple buyers

This insurance comprehensively covers all export contracts, etc. concluded by Japanese exporters that meet certain conditions during the insurance contract period (1 year). The Exporter notifies NEXI of the payments owed for shipped goods based on the export contract, etc. by the end of the next month after shipping.

The exporter does not need to apply insurance for each export contract. Changes to terms and conditions of the contract are also less likely to arise since the notification is made after shipment. The application procedure is therefore 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.



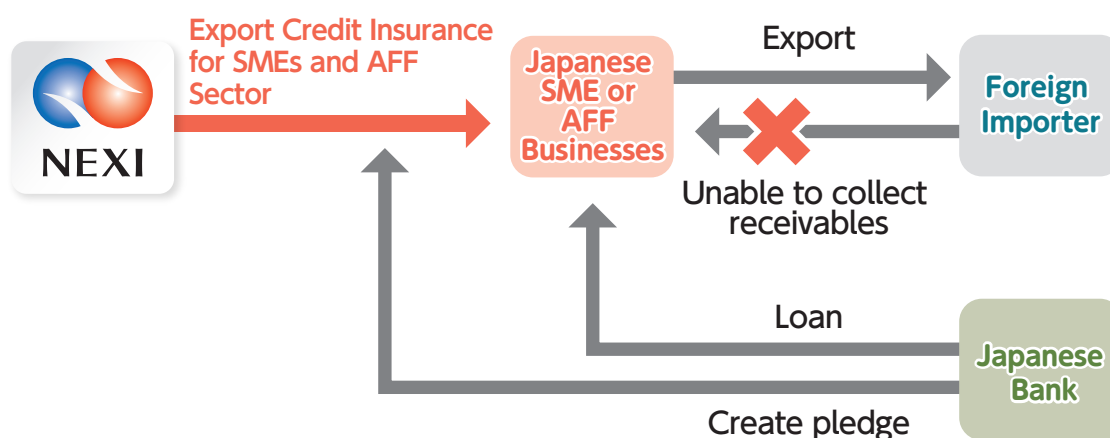
## Export Credit Insurance for SMEs and AFF Sector

### Insurance for export by Japanese SMEs and by businesses in the agriculture, forestry and fisheries sector

This insurance provides support for export by Japanese small and medium sized enterprises (SMEs) and by businesses in the agriculture, forestry and fisheries (AFF) sector. The policy covers losses incurred if receivables are uncollectable, also offering simple application procedures and speedy payment of

insurance claims to meet the needs of SME and AFF customers.

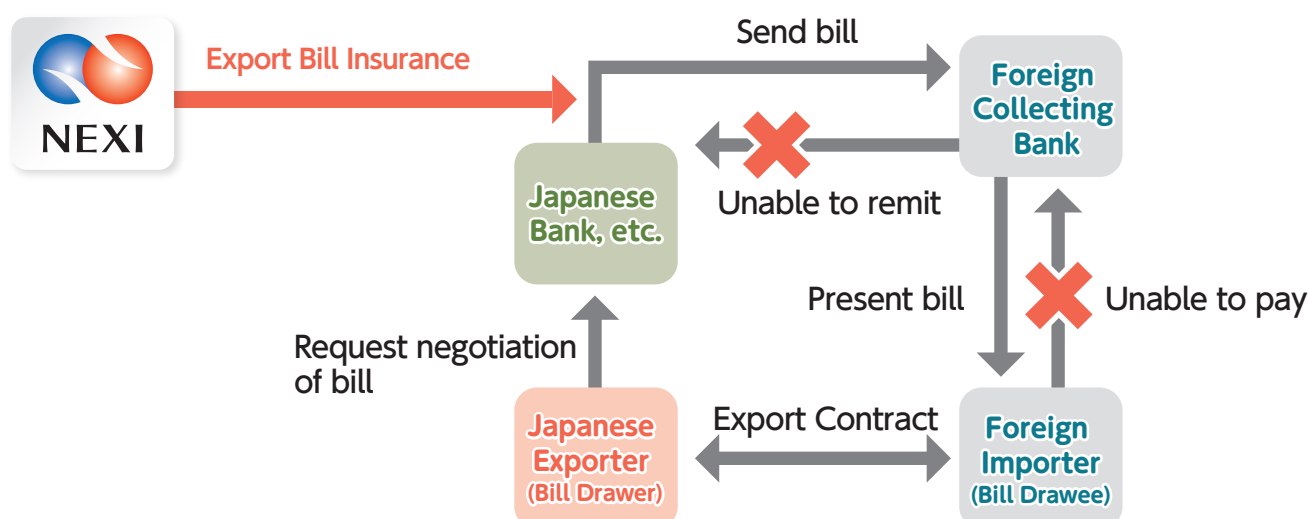
Furthermore, applicants for this insurance who also receive a bank loan can simultaneously complete procedures to establish a pledge on insurance claim rights.



## Export Bill Insurance

This insurance is mainly designed to cover the risk of non-payment at maturity by the buyer to the bank that has purchased the documentary bill without a letter of credit. This enables a smooth process for the purchase of the documentary bill by the bank. In cases where a Japanese bank purchases 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 of the foreign importer, etc.



## Prepayment Import Insurance

This insurance covers losses incurred if Japanese importers make a prepayment for goods in accordance with the contract terms but the goods do not arrive in accordance with the contract and the prepayment is not refunded even after the importers make a refund request for the prepayment in accordance with the

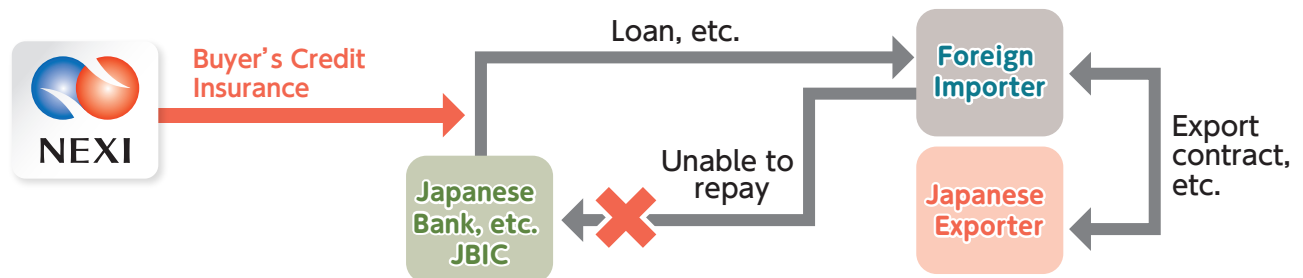
refund terms, due to i) force majeure such as war, revolution, prohibition of foreign currency exchange, suspension of remittance, and natural disaster, or ii) bankruptcy or default of the counterparty.

## Buyer's Credit Insurance

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

In cases where a Japanese bank or financial institution provides a loan, etc. (including the purchase of bonds and the assumption of guarantee obligations) to a foreign importer purchasing goods and services from Japan, this insurance covers losses incurred if the Japanese bank is 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, terrorism, 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.



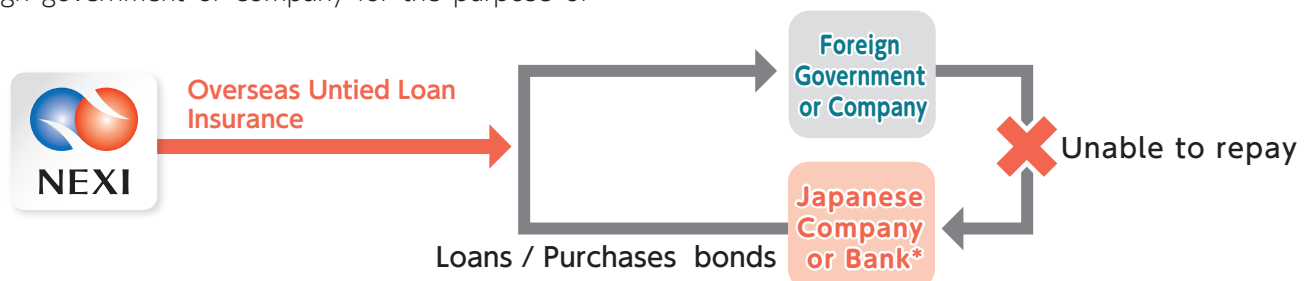
\* NEXI provides the insurance only to Japanese commercial banks that extend loans, etc., in cooperation with the Japan Bank for International Cooperation (JBIC).

## Overseas Untied Loan Insurance

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

This insurance covers losses incurred by Japanese companies, banks, and other institutions\*, that provide a foreign government or company with business funds (which are not tied to export from Japan) for overseas projects that contribute to economic development, or that purchase bonds issued by a foreign government or company for the purpose of

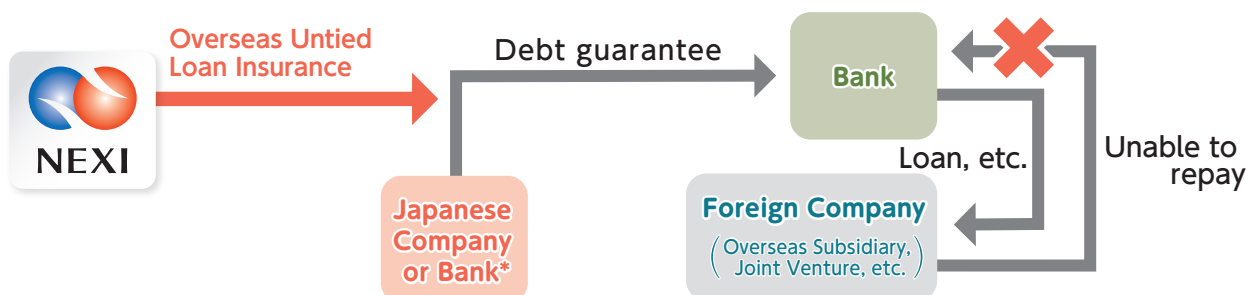
financing, if they are unable to collect the loans or the bonds are not redeemed due to i) force majeure such as war, revolution, prohibition of foreign currency exchange, suspension of remittance and natural disaster, or ii) bankruptcy or default of the borrower or the bond issuer.



### Insurance for guarantee of obligation

This insurance covers losses incurred by Japanese companies, banks, and other institutions\*, 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 that are particularly necessary for promoting the sound development of Japan's international trade (e.g., projects that promote the acquisition of important resources and the competitiveness of Japanese companies).

## LEAD Initiative

In December 2020, NEXI announced the LEAD Initiative to respond to the business environment with and after the Covid-19. This initiative is intended to actively promote the underwriting of projects, with a focus on contributing to global carbon neutrality, solving social issues and achieving

the SDGs. Under this initiative, we aim to underwrite insurance of total value of JPY 1 trillion by the end of fiscal 2025, while diversifying our funding sources not only from traditional capital providers, but also from institutional investors etc.

## Loan Insurance for Green Innovation

This insurance covers renewable energy projects, energy conservation projects, and projects utilizing new technologies that contribute to global environmental conservation, with an increased commercial risk coverage rate up to 97.5% compared with our usual loan insurances such as Buyer's Credit Insurance or Overseas Untied Loan Insurance. This loan insurance

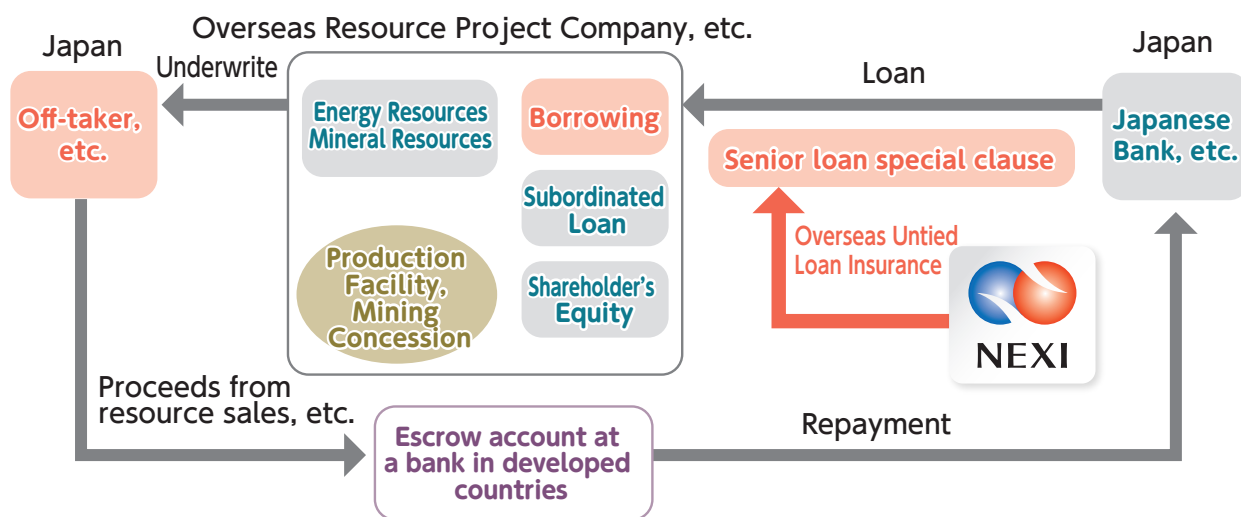
is available for Japanese exporters, Japanese companies that undertake the projects, or Japanese financial institutions that finance them, if they proactively disclose information on their measures aimed at environmental conservation and climate change mitigation.

## Investment and Loan Insurance for Natural Resources and Energy

To fundamentally reinforce efforts to secure a stable supply of resources from overseas, this insurance policy takes into account the distinctive risk profile of natural resources and energy projects. It features much lower premium and wider range of risk coverage than regular Overseas Untied Loan Insurance, and can be available as a special clause to Overseas Untied Loan Insurance.

The insurance covers losses incurred by Japanese

companies or banks that provide foreign governments or companies with business funds (which are not tied to export from Japan) for projects that contribute to resource development if the Japanese entities 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 the borrower.



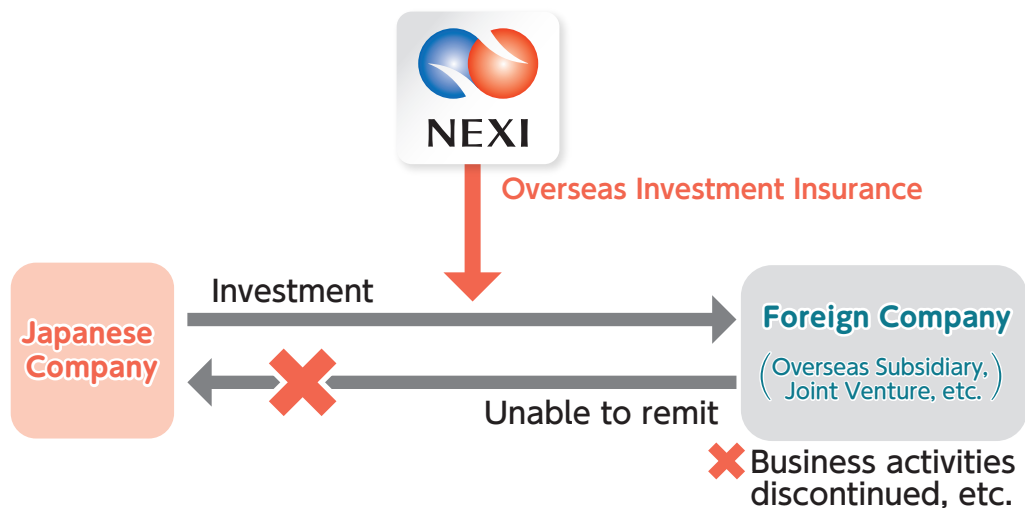
- It is eligible for senior loans offered by Japanese banks or financial institutions for the projects involving Japanese companies in the offtake of energy and mineral resources, the acquisition of interests, or the development of relevant infrastructure (see Note).  
Note: In addition to offtake projects in which Japan is the final demand location, it is applied to projects in which developed energy resources, etc. is highly likely to be transferred to Japan following a request from Japan.
- A lower premium rate compared to regular Overseas Untied Loan Insurance is applicable only when an escrow account is opened with a bank in a developed country. Unless the condition is met, the premiums of regular Overseas Untied Loan Insurance will be applied, but a higher percentage of commercial risk coverage (97.5%) will be granted.

## 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 if overseas subsidiaries are unable to remit dividends to Japan due to prohibition of foreign currency exchange or suspension of remittance.



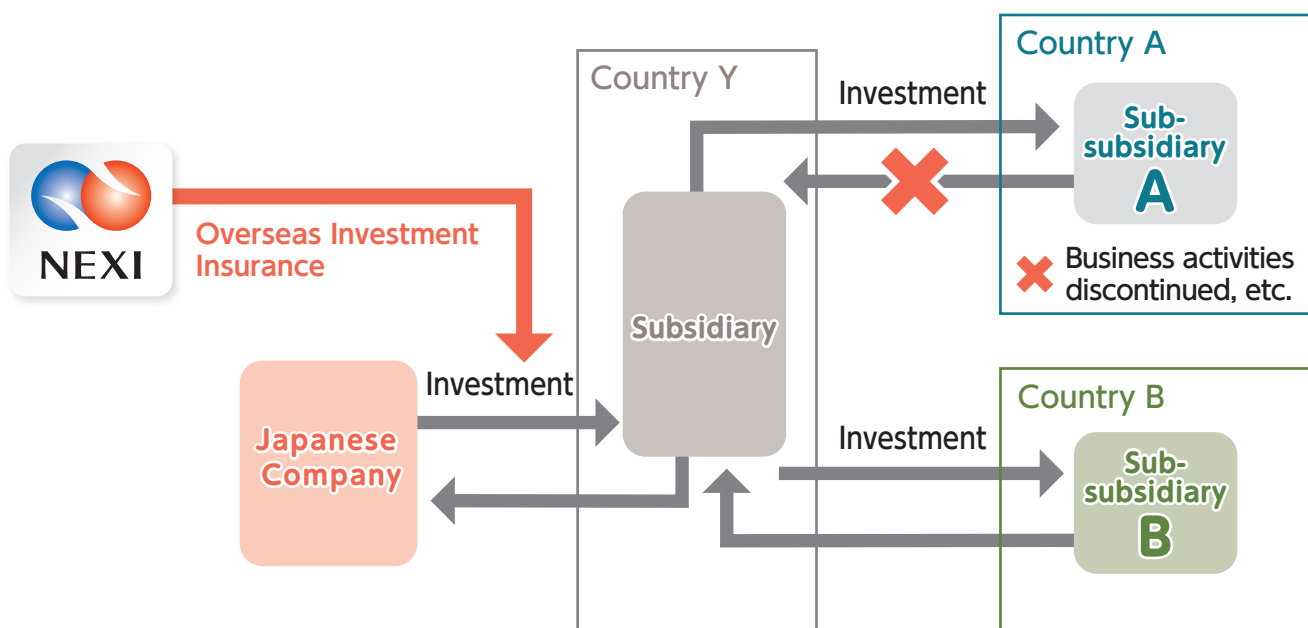
\*A premium (goodwill, etc.) paid by an investor to secure a stake in natural resources or to become a shareholder can be covered by Overseas Investment Insurance.

\*Another type of Overseas Investment Insurance that covers rights and acquired profits (real estate, etc.) is also available.

### Partial Loss Special Clause

When a subsidiary of a Japanese company conducts business by establishing sub-subsidiaries in the country where the subsidiary is located or in third countries, respectively, this insurance covers losses if any of the

sub-subsidiaries are 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.

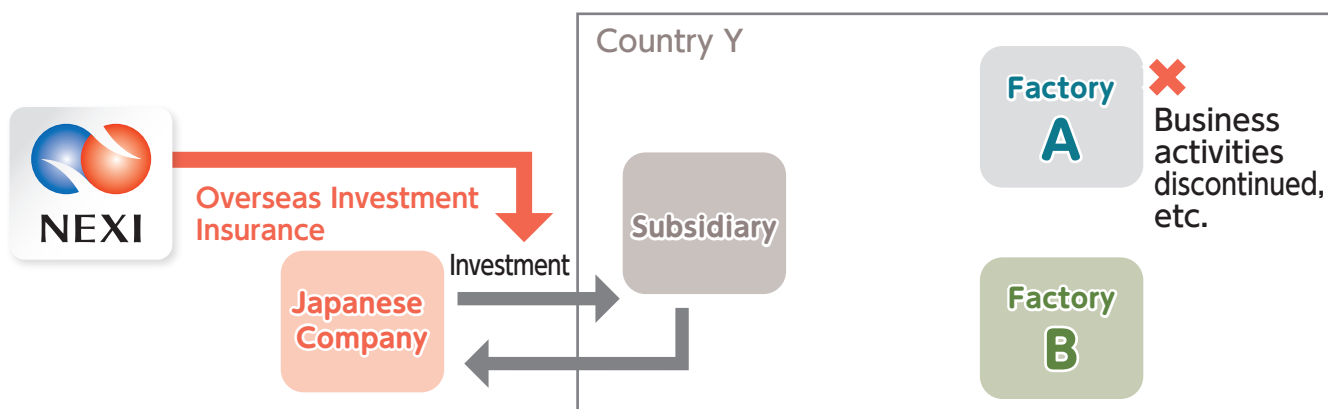




## Business Base Special Clause

When a subsidiary of a Japanese company have business bases in the country where the subsidiary is located, this insurance covers losses if any of the business bases are forced to discontinue business

due to force majeure such as war, terrorism or natural disaster, even if the other business bases are able to continue business.

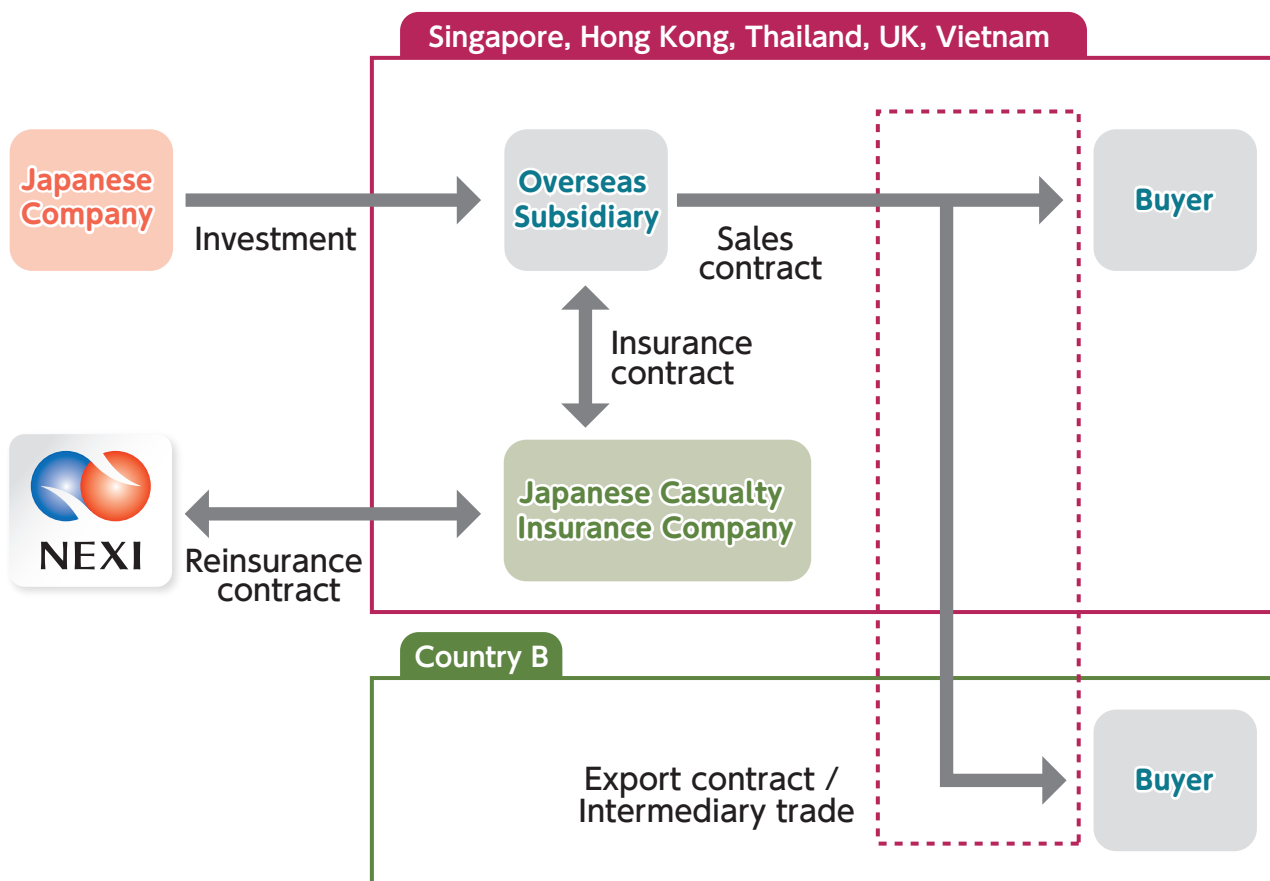


## Fronting

For cases where a Japanese subsidiary in Singapore, Hong Kong, Thailand, Vietnam, or the U.K. has a contract with a domestic or overseas buyer for continued sale of products, etc., the insurable claim limit is set for the annual trade amount. This primarily covers losses resulting from inability to collect receivables

if the buyer goes bankrupt or payment is delayed.

We call it fronting as NEXI provides the coverage through reinsurance with a local Japanese casualty insurance company.

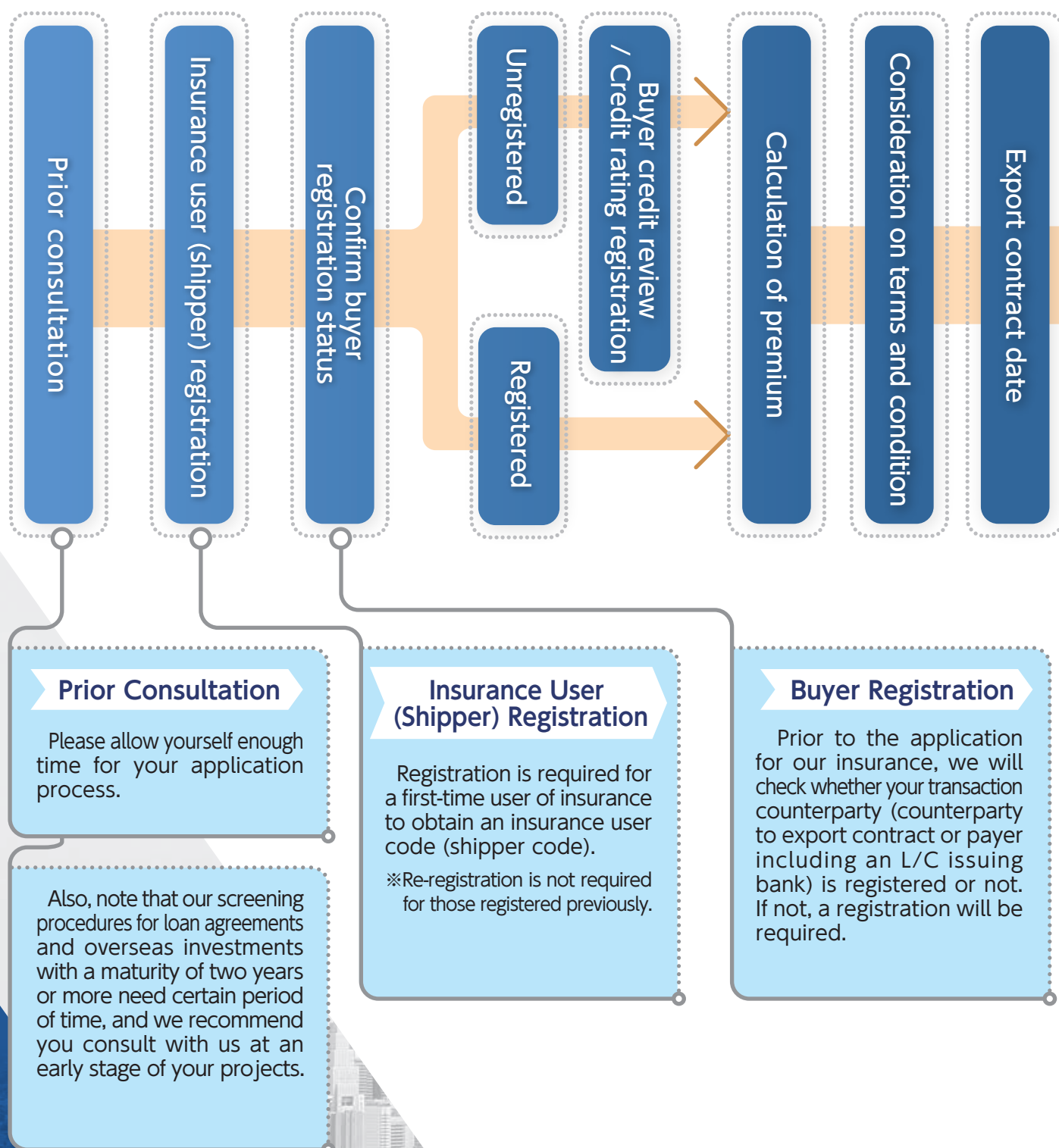


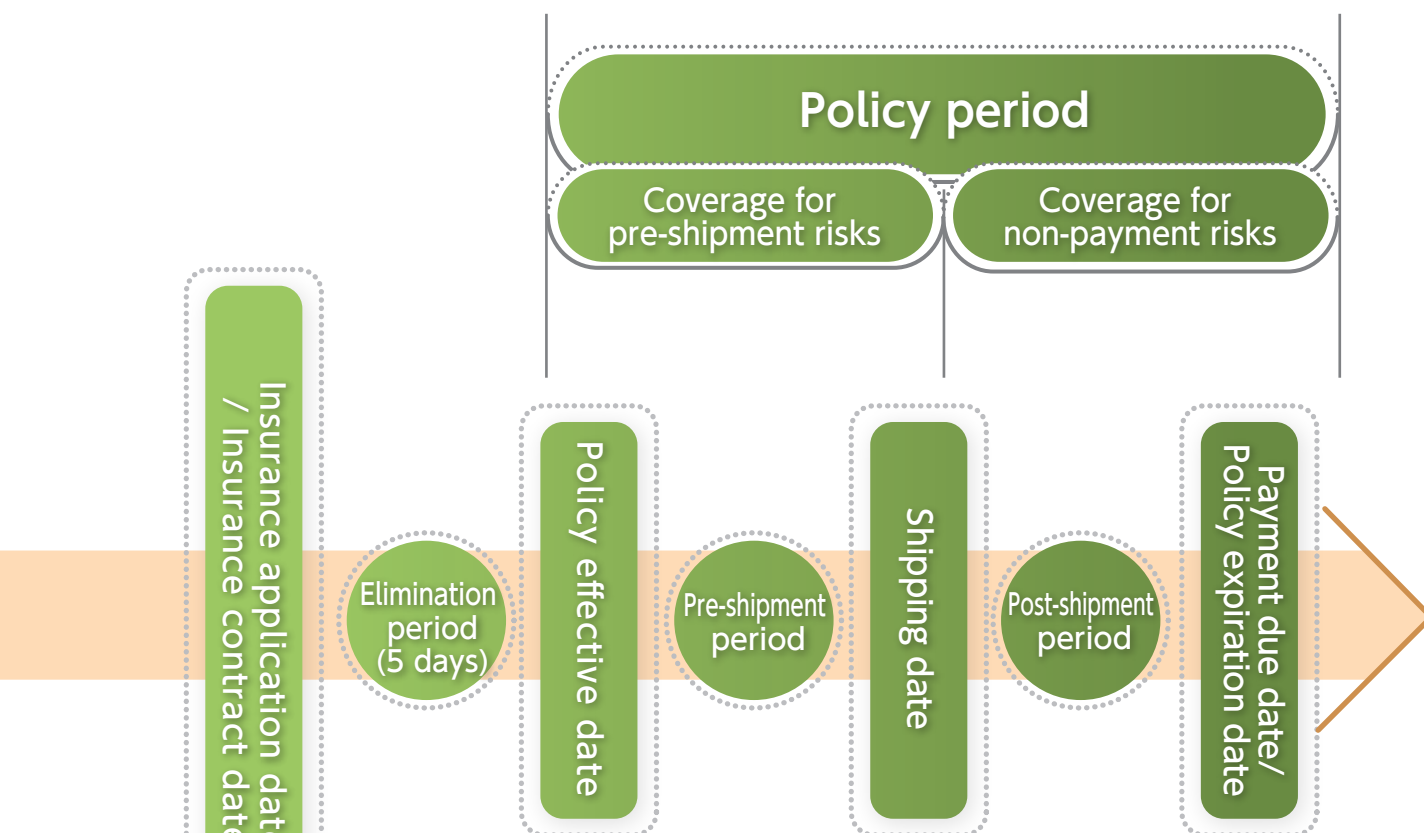
# Insurance Application Process

## Applying for Insurance

Application process for Export Credit Insurance has the following steps.

\* Some aspects may vary depending on the type of insurance.





### Application Period

You need to apply for insurance after the export contract date within five business days from the shipping date.

Insurance policy will become effective after the application.

For more details and 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

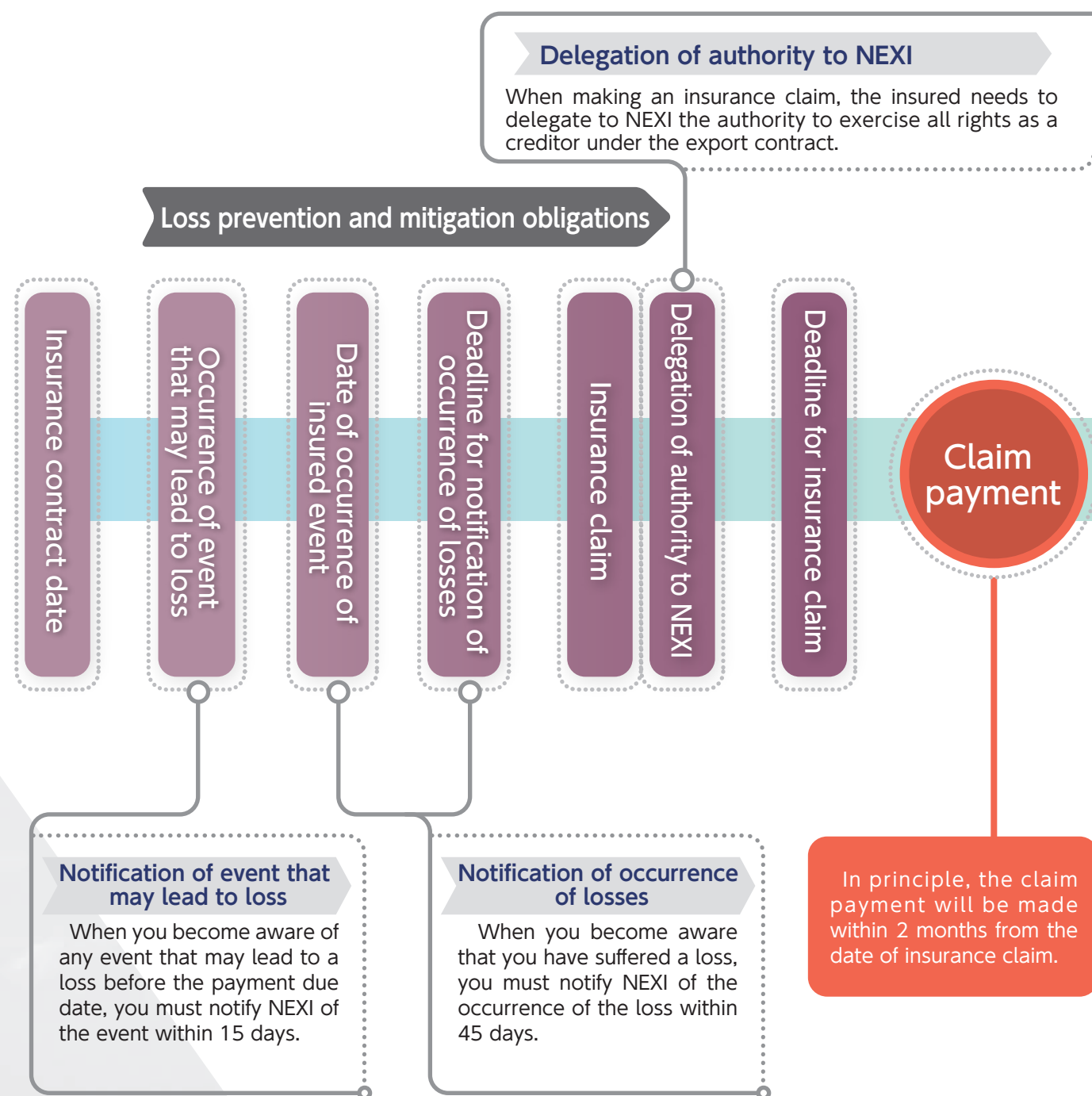
Further information on insurance application is available on our website at:  
(<https://www.nexi.go.jp>)

# Insurance Application Process

## Insurance Claim Payment Procedure

Insurance claim process for Export Credit Insurance has the following steps.

\* Some aspects may vary depending on the type of insurance.

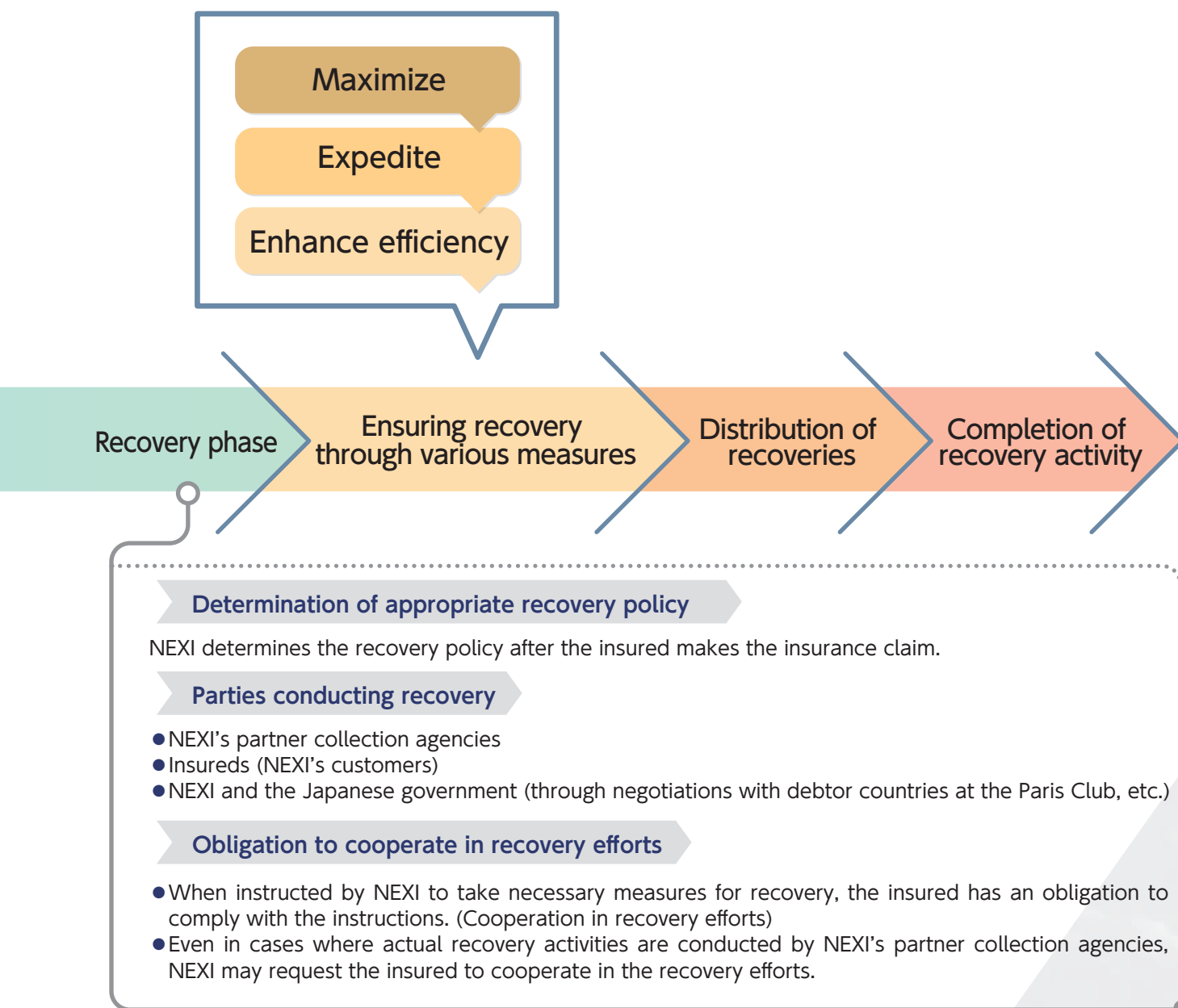


### Paris Club — a solution for debt recovery

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 an informal group with no legally binding force, the Paris Club has carried out its activities based on the Paris Club Principles.

At the Paris Club, debt relief (rescheduling, etc.) is discussed with the government of debtor countries for which debt payment has become difficult. Through such debt relief and rescheduling, creditor countries are able to ensure debt recovery from debtor countries that do not have sufficient foreign currency. While the repayment schedule may be prolonged, the process enables fairness to be maintained between creditor countries.





**For further information,  
please contact:**

**Asset Management Department...Toll-free 0120-673-094**

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



# 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	<p>Chairman and CEO..... Atsuo Kuroda</p> <p>President..... Keiji Wada</p> <p>Senior Managing Executive Officer, Member of Board..... Hidenobu Teramura</p> <p>Managing Executive Officer, Member of Board..... Kazuhiko Nishino</p> <p>Member of Board..... Hideo Teramoto</p> <p>Audit &amp; Supervisory Board Member (Full-Time)..... Keishi Nakamura</p> <p>Audit &amp; Supervisory Board Member..... Akio Otsuka</p> <p>Audit &amp; Supervisory Board Member..... Tomoyo Matsui</p>
Number of Employees	216 (as of April 1, 2021)
Scope of Business	<p>1) To conduct trade and investment insurance business operations complying with the provision of Chapter III of the Trade and Investment Insurance Act.</p> <p>2) To conduct business incidental to the business stated in 1) above.</p> <p>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.</p> <p>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.</p> <p>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.</p>
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>





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



Tomoyo Matsui  
 (Audit & Supervisory Board Member)

Keishi Nakamura  
 (Full Time Audit & Supervisory Board Member)

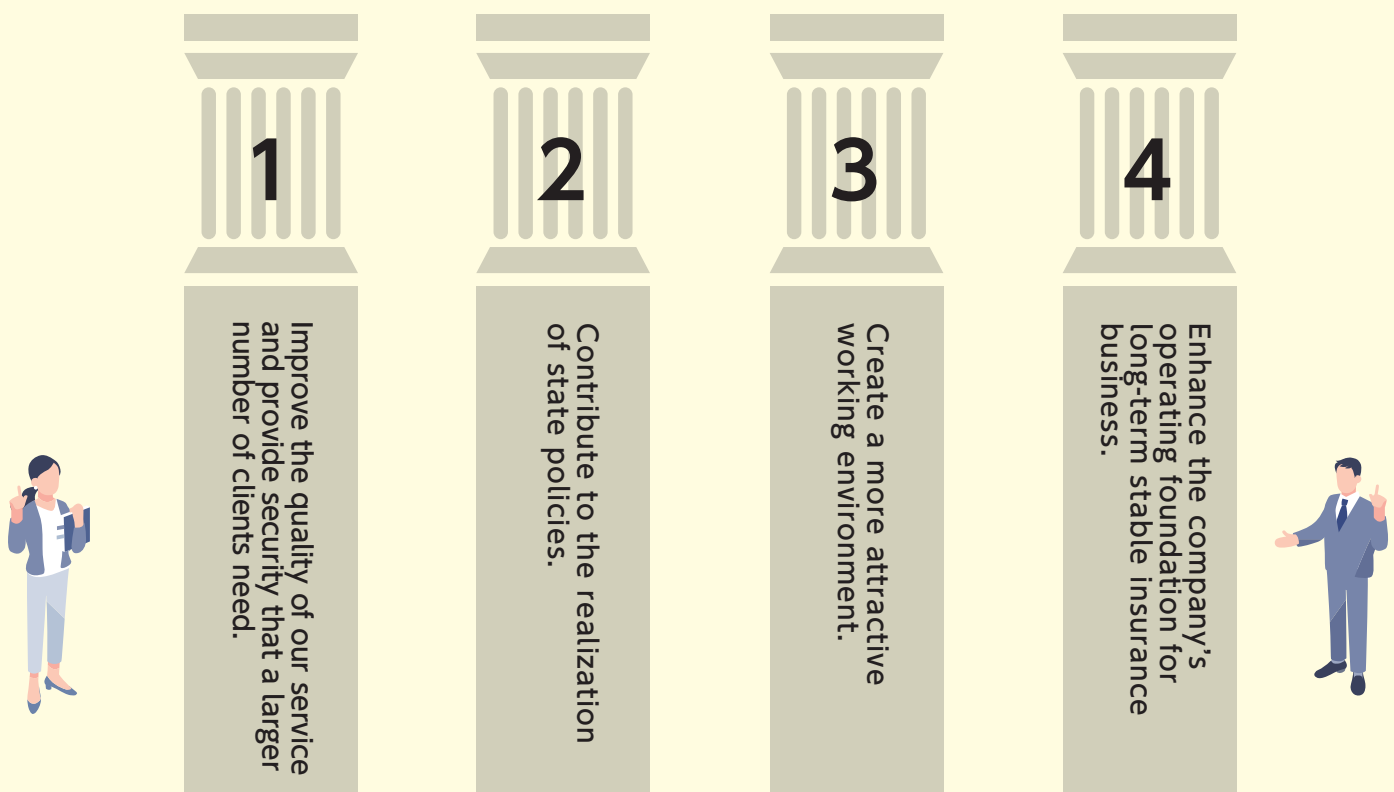
Akio Otsuka  
 (Audit & Supervisory Board Member)

# Business Plan

## Medium-term Business Plan (FY2019 - FY2021)

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. The plan has been partially revised in December 2020.

### Four pillars of action



## ■ Medium-term Business Plan (FY2019 - FY2021)

### 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 use of insurance to exporters who have not yet used it, by strengthening cooperation and collaboration with partner financial institutions and private non-life insurance companies.
- 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 enhancing sales tools. Improve and simplify our products, aligning

them to clients' needs in order to target growth in usage.

- 4) Develop loan insurance products and revise related systems while taking into consideration market needs to promote infrastructure exports by Japanese companies.
- 5) Improve clients' satisfaction with regard to the processing of claim payments.
- 6) Provide clients with useful and 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 from questionnaires.

## 2. Contribute to the realization of state policies.

- 1) Develop insurance products that address market needs and revise related systems to promote infrastructure exports by Japanese companies.
- 2) Support important business projects that relate to national policies such as infrastructure development programs, by actively providing insurance for them.  
Note: Projects in priority areas.
  - 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 and services developed with Japanese companies' technological excellence / Participation in overseas business projects.
  - B) Projects that enable major contributions to strategic overseas expansion of Japanese companies.
  - C) Collaboration projects with other countries/public international financial institutions that have significant international importance, or business projects that would allow us to improve global 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 philosophy and action guideline through personnel training.
- 2) Offer more opportunities for our employees to exercise their full potentials in jobs by creating career plans and supporting the sound achievement of such plans, and by increasing secondments outside the company and business trainings.
- 3) Actualize a working environment that supports various work styles, including working from home.
- 4) Improve working environment using a PDCA cycle based on employee questionnaire feedback.

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

- 1) Develop a new internal IT system with the aim of replacing the current system during FY2021. In parallel with this, strengthen the structure of our IT system department and simultaneously improve the IT environment.
- 2) Upgrade our process for risk measurements. Based on the results of quantitative analysis, promote

discussions on the management level to establish a framework and 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, at an early stage of insurance consultation.

- 3) Create a more systematic mechanism for integrated risk management and continuously promote the autonomous implementation of the PDCA cycle.
- 4) Further increase the precision of buyer credit ratings and actualize more detailed and accurate settings of credit limit in accordance with credit status of each buyer.
- 5) Regarding country risk, improve our skills in information gathering and analysis while strengthening related monitoring. Appropriately reflect changes in the international situation into reviews of our underwriting policies/examinations.
- 6) Formulate a medium-term staffing plan that takes into account the age composition of our workforce. Pursue strategic hiring, aiming for headcount of approximately 200\*. Establish a personnel development plan to secure and develop PF staff capable of leading the formation stage of business projects, as well as staff specializing in IT systems, risk management (including outward insurance), fund management and environmental assessment.  
\*Number of regular employees including seconded employees. Does not include staff increase in IT system department.
- 7) Analyze risk measurement methods and verify future cash flow analysis and foreign currency holdings in the CG Department, and establish a system for calculating liquidity parameters that reflect risk fluctuations on the liability side in a rational manner. Enhance our fund management system by starting a phased implementation of unifying fund-related divisions and systems.
- 8) In the context of the COVID-19 pandemic, strengthen our credit management system, including monitoring of cases before they lead to insured events. Achieve an 18.9% recovery rate by FY2021, on major transactions which we need to collect receivables.

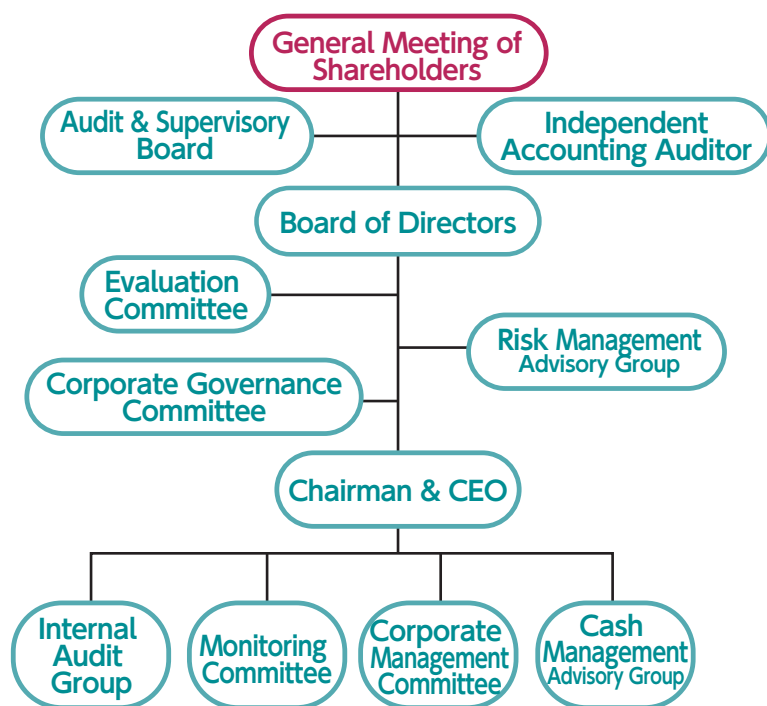


# Business Operation and Management System

## Corporate Governance

### ■ Supervision, Evaluation and Business Execution

NEXI is committed to strengthening the supervision and evaluation of its Board of Directors and other bodies while enhancing business execution agility through the establishment of the Board of Directors and the Audit & Supervisory Board that are stipulated in the Companies Act, and the Evaluation Committee, the Corporate Governance Committee, the Corporate Management Committee and the Advisory Group.



#### 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 from 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 NEXI's governance structure. In addition, we have organized the 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 NEXI's operational and administrative status as well as on management issues on which the Board of Directors consults with the committee.

#### Corporate Governance Committee

The Corporate Governance Committee is an advisory body to the Board of Directors that is mainly comprised of outside members. Its purpose is to deliberate on important matters concerning compliance and to verify the company's internal control system.

#### Corporate Management Committee

The Corporate Management Committee is a body mainly comprised of executive officers and deliberates on important matters concerning management.

#### Advisory Group (Risk/Cash Management)

The Risk Management Advisory Group serves as an advisory body to the Board of Directors on risk management. The Cash Management Advisory Group serves as an advisory body to the Chairman and CEO on cash management. Both of these groups provide evaluation and advice based on the specialized knowledge of outside experts.

#### Monitoring Committee

The Monitoring Committee deliberates on matters related to the execution of the company's business, including administrative errors.

#### ● Government Involvement

NEXI is a 100% state-owned company that operates trade and investment insurance business under the control and supervision by the competent minister, administration and inspection by the Board of Audit of Japan 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 the policy-based financial institution engaging in trade and investment insurance system and regards compliance to be one of its most

important management issues in order to consistently comply with laws and regulations and to operate business in a fair and just manner. The following are related efforts:



## ● Awareness and Thorough Implementation of Compliance Rules

- NEXI has established basic compliance policies to ensure that all executive officers and staff members (including dispatched workers; Collectively, “the Staff Members”) conduct their tasks in compliance with the applicable laws and regulations and the Articles of Incorporation in a sound and appropriate manner.
- NEXI has stipulated internal rules concerning confidential information management, information security policies, and other information management issues, and created a framework to appropriately store and manage confidential information and information assets.
- NEXI has compiled a compliance manual that outlines basic matters concerning compliance that should be known by all executive officers and the Staff Members, as well as important laws and regulations that must be observed. The manual also provides a comprehensive explanation on internal rules concerning compliance to help promote a better understanding of compliance issues. We strive to promote awareness and to ensure implementation of compliance rules through education and training activities related to compliance in line with the annual compliance promotion program that we formulate each year.

## ● System for Implementing and Promoting Compliance

- NEXI has established the 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 the Staff Members.
- NEXI has stipulated a reporting route to detect important issues concerning compliance at an early stage and implement necessary corrective measures. NEXI has also organized an effective internal reporting system, which it operates appropriately.
- NEXI has established the Legal and Compliance Group in charge of managing legal compliance and compliance-related initiatives.

## ● 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 engaging in global trade, promoting efforts to implement Japan's growth strategy, and actively meeting the diverse needs of our customers. In order to fulfill our social roles, NEXI has constructed the following framework to appropriately conduct integrated risk management.

### ● Approaches to Integrated Risk Management Insurance Underwriting Risk Management

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. We also monitor the status of the debtor countries, companies and projects to which credit is extended, to reflect any changes in their credit conditions into our underwriting policies. In addition to managing credit for individual projects, we assess risk exposure of the entire portfolio, conduct concentration analysis and scenario analysis, set parameters on underwriting amounts and cede accumulated risks to maintain an appropriate and improved underwriting portfolio.

### Cash Management / Investment Risk

NEXI's cash and reserves necessary for the payment of future insurance claims. In order to pay claims in an appropriate amount and in a timely manner, NEXI gives the greatest priority on ensuring safety and certainty of the cash reserve, and

conduct appropriate and effective cash management by keeping a keen eye on the market trends.

### Operational Risk

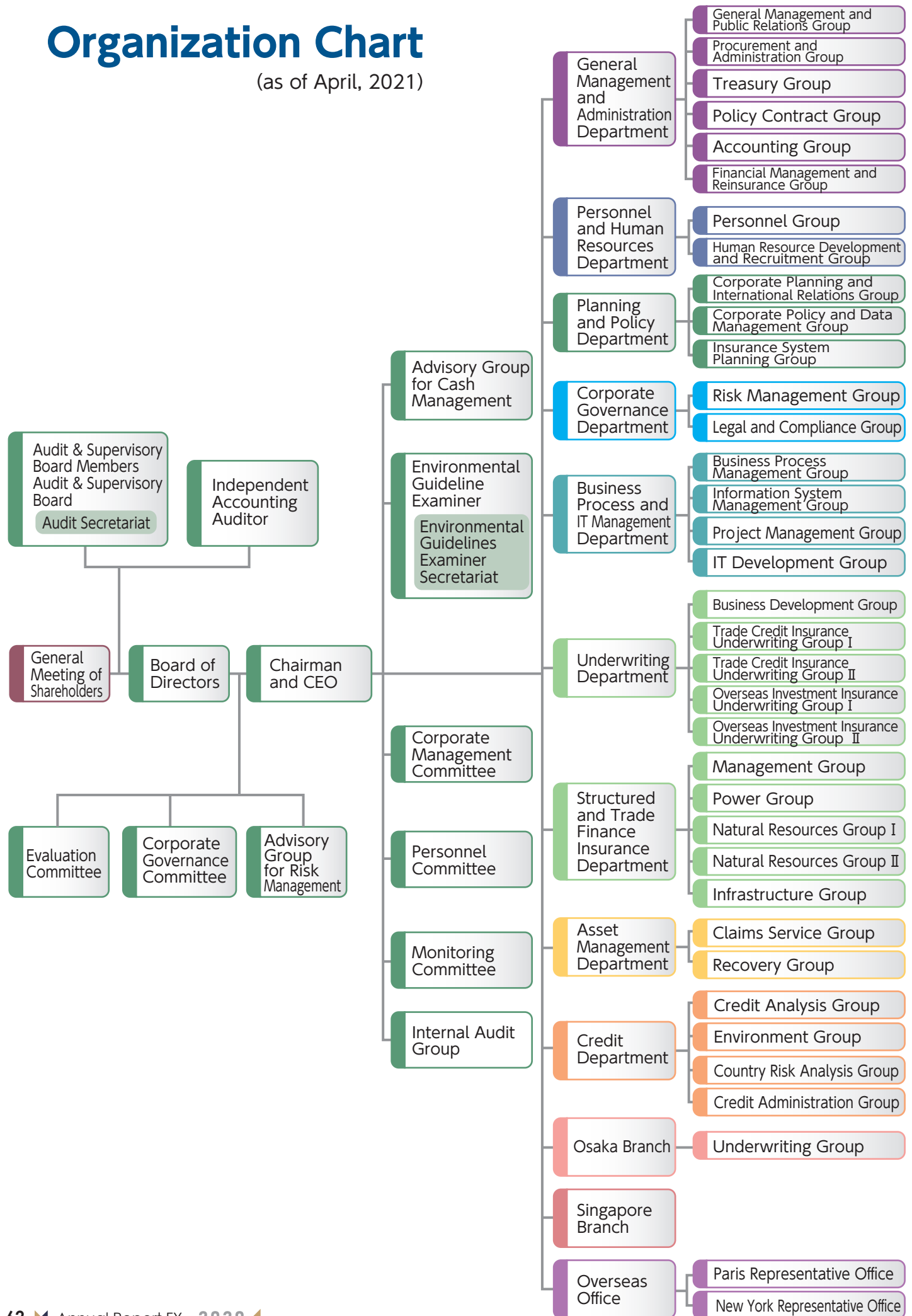
NEXI focuses on reducing potential operational risks in normal business activities including administrative errors. When such risk events occur, we will aim to appropriately report and quickly respond to the situation while taking preventive measures. Risk events that have occurred will be reported to the Monitoring Committee to enhance the effectiveness of operational risk management. NEXI fosters an organizational culture that values disciplined behavior together with the previously mentioned compliance promotion.

## ● System for Promoting Risk Management

- NEXI's Corporate Management Committee deliberates on important matters related to risk management and monitors the management status of each risk.
- NEXI has organized the Advisory Group for risk management and cash management.
- **Large-Scale Disaster Risk**
- With the recognition that risks arising from large-scale disasters can pose a serious risk to the 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, 2021)



# Access Map

## Head Office

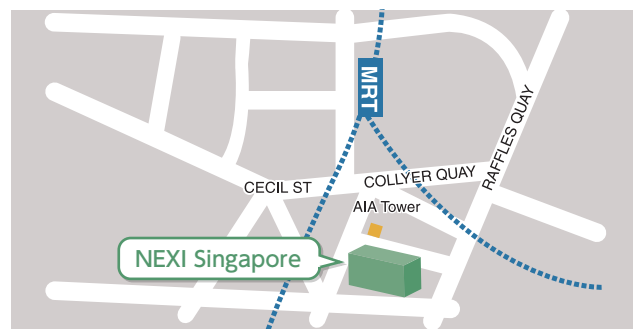
Chiyoda First Bldg., East Wing,  
5th Floor, 3-8-1 Nishikanda,  
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## Singapore Branch

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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.



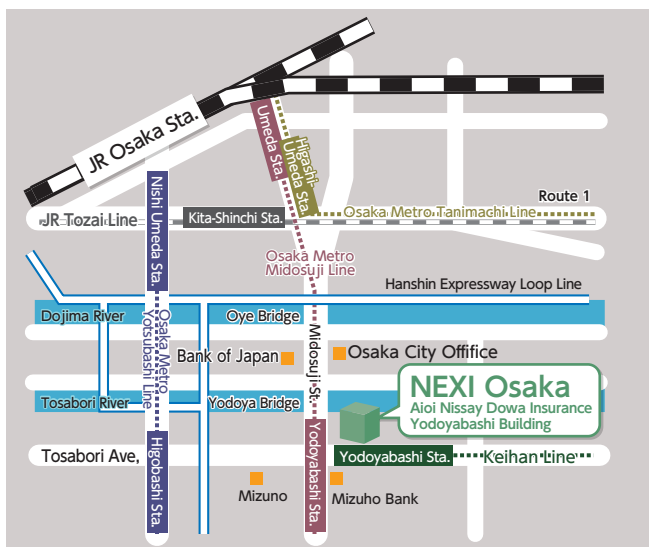
## Paris Representative Office

c/o JETRO 27, rue de Berri, 75008 Paris France  
Phone: +33-(0) 1-4261-5879  
Fax: +33-(0) 1-4261-5049



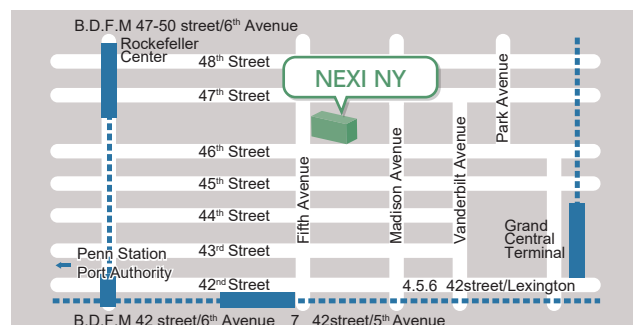
## Osaka Branch

Aioi Nissay Dowa Insurance  
Yodoyabashi Bldg., 8th Floor,  
3-1-22 Kitahama, Chuo-ku,  
Osaka City, Osaka 541-0041  
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## New York Representative Office

c/o JETRO 565 Fifth Avenue, 4th Floor, New York,  
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## TOPICS

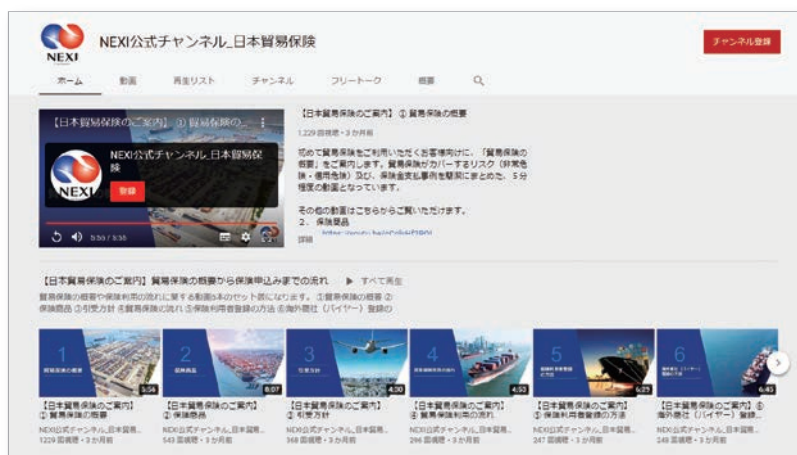
# Promoting Trade and Investment Insurance

NEXI works to publicize and promote the use of trade and investment insurance. We do this primarily through partnerships with the central government ministries and agencies, government-affiliated organizations, and partner financial institutions that support SMEs' overseas business development. In fiscal 2020, we took a more active approach than previously to raising public awareness, conducting public relations activities including holding NEXI-sponsored webinars and posting YouTube videos, as well as producing a series of case studies on insurance events.

We held a NEXI-sponsored webinar for businesses and related organizations in Japan in December 2020. We also held a seminar for businesses and related organizations in Singapore in March 2021, which featured a presentation entitled "Trade and Investment Insurance in the Coronavirus Pandemic: Its Role and Case Studies -- Risk Management Approaches for Overseas Business." The YouTube videos consist of six new introductory videos that we made for customers using trade and investment insurance for the first time. The videos provide overviews of our products as well as other information such as how to use them. The series of insurance event case studies introduce past cases from trade and investment insurance, aiming to make it easier to understand the role of trade and investment insurance.

We also actively participate in and present at webinars hosted by the central government ministries and agencies, government-affiliated organizations, and partner financial institutions that support the overseas expansion of Japanese companies during the pandemic. We believe that all of these activities have helped to raise awareness of trade and investment insurance.

NEXI will continue to make more effective use of various media to provide information to a broad range of audience, from Japanese companies that are considering using trade insurance for the first time to companies that are already familiar with trade operations.



NEXI official YouTube channel

<https://www.youtube.com/channel/UCCeu-adMA6ypIkJisMf13VQ>



# FY2020 Financial Results

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# FY2020 Financial Review

## Overview of Financial Statements

(Millions of Yen)

	4th Fiscal Year
Ordinary income	51,781
Underwriting income	30,125
(Net premiums written)	30,125
Subrogation income	9,070
Investment income	12,568
Other ordinary income	18
Ordinary expenses	52,981
Underwriting expenses	46,000
(Net claims paid)	23,076
(Acquisition of receivables subrogated by paying claims)	(5,351)
(Provision for outstanding claims)	3,093
(Provision for unearned premiums)	(7,475)
(Provision for contingency reserves)	32,832
Subrogation expenses	339
Operating and administrative expenses	6,635
Other ordinary expenses	8
Ordinary loss	(1,200)
Extraordinary income	1,200
Income before income taxes	—
Total income taxes	7
Net loss	(7)
Total assets	1,779,117
Net assets	794,868

## Profit and Losses

NEXI's underwritten amount in FY2020, the total amount of insurance contracts underwritten during the fiscal year (the same applies below), increased 4.1% year on year to JPY 6.1 trillion. As a result of efforts such as supporting the procurement of working capital to respond to the funding needs of Japanese subsidiary companies developing business outside Japan to address the Covid-19 pandemic, NEXI's underwritten amount for Overseas Untied Loan Insurance increased significantly at 226.5% year on year, accounting for approximately 20% of overall underwriting. However, export credit insurance, which accounts for about 60% of overall underwriting, fell 14.7% year on year in light of the drop in overall Japanese exports.

Amidst this imbalance in the underwritten amount of insurance, premium income, the sum of direct

premiums written and inward reinsurance premiums written recognized at the time of premium claim (the same applies below), fell 24.4% year on year to about JPY 31.85 billion from about JPY 42.13 billion. Subrogation income, primarily consisting of recoveries, fell 58.9% year on year to JPY 9.07 billion from about JPY 22.09 billion, and investment income rose 36.9% year on year to JPY 12.57 billion from about JPY 9.18 billion. Meanwhile, due to a decrease in country risk events, net claims paid decreased 59.6% year on year to JPY 23.08 billion from about JPY 57.06 billion, and subrogation expenses decreased 57.5% year on year to JPY 340 million from about JPY 800 million. Operating and administrative expenses totaled JPY 6.63 billion. As a result, a provision for contingency reserves of JPY 32.83 billion was recorded.

# Financial Statements etc.

## Balance Sheet (As of March 31, 2021)

(Millions of Yen)

Account Title	Amount
<b>(Assets)</b>	
Cash and bank deposits	950,898
Bank deposits	950,898
Securities	760,339
Government bonds	344,449
Municipal bonds	122,200
Corporate bonds	258,200
Foreign securities	35,489
Receivables subrogated by paying claims	52,246
Tangible fixed assets	1,105
Buildings	318
Equipment and fixtures	785
Construction in progress	0
Other tangible fixed assets	2
Intangible fixed assets	3,523
Software	2,053
Software in progress	1,470
Other assets	10,888
Accrued premiums	4,095
Reinsurance accounts receivable	10
Foreign reinsurance accounts receivable	739
Accounts receivable	941
Accrued income	3,963
Deposits	527
Other assets	613
Deferred tax assets	118
<b>Total assets</b>	<b>1,779,117</b>

(Millions of Yen)

Account Title	Amount
<b>(Liabilities)</b>	
Insurance liabilities	946,344
Outstanding claims reserves	3,177
Underwriting reserves	943,167
Unearned premiums	140,165
Contingency reserves	803,002
Other liabilities	37,253
Deposits received	26,069
Unearned income	7,807
Accrued amount payable	2,457
Other liabilities	921
Provision for employees' bonuses	121
Provision for directors' bonuses	10
Provision for employees' retirement benefits	504
Provision for directors' retirement benefits	17
<b>Total liabilities</b>	<b>984,249</b>
<b>(Net assets)</b>	
Capital	169,352
Capital surplus	625,553
Legal capital surplus	625,553
Retained earnings	(38)
Other retained earnings	(38)
Retained earnings brought forward	(38)
<b>Total shareholders' equity</b>	<b>794,868</b>
<b>Total net assets</b>	<b>794,868</b>
<b>Total liabilities and net assets</b>	<b>1,779,117</b>

# 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 at the Corporate Governance Department Risk Management Group.

#### 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	924,849	924,849	—
(2) Securities			
Bonds held to maturity	760,339	799,496	39,158
(3) Receivables subrogated by paying claims (commercial risk)			
Receivables subrogated by paying claims	22,671	22,671	—
Allowance for doubtful accounts ※	—	—	—
(Net)	22,671	22,671	—
(4) Accrued premiums	4,095	4,095	—
Assets	1,711,954	1,751,112	39,158
(5) Deposits received	20	20	—
Liabilities	20	20	—

※ 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	458,025	498,675	40,649
Those with fair value not exceeding the carrying amount	Government and municipal bonds	302,313	300,822	(1,492)
Total		760,339	799,496	39,158

Bonds held to maturity that were sold during the current fiscal year are as follows.

(Millions of Yen)

Type	Cost of bonds sold	Sale price	Gain or loss on sale
Foreign securities	1,467	1,469	2

### Reason for sale

KfW bonds held by NEXI as bonds held to maturity were not applicable under "securities issued by a foreign government or international institution" as prescribed in Article 17 of the Enforcement Regulations of the Trade Insurance and Investment Act, and these were sold during the current fiscal year as the holding of KfW bonds infringed on Article 29, paragraph 4 of the Trade Insurance and Investment Act.

## (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	26,049
Deposits received	26,049

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)	29,575

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	924,849	—	—	—	—	—	26,049
Securities Bonds held to maturity	6,969	79,553	147,245	361,800	158,500	—	—
Accrued premiums	4,095	—	—	—	—	—	—
Total	935,914	79,553	147,245	361,800	158,500	—	26,049

\* 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 197 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)	JPY154,132million
Underwriting reserves for outward reinsurance related to the above	JPY13,967million
Net (a)	JPY140,165million
Underwriting reserves for others (b)	JPY803,002million
Total (a + b)	JPY943,167million

### 6 Net assets per share is JPY52,991.17.

Total net assets, the basis for calculating net assets per share, is JPY 794,868 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)	JPY29,575million
Receivables subrogated by paying claims (commercial risk)	JPY22,666million
Expected receivables subrogated by paying claims (political risk)	—
Expected receivables subrogated by paying claims (commercial risk)	JPY5million
Transferred claims	—
Total	JPY52,246million

### Additional information

On April 1, 2021, a ministerial ordinance (Ordinance of the Ministry of Economy, Trade and Industry No. 16, 2021) partially amending a ministerial ordinance pertaining to the accounting of Nippon Export and Investment Insurance was officially announced, and went into effect on the same day.

Until March 31, 2021, Receivables subrogated by paying claims (commercial risk) were recorded as Receivables subrogated by paying claims, but beginning from April 1, 2021, when there are amounts that could potentially be recovered by exercising right to reimbursement on the applicable receivables (excluding those for which there is no judicial decision or agreement between the parties), the applicable amount will be deducted from the Outstanding claims reserves for the applicable fiscal year.

### 8 Amounts are rounded off to the nearest integer unit.

# Financial Statements etc.

## Statement of Income (April 1, 2020 – March 31, 2021)

(Millions of Yen)

Account Title	Amount
<b>Ordinary income</b>	<b>51,781</b>
Underwriting income	30,125
Net premiums written	30,125
Subrogation income	9,070
Investment income	12,568
Interest and dividends income	7,464
Gain on sales of securities	2
Foreign exchange gains	5,102
Other ordinary income	18
<b>Ordinary expenses</b>	<b>52,981</b>
Underwriting expenses	46,000
Net claims paid	23,076
Acquisition of receivables subrogated by paying claims	(5,351)
Commissions	(193)
Provision for outstanding claims	3,093
Provision for underwriting reserves	25,357
Provision for unearned premiums	(7,475)
Provision for contingency reserves	32,832
Foreign exchange loss	17
Other underwriting expenses	0
Subrogation expenses	339
Operating and administrative expenses	6,635
Other ordinary expenses	8
Other ordinary expenses	8
<b>Ordinary loss</b>	<b>(1,200)</b>
<b>Extraordinary income</b>	<b>1,200</b>
Gain on government grants	1,200
<b>Income before income taxes</b>	<b>–</b>
<b>Income taxes-current</b>	<b>12</b>
<b>Income taxes-deferred</b>	<b>(5)</b>
<b>Total income taxes</b>	<b>7</b>
<b>Net loss</b>	<b>(7)</b>

## Notes:

1

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

Premiums written	JPY31,852million
Reinsurance premiums paid	(JPY1,727million)
Total	JPY30,125million

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

Insurance claims paid	JPY23,076million
Reinsurance claims recovered	—
Total	JPY23,076million

(3) The breakdown of commissions is as follows.

Commissions for agencies and others	JPY2million
Commissions for outward reinsurance	(JPY194million)
Total	(JPY193million)

(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)	(JPY6,316million)
Provision for underwriting reserves for outward reinsurance related to the above	JPY1,159million
Net (a)	(JPY7,475million)
Provision for other underwriting reserves (b)	JPY32,832million
Total (a + b)	JPY25,357million

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

Interest from bank deposits	JPY1,299million
Interest and dividends from securities	JPY6,165million
Other interest and dividends	—
Total	JPY7,464million

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

### Subrogation income

Recovery of receivables subrogated by paying claims (political risk)	JPY522million
Interest from receivables subrogated by paying claims (political risk)	JPY2,913million
Recovery of receivables subrogated by paying claims (commercial risk)	JPY1,429million
Interest from receivables subrogated by paying claims (commercial risk)	JPY17million
Recovery of transferred claims	JPY71million
Recovery received	JPY3,160million
Recovery received of overseas inward reinsurance	JPY590million
Others	JPY20million
Foreign exchange gains (subrogation income)	JPY349million
Total	JPY9,070million

### Subrogation expenses

Loss on bad debts (commercial risk)	JPY192million
Debt recovery expenses (underwritten)	JPY70million
Recovery expenses (inward reinsurance)	JPY17million
Loss on uncollected interest	JPY48million
Foreign exchange loss (subrogation expenses)	JPY11million
Total	JPY339million

### 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 <sup>2</sup>	Account title	Balance at end of year
Major shareholder	Ministry of Finance	Directly held 100%	Trade and investment insurance administration	Proceeds from government grants <sup>1</sup>	1,200	—	—

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 0.48.

Net loss for the current fiscal year, the basis for calculating net income or loss per share, is JPY 7 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, 2020 – March 31, 2021)

(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	(31)	(31)	794,875	794,875
Changes during the year							
Net loss			—	(7)	(7)	(7)	(7)
Total change during the year	—	—	—	(7)	(7)	(7)	(7)
Ending balance	169,352	625,553	625,553	(38)	(38)	794,868	794,868

## Notes:

### 1 Type and number of issued shares and treasury shares

(Thousands of Shares)

	Number of shares as of April 1, 2020	Increase during the fiscal year 2020	Decrease during the fiscal year 2020	Number of shares as of March 31, 2021
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, 2020 – March 31, 2021)

(Millions of Yen)

Account Title	Amount
<b>Cash flows from operating activities</b>	
Premiums received	34,696
Insurance claims paid	(23,075)
Commissions	(2)
Proceeds from collection of receivables subrogated by paying claims	26,250
Payment for allocation of collection from receivables subrogated by paying claims	(4,372)
Payment for operating and administrative expenses	(5,165)
Others	(64)
<b>Subtotal</b>	<b>28,268</b>
Interest and dividend income received	10,651
Income taxed refund (paid)	(30)
Others	(14)
<b>Net cash provided by (used in) operating activities</b>	<b>38,875</b>
<b>Cash flows from investing activities</b>	
Payments into time deposits	(203,830)
Proceeds from repayment of time deposits	175,334
Purchase of securities	(158,918)
Proceeds from sales and redemption of securities	9,562
Total from asset management activities	(177,852)
(Total from operating and asset management activities)	(138,977)
Purchase of tangible fixed assets	(850)
Purchase of intangible fixed assets	(3,251)
Others	0
<b>Net cash provided by (used in) investing activities</b>	<b>(181,952)</b>
<b>Cash flows from financing activities</b>	
Proceeds from government grants received	1,200
<b>Net cash provided by (used in) financing activities</b>	<b>1,200</b>
Effect of exchange rate changes on cash and cash equivalents	(9,892)
Net increase (decrease) in cash and cash equivalents	(151,770)
Cash and cash equivalents at the beginning of the year	905,087
Cash and cash equivalents at the end of the year	753,317

## Notes:

- 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.
- 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.

- 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	950,898
Time deposit	(171,532)
Other bank deposits*	(26,049)
<b>Cash and cash equivalents at the end of the year</b>	<b>753,317</b>

\*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.

- 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	The item includes interests from financial assets such as bank deposits and securities, investment income such as dividends, foreign exchange profit, and gain 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.



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