

**NEXI**

Nippon Export and Investment Insurance

# ANNUAL REPORT

Nippon Export and Investment Insurance

# 2023



# 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 and CEO

Nippon Export and  
Investment Insurance  
Chairman and CEO

**Atsuo Kuroda**



I would like to express my sincere gratitude to all of you for your patronage and extensive support for Nippon Export and Investment Insurance (NEXI).

The international business environment surrounding Japanese companies continues to change with an astonishing speed and in unpredictable directions every year. Although the COVID-19 pandemic, which had lasted for more than three years, came to an end in FY2023, it was a year in which political risks, including geopolitical risks, became even more apparent, such as Russia's prolonged aggression of Ukraine, the intensifying Israeli-Palestinian conflict, the worsening debt problems of developing and emerging countries, the US-China conflict, and tensions in China-Taiwan relations, as well as the frequent occurrence of natural disasters due to global warming.

Under these circumstances, globalization where people, goods, and money move freely across national borders is facing the need for a critical readjustment inevitably. However, the promotion of globalization is indispensable for Japan due to its limited market and resources, and for that purpose, I feel that the importance and necessity of trade insurance to hedge such political and commercial risks is increasing. In fact, in FY2023, NEXI's trade and investment insurance underwriting increased by 4% from the previous year to approximately JPY 8.0 trillion, and the outstanding insurance commitment stood at approximately JPY 17.2 trillion as of the end of FY2023. These results represent the highest amount since NEXI became a special stock company in FY2017.

In FY2023, NEXI continued to advance the following four pillars of business activities: increasing the number of trade and investment insurance users; enhancing the trade and investment insurance system; strengthening international cooperation; and strengthening business foundation that supports the other three pillar.

To increase the number of trade and investment insurance users, the "Overseas Business Support Package," which NEXI established in collaboration with the Japan Finance Corporation (JFC) and Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (SME Support Japan) at the end of 2022, expanded its scope to more than 110 regional financial institutions, such as regional banks and shinkin banks (credit unions), in FY2023. In addition, we especially focused on significantly strengthening support for the overseas expansion of small and medium-sized enterprises (SMEs) and the agriculture, forestry and fisheries industries through trade

and investment insurance. As part of the effort, NEXI signed memorandums of cooperation with the Japan External Trade Organization (JETRO) and the Shoko Chukin Bank, Ltd. and strengthened collaboration with non-life insurance companies.

Furthermore, after insurance contracts were signed, NEXI continued to make prompt claim payments for insured events. As for settlement delays that occurred in several countries, we worked closely with the overseas Japanese embassies to persistently negotiate with the governments of the relevant countries and prevented further losses for our customers.

To enhance the trade and investment insurance system, NEXI introduced new innovative products, such as the Revolving Credit Facility, the SEED scheme, and insurance for domestic loan projects, and underwrote the first project of each of them. The LEAD initiative, which was established at the end of 2020, continues to see many projects underwritten. Additionally, new products: Swap Insurance, Letter of Credit Confirmation Insurance, and Advance Payment Insurance were launched in March 2024, following the revision of the Trade and Investment Insurance Act in July 2022, which completed 14 system reforms to meet our customer needs that had been implemented over the past two years through legislative and regulatory changes.

Moreover, NEXI responded to changes in developments at home and abroad in a timely manner, such as the launch of a dedicated insurance product (commonly known as "Expo Trade Insurance") for projects to construct foreign pavilions at the Expo 2025 Osaka, Kansai, Japan and the establishment of a consultation window to support Japanese companies adversely influenced by import restrictions against Japanese products that foreign governments imposed in response to the Japanese government's policy regarding the discharge of ALPS treated water into the sea.

To strengthen international cooperation, NEXI continued to collaborate with many international organizations and export credit agencies (ECAs) in various countries and completed the investment in the African Trade & Investment Development Insurance (ATIDI) following the aforementioned legal reforms. We also intend to further enhance cooperation through sending staff and other efforts. Moreover, we will continue to contribute supporting the reconstruction of Ukraine as we have done in previous years, such as hosting two workshops for ECA Ukraine, and signing memorandums of cooperation with ECA Ukraine and the European Bank for Reconstruction and Development at the Japan-Ukraine Conference for Promotion of Economic Growth and Reconstruction in February 2024.

To strengthen business foundation, NEXI strengthened internal infrastructure both in terms of hardware and software, such as enhancing underwriting function through the sophistication of enterprise risk management, expanding business framework to optimize and streamline operations, and increasing cybersecurity.

In FY2024, geopolitical risks are likely to remain a serious concern partly due to expected high risks from national elections to be scheduled in countries that account for more than half of the world's population. In this situation, NEXI will continue to be dedicated to supporting Japanese companies to expand into the global market based on its "customer first" philosophy.



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

# Support for Diversifying Finance

With the diversification of financing methods for conducting business overseas, the needs for trade insurance are changing with the times. NEXI quickly grasps these changes and is strengthening response to diversifying finance through various initiatives, such as introducing new support schemes that we call our new innovative products.

## Promoting the LEAD Initiative

The LEAD Initiative was established in December 2020 in line with the policy set forth in the “Infrastructure System Overseas Promotion Strategy 2025,” which the Japanese government has been promoting. Under the initiative, NEXI has proactively evaluated and supported projects that are deemed to meet any of the following leading elements.

### 〈 LEAD Initiative Elements 〉

#### **L** EADING TECHNOLOGIES & BUSINESSES

(expanding Japanese companies' business by developing new fields and new customers)

#### **E** NVIRONMENT & ENERGY

(promoting renewable energy and decarbonization)

#### **A** LLIANCE

(building partnerships with foreign governments, foreign companies, international organizations, etc.)

#### **D** EVELOPMENT

(increasing Japan's presence through contribution to solving social issues and achieving the SDGs, etc.)

Through the LEAD Initiative, NEXI is aiming to underwrite insurance of a total value of JPY 1 trillion by FY2025. In FY2023, we underwrote new projects, such as the Hai Long offshore wind power project in Taiwan and loan insurance for Türk Eximbank in the Republic of Türkiye, diversifying the schemes and countries/regions of projects under the LEAD Initiative. As of the end of FY2023, 12 projects totaling approximately JPY 590 billion were underwritten as shown below. NEXI will continue to strengthen international cooperation with foreign governments and companies and strive to formulate projects that will align with the LEAD Initiative.

No.	Publication	Country	Project details
1	December 2020	Africa	Financing for Afreximbank (PATIMFA Program)
2	January 2021	Palau	Undersea fiber optic cable export project
3	March 2021	Dubai, UAE	Waste-to-energy project
4	March 2022	Africa	Financing for Afreximbank (COVID-19 vaccine and healthcare finance facility)
5	April 2022	Egypt	Samurai bond project for the Egyptian Ministry of Finance
6	June 2022	Kuwait	Loan insurance for Kuwait Petroleum Corporation (KPC)
7	December 2022	Egypt	Amunet onshore wind IPP project
8	March 2023	Egypt	Gulf of Suez 2 wind power project
9	March 2023	Brazil	Pellet feed plant construction project by CSN Mineracao
10	September 2023	Taiwan	Hai Long offshore wind power project
11	October 2023	Asia	Framework Agreement for Insurance to Venture Debt Fund for overseas startup companies
12	March 2024	Türkiye	Loan insurance for Türk Eximbank





## Establishing the Revolving Credit Facility Special Clause

In March 2023, NEXI established a new Revolving Credit Facility Special Clause, a short-term support scheme for revolving credit facilities. A revolving credit facility is a form of financing in which a financial institution sets a maximum amount over a certain period of time, and the borrower may draw funds and repay at any time within the credit amount and period. This special clause enables NEXI to provide insurance with a certain flexibility to support Japanese companies getting immediate access to funds.

In FY2023, NEXI underwrote insurance for the working capital loan facility provided by a Japanese financial institution to JERA Trading International Pte. Ltd., the Singapore subsidiary of JERA Co., Inc. The loan facility used to fund the company's working capital needs to procure natural resources such as liquefied natural gas (LNG) through its trading business will contribute to securing a stable energy supply to Japan and enhancing liquidity of the international LNG market.

## Creating the SEED Scheme to support startups in loan insurance

In May 2023, NEXI launched the Support to Expand Emerging Deals (SEED) Scheme primarily aimed at supporting startup companies. Based on this scheme, NEXI concluded a framework agreement to underwrite insurances comprehensively for loans targeting overseas startup companies, with MUFG Bank, Ltd. (MUFG) and Mars Growth Capital Pte. Ltd. (Mars) in Singapore partly owned by MUFG who is engaged in venture debt financing business.

The agreement stipulates the framework in which NEXI, MUFG, and Mars work together, intended that NEXI comprehensively underwrites insurance for back financing toward loans to be offered to overseas startups through venture debt funds established and managed by Mars. Based on the agreement, NEXI set up a ceiling to underwrite insurances of up to USD 100 million for a debt fund newly established by Mars.

The SEED scheme is envisioned to pursue the possibility of matching and collaboration between Japanese companies and foreign companies using NEXI's insurance. In this initiative, the J-BRIDGE platform operated by the Japan External Trade Organization (JETRO) is also used to promote collaboration between Japanese companies and foreign startups to be financed. NEXI will continue to support startups by utilizing the SEED scheme.

## Expanding the scope of the Domestic Loan Scheme

In July 2023, NEXI expanded the scope of its Domestic Loan Scheme, that offers insurance to domestic loans for Japanese companies. With this revision, it became possible for NEXI to provide trade insurance for domestic loans related to the following projects.

- Securing supplies of important goods or either acquiring or developing key technologies in Japan
- Contributing especially to global environmental preservation
- Utilizing novel technologies or extremely creative management methods in areas with potential growth

In December 2023, NEXI underwrote the first case under the revised Domestic Loan Scheme, a domestic credit line which Sumitomo Mitsui Banking Corporation had provided to JERA Co., Inc. (JERA) to support JERA's overseas procurement of LNG for power generation use. NEXI will continue to support projects with high policy significance, including the procurement of important goods, through supporting various financing activities of Japanese companies along with the Domestic Loan Scheme.

# Ukraine Reconstruction Support

The Russian Federation (Russia) launched an aggression of Ukraine on February 24, 2022. In the midst of various movements, such as a Ukrainian counter-attack, global sanctions against Russia, and Russian backlash against the sanctions, NEXI has continued to underwrite insurance and work on cooperation in recovery assistance for Ukraine, in addition to making a prompt claim payment to customers engaged in export to or investment and finance in Russia and Ukraine.

## Cooperation with ECA Ukraine

### Holding a workshop on trade and investment insurance

NEXI held a workshop in November 2023 to support ECA Ukraine, the Export Credit Agency (ECA) of Ukraine which was not long after its founding, in their efforts to promote Ukraine's export and investment through NEXI's technical cooperation and knowledge sharing on trade insurance, especially on investment insurance operations.

The workshop was attended in person by Ruslan Hashev, Chairman of the Management of Board and Oksana Ocheretiana, Deputy Chairman of the Management Board, and virtually by Advantage Ukraine, a Ukrainian organization for promoting investment in Ukraine.

It was followed by the presentation "Investment climate in Ukraine, ECA Ukraine initiatives" that ECA Ukraine gave to an audience of about 30 Japanese companies through the intermediation of NEXI at the Japan Business Federation (Keidanren) on November 16, 2023.

### Signing an MOU on cooperation

NEXI and ECA Ukraine concluded a Memorandum of Understanding (MOU) on cooperation on February 19, 2024 to cooperate in exchanging information and reinsurance related to support by Japanese companies for trade and investment in Ukraine.

The MOU on cooperation was signed by Atsuo Kuroda, Chairman and CEO of NEXI, and Ruslan Hashev, Chairman of the Management of Board of ECA Ukraine, in the presence of Fumio Kishida, Prime Minister of Japan, and Denys Shmyhal, Prime Minister of Ukraine, at the Japan-Ukraine Conference for the Promotion of Economic Growth and Reconstruction held on the same day.





# Initiatives



## Establishment of credit lines for Ukraine (the ceiling of underwriting amount of Overseas Investment Insurance and short-term trade insurance)

NEXI has continued to provide insurance to Japanese companies that maintain business with Ukraine since the aggression of Ukraine. To support the reconstruction of Ukraine, NEXI established the following credit lines (the ceiling of underwriting amount of Overseas Investment Insurance and short-term trade insurance) in February 2024.

Type	Amount and period	Purpose
Credit line (Overseas Investment Insurance)	JPY 150 billion (5 years up to 2029)	Promote industrial investment in Ukraine from Japan
Credit line (short-term trade insurance)	JPY 50 billion (2 years up to 2026)	Support Ukraine's import of goods and services necessary for recovery and reconstruction

NEXI's credit lines were mentioned as part of Japan's support for Ukraine at the Japan-Ukraine Conference for the Promotion of Economic Growth and Reconstruction held on February 19, 2024, attended by the Japanese Prime Minister Fumio Kishida and the Ukrainian Prime Minister Denys Shmyhal.



Photo provided by the Japan Business Federation

NEXI also had meetings in-house with 23 member companies of the Ukrainian Chamber of Commerce and Industry, which visited Japan to attend the Japan-Ukraine Conference for Promotion of Economic Growth and Reconstruction, and exchanged opinions on business demand in Ukraine.



# Launch of New Insurance Products

In an environment where geopolitical risks are increasing globally, NEXI has launched three new insurance products based on the Trade and Investment Insurance Act amended and enforced in July 2022 for better support for the international business development of Japanese companies in line with customer needs.

## Swap Insurance

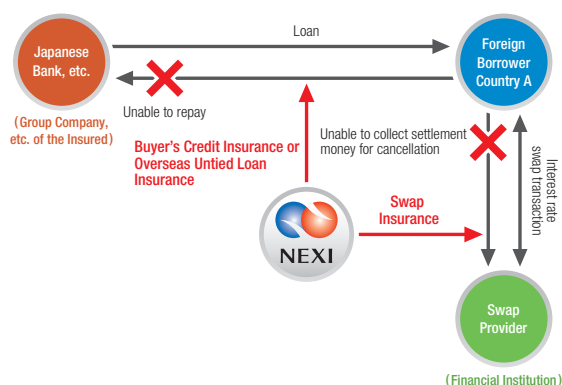
The Swap Insurance is for swap providers (financial institutions) to cover losses due to the non-payment of cancellation settlement fees, etc. in their interest rate swap transactions\*<sup>1</sup> related to loan agreements under Buyer's Credit Insurance or Overseas Untied Loan Insurance.

This insurance is a user-friendly version developed from the Interest Rate Swap Special Clause, which was launched in October 2016, in response to customer requests\*<sup>2</sup>. NEXI expects the new insurance to stimulate financial institutions' efforts to engage in interest rate swap transactions and to further promote associated overseas projects.

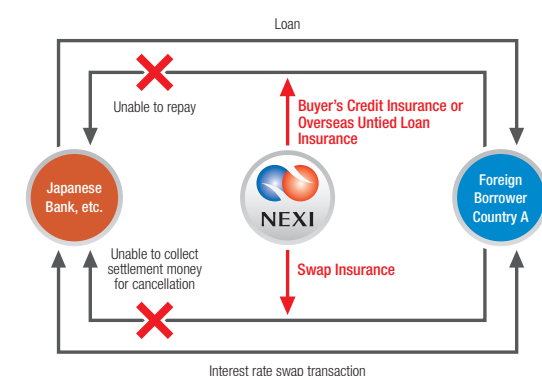
\* 1 Interest rate swap transactions are a type of derivative transaction in which floating and fixed interest rate payments are exchanged over a certain period of time in the future, subject to designated conditions, such as interest rate values and delivery timing.

\* 2 The conventional Interest Rate Swap Special Clause, a special clause to the Buyer's Credit Insurance or the Overseas Untied Loan Insurance, was applied only to guarantee obligation schemes for interest rate swap transactions. However, since this insurance directly covers interest rate swap transactions, it is now possible to support a wider variety of schemes.

When the Japanese bank etc. in the loan agreement is different from the swap provider



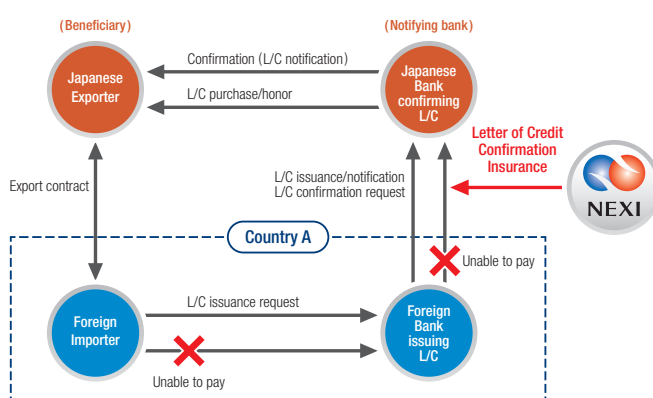
When the Japanese bank etc. in the loan agreement is the same as the swap provider



## Letter of Credit Confirmation Insurance

The Letter of Credit Confirmation Insurance is a new product that compensates a financial institution, which has confirmed a letter of credit based on the authorization or request of the letter of credit issuing bank, for losses arising from the inability to collect payment from the letter of credit issuing bank, with regard to a letter of credit for the price of an export contract, international intermediary trade contract, or technical provision contract.

In general, there are cases when a financial institution does not confirm a letter of credit due to a shortage of the credit line to the letter of credit issuing bank. However, since this insurance covers the non-payment risks related to the letter of credit confirmation, it is expected that more cases will be able to proceed to the confirmation of a letter of credit, thereby supporting international transactions by Japanese companies.



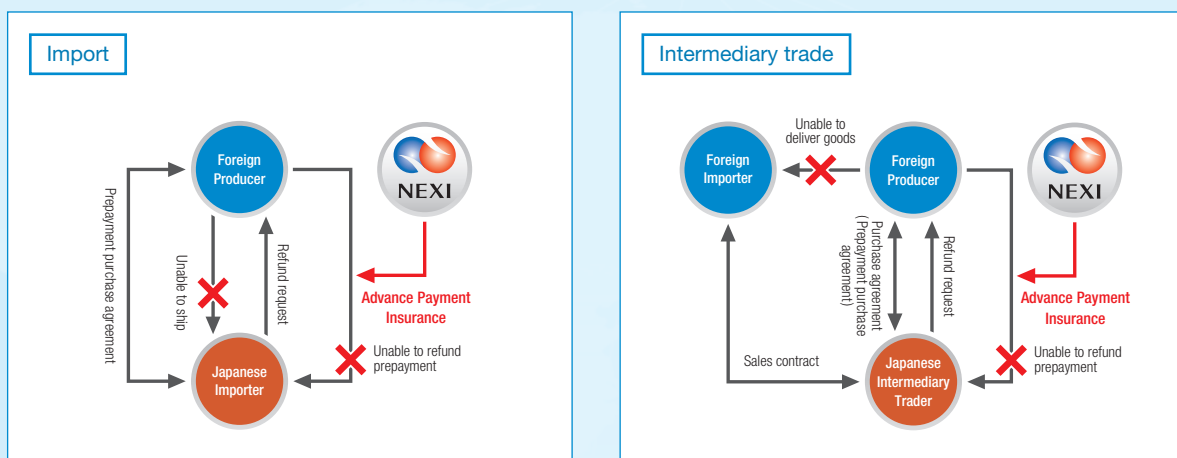




## Advance Payment Insurance

The Advance Payment Insurance, which was revised from the Prepayment Import Insurance with coverage limited to prepayment import transactions, has expanded the coverage to include prepayment intermediary trade transactions to third countries that are recognized to benefit Japan. Accordingly, the name has been changed to the Advance Payment Insurance.

This insurance can compensate for losses arising from the inability to receive the refund of advance payment due to covered events, such as the occurrence of war/terrorism and bankruptcy of the counterparty, etc., although a claim for the refund of the advance payment was made for undelivered goods in accordance with the prepayment purchase agreement. Amid the ever-changing external business environment surrounding Japanese companies due to globalization, the insurance is expected to further increase the resilience of the world-wide supply chains of Japanese companies.



Reference: Major system reforms based on the Trade and Investment Insurance Act revised in FY2022-2023

Revision period	Revision details
July 2022	1) Expanding the scope of losses covered by Insurance for Additional Costs 2) Expanding the scope of covered events under Special Clause for Additional Costs for Plants, etc. 3) Expanding the scope of covered events associated with inability to ship goods 4) Expanding the scope of borrowers covered by Buyer's Credit Insurance and Overseas Untied Loan Insurance
January 2023	Application of Overseas Untied Loan Insurance to the JOLCO* Scheme for Ships (domestic loans) *The abbreviation for Japanese Operating Lease with Call Option
March 2023	1) System reforms related to Overseas Investment Insurance i) Providing direct coverage for risks related to the shares of the reinvested party in the reinvestment scheme ii) Enhancing the scope of covered events for risks of inability to transfer money iii) Relaxing the requirement of "business interruption, etc." 2) Enhancing the scope of coverage for "events equivalent to the decision to commence bankruptcy proceedings" in all insurance products
July 2023	Expanding the scope of loans covered by Overseas Untied Loan Insurance, including those provided to Japanese corporations, etc. (domestic loans) and those provided by foreign corporations, etc.



# Climate Change Initiatives

The impact of natural disaster risks caused by climate change on the global economy is accelerating on a global scale and increasing in severity year by year. The international community is making efforts toward decarbonization based on the target set in the Paris Agreement adopted at the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21) in 2015: To hold “the increase in the global average temperature to well below 2°C above pre-industrial levels” and pursue efforts “to limit the temperature increase to 1.5°C above pre-industrial levels.” In addition, at COP28 held from November to December 2023, a mechanism was established to evaluate progress toward achieving the Paris Agreement goals. It is expected that each country will further accelerate its efforts toward decarbonization.

In order to achieve the goals of the Paris Agreement, it is imperative that the whole world advances the energy transition toward decarbonization of society together. Based on the need for global climate change initiatives and the policy of the Japanese government, NEXI launched the LEAD Initiative in December 2020 and has already achieved results, such as underwriting of projects that contribute to carbon neutrality and of individual projects that help to solve social issues and to achieve the SDGs.

As a method other than underwriting, we will accelerate various initiatives to combat climate change in the overall organizational management of NEXI, such as fund management and procurement. In addition to these results, NEXI is working to disclose information on climate change in line with the objective of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), for which NEXI expressed its support in May 2019.

NEXI will continue to actively promote the response to climate change, an important issue for the international community, and disclose information appropriately.

## Governance

### Establishment of the Sustainability Committee

NEXI has established the Sustainability Committee, which is positioned on the same level as the management meeting and serves as an advisory body to the Chairman and CEO, with the aim of developing a governance system that will strengthen initiatives to resolve sustainability issues, such as climate change and human rights issues.

The committee’s main agenda items include the formulation of policies to address sustainability issues, the promotion of measures to address climate change issues and to resolve social issues including human rights, and other important issues related to the promotion of sustainability measures.



## Strategy

### Disclosure based on the TCFD declaration

In “II. Contribute to solving social issues” of the Medium-term Business Plan (FY2022 - FY2024), NEXI has set the goal of “contributing to the creation and dissemination of rules and frameworks for solving social issues,” and in line with one of the basic policies, NEXI is considering how disclosure based on the TCFD recommendations should be made to meet their standards. NEXI will proceed with specific information disclosure based on the goal.

### Purchase of green bonds, etc.

In FY2023, NEXI purchased green bonds of JPY 3.3 billion and sustainability bonds of JPY 2.8 billion for a total of JPY 6.1 billion. We will continue to contribute to the achievement of a sustainable society through asset management.

### Policy for dealing with fossil fuel energy projects

NEXI has been confirming the environmental and social impacts of medium- to long-term insurance types based on the Guidelines on Environmental and Social Considerations, and will continue to confirm the environmental and social impacts throughout the underwriting procedures for each project.

In particular, with regard to fossil fuel energy projects, NEXI suspended new underwriting of unabated thermal coal power generation projects based on the Leaders’ Communiqué at the G7 Summit in June 2021. Moreover, in accordance with the leaders’ agreement at the G7 Summit in June 2022, NEXI decided not to provide new support for unabated fossil fuel energy projects until it is confirmed that the support is in line with the Communiqué.

(➡ To be continued on page 14)





## Climate Change Initiatives

### Strategy

#### New programs for decarbonization and Collaboration with overseas partners

NEXI will continue to contribute to the efforts toward decarbonization of the international community by utilizing each type of insurance. In loan insurance, NEXI will further promote energy transition by building collaboration with overseas partners through the LEAD Initiative, encourage renewable energy and energy-saving projects through Loan Insurances for Green Innovation, and advance the use of new technologies that contribute to global environmental conservation.

Moreover, in addition to promoting individual projects, NEXI will continue encouraging decarbonization by making the most of its networks and collaboration frameworks with foreign governments and government-related organizations, international organizations, etc.

#### ■ Networks with foreign governments/government agencies and international organizations (FY2023)

Publication date	Network
April 2023	Conclusion of a Memorandum of Understanding (MOU) on cooperation with Çalık Enerji San. ve Tic. A.Ş. and Mitsubishi Corporation
May 2023	Conclusion of a Memorandum of Understanding (MOU) on cooperation with the official Polish export credit agency (KUKE, ECA of Poland)
May 2023	Conclusion of a Memorandum of Understanding (MOU) on cooperation with Korea Trade Insurance Corporation (K-SURE)
June 2023	Conclusion of a Basic Agreement on promoting blended finance with MUFG
September 2023	Conclusion of a Memorandum of Understanding (MOU) on cooperation with UK Export Finance (UKEF)
December 2023	Conclusion of a Memorandum of Understanding (MOU) on cooperation with PT Pertamina (Persero), a state-owned energy company in Indonesia
December 2023	Conclusion of a Memorandum of Understanding (MOU) on cooperation with the Saudi Export and Import Bank
February 2024	Conclusion of a Memorandum of Understanding (MOU) on cooperation with the National Treasury & Economic Planning of the Republic of Kenya
February 2024	Amendment of the Memorandum of Understanding (MOU) on cooperation with the European Bank for Reconstruction and Development (EBRD)



# NEXI Review of Performance

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# Performance Highlights

## FY2023 Export Trends

Japan's exports in FY2023 were approximately JPY 102.9 trillion, an increase of approximately 3.7 trillion (up 3.7% year on year) due to an increase in exports of motor vehicles and their components. This marked a record high for the last five years.

Looking at the results by country and region, exports to Asia were approximately JPY 53.4 trillion (down 3.2% year on year), of which China accounted for approximately JPY 18.3 trillion (down 1.3% year on year). Exports to the US were approximately JPY 20.9 trillion (up 11.6% year on year). Exports to the EU were approximately JPY 10.6 trillion (up 10.7% year on year). Exports to the Middle East were approximately JPY 3.6 trillion (up 19.8% year on year).

### Reference Japan's exports

(Millions of Yen)

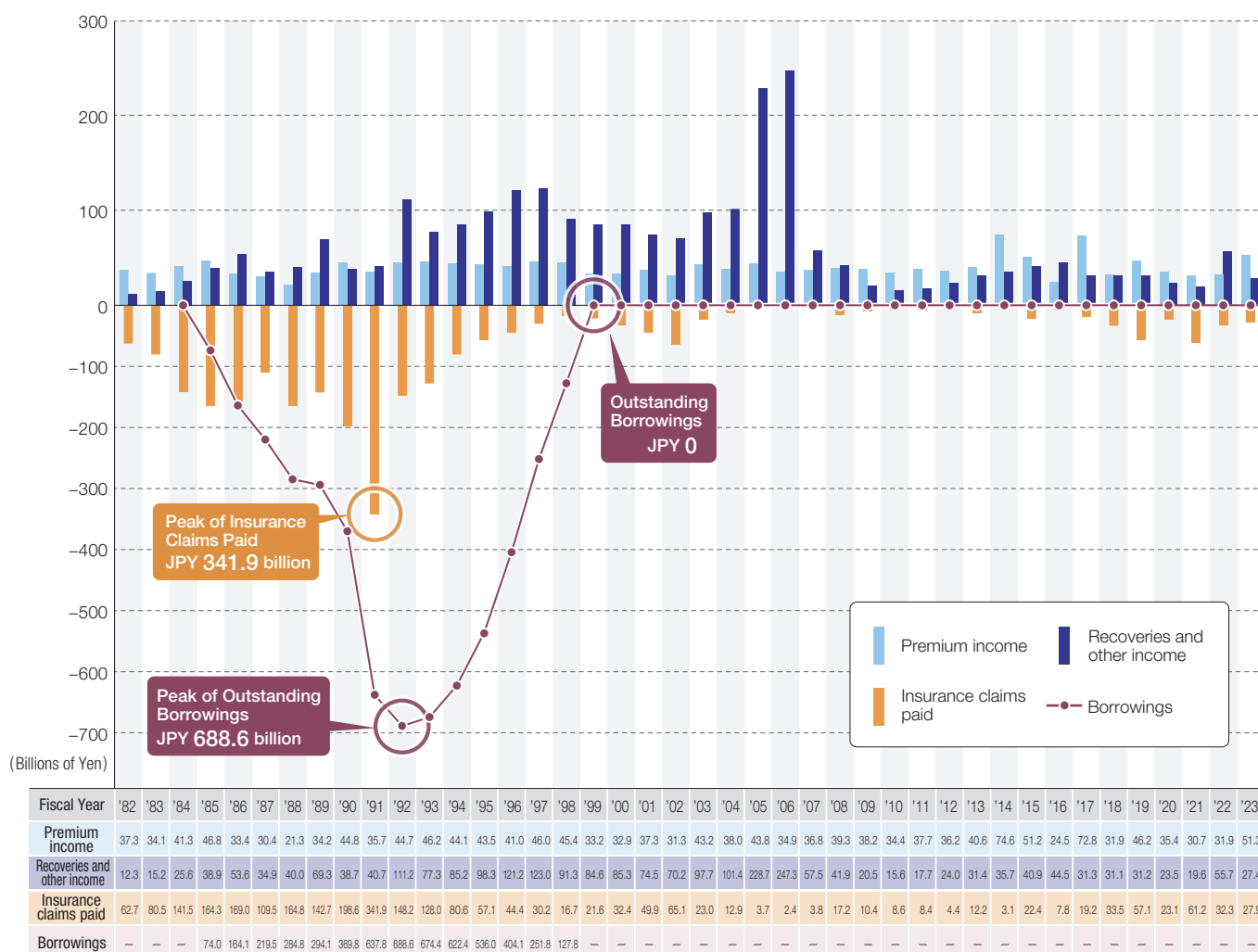
	FY2019	FY2020	FY2021	FY2022	FY2023
Total Exports* <sup>1</sup>	75,878,792	69,485,414	85,873,697	99,223,047	102,897,996
Year-on-Year Change (%)	△ 6.0	△ 8.4	23.6	15.5	3.7

(Source: Trade Statistics of Japan, Ministry of Finance)

\* 1 Values for FY2019 to FY2021 are Fixed, values for FY2022 are Revised, and values for FY2023 are Provisional\*<sup>2</sup>

\* 2 The terms: Fixed, Revised, and Provisional are defined by the Trade Statistics of Japan, Ministry of Finance.

## Trade and Investment Insurance Business



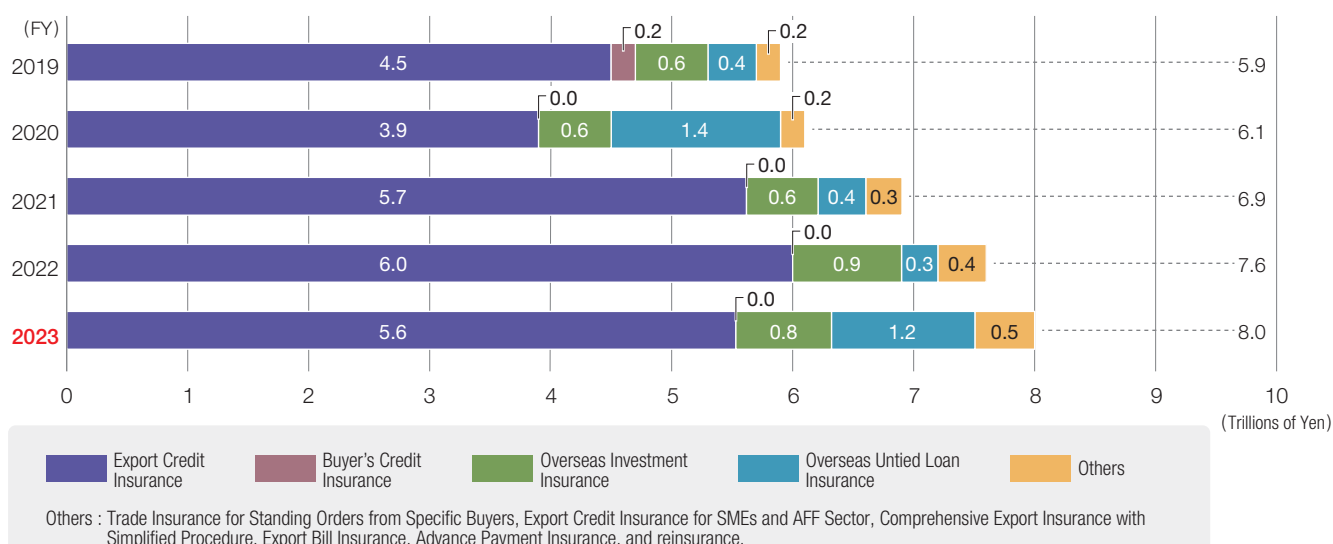
Note: This data is on a cash basis. Premium income is presented after deducting returned premiums.

(Billions of Yen)

## Amount of Insurance Underwritten

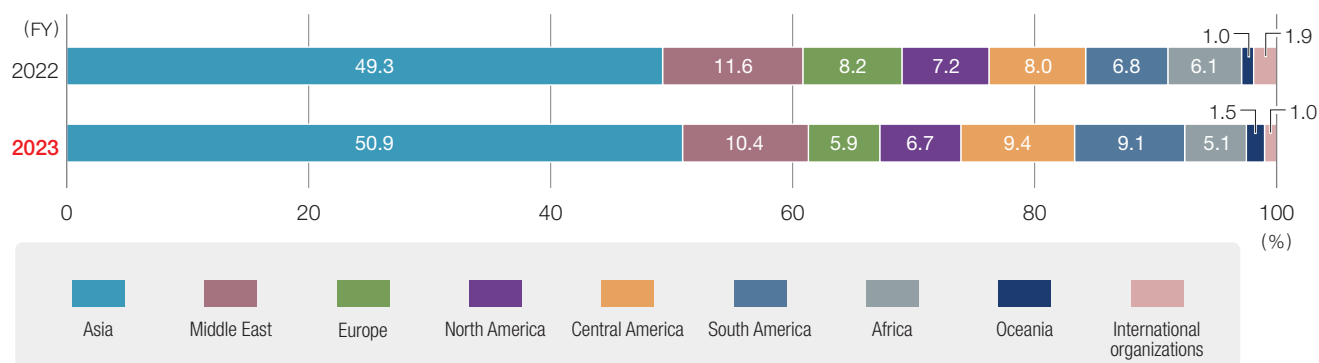
### Trends in Underwritten Amount by Insurance Type

Of the amount of insurance underwritten in FY2023, Export Credit Insurance was approximately JPY 5.6 trillion (down 7.4% year on year) and Overseas Investment Insurance was approximately JPY 0.8 trillion (down 12.0% year on year). The underwritten amount for loan insurance was approximately JPY 8.0 trillion (up 4.4% year on year), reflecting a decrease in Buyer's Credit Insurance to approximately JPY 22.6 billion (down 53.3% year on year) and a significant increase in Overseas Untied Loan Insurance to approximately JPY 1.2 trillion (up 332.4% year on year).



### Underwritten Amount by Region

Asia continued to account for the largest share with 50.9% (approximately JPY 4.3 trillion), followed by the Middle East with 10.4% (approximately JPY 0.9 trillion).



### Top Ten Countries and Regions for Underwritten Amount in FY2023

(Millions of Yen)

Rank	Country / Region	Underwritten Amount	Composition
1	China	728,733	8.6%
2	Indonesia	588,152	6.9%
3	Taiwan	581,697	6.9%
4	U.S.A.	540,885	6.4%
5	Thailand	458,041	5.4%

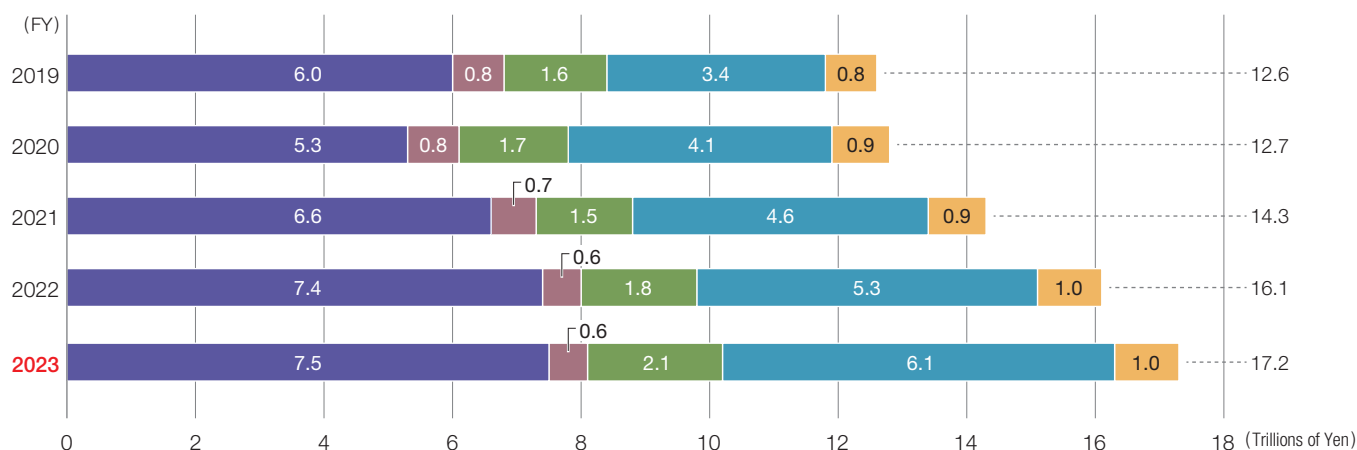
Rank	Country / Region	Underwritten Amount	Composition
6	Japan	393,914	4.6%
7	Brazil	349,655	4.1%
8	South Korea	328,800	3.9%
9	Saudi Arabia	302,029	3.6%
10	UAE	291,620	3.4%

## Performance Highlights

### Outstanding Insurance Commitment

#### Trends in Outstanding Commitment by Insurance Type

Outstanding insurance commitment in FY2023 was approximately JPY 17.2 trillion (up 7.1% year on year), the highest since NEXI's incorporation.

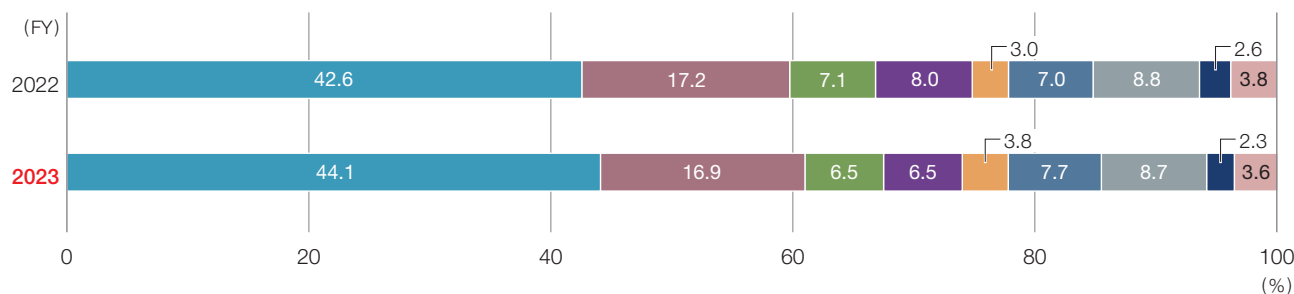


■ Export Credit Insurance   
 ■ Buyer's Credit Insurance   
 ■ Overseas Investment Insurance   
 ■ Overseas Untied Loan Insurance   
 ■ Others

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, Advance Payment Insurance, and reinsurance.

#### Outstanding Commitment by Region

Asia accounted for the largest share with 44.1% (approximately JPY 7.7 trillion), followed by the Middle East with 16.9% (approximately JPY 3.0 trillion).



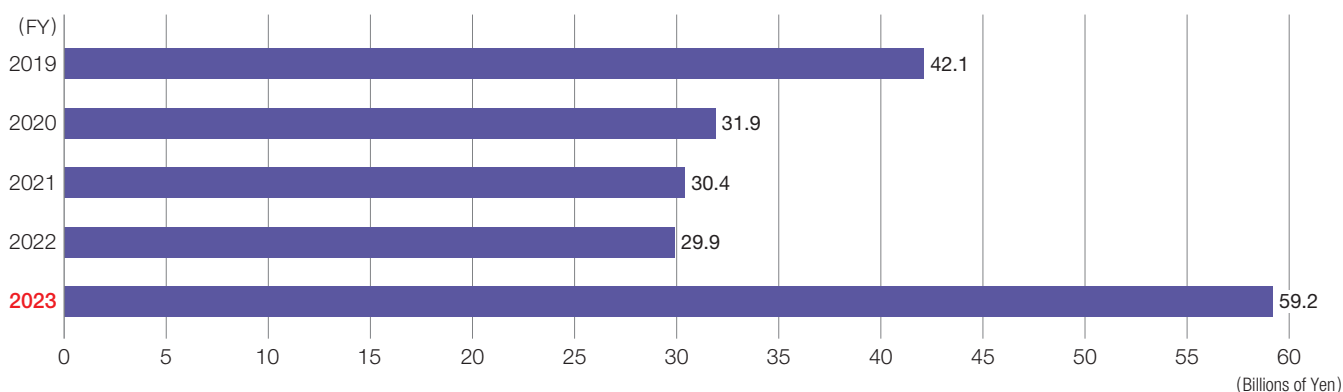
■ Asia   
 ■ Middle East   
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 ■ Oceania   
 ■ International organizations



## Premium Income

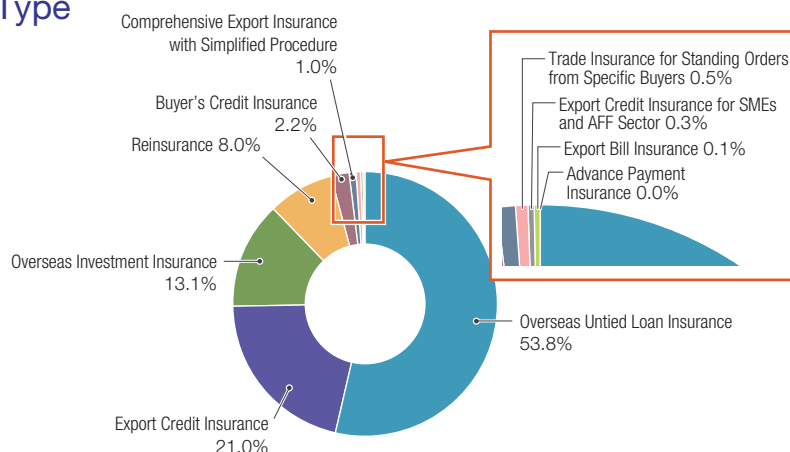
### Trends in Premium Income

Premium income in FY2023 was approximately JPY 59.2 billion (up 97.6% year on year).



### Premium Income by Insurance Type

By insurance type, Overseas Untied Loan Insurance accounted for the largest share with 53.8% (approximately JPY 31.9 billion), followed by Export Credit Insurance with 21.0% (approximately JPY 12.4 billion) and Overseas Investment Insurance with 13.1% (approximately JPY 7.7 billion).

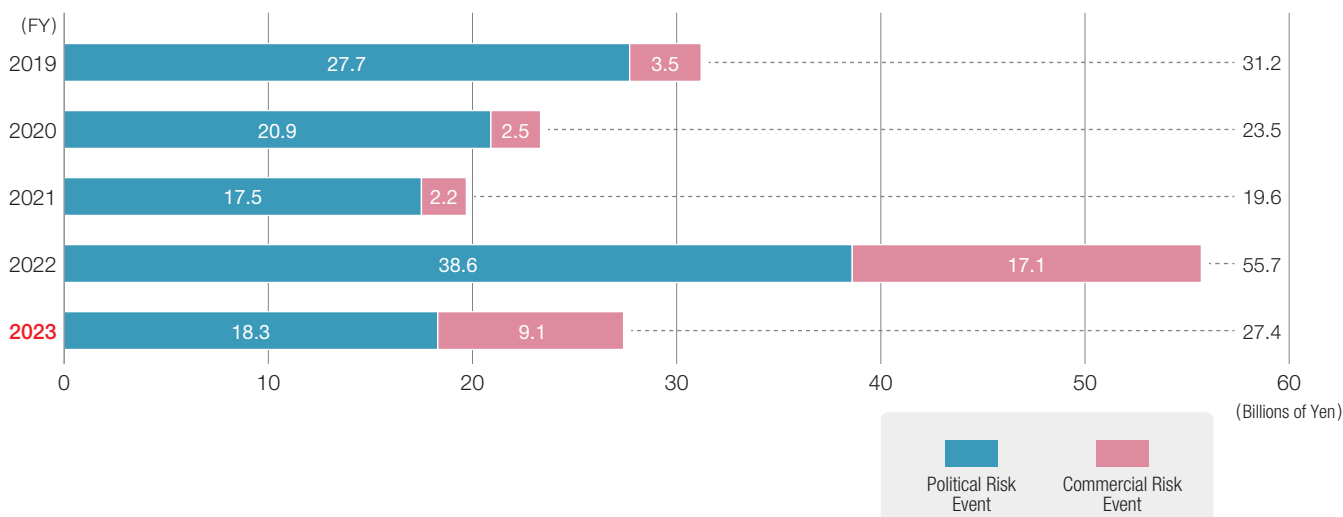


## Recoveries

### Trends in Recoveries

The amount of recoveries in FY2023 was approximately JPY 27.4 billion (down 50.8% year on year).

Recoveries of claims associated with political risk events, including those through Paris Club debt rescheduling, accounted for 66.8% (approximately JPY 18.3 billion). The remaining 33.2% (approximately JPY 9.1 billion) was associated with commercial risk events.

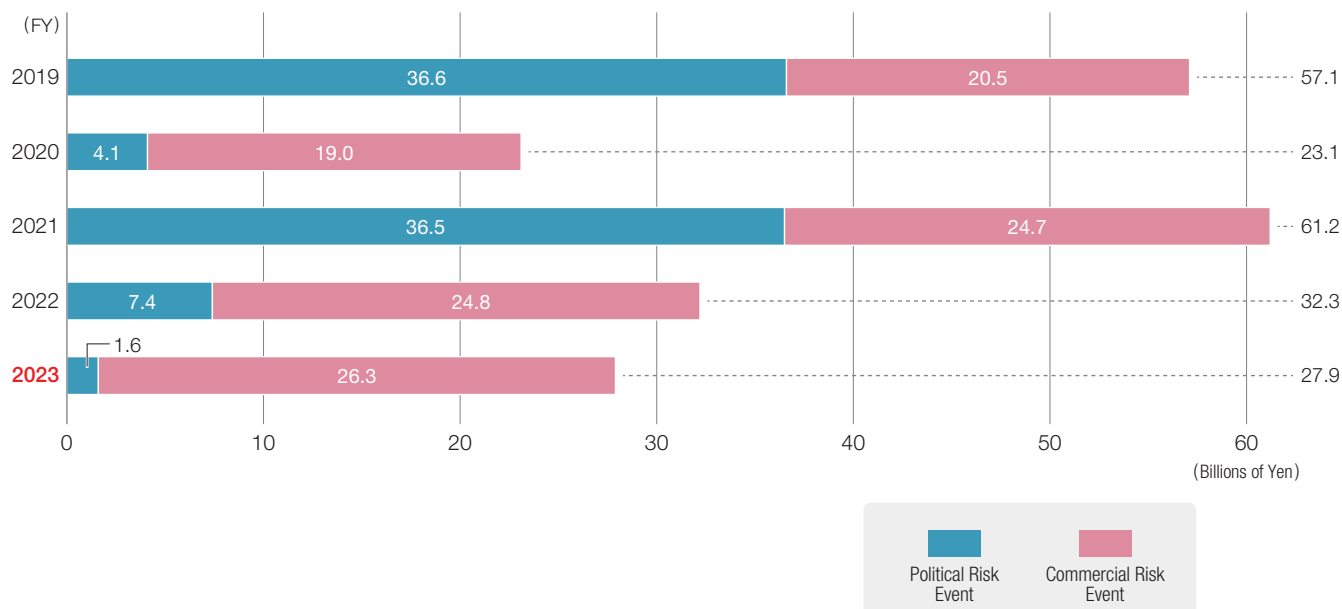


# Performance Highlights

## Insurance Claims Paid

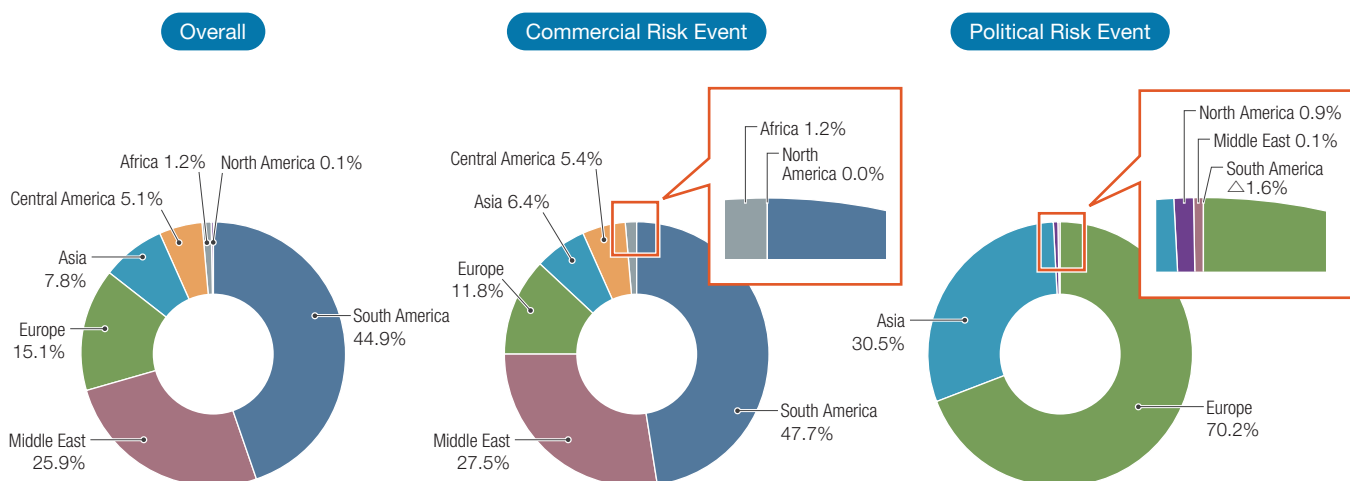
### Trends in Claims Paid

Insurance claims paid in FY2023 were approximately JPY 27.9 billion (down 13.5% 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 44.9% (approximately JPY 12.5 billion).



\* There were no claims paid related to commercial risk events in Oceania.

\* There were no claims paid related to commercial risk events in Oceania.

\* There were no claims paid related to political risk events in South America, Africa, and Oceania.

## Case Studies of Insurance Claim Payment in FY2023

## Russian Aggression of Ukraine

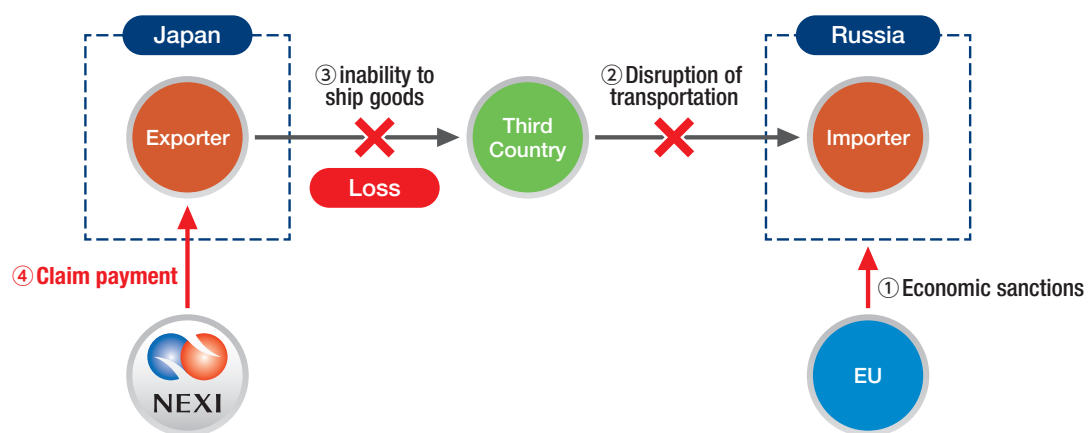
## Export Credit Insurance (comprehensive insurance)

## ● Inability to ship goods due to economic sanctions

After the exporter (the insured) signed an export contract with the importer (the buyer), the EU imposed economic sanctions on Russia following the Russian military aggression of Ukraine.

Shipping companies in various countries suspended their transportation of goods to and from Russia, which resulted in disrupted transport routes and losses due to the inability to ship goods under production to Russia. NEXI determined that the loss was caused by “sanctions imposed by countries other than destination countries,” and paid insurance claims of approximately JPY 700 million.

Transportation routes



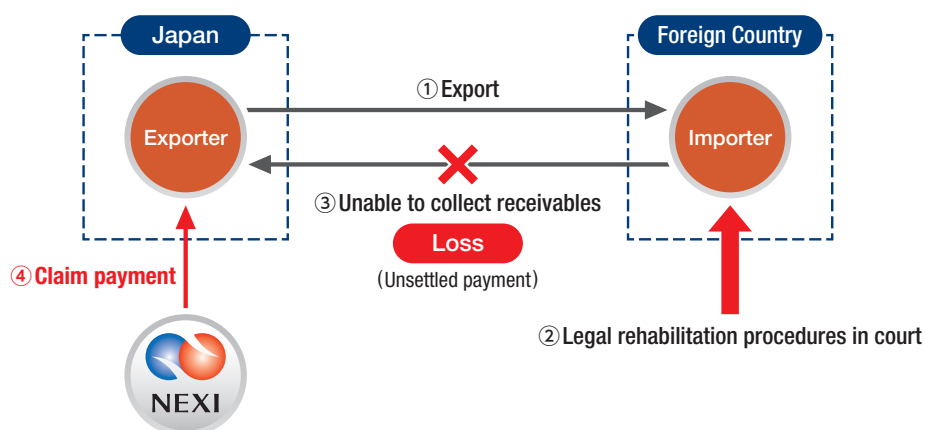
## Events Equivalent to Bankruptcy

## Export Credit Insurance for SMEs and AFF Sector

## ● Losses due to the discovery after the shipment that the buyer had an event equivalent to a decision to commence bankruptcy proceedings

After the exporter (the insured) made shipment to the importer (the buyer), it was discovered that the buyer filed for legal rehabilitation procedures with the court. As a result, the exporter was unable to collect receivables and incurred losses.

NEXI paid insurance claims of approximately JPY 18 million to the exporter (the insured) based on the system revised in March 2023, which added “events equivalent to the decision to commence bankruptcy proceedings” to the scope of insured events, in response to the amendment to the Trade and Investment Insurance Act. This was the first payment under the revision.





# Review of Performance

## Amount of Insurance Underwritten

### Underwritten Amount by Insurance Type

(Millions of Yen)

Type of Insurance	FY2019	FY2020	FY2021	FY2022	FY2023	Composition (%)	Year-on-Year Change (%)
Export Credit Insurance	4,526,832	3,859,827	5,661,939	5,991,044	5,550,498	69.7	△ 7.4
Trade Insurance for Standing Orders from Specific Buyers	10,907	15,118	21,726	12,866	9,866	0.1	△ 23.3
Export Credit Insurance for SMEs and AFF Sector	13,656	14,562	16,029	17,037	18,370	0.2	7.8
Comprehensive Export Insurance with Simplified Procedure	51,207	55,545	105,888	136,724	192,599	2.4	40.9
Export Bill Insurance	12,358	8,865	8,787	9,178	8,265	0.1	△ 9.9
Letter of Credit Confirmation Insurance	—	—	—	—	—	—	—
Advance Payment Insurance	2,844	9,935	671	61	51	0.0	△ 15.9
Overseas Investment Insurance	601,782	622,834	581,101	871,008	766,271	9.6	△ 12.0
Buyer's Credit Insurance	197,823	36,565	1,771	48,398	22,622	0.3	△ 53.3
Overseas Untied Loan Insurance	422,132	1,378,107	373,852	266,731	1,153,259	14.5	332.4
Swap Insurance	—	—	—	—	—	—	—
Reinsurance	62,313	142,271	176,033	274,103	244,712	3.1	△ 10.7
<b>Total</b>	<b>5,901,854</b>	<b>6,143,627</b>	<b>6,947,796</b>	<b>7,627,149</b>	<b>7,966,513</b>	<b>100.0</b>	<b>4.4</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 the foreign currency denominated insurance contract. (The same applies to the table below.)

(Note 2) 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	FY2019	FY2020	FY2021	FY2022	FY2023	Composition (%)	Year-on-Year Change (%)
Asia	3,422,851	2,949,704	3,327,232	4,043,460	4,319,146	50.9	6.8
Middle East	500,303	566,818	1,338,381	947,214	881,747	10.4	△ 6.9
Europe	780,216	683,404	695,279	673,420	499,624	5.9	△ 25.8
North America	245,916	645,106	431,140	590,071	571,454	6.7	△ 3.2
Central America	538,946	411,231	486,433	653,889	793,258	9.4	21.3
South America	345,257	454,955	545,579	553,392	770,819	9.1	39.3
Africa	355,564	685,523	476,971	496,613	435,976	5.1	△ 12.2
Oceania	72,864	53,872	95,323	84,822	127,621	1.5	50.5
International organizations	16,221	71,842	9,296	155,230	81,798	1.0	△ 47.3

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

(Note 2) Since the 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 hereinafter.)

(Note 5) Central and Eastern Europe and Russia are included in Europe. (The same applies hereinafter.)

## Outstanding Insurance Commitment

### Outstanding Commitment by Insurance Type

(Millions of Yen)

Type of Insurance	FY2019	FY2020	FY2021	FY2022	FY2023	Composition (%)	Year-on-Year Change (%)
Export Credit Insurance	5,968,467	5,278,555	6,592,883	7,374,188	7,494,560	43.5	1.6
Trade Insurance for Standing Orders from Specific Buyers	13,211	19,077	27,205	24,993	14,709	0.1	△41.1
Export Credit Insurance for SMEs and AFF Sector	4,491	4,893	5,214	5,675	5,442	0.0	△4.1
Comprehensive Export Insurance with Simplified Procedure	10,874	19,202	32,138	45,101	73,549	0.4	63.1
Export Bill Insurance	3,831	2,536	1,657	1,576	1,960	0.0	24.4
Letter of Credit Confirmation Insurance	—	—	—	—	—	—	—
Advance Payment Insurance	2,298	9,796	698	—	51	0.0	—
Overseas Investment Insurance	1,602,810	1,697,292	1,472,327	1,824,912	2,062,737	12.0	13.0
Buyer's Credit Insurance	831,832	778,010	747,130	604,720	589,182	3.4	△2.6
Overseas Untied Loan Insurance	3,365,701	4,084,100	4,607,015	5,304,975	6,086,931	35.3	14.7
Swap Insurance	—	—	—	—	—	—	—
Reinsurance	783,808	831,042	825,080	917,613	916,511	5.3	△0.1
<b>Total</b>	<b>12,587,322</b>	<b>12,724,503</b>	<b>14,311,346</b>	<b>16,103,751</b>	<b>17,245,632</b>	<b>100.0</b>	<b>7.1</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	FY2019	FY2020	FY2021	FY2022	FY2023	Composition (%)	Year-on-Year Change (%)
Asia	6,463,037	6,241,627	6,822,605	7,058,523	7,744,283	44.1	9.7
Middle East	1,673,822	1,551,671	2,442,646	2,847,065	2,973,152	16.9	4.4
Europe	885,666	1,047,275	1,134,007	1,171,324	1,143,178	6.5	△2.4
North America	886,348	1,076,438	1,068,567	1,331,857	1,136,658	6.5	△14.7
Central America	444,834	324,080	375,349	492,650	661,079	3.8	34.2
South America	565,177	734,267	827,249	1,156,092	1,351,938	7.7	16.9
Africa	911,884	1,081,938	1,031,503	1,449,628	1,519,511	8.7	4.8
Oceania	520,348	426,080	436,098	423,539	409,969	2.3	△3.2
International organizations	787,432	727,950	575,017	627,010	626,386	3.6	△0.1

(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	FY2019	FY2020	FY2021	FY2022	FY2023	Composition (%)	Year-on-Year Change (%)
Export Credit Insurance	9,932	9,955	13,230	14,646	12,406	21.0	△ 15.3
Trade Insurance for Standing Orders from Specific Buyers	433	572	705	375	295	0.5	△ 21.2
Export Credit Insurance for SMEs and AFF Sector	125	134	149	168	191	0.3	13.7
Comprehensive Export Insurance with Simplified Procedure	102	134	253	367	576	1.0	57.2
Export Bill Insurance	130	124	100	94	85	0.1	△ 9.5
Letter of Credit Confirmation Insurance	—	—	—	—	—	—	—
Advance Payment Insurance	17	126	1	0	0	0.0	△ 15.9
Overseas Investment Insurance	6,454	6,516	6,295	7,237	7,745	13.1	7.0
Buyer's Credit Insurance	9,009	1,696	△ 2,641	△ 444	1,273	2.2	△ 386.8
Overseas Untied Loan Insurance	15,227	9,546	10,717	4,834	31,854	53.8	558.9
Swap Insurance	—	—	—	—	—	—	—
Reinsurance	697	3,048	1,635	2,664	4,743	8.0	78.0
<b>Total</b>	<b>42,127</b>	<b>31,852</b>	<b>30,444</b>	<b>29,942</b>	<b>59,168</b>	<b>100.0</b>	<b>97.6</b>

(Note 1) The premium income is recorded at the start of the insurer's obligation period, unlike the underwritten amount which is based on the policy issue date. Therefore, the premium income and underwritten amount may be recorded in different fiscal years.

(Note 2) In and after FY2021, premiums are presented as net premiums written (direct premiums written and inward reinsurance premiums written, etc. from which outward reinsurance premiums, etc. are deducted).

## Insurance Claims Paid

### Claims Paid by Insurance Type and Risk Type

(Millions of Yen)

Type of Insurance	FY2019			FY2020			FY2021			FY2022			FY2023				
		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	43,996	36,344	7,652	2,831	104	2,727	1,217	523	694	2,925	918	2,007	9,407	1,592	7,815	33.7	221.6
Trade Insurance for Standing Orders from Specific Buyers	—	—	—	67	—	67	32	—	32	65	4	61	—	—	—	—	—
Export Credit Insurance for SMEs and AFF Sector	150	—	150	180	—	180	6	—	6	81	21	60	18	—	18	0.1	△ 77.6
Comprehensive Export Insurance with Simplified Procedure	6	—	6	—	—	—	—	—	—	42	—	42	—	—	—	—	—
Export Bill Insurance	35	—	35	84	—	84	22	—	22	—	—	—	—	—	—	—	—
Letter of Credit Confirmation Insurance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Advance Payment Insurance	—	—	—	—	—	—	149	—	149	—	—	—	—	—	—	—	—
Overseas Investment Insurance	234	234	—	1,797	1,797	—	33,830	33,830	—	1,438	1,438	—	17	17	—	0.1	△ 98.8
Buyer's Credit Insurance	117	—	117	2,287	2,170	117	7,091	2,188	4,903	7,002	5,059	1,943	—	—	—	—	—
Overseas Untied Loan Insurance	11,760	—	11,760	11,724	—	11,724	7,824	—	7,824	7,184	—	7,184	6,338	—	6,338	22.7	△ 11.8
Swap Insurance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reinsurance	755	—	755	4,106	—	4,106	11,069	—	11,069	13,522	—	13,522	12,138	—	12,138	43.5	△ 10.2
Total	57,052	36,578	20,474	23,076	4,071	19,005	61,241	36,541	24,699	32,260	7,441	24,819	27,918	1,609	26,309	100.0	△ 13.5

### Claims Paid by Region

(Millions of Yen)

Region	FY2019			FY2020			FY2021			FY2022			FY2023				
		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	6,154	32	6,121	3,687	73	3,614	6,025	208	5,817	2,663	1,593	1,071	2,170	490	1,680	7.8	△ 18.5
Middle East	34,348	32,259	2,090	235	62	174	109	77	32	1,493	21	1,471	7,235	2	7,233	25.9	384.8
Europe	43	—	43	1,403	2	1,401	3,045	—	3,045	10,805	726	10,079	4,221	1,129	3,092	15.1	△ 60.9
North America	75	32	43	27	0	27	11	11	—	4	3	1	14	14	0	0.1	252.6
Central America	4,114	4,053	61	1,978	1,466	511	584	227	357	5,106	5,059	46	1,417	—	1,417	5.1	△ 72.2
South America	11,841	—	11,841	13,544	297	13,246	14,843	4,302	10,541	10,176	38	10,138	12,534	△ 26	12,560	44.9	23.2
Africa	106	—	106	2,198	2,170	28	36,620	31,717	4,903	2,014	—	2,014	327	—	327	1.2	△ 83.8
Oceania	371	202	169	4	—	4	4	—	4	—	—	—	—	—	—	—	—
Total	57,052	36,578	20,474	23,076	4,071	19,005	61,241	36,541	24,699	32,260	7,441	24,819	27,918	1,609	26,309	100.0	△ 13.5



## Recoveries

### Recoveries by Risk Type

(Millions of Yen)

Type of Risk	FY2019	FY2020	FY2021	FY2022	FY2023	Composition (%)	Year-on-Year Change (%)
Political Risk	27,730	20,926	17,454	38,627	18,315	66.8	△ 52.6
Commercial Risk	3,467	2,533	2,153	17,095	9,096	33.2	△ 46.8
Total	31,197	23,458	19,607	55,722	27,410	100.0	△ 50.8

### Recoveries by Region

(Millions of Yen)

Region	FY2019	FY2020	FY2021	FY2022	FY2023	Composition (%)	Year-on-Year Change (%)
Asia	3,628	3,845	2,853	1,143	2,946	10.7	157.6
Middle East	11,930	16,897	11,731	34,105	8,491	31.0	△ 75.1
Europe	771	835	924	7,736	3,959	14.4	△ 48.8
North America	33	471	15	8	6	0.0	△ 30.7
Central America	38	9	306	2	1,325	4.8	62874.4
South America	14,211	880	3,736	2,091	9,013	32.9	331.1
Africa	586	517	38	10,635	1,666	6.1	△ 84.3
Oceania	—	3	4	1	6	0.0	455.1
Total	31,197	23,458	19,607	55,722	27,410	100.0	△ 50.8

### Recoveries in FY2023

#### Recoveries by Risk Type

Recoveries totaled approximately JPY 27.4 billion in FY2023 (down 50.8% from JPY 55.7 billion in FY2022).

Looking at the results by risk type, recoveries related to political risk events, including those through Paris Club debt rescheduling, amounted to about JPY 18.3 billion (down 52.6%). Recoveries related to commercial risk events amounted to about JPY 9.1 billion (down 46.8%).

#### Recoveries by Region

By region, the South America accounted for 32.9% of total recoveries at approximately JPY 9.0 billion. Recoveries from the Argentine Republic amounted to approximately JPY 5.7 billion (including Paris Club recoveries), while those from the Republic of Chile amounted to approximately JPY 2.9 billion (commercial risk-related recoveries).

The Middle East accounted for 31.0% of total recoveries at approximately JPY 8.5 billion. This includes about JPY 8.4 billion from the Republic of Iraq (Paris Club recoveries).

Europe accounted for 14.4% at approximately JPY 4.0 billion. Recoveries from the Kingdom of Norway amounted to approximately JPY 2.8 billion (commercial risk-related recoveries), while those from the Republic of Serbia amounted to approximately JPY 900 million (Paris Club recoveries).

Recoveries from Asia amounted to approximately JPY 2.9 billion, including about JPY 1.1 billion from the Islamic Republic of Pakistan (political risk-related recoveries). Meanwhile, those from Africa amounted to approximately JPY 1.7 billion, including about JPY 800 million from the United Republic of Tanzania (political risk-related recoveries) and about JPY 700 million from the Republic of Angola (political risk-related recoveries).

Recoveries from Central America amounted to approximately JPY 1.3 billion, including about JPY 1.2 billion from the United Mexican States (commercial risk-related recoveries), and those from Oceania and North America amounted to a total of approximately JPY 10 million (commercial risk-related recoveries).



# Organization for Economic Co-operation 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 trade 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 credits 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 credits. In addition to the Arrangement, sector-specific terms reflecting the characteristics of each sector may be applied to projects related to such as ships, nuclear power plants, civil aircraft, renewable energy, climate change mitigation and adaptation technologies, and water. NEXI provides export credits in line with the Arrangement.

## 3 Approaches to Environmental Issues

Since the formulation of the OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (the Common Approaches) in 2001, revisions have regularly been made to improve the Common Approaches, including the fourth revision made in April 2016. Based on the Common Approaches, NEXI has established the Guidelines on Environmental and Social Considerations in Trade Insurance to encourage the appropriate environmental and social considerations for projects covered by its insurance.

## 4 Anti-bribery Measures

Based on the OECD Anti-Bribery Convention adopted in 1997, which prohibits provision of money or anything of value to foreign public officials for unjust enrichment, and OECD Recommendation of the Council on Bribery and Officially Supported Export Credits in 2006, NEXI has taken appropriate measures against bribery. The Recommendation was revised in March 2019, and NEXI has since strengthened its efforts based on the revisions.



# NEXI Activities

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# Main International Activities

## Collaboration with Government Measures

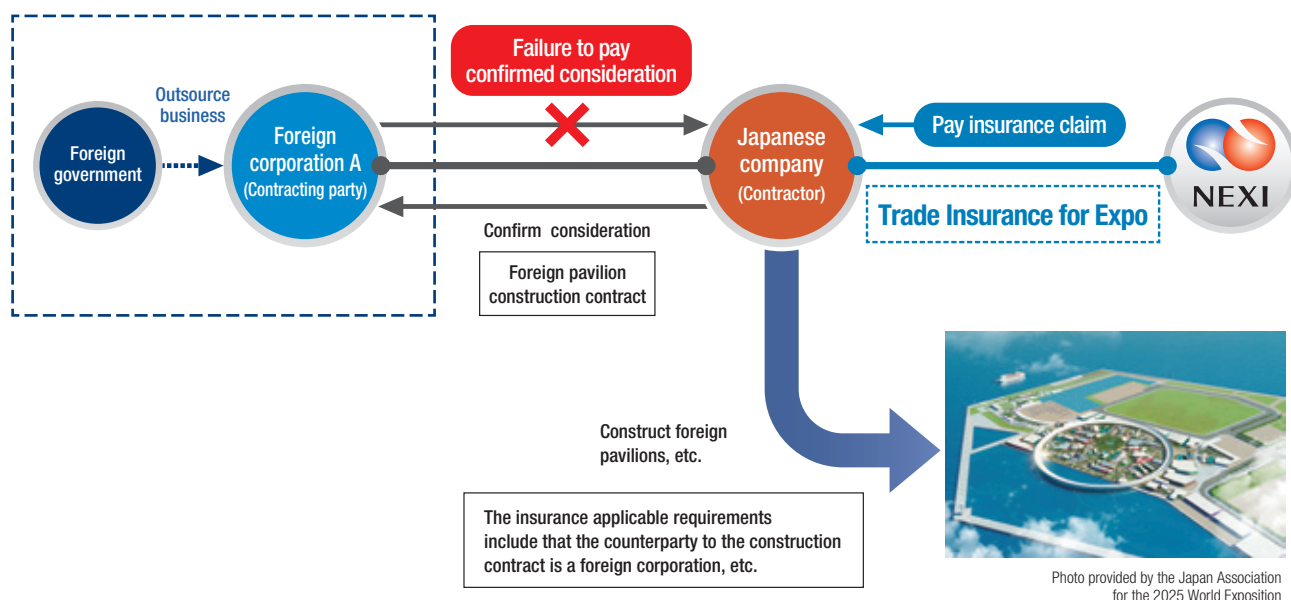
(Trade Insurance for Expo, ALPS treated water, 2024 Noto Peninsula Earthquake)

### Establishment of Trade Insurance for Expo

On August 2, 2023, NEXI started to offer a new product, commonly known as the Trade Insurance for Expo, which is dedicated to support Japanese companies that construct foreign pavilions, etc. in the Expo 2025 Osaka, Kansai, Japan. Under the insurance, the risk of inability to collect receivables in the construction projects, etc. is covered with lower premiums, approximately one-third of what is typically charged by Export Credit Insurance (specific insurance), as a result of applying the framework of a comprehensive insurance scheme: Export Credit

Insurance (technical cooperation contract, etc.) even to a single order.

Additionally, NEXI has set up a dedicated Information Desk for customers considering the use of the Trade Insurance for Expo to provide them with consultation on inquiries about insurance contract procedures. There have been inquiries from several companies, one of which became the first project underwritten in March 2024.



### Response to foreign import regulations following the policy on the discharge of ALPS treated water into the sea

In August 2023, the Japanese Government announced the policy regarding the discharge of Advanced Liquid Processing System (ALPS) treated water into the sea; this has raised concerns that many of those in Japan's fishing industry, including fishermen, fishery processors, and wholesalers, may be affected by import control measures on Japan's fishery products imposed by the foreign governments of their export destinations.

As part of government support measures, NEXI has set up helpline for Japanese companies adversely influenced by such regulations. Moreover, to support the insurance customers, NEXI has implemented measures, such as the extension of deadlines for the procedures of their trade insurance contracts, the refund of premiums during the unexpired period in the event of the discontinuation of shipping, and the prompt payment of insurance claims in the event of the occurrence of insured events.

### Response to 2024 Noto Peninsula Earthquake

On January 1, 2024, the 2024 Noto Peninsula Earthquake caused extensive damage mainly in its epicenter, Noto region of Ishikawa Prefecture.

NEXI has provided support for the customers affected by the earthquake, such as the extension of deadlines for the procedures of their trade insurance contracts, the refund of premiums during the unexpired period in the event of the discontinuation of shipping, and the suspension of insureds' obligations related to insured events and recovery activities.

NEXI will continue to actively support the overseas business of Japanese companies by responding to their inquiries in line with government measures.



## Conclusion of MOU with the Japan International Cooperation Agency (JICA)

On December 16, 2023, NEXI concluded a Memorandum of Understanding (MOU) with the Japan International Cooperation Agency (JICA) for the purpose of complementing each other to further promote cooperation, utilize private funds that have a development impact, and encourage offer-type cooperation (including the consideration of blended finance schemes that contribute to this goal).

The objectives of the MOU include the exchange and provision of information held by NEXI and JICA, as well as the consideration of collaboration on various projects implemented and planned by NEXI or JICA. In addition to ODA support, NEXI's trade insurance covers the risks to private sector

investments, which is expected to mobilize private capitals in high-risk developing regions and contribute to resolving economic and social issues.

The Development Cooperation Charter, which was approved by the Cabinet in June 2023, clearly states that it is important to effectively combine both ODA and other official flows (OOF), and that development cooperation should be promoted in coordination with private funds through the collaboration between ODA funds and institutions dealing with OOF such as NEXI. This initiative is in line with the Japanese government's policy.



Photo provided by the Ministry of Economy, Trade and Industry





# Strengthening Cooperation with Overseas Organizations

## NEXI becomes newest member of ATIDI

In June 2023, NEXI made capital subscription of USD 15 million investment to the African Trade & Investment Development Insurance (ATIDI, formerly known as ATI) to become the newest member of the Africa's credit and political (investment) risk insurer.

By amendment to the Trade Insurance and Investment Act enforced in July 2022, NEXI was granted authority of capital investment in foreign entities that conduct trade insurance with the aim of strengthening international cooperation.

ATIDI was founded in 2001 by African States to cover trade and investment risks of companies doing business in Africa. ATIDI can insure the full spectrum of debt or equity investments. Specifically, ATIDI covers political/investment risks, performance risks and commercial risks. As a shareholder of ATIDI, which has extensive experience in supporting projects in the African

region and has a strong network with governments and government agencies around the world, NEXI will continue to contribute to the economic development of the African region by strengthening support for Japanese companies' exports, investments, and loans to Africa.



## Signing of MOU on Cooperation with the National Treasury & Economic Planning of the Republic of Kenya

NEXI signed a Memorandum of Understanding (MOU) on Cooperation with the National Treasury & Economic Planning of the Republic of Kenya (Kenya) in February 2024. On February 8, 2024, the JETRO Kenya-Japan Business Forum was held in the presence of Nobuhiro Yoshida, Parliamentary Vice-Minister of Economy, Trade and Industry, and H.E. Dr. William Samoei Ruto, President of Kenya. In the Forum, Atsuo Kuroda, Chairman and CEO of NEXI, and Dr. Chris K. Kiptoo, the Principal Secretary of the National Treasury of Kenya announced the signing of the MOU.

As a gateway to East Africa, Kenya is a place where many Japanese companies have developed into, and the year 2023 marked the 60th anniversary of the establishment of diplomatic relations between the two countries, Kenya is also in an important position for Japan from the perspective of strengthening ties with the Global South.

The MOU was signed with the aim of promoting business activities by Japanese companies in Kenya by encouraging collaboration between NEXI and the National Treasury &

Economic Planning of Kenya through efforts such as considering yen-denominated fundraising by the Government of Kenya using NEXI's trade insurance as well as facilitating cooperation in the areas of industrial development, green growth, and solving social issues in Kenya.

NEXI will continue to actively support the creation of business opportunities for Japanese companies in emerging markets including Africa by deepening cooperation with foreign governments and institutions.



Photo provided by the Japan External Trade Organization (JETRO)

## Kingdom of Saudi Arabia / Conclusion of MOU with Saudi Export and Import Bank

In December 2023, NEXI signed Memorandum of Understanding (MOU) on cooperation with Saudi Export and Import Bank (Saudi EXIM Bank). Saudi EXIM Bank, which is a 100% government-owned company, was founded in 2020 under the Saudi Vision 2030 to promote the development and export of Saudi Arabian companies in non-oil sector.

This MOU's main purpose is to stipulate the export of goods and services from their respective country by developing cooperation relationship. It is expected to encourage trade and business between companies of both countries through exchanging of information and know-how.

Since the signing of the MOU, we have held several follow-up meetings between the two institutions, and have been working closely together to achieve efforts to promote trade transactions.

Through these opportunities, NEXI will continue to contribute to the deepening of economic relations between Japan and Saudi Arabia.



## Conclusion of Reinsurance Framework Agreement with the Export Credit Agency in India (ECGC)

In March 2024, NEXI signed a Reinsurance Framework Agreement ("Agreement") with ECGC Limited (ECGC), the India's export credit agency.

The Agreement was concluded to reaffirm the cooperation between the two institutions towards establishing a reinsurance arrangement to support exports from India to third countries by Japanese affiliated companies in India and vice versa.

Furthermore, the reinsurance cooperation between NEXI and ECGC strengthens the economic activities of Japan and India, benefits the peace and economic prosperity of the Indo-Pacific region and contributes to the Japanese government's Free and Open Indo-Pacific Strategy.

NEXI will continue to support Japanese companies to develop overseas business through cooperation with foreign export credit agencies.



Photo provided by ECGC Limited

## Conclusion of Memoranda of Understanding on Cooperation with ECAs

In FY2023, NEXI signed Memoranda of Understanding (MOUs) on cooperation with ECAs of the following three countries. NEXI will continue to build close relationship and exchange knowledge and information with ECAs in the world.

### May 4, 2023: KUKE, ECA of Poland

Promote trade and investment between Japan and Poland, strengthen economic relations between the two countries, and encourage business by Japanese and Polish companies in third countries including Ukraine.

### May 30, 2023: Korea Trade Insurance Corporation (K-SURE)

Promote trade and investment between Japan and South Korea in various fields including green technologies and new industries.

### September 6, 2023: UK Export Finance (UKEF)

Stress the importance of narrowing the infrastructure investment gap in low- and middle- income partner countries as confirmed in the G7 Hiroshima Summit, and cooperate

in promoting exports to third countries and joint investment projects by companies from Japan and the UK, based on the shared commitment to the G7 Partnership for Global Infrastructure and Investment (PGII) and to working together.



Photo provided by UK Export Finance (UKEF)

## Conclusion of MOU with PT Pertamina (Persero), a state-owned energy company in Indonesia

NEXI concluded a Memorandum of Understanding (MOU) with PT Pertamina (Persero), a state-owned energy company in the Republic of Indonesia (Indonesia) in December 2023.

This MOU is aimed to discuss possibility to apply NEXI's loan insurance for energy infrastructure projects as well as decarbonization projects in Indonesia and to seek for further opportunities in which Japanese companies would participate. Such collaboration with Pertamina aligns with the Asia Zero Emissions Community (AZEC) concept initiated by the Government of Japan.

NEXI will continue to actively support the achievement of decarbonization overseas and the creation of business opportunities for Japanese companies by deepening cooperation with governments and institutions in various countries.



Photo provided by the Ministry of Economy, Trade and Industry

## Strengthening Cooperation with Overseas Organizations

### Participation in the G7 ECA Meeting

NEXI participated in the G7 ECA Meeting, where the leaders of official export credit agencies (ECAs) from the G7 countries—Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States of America—met on May 16, 2023, in Rome, Italy. The G7 ECA Heads discussed various challenges and solutions, such as policies and initiatives related to energy and climate change issues, joint support for the reconstruction process in Ukraine, and risks of certain countries. The Growing Professional Meeting was also held for mid-career and young employees working for each ECA, who are expected to lead the next generation of trade insurance business in their countries. The participants discussed the current and future challenges facing the industry, the role that ECAs can play by utilizing new

technologies, and future opportunities for exchange between young staff from different countries.



### Participation in the Berne Union

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 2023, there were a total of 84 member institutions (including guests).

The Berne Union meets twice a year at the General Meeting in spring and autumn to exchange ideas and have discussions, and also holds sessions including expert meetings and webinars as needed. In FY2023, the Spring Meeting was held in April in Brussels, Belgium, and the Annual General Meeting was held online in November. NEXI attended both general meetings and

four expert meetings from relevant departments to exchange information with other participating institutions.



### Holding of Bilateral Meetings

In FY2023, NEXI held bilateral meetings with export credit agencies (ECAs) and government officials from the Republic of Austria (Austria), the Federal Republic of Germany (Germany), and the People's Republic of China (China). NEXI exchanged views on a wide range of challenges facing the international community and countries, such as initiatives by both parties in 2023 and climate change-related topics. These annual meetings, serving as a platform for exchanging information, allow NEXI to review the global trends of trade and investment insurance and further enhance partnership with other foreign institutions. Strengthening relations with other countries is also one of the objectives of these meetings, and it is expected that Japanese companies will further expand their overseas business.





## Guidelines on Environmental and Social Considerations

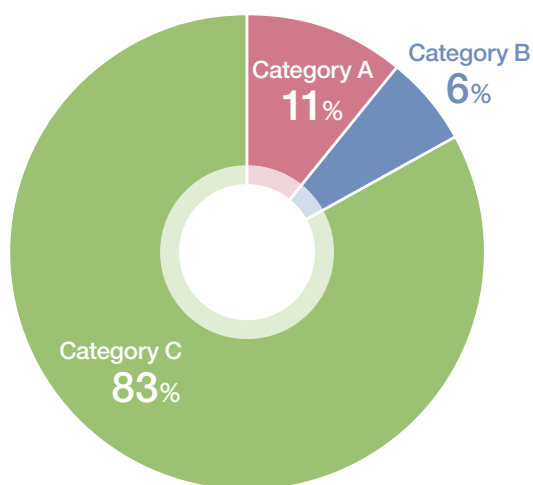
To fulfill its corporate social responsibility regarding environmental and social issues, NEXI follows the Guidelines on Environmental and Social Considerations in Trade Insurance (Environmental Guidelines) and its complementary paper of Guidelines for Information Disclosure Considerations for Nuclear Sector Projects in Trade Insurance to assess whether companies implementing projects covered by NEXI's insurance have adequately given environmental and social considerations. While the Environmental Guidelines were revised two years ago, discussions are also underway to revise the OECD Common Approaches, with which the Environmental Guidelines seek to align, and NEXI is actively engaged in these discussions.

In FY2023, NEXI conducted screenings for 35 projects. In

the screenings, projects were classified into three categories (A, B, or C, categorized in descending order of the size of the environmental impact), based on information provided in screening forms submitted by applicants (exporters, etc.). Each project was then assessed according to its category. For Category A projects, we appropriately confirmed them by utilizing virtual inspections, etc.

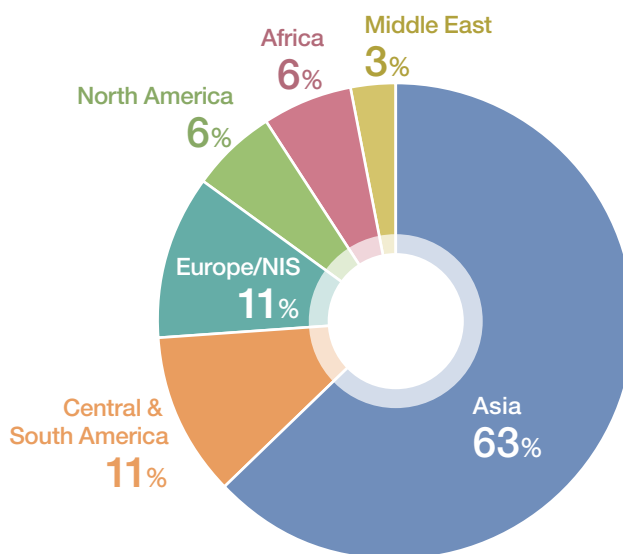
To ensure compliance with the Environmental Guidelines, NEXI has implemented procedures to accept objections, assigning an environmental guideline examiner who is independent from our insurance underwriting department. NEXI continues to ensure appropriate assessment of each project.

FY2023 Screenings by Category



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

FY2023 Screenings by Region



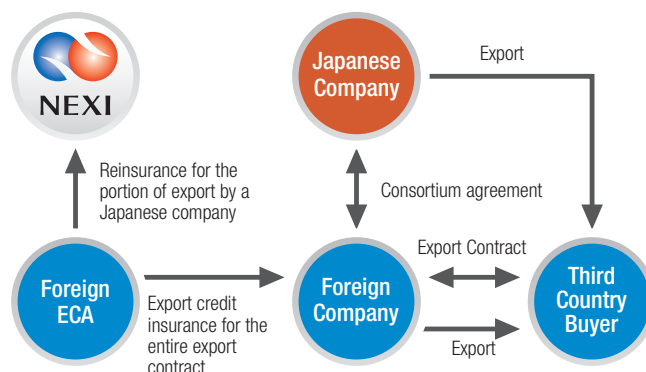
※ The Middle East includes Turkey; Central & South America includes Mexico.

# Cooperation with Overseas Organizations

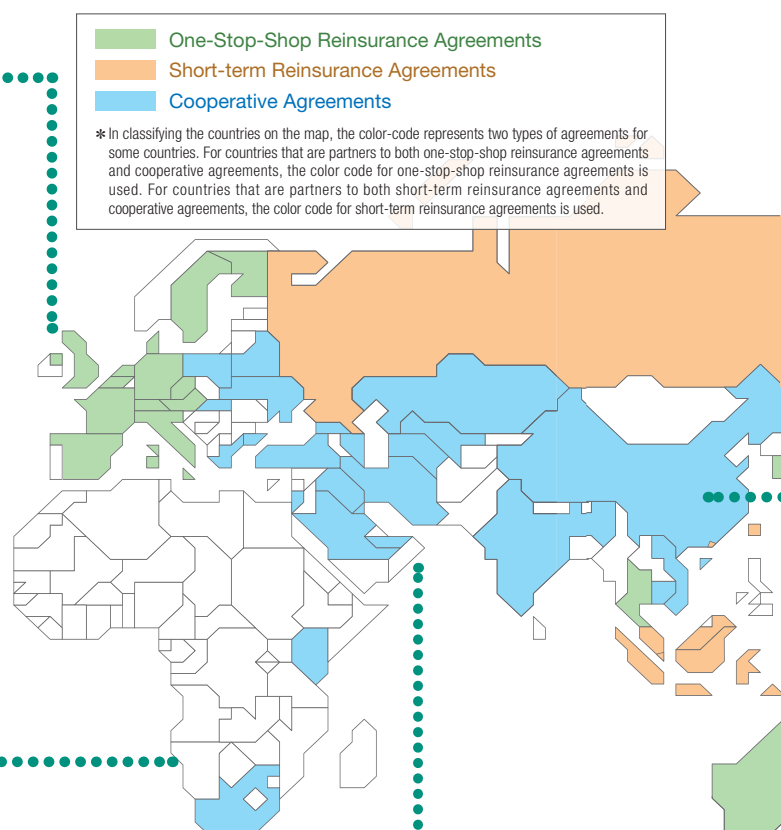
NEXI has established a cooperative network with related institutions around the world. This enables us to quickly and accurately respond to the diverse needs of Japanese companies as they develop their businesses internationally.

## 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.



Europe		
One-Stop-Shop Reinsurance Agreements		
Austria	Oesterreichische Kontrollbank AG (OeKB)	2003
Belgium	Credendo - Export Credit Agency	2002
Czech Republic	Export Guarantee and Insurance Corporation (EGAP)	2017
Denmark	Danmarks Eksport- og Investeringsfond (EIFO)	2019
Finland	Finnvera plc (FINNVERA)	2004
France	Banque Publique d' Investissement (Bpifrance)	2016
Germany	Euler Hermes Deutschland AG (EULER-HERMES)	2003
Italy	Servizi Assicurativi del Commercio Estero (SACE)	2002
Netherlands	Atradius N.V. (ATRADIUS)	2002
Spain	Compañía Española de Seguros de Crédito a la Exportación (CESCE)	2005
Sweden	Swedish Export Credit Agency (EKN)	2022
Switzerland	Swiss Export Risk Insurance (SERV)	2007
UK	UK Export Finance (UKEF)	2023
Short-term Reinsurance Agreements		
Russia	Russian Agency for Export Credit and Investment Insurance (EXIAR)	2016
Cooperative Agreements		
Austria	Oesterreichische Kontrollbank AG (OeKB)	1996
Azerbaijan	The Republic of Azerbaijan Ministry of Economy	2021
Belarus	Belarusbank	2009
Belgium	Credendo - Export Credit Agency	2019
Czech Republic	Export Guarantee and Insurance Corporation (EGAP)	2015
Finland	Finnvera plc (FINNVERA)	1996
France	Banque Publique d' Investissement (Bpifrance)	2016
	Direction des Relations Économiques Extérieures (DREE)	1995
Georgia	Ministry of Economy and Sustainable Development of Georgia	2019
Germany	Coopers & Lybrand, Germany (C&L) / Euler Hermes Deutschland AG (EULER-HERMES)	1996
	KfW IPEX-Bank (KfW)	2011
Greece	Export Credit Greece (ECG)	2023
Hungary	Hungarian Export Credit Insurance Plc. (MEHIB)	2019
Italy	Servizi Assicurativi del Commercio Estero (SACE)	1996
Kazakhstan	KazakhExport	2016
Netherlands	Atradius N.V. (ATRADIUS)	1996
Poland	KUKE, ECA of Poland	2023
Russia	Joint Stock Company Siberian Coal Energy Company (SUEK JSC)	2019
	Russian Agency for Export Credit and Investment Insurance (EXIAR)	2013
	State Development Corporation (VEB.RF)	2009
Spain	Compañía Española de Seguros de Crédito a la Exportación (CESCE)	2000
Turkmenistan	The State Bank for Foreign Economic Affairs of Turkmenistan (TFEB)	2015
Ukraine	ECA Ukraine	2024
	The State Export-Import Bank of Ukraine (UKREXIMBANK)	2009
UK	UK Export Finance (UKEF)	1995
Uzbekistan	Uzbekinvest National Export-Import Insurance Company (UZBEKINVEST)	2007



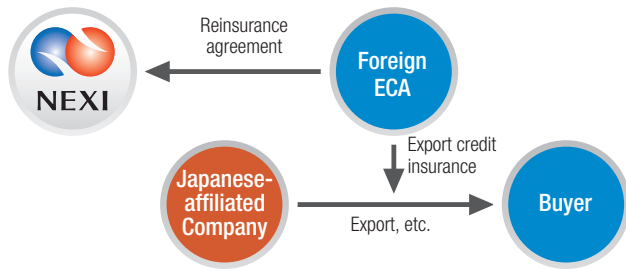
Middle East		
Cooperative Agreements		
Abu Dhabi	Mubadala Development Company PJSC (MDC)	2008
Iran	Ministry of Economic Affairs and Finance of the Islamic Republic of Iran	2016
Iraq	Ministry of Finance of Iraq	2011
	Trade Bank of Iraq (TBI)	2011
Israel	Israel Export Insurance Corp. Ltd. (ASHRA)	1997
Kuwait	Kuwait Petroleum Corporation (KPC)	2022
Saudi Arabia	Ministry of Finance of Saudi Arabia	2020
	Public Investment Fund (PIF)	2022
	SAUDI EXIMBANK	2023
Turkey	Çalık Enerji San. ve Tic. A.Ş. (Calik)	2023
	Turkey Export Credit Bank of Turkey (Turk Eximbank)	2017

Africa		
Cooperative Agreements		
Kenya	The National Treasury & Economic Planning of the Republic of Kenya	2024
South Africa	Export Credit Insurance Corporation of South Africa (ECIC SA)	2005



## 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 to mitigate their international trade risks by using export credit insurance offered by local ECAs.



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

NEXI provides 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.

\* The year shown is the year of conclusion or the most recent revision.

### 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

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

### South America

#### Cooperative Agreements

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

### 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

Hong Kong	Hong Kong Export Credit Insurance Corporation (HKECIC)	2012
Indonesia	PT. Asuransi Asei Indonesia (Asuransi Asei)	2009
Malaysia	Export-Import Bank of Malaysia Berhad (MEXIM)	2006
Singapore	ECICS Limited (ECICS)	2004
Taiwan	Taiwan's Export-Import Bank of the Republic of China (Taiwan EXIM)	2010
Thailand	Export-Import Bank of Thailand (EXIM Thailand)	2009

#### Cooperative Agreements

Australia	Department of Foreign Affairs and Trade (DFAT) / Export Finance Australia (EFA)	2018
Cambodia	Ministry of Mines and Energy (MME)	2023
China	China Export & Credit Insurance Corporation (SINOSURE)	2018
India	ECGC Limited. (ECGC)	2018
Indonesia	PT. Asuransi Asei Indonesia (Asuransi Asei)	2008
	PT Pertamina (Persero) (Pertamina)	2023
	PT PLN (Persero) (PLN)	2022
Korea	Korea Trade Insurance Corporation (K-SURE)	2023
Singapore	ECICS Limited (ECICS)	1997
	Mars Growth Capital Pte. Ltd	2023
Taiwan	Taiwan's Export-Import Bank of the Republic of China (Taiwan EXIM)	2005
Thailand	Bangkok Bank	2013
	Export-Import Bank of Thailand (EXIM Thailand)	2020
Vietnam	Ministry of Finance of Vietnam	2014
	Vietnam Oil and Gas Group (Petrovietnam)	2010

### Reinsurance Agreements with European and US Private-sector Insurers

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

### International Organizations

#### Cooperative Agreements

African Export-Import Bank (Afreximbank)	2022
African Trade & Investment Development Insurance (ATIDI)	2019
European Bank for Reconstruction and Development (EBRD)	2024
European Investment Bank (EIB)	2018
Export credit agencies and export financing institutions of APEC members (15 organizations in 12 countries)	1997
International Finance Corporation (IFC)	2020
Islamic Development Bank (IsDB)	2019
Multilateral Investment Guarantee Agency (MIGA)	2020
The Eastern and Southern African Trade & Development Bank (TDB)	2021
The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)	2021

# Supporting Japanese SMEs in their Overseas Business Development

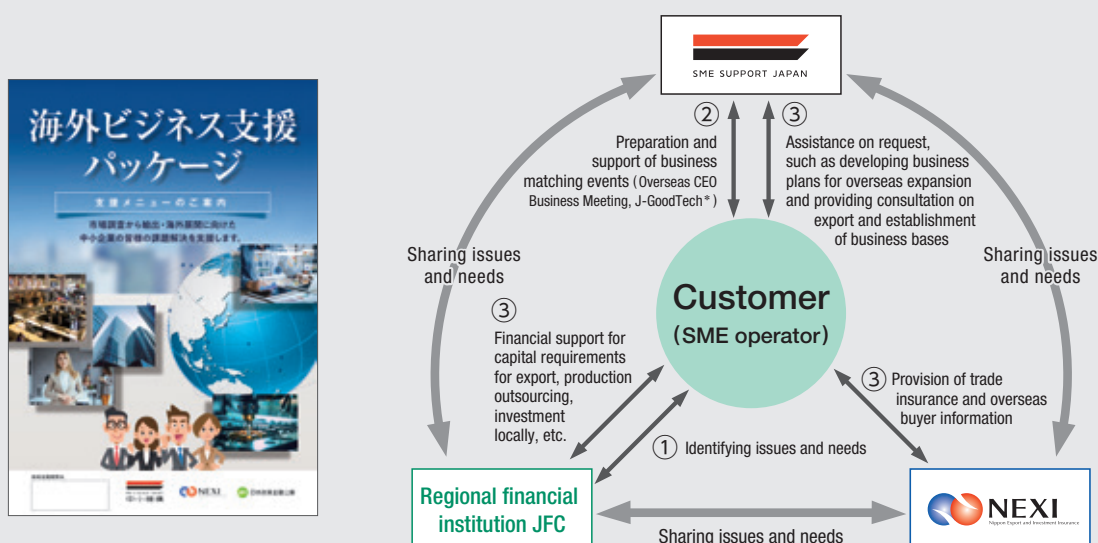
## Development of “Overseas Business Support Package” for SMEs and Micro Businesses

NEXI established the Overseas Business Support Package (the Package) together with the Japan Finance Corporation (JFC) and the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (SME Support Japan) in December 2022. The Package enables us to accurately identify the issues and needs of small and medium-sized enterprises (SMEs) and micro businesses looking to expand their markets abroad, thereby providing seamless, personalized support by leveraging unique characteristics of each institution.

The supporters of the Package have been expanded to include regional financial institutions across the country since April 2023. With the participation of 110 regional financial institutions as of March 31, 2024, the support system is being strengthened.

NEXI will continue to actively support SMEs and micro businesses in their effort to explore global business opportunities by taking advantage of the strengths of each institution.

### Overseas Business Support Package



\* Overseas CEO Business Meeting: A business matching event with CEOs of overseas companies, aimed at the purchase of Japanese products, development of new products, implementation of joint development, establishment of joint ventures, etc.  
J-GoodTech: An online business matching platform including 8,000 overseas companies and 900 major companies.

## Conclusion of Partnership Agreement with the Japan Chamber of Commerce and Industry

NEXI concluded a partnership agreement with the Japan Chamber of Commerce and Industry (JCCI) for the purpose of supporting SMEs in their development of international transactions and globalization on September 7, 2023.

Based on the agreement, NEXI is performing various activities, such as holding workshops on a wide range of topics for 515 chambers of commerce and industry throughout the country, introducing trade insurance at seminars for the Tokyo Chamber of Commerce and Industry members, and providing the overseas buyer rating list.

We believe that the cooperation between NEXI and JCCI, mainly in proposing trade insurance as a risk hedging measure, helps alleviate the concern of SMEs and other JCCI members about starting international business activities.

Through the collaboration, NEXI supports JCCI members

consisting of 1.26 million business operators nationwide in their further growth and expansion into overseas markets.



## Conclusion of Memorandum of Understanding on Business Cooperation with the Shoko Chukin Bank, Ltd.

In recent years, the global situation has changed dramatically due to increasing geopolitical risks and other factors, and the ways in which SMEs expand overseas have also become more diverse. In this context, SMEs are being required to adapt to the diversification and it is increasingly important to address overseas transaction risks.

On December 11, 2023, NEXI concluded a Memorandum of Understanding (MOU) on business cooperation with the Shoko Chukin Bank, Ltd. (Shoko Chukin Bank) to strengthen its support for the development of international transactions and globalization of SMEs.

Collaborated with Shoko Chukin Bank having branches around the country, NEXI provides support tailored for each SME, such as supplying information at seminars on overseas business development co-hosted with Shoko Chukin Bank;

introducing trade insurance (export insurance, overseas investment insurance, etc.) as risk hedging measures for overseas transactions; and providing country risk information and credit information on overseas buyers.



## Support Network for Global Operations of Japanese SMEs

To actively support the global development of local companies, including SMEs, NEXI launched the Support Network for Global Operations of Japanese SMEs in FY2011. The network has expanded to a nationwide support system that consists of 110

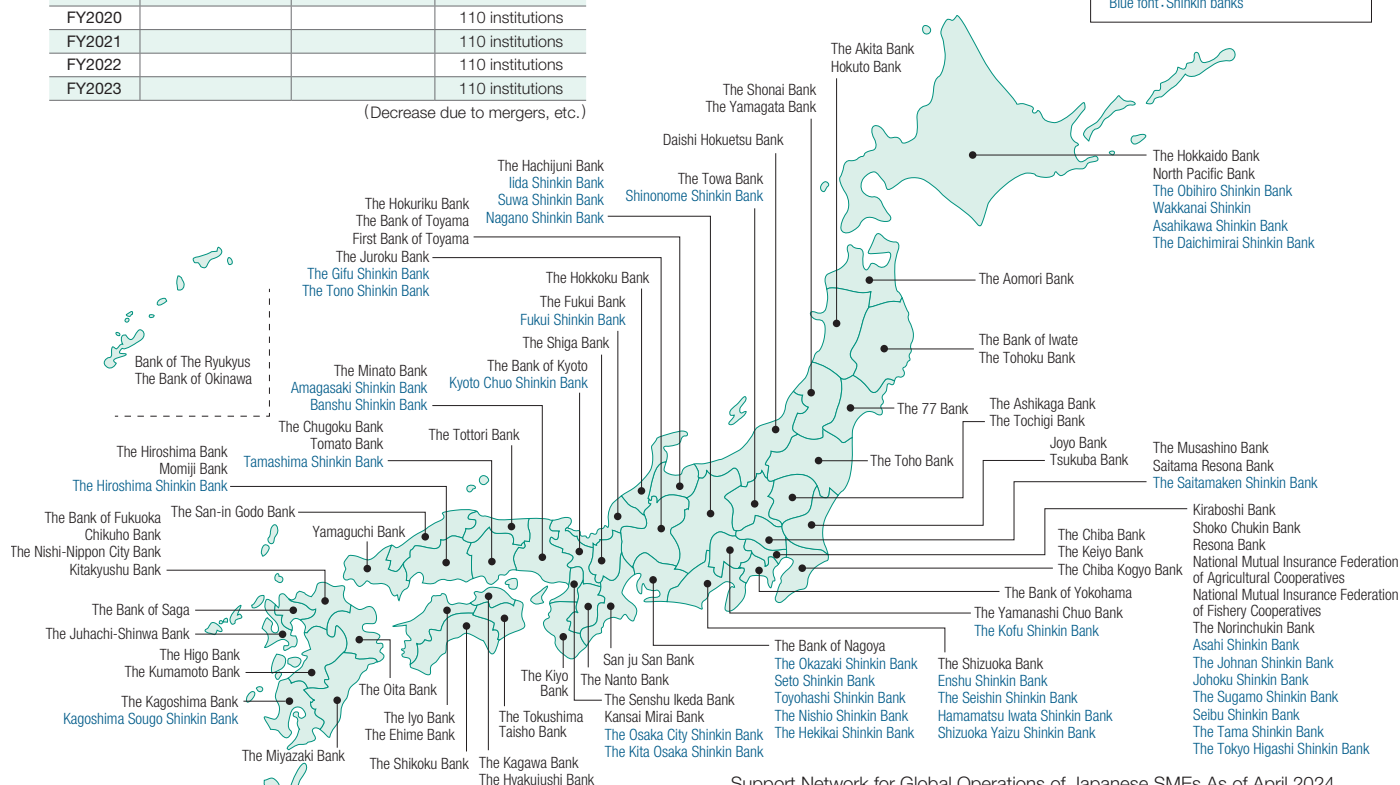
institutions to cover all 47 prefectures as of April 2024, such as regional banks, shinkin banks (credit unions), and organizations in the agriculture, forestry, and fisheries (AFF) sector.

NEXI will continue to actively support the international business activities of SMEs and businesses in the AFF sector by making better use of the network and the Overseas Business Support Package, as well as leveraging the collaboration with government agencies and economic organizations. Moreover, NEXI is seeking to enhance its support by increasing the awareness of trade insurance and the quality of the products and services.

Number of New Partnerships by Fiscal Year  
(currently 110 institutions)

FY	Regional Banks, etc.	Shinkin Banks (Credit Unions)	Total
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
FY2021			110 institutions
FY2022			110 institutions
FY2023			110 institutions

(Decrease due to mergers, etc.)



Support Network for Global Operations of Japanese SMEs As of April 2024

# Projects Covered by NEXI Insurance

## Republic of Kenya /

### Solar Power Supply Project for Rose Growing and Exporting Company

FARMLAND Co., Ltd. ("Farmland"), which has an extensive track record in the design and technical support of agrophotovoltaics equipment in Japan, and Astonfield Solesa Solar Kenya Limited, a corporation in the Republic of Kenya ("Kenya"), established Farmdo Energy Kenya Ltd., a power generation company, in Kenya. The project aims to install solar power generation equipment and storage batteries at rose farms operated by PJ Dave Flora, a rose growing and export company, and supply electricity for irrigation equipment.

This is a memorable first project for Farmland in Africa. It is also a model project of the Joint Crediting Mechanism (JCM) Financing Support Programme publicly solicited by the United Nations Industrial Development Organization (UNIDO) under the commission of Japan's Ministry of the Environment.

NEXI provided Overseas Investment (Equity, etc.) Insurance and Overseas Untied Loan (Loan Claims, etc.) Insurance (Special Condition for Subordinated Loan) for the investment made by Farmland in this project.

Rose growing is one of the key industries in Kenya and the use of solar power in exchange of electricity from the grid will bring better image and add value to PJ Dave as one of pioneer

to use renewable energy for its own energy consumption then contribute decarbonization of the industry.

By supporting this project, NEXI will encourage Japanese companies, including small and medium-sized enterprises (SMEs), to expand their business into Africa and will contribute to the achievement of decarbonization overseas.

- Date of signing the insurance contract: March 2024



Photo provided by FARMLAND Co., Ltd.

## Lao People's Democratic Republic /

### Onshore Wind Power Project for Socialist Republic of Viet Nam

Mitsubishi Corporation (MC) will engage in power generation business for the Socialist Republic of Viet Nam (Viet Nam) at the Monsoon onshore wind farm located in the Lao People's Democratic Republic (Laos). The wind farm has one of the largest installed capacities in Southeast Asia, and this project will be the first wind power export project in the region based on a plan of the Lao government.

NEXI provided Overseas Investment (Equity, etc.) Insurance and Overseas Untied Loan Insurance (Subordinated Loan) for MC's capital contribution to Monsoon Wind Power Co. Ltd., a project company, through an intermediate company, as well as parent-subsidary loan to Impact Wind Investment Ltd., an intermediate company.

In Viet Nam, where a tight power supply and climate change countermeasures are urgent issues, the project is positioned as one of the important projects in the country's 8th National Power Development Plan, and is an effort to promote decarbonization in Viet Nam. Meanwhile in Laos, the project is expected to improve the standard of living of Lao nationals by obtaining foreign exchange earnings and developing the electricity infrastructure with international powerlines.

The onshore wind power project will also aid in achieving the Asia Zero Emission Community (AZEC) platform proposed

by the Japanese government, due to its contribution to decarbonization.

As a Japanese governmental financial institution, NEXI will continue to actively support the overseas business development of Japanese companies and the achievement of decarbonization overseas.

- Date of signing the insurance contract: March 2024



Photo provided by Mitsubishi Corporation



## Federative Republic of Brazil / Loan Insurance for Pellet Feed Plant Construction Project

CSN Mineração S.A. (CSN Mineração), the iron ore production and sales subsidiary of a leading Brazilian steel producer Companhia Siderúrgica Nacional, is constructing a pellet feed plant in the State of Minas Gerais, Federative Republic of Brazil (Brazil). The Shareholders of CSN Mineração include ITOCHU Corporation (ITOCHU), JFE Steel Corporation, and Kobe Steel, Ltd., and ITOCHU secured the long-term offtake right to purchase the pellet feed produced by the plant.

NEXI provided insurance for the USD 420 million loan facility extended by BNP Paribas (acting through its Tokyo Branch); Citibank, N.A., Tokyo Branch; JPMorgan Chase Bank, N.A., Tokyo Branch; Sumitomo Mitsui Trust Bank, Limited, New York Branch; Crédit Agricole Corporate and Investment Bank, Tokyo Branch; and Sumitomo Mitsui Banking Corporation. The Japan Bank for International Cooperation (JBIC) is also financing the project.

Pellet feed is an essential raw material for low-carbon steelmaking in a direct reduction method using an electric furnace, which can reduce CO<sub>2</sub> emission compared to using a blast furnace, and therefore securing a stable supply of

pellet feed is crucial for steelmakers that aim to achieve the decarbonization of steel production. The support for the project promotes the decarbonization of Japanese steel producers through ensuring a stable supply of pellet feed on a long-term basis and is in line with the LEAD Initiative.

- Date of signing the insurance contract: April 2023



Photo provided by ITOCHU Corporation

## Republic of Uzbekistan / Syrdarya 2 CCGT Project

NEXI provided insurance for loans extended by commercial financial institutions to ENERSOK Foreign Enterprise LLC, in which Sojitz Corporation and Kyuden International Corporation invested along with their partner companies: Électricité de France S.A.(EDF) in the French Republic and Nebras Power Q.P.S.C. in the State of Qatar.

This project is to build, own and operate a natural gas-fired combined cycle power plant with approximately 1,600 megawatt in the Syrdarya region, approximately 150 km south of Tashkent, the capital of the Republic of Uzbekistan (Uzbekistan). The power generated will be sold to the JSC National Electricity Grid of Uzbekistan (NEGU) under a 25-year Power Purchase Agreement (PPA).

Of the funds to be raised through project financing for the project (approximately USD 805 million), NEXI provided insurance for a loan (approximately USD 262 million) extended by Mizuho Bank, Ltd. (Mizuho), Sumitomo Mitsui Banking Corporation (SMBC), and the Societe Generale Tokyo Branch, as well as for the interest rate swap agreement guaranteed by Mizuho and SMBC. The Japan Bank for International Cooperation (JBIC) and the International Finance Corporation (IFC) also decided to finance the project.

NEXI signed a memorandum of understanding (MOU) with IFC to enhance cooperation in 2020. This is the second co-financing with IFC since the signing of the MOU.

In the "Concept Note for ensuring electricity supply in Uzbekistan in 2020-2030 (2020)" and "A Carbon-Neutral Electricity Sector

in Uzbekistan," the Government of Uzbekistan (the Government) set a goal of achieving carbon neutrality by 2050 and has continued to develop more efficient, low-carbon power-generation infrastructure, while giving priority to the modernization of the existing conventional gas-fired power plants.

In order to achieve this goal, the Government announced a plan to replace aging conventional thermal power plants with high-efficiency gas-fired power plants or build new facilities from 2020 to 2030. The project is in line with the Government's energy policy.

NEXI's financial support for the project is expected to expand the business opportunities of Japanese companies in Uzbekistan and to maintain and improve their international competitiveness.

- Date of signing the insurance contract: May 2023



Photo provided by Enersok FE LLC



## Projects Covered by NEXI Insurance

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

This project is to construct the third and fourth plants of a lithium-ion battery (LIB) gigafactory, on the site adjacent to the first and second plants currently under construction, in Skelleftea in the northeast of the Kingdom of Sweden (Sweden). The LIB gigafactory is being developed by Northvolt Ett AB (NV Ett) under Northvolt AB, a company established in Sweden in 2016, for the sale of LIBs to automobile, truck, and machinery manufacturers in Europe. The project is intended to expand the factory's battery production capacity to 45 GWh and build a new battery recycling plant.

This project is expected to raise funds for construction through project financing with the support of a Swedish governmental financial institution, Export Credit Agencies (ECAs) in Europe and Asia, and the European Investment Bank. Of the financing, NEXI decided to provide insurance for loans to be extended by ING Bank N.V. Tokyo Branch; Sumitomo Mitsui Banking Corporation; Deutsche Bank AG, Tokyo Branch; Citibank, N.A., Tokyo Branch; and Standard Chartered Bank, Tokyo Branch.

NEXI provided insurance in FY2020 for a loan facility made by

a syndicate of banks with respect to Japanese manufacturing equipment that was delivered to the aforementioned first and second plants. This expansion project will also involve the delivery of Japanese manufacturing equipment, and NEXI will underwrite a total of USD 150 million in loan insurance together with the loan insurance offered in FY2020.

- Date of preliminary approval of the insurance contract: December 2023



Photo provided by Northvolt AB

### Taiwan / Hai Long Offshore Wind Power Project

Hai Long 2 Offshore Wind Power Co., Ltd. and Hai Long 3 Offshore Wind Power Co., Ltd.—Taiwanese corporations in which Mitsui & Co., Ltd. invested along with a Canadian global independent energy company Northland Power Inc.—will construct, operate, and maintain an offshore wind farm with an installed capacity of 1,022MW located off the southwest coast of Changhua County of central Taiwan. The electricity generated will be sold based on Power Purchase Agreements (including for private power user).

Of the total amount of co-financing to be raised through project financing for the project, NEXI provided insurance for the financing portion of approximately TWD 27 billion (JPY 123 billion) extended by nine commercial banks: MUFG Bank, Ltd.; the Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch; Mizuho Bank, Ltd., CTBC Bank Co., Ltd., Tokyo Branch; Australia and New Zealand Banking Group Limited, Tokyo Branch; Crédit Agricole Corporate and Investment Bank, Tokyo Branch; Sumitomo Mitsui Banking Corporation, Standard Chartered Bank, Tokyo Branch; and DBS Bank Ltd., Tokyo Branch. In addition, it was decided that the project would be supported by seven export credit agencies (ECAs) and development financial institutions from six countries: Japan Bank for International Cooperation (JBIC), Export Development Canada (EDC), UK Export Finance (UKEF), Export Finance Norway (Eksfin), Credendo – Export Credit Agency, Export Finance Australia (EFA).

In the “Taiwan’s Pathway to Net-Zero Emissions in 2050,”

which the Government of Taiwan (the Government) officially published in March 2022 and pledged to reduce its carbon emissions and reach “net zero” by 2050, the Government set a goal of 40-55 GW offshore wind power capacity by 2050. Supporting this project that is of great significance to Taiwan is in line with the Government’s energy policy. Due to its contribution to environmental protection and climate change prevention, the project was provided with Loan Insurance for Green Innovation. It also complies with one of the leading elements of the LEAD Initiative: Environment and Energy.

NEXI’s financial support is expected to expand the business opportunities of Japanese companies in Taiwan, in turn maintain and increase the global competitiveness of Japanese businesses in renewable energy development and other fields.

- Date of signing the insurance contract: September 2023



Photo provided by Northland Power Inc.

## NUdesign Co., Ltd. / Export of Parachute Engines

NEXI provided Export Credit Insurance (specific insurance) for the export of parachute engines to the Republic of Austria by NUdesign Co., Ltd. (NUdesign) in Ota City, Tokyo.

Since its establishment in 2023, NUdesign has been engaged in the design, prototyping, manufacturing, and wholesale of paraglider engines.

NUdesign decided to use trade insurance to prepare for non-payment risks in its transactions with foreign companies.

### Customer feedback

Although this was not the first time for us to do business overseas, the transaction amount has increased as our business grows, and we are very grateful that the transaction was covered by trade insurance. We would definitely like to continue using your service in the future.

- Export value covered by the insurance: About JPY 17 million
- Date of signing the insurance contract: February 2024



Photo provided by NUdesign Co., Ltd.

## Harumi Delivery Co., Ltd. / Export of Frozen Grilled Eel

NEXI provided Export Credit Insurance for SMEs and AFF Sector for the export of frozen grilled eel to Singapore by Harumi Delivery Co., Ltd. (Harumi Delivery) in Chuo City, Tokyo.

Harumi Delivery is a company that processes and sells food for the purpose of contributing to the supply of a wide variety of marine products with the mission of providing abundant seafood.

After receiving an inquiry under deferred payment terms from a buyer in Singapore, Harumi Delivery was able to close a deal by using trade insurance to hedge non-payment risks.

### Customer feedback

In recent years, there has been non-payment risks, and deals with new buyers have not been closed. There are greater risks in collecting payment than in exporting seafood from Japan.

Under such circumstances, we were able to conduct aggressive sales activities with confidence that we could avoid risks by using trade insurance, which covers 95% of sales proceeds. Thank you very much.

- Export value covered by the insurance: About JPY 4 million
- Date of signing the insurance contract: July 2023



Photo provided by Harumi Delivery Co., Ltd.

## SME Exports Covered by NEXI Insurance

To promote overseas expansion of small and medium-sized enterprises (SMEs) across the country, NEXI established the Support Network for Global Operations of Japanese SMEs in FY2011 and the Overseas Business Support Package in FY2022 in collaboration with the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (SME Support Japan) and the Japan Finance Corporation (JFC). Leveraging the strengths of partner institutions belonging to these support schemes, NEXI provides trade insurance as a tool to hedge the risks that SMEs face when making inroads into overseas markets. The following are examples of trade insurance being used through referrals from the partner institutions.

### Kanagawa Co., Ltd. / Export of Battery Materials and Parts

NEXI provided Export Credit Insurance for SMEs and AFF Sector for the export of battery materials and parts to the People's Republic of China by Kanagawa Co., Ltd. (Kanagawa).

Kanagawa, established in 1968 in Minato City, Tokyo, is a wholesaler of industrial electrical equipment, and its main business is the sales of battery materials and parts.

Kanagawa decided to use trade insurance to hedge non-payment risks when concluding an export contract with a buyer with which it already had business.

By proposing trade insurance, NEXI aims to alleviate the anxiety that Japanese companies face when expanding overseas and actively hedge the risks associated with overseas transactions.

- Export value covered by the insurance: About JPY 21 million
- Date of signing the insurance contract: January 2024
- Partner financial institution: The Osaka City Shinkin Bank (Support Network for Global Operations of Japanese SMEs)

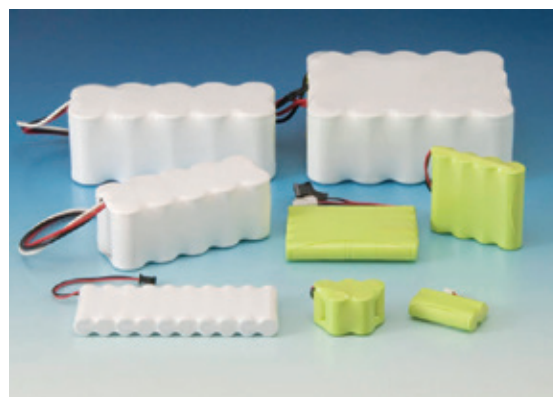


Photo provided by Kanagawa Co., Ltd.

### Yoshimura Hideo Shoten Co., Ltd. / Export of Liqueurs

NEXI provided Export Credit Insurance for SMEs and AFF Sector for the export of liqueurs to France by Yoshimura Hideo Shoten Co., Ltd. (Yoshimura Hideo Shoten) in Wakayama Prefecture.

Since its establishment in 1915, Yoshimura Hideo Shoten has been brewing and selling high-quality sake using the riverbed water of the Kinokawa River, and in recent years it has been contributing to promoting the spread of Wakayama's sake both in Japan and overseas.

Yoshimura Hideo Shoten decided to use trade insurance to reduce non-payment risks in its transactions with foreign companies.

NEXI will strengthen cooperation with shinkin banks and local financial institutions throughout Japan that participate in the Support Network for Global Operations of Japanese SMEs, and will continue to propose trade insurance risk hedging to companies that are boldly working to expand exports of agricultural, forestry, fishery and food products.

- Export value covered by the insurance :About JPY 370 thousand
- Date of signing the insurance contract :August 2023
- Partner financial institution :The Kiyo Bank (Support Network for Global Operations of Japanese SMEs)



Photo provided by Yoshimura Hideo Shoten Co., Ltd.

## Autec Co., Ltd. / Export of Connectors for Automotive Equipment

NEXI provided Export Credit Insurance for SMEs and AFF Sector for the export of connectors for automotive equipment to Indonesia by Autec Co., Ltd. (Autec) in Kanagawa Prefecture.

Since its establishment in 1995, Autec has been selling electronic components, primarily connectors for automobiles, and working with partners in various countries to provide customers in Japan and overseas with services that combine optimal products, solutions, and technical support in line with changes in the business environment and customer needs.

Autec decided to use trade insurance to prepare for non-payment risks associated with a company with which it is starting business.

Through its trade insurance, NEXI will continue to support Japanese companies for their enhancement of internal credit management and maintaining of stable transactions with their global partners.

- Export value covered by the insurance: About JPY 9 million
- Date of signing the insurance contract: July 2023
- Partner financial institution: The Johanan Shinkin Bank (Support Network for Global Operations of Japanese SMEs)



Photo provided by Autec Co., Ltd.

## Takaoka Futon Co., Ltd. / Export of Floor Cushions, etc.

NEXI provided Export Credit Insurance for SMEs and AFF Sector to Takaoka Futon Co., Ltd. (Takaoka) for the export of handcrafted Japanese traditional cushions and related products to the Sultanate of Oman (Oman).

Takaoka, established in Kyoto City, Kyoto Prefecture in 1919, is a company that manufactures and sells traditional Japanese floor cushions and futons. Currently, the company's main business is handcrafting products for relaxing, using the same techniques of making floor cushions and futons. The company mainly exports products using e-commerce to individuals around the world, mainly to the North American market. In 2023, the company made its first export to a corporation in Oman.

Takaoka decided to use trade insurance to avoid non-payment risks when entering into an export contract with a new buyer in a new country.

NEXI will continue to work with our partners to raise awareness of trade insurance and promote its use, thereby contributing to reducing the risks involved in overseas transactions by SMEs developing overseas markets.

- Export value covered by the insurance: About JPY 1.3 million
- Date of signing the insurance contract: July 2023
- Partner financial institution: Japan Finance Corporation (Overseas Business Support Package)



Photo provided by Takaoka Futon Co., Ltd.



## SME Exports Covered by NEXI Insurance

### Takagi Holdings Co., Ltd. / Export of Handsaws

NEXI provided Export Credit Insurance for SMEs and AFF Sector for the export of handsaws to the United States of America by Takagi Holdings Co., Ltd. (Takagi Holdings) in Sanjo City, Niigata Prefecture.

Since its founding in 1866, Takagi Holdings has been involved in the entire process from planning to manufacturing and sales of tools for construction and household use, and other products. Based on the vision: "Smile with the tools," the company aims to contribute to society through product manufacturing.

Takagi Holdings decided to use trade insurance to hedge non-payment risks in its transactions with foreign companies.

- Export value covered by the insurance: About JPY 4 million
- Date of signing the insurance contract: September 2023
- Partner financial institution: The Daishi Hokuetsu Bank, Ltd. (Support Network for Global Operations of Japanese SMEs)



Photo provided by Takagi Holdings Co., Ltd.

#### Customer feedback

When we had been repeatedly negotiating with a buyer on their strong request to change the payment terms, by using trade insurance, we were eventually able to reach an agreement to change the terms as requested without any issues and maintain a good business relationship.

### Japan Delivery Service Co., Ltd. / Export of Denim Products

NEXI provided Export Credit Insurance for SMEs and AFF Sector for the export of denim products to the United States of America by Japan Delivery Service Co., Ltd. (Japan Delivery Service) in Fukuyama City, Hiroshima Prefecture.

Since its establishment in 1987, Japan Delivery Service has been engaged in OEM manufacturing of apparel, as well as factory brand business that uses local technology to solve social issues. The company creates products based on the vision of "creating products that fascinate customers and providing them with satisfaction and happiness."

The company decided to use trade insurance as a measure to avoid non-payment risks in its transactions with foreign companies.

- Export value covered by the insurance: About JPY 18 million
- Date of signing the insurance contract: February 2024
- Partner institution: The Japan External Trade Organization (JETRO) Hiroshima



Photo provided by Japan Delivery Service Co., Ltd.

#### Customer feedback

We have been able to trade internationally with greater peace of mind since we started using trade insurance.



The background of the page is a light olive green. At the top, a white silhouette of a four-engine airplane is shown in flight. Below it, a large, semi-transparent globe is centered. In the lower-left corner, there is a stylized illustration of a ship's hull and a checkered flag, suggesting a maritime or racing theme. The bottom of the page features large, flowing, wavy lines in shades of olive green.

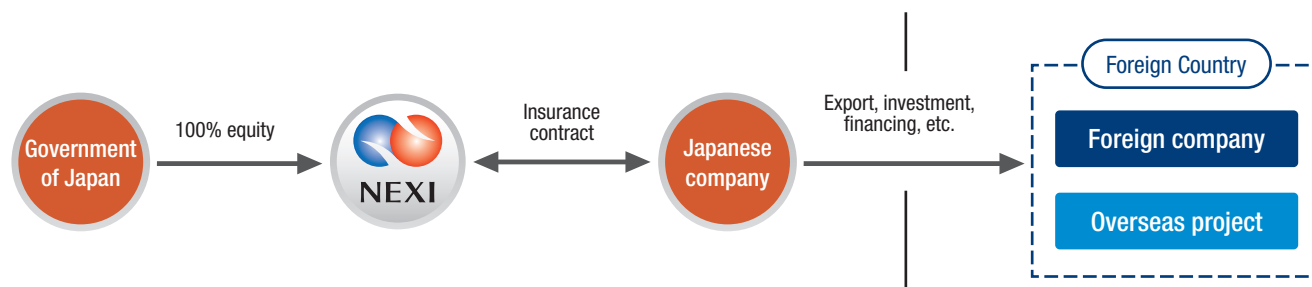
# Insurance Products

Trade and Investment Insurance – How It Works	46
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TOPICS	60

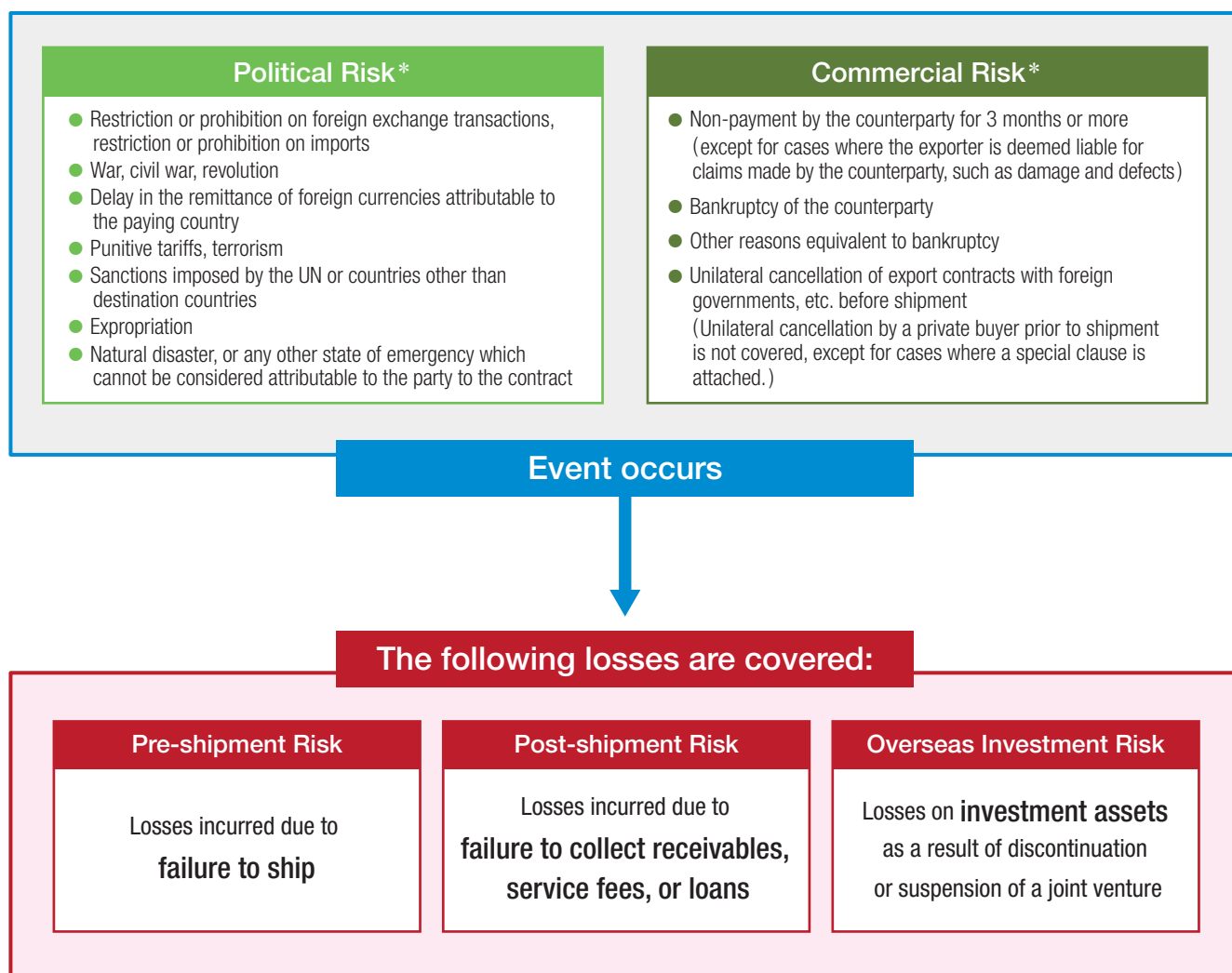
# Trade and Investment Insurance – How It Works

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 occurrence of the following risks.



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

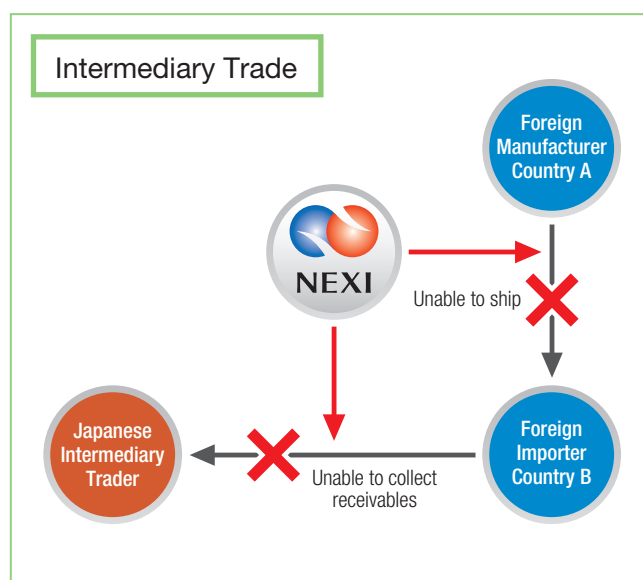
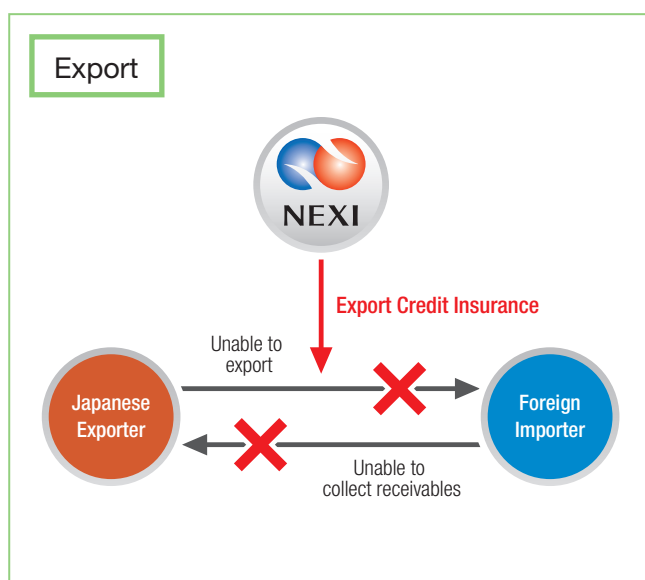
\* **Commercial Risk** Risk for which the counterparty to an overseas transaction can be deemed liable (also referred to as Credit Risk)

## Export Credit Insurance

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

In cases where Japanese exporters export goods to, 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 disasters, or ii) inability to ship goods due to bankruptcy of the counterparty, etc., as well as losses resulting from inability to collect payment after the goods 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 shipment contracts and 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 Expo

This insurance is dedicated to providing coverage for projects to construct foreign pavilions, etc. at the Expo 2025 Osaka, Kansai, Japan (commonly known as "Expo Trade Insurance\*"). Japanese companies engaged in the above activities can take

advantage of lower premiums under the Export Credit Insurance (for technical cooperation contracts, etc.). The insurance covers losses arising from the inability to recover confirmed consideration in construction work, etc.

\* While NEXI intends in principle to provide comprehensive insurance for all foreign pavilion construction projects awarded to the customers, individual insurance is available for a single specific project. A project that has already signed a foreign pavilion construction contract is also eligible for the insurance. Please refer to page X for the transaction scheme.

## Insurance Products to Support Your Business

### Trade Insurance for Standing Orders from Specific Buyers

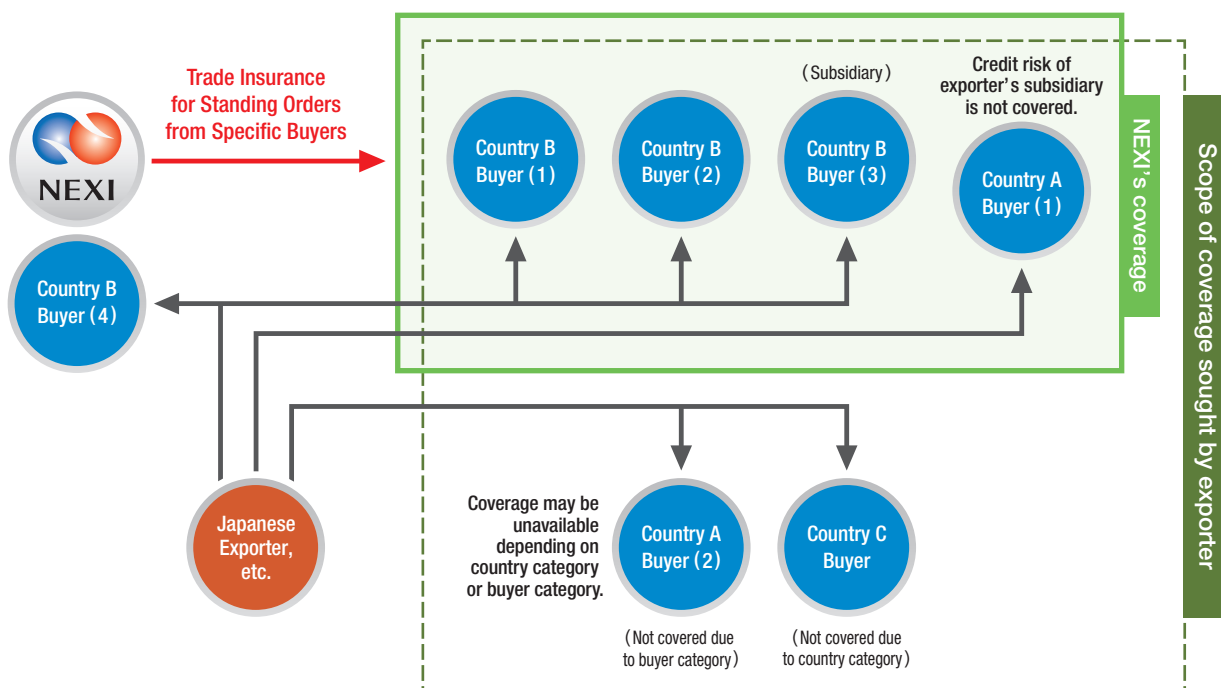
#### Insurance for companies that continually conduct business with specific buyers

This insurance is suitable for 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 for an 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 losses covered by this insurance are the same as those covered by Export Credit Insurance.



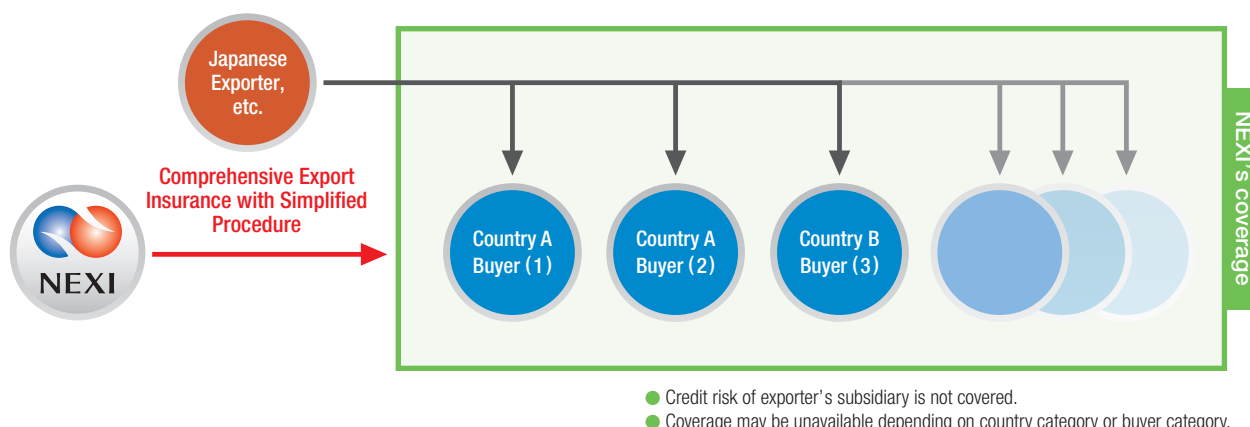
### Comprehensive Export Insurance with Simplified Procedure

#### 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 procedures are therefore simpler compared to other types of insurance.

\* The losses 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.

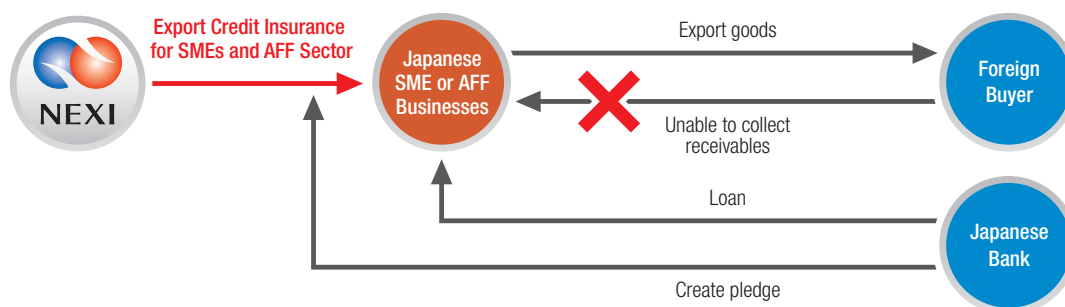


## Export Credit Insurance for SMEs and AFF Sector

### 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

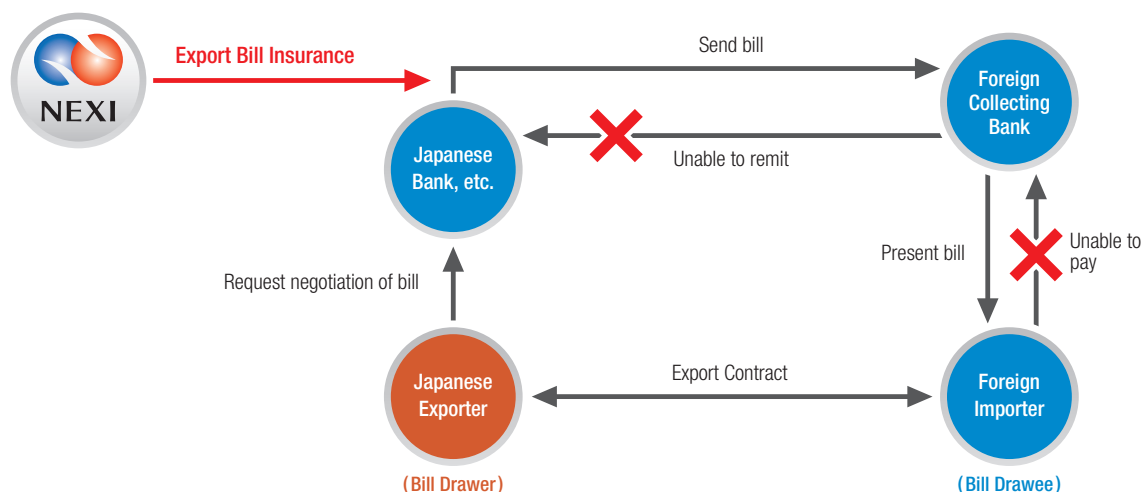
insurance claims to meet the needs of SME and AFF customers. Furthermore, applicants for this insurance who also receive a bank loan can simultaneously complete procedures to establish a pledge on insurance claim rights.



## 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 a documentary bill drawn without a letter of credit. This enables the bank to purchase the documentary bill in a smooth manner. In cases where a Japanese bank purchases

documentary bills issued to recover export costs, the insurance covers losses if the bills are not paid due to i) war, revolution, prohibition of foreign currency exchange, and suspension of remittance, or ii) bankruptcy of the foreign importer, etc.

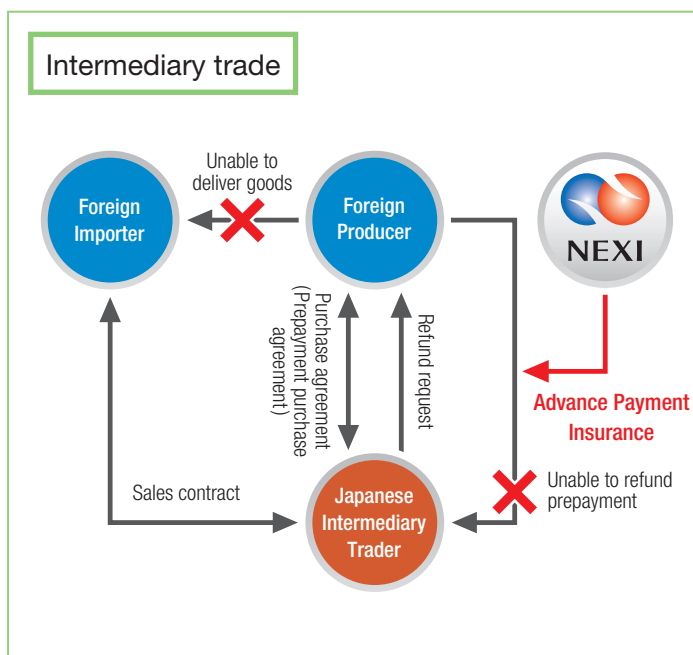
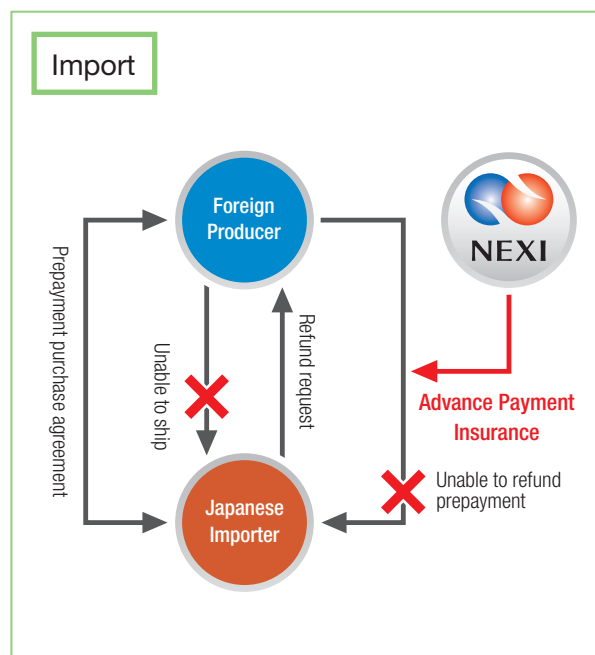


# Insurance Products to Support Your Business

## Advance Payment Insurance

This insurance covers losses incurred if Japanese companies make a prepayment for goods under the purchase agreement but the goods are not delivered to Japan or other foreign regions in accordance with the agreement, and if the prepayment is not returned even after the companies make a refund request for

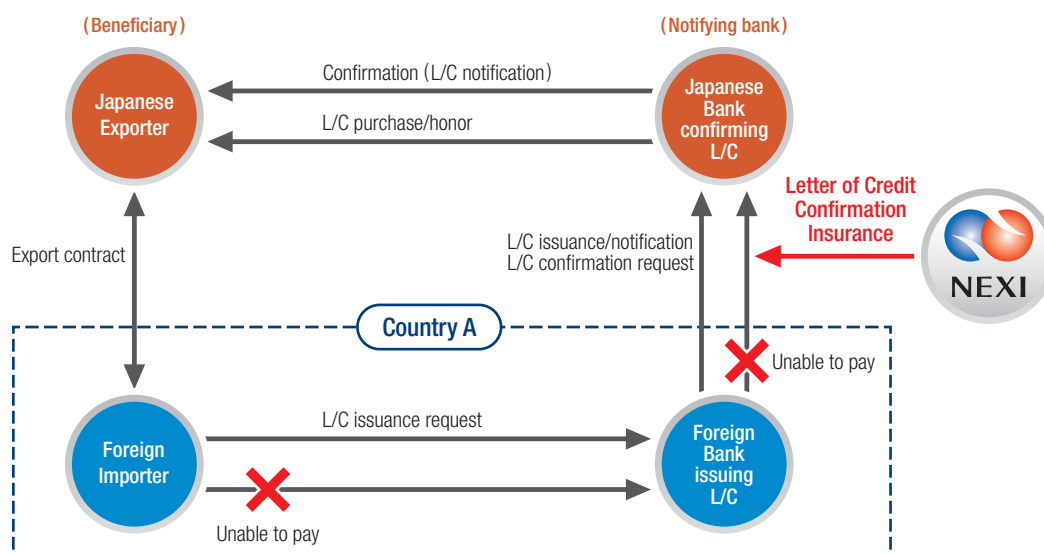
the prepayment based on the predetermined refund terms due to i) war, revolution, prohibition of foreign currency exchange, and suspension of remittance, or ii) bankruptcy or default of the counterparty.



## Letter of Credit Confirmation Insurance

This insurance covers financial institutions that have confirmed letters of credit related to payments, etc. for export contracts, intermediary trade contracts, or technical cooperation contracts. It covers losses incurred if a letter of credit confirming bank

makes a payment to a Japanese exporter, etc. based on a confirmed letter of credit, but fails to receive payment from the letter of credit issuing bank within the deadline.





## Insurance Products to Support Your Business

NEXI contributes to the overseas deployment of infrastructure systems and to securing a stable supply of natural resources and energy of Japan, as well as to various policies of the Japanese government, by implementing diverse initiatives and developing new products.

### 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.

### 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.

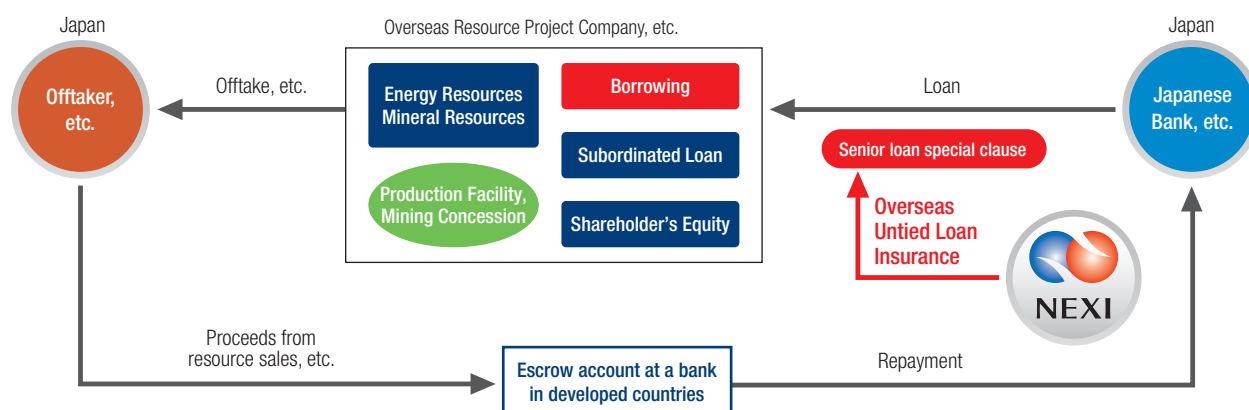
Under this initiative, we aim to underwrite insurance of total value of JPY 1 trillion by the end of fiscal 2025, while diversifying our funding sources not only from traditional capital providers, but also from institutional investors etc.

### Investment and Loan Insurance for Natural Resources and Energy

To fundamentally reinforce efforts to secure a stable supply of resources from overseas, Investment and Loan Insurance for Natural Resources and Energy takes into account the distinctive risk profile of natural resources and energy projects. It features a much lower premium rate and wider range of risk coverage than regular Overseas Untied Loan Insurance, and is available as a special clause to Overseas Untied Loan Insurance.

This insurance covers losses incurred by Japanese

companies, banks, and other institutions 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 disasters, or ii) bankruptcy and default of the borrower.



- This insurance is eligible for senior loans offered by Japanese banks or financial institutions for projects involving Japanese companies in the offtake of energy and mineral resources, acquisition of interests, or development of relevant infrastructure\*.

\* 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. When no escrow account is opened, the premium rate of regular Overseas Untied Loan Insurance will be applied, but a higher percentage of commercial risk coverage (97.5%) will be granted.



## Revolving Credit Facility (RCF) Special Clause

In cases where Japanese companies or banks provide overseas business loans based on revolving credit facility (RCF) contracts, this insurance covers losses incurred if the Japanese companies or banks are unable to receive the repayment or redemption of the loans under the RCF contracts due to i) force

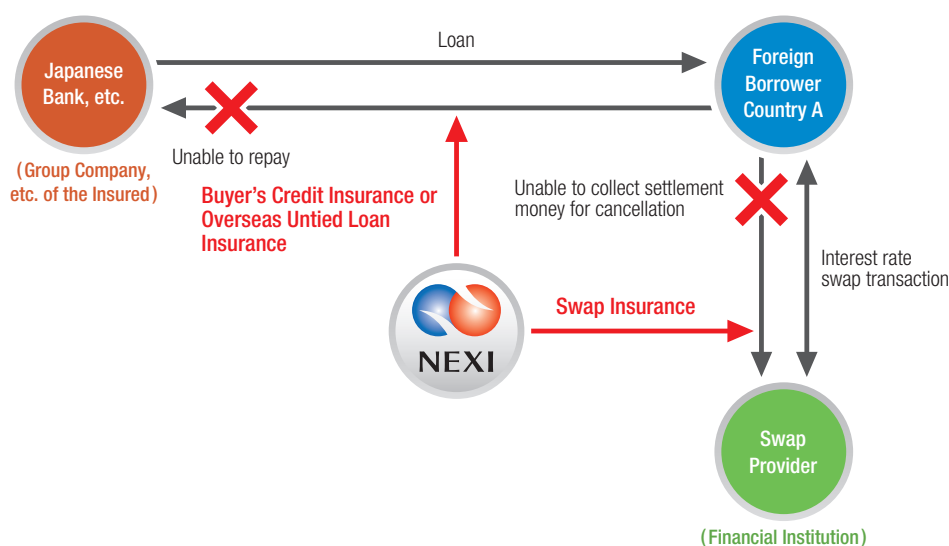
majeure such as war, revolution, prohibition of foreign currency exchange, suspension of remittance, and natural disasters, or ii) bankruptcy and default of the borrower. This special clause is tailored to the unique type of loan in which funds are lent and repaid repeatedly a certain credit limit set.

## Swap Transaction Insurance

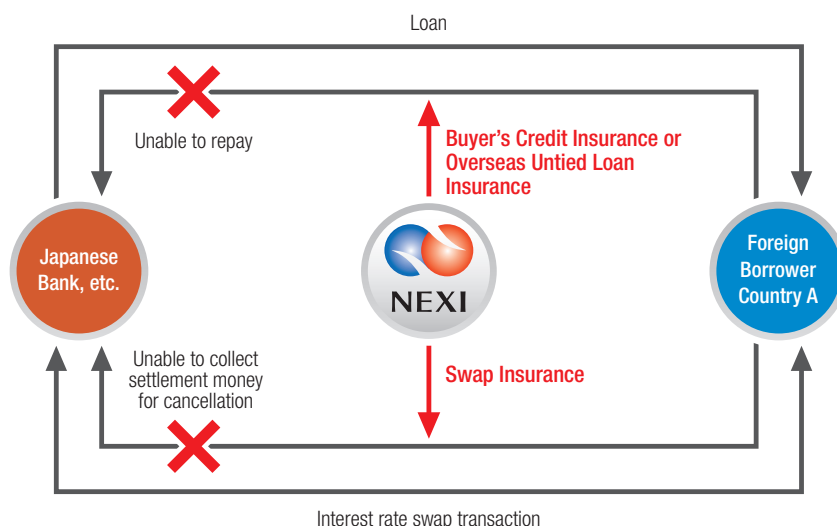
This insurance covers losses incurred if interest rate swap transactions are arranged for interest payments related to loan agreements and if settlement amount for the cancellation of the interest rate swap transactions become unrecoverable.

Please note that swap transaction insurance users are required to take out Buyer's Credit Insurance or Overseas Untied Loan Insurance for the trade loans or overseas business loans that are the subject of their interest rate swap transactions.

### ● When the Japanese bank etc. in the loan agreement is different from the swap provider



### ● When the Japanese bank etc. in the loan agreement is the same as the swap provider



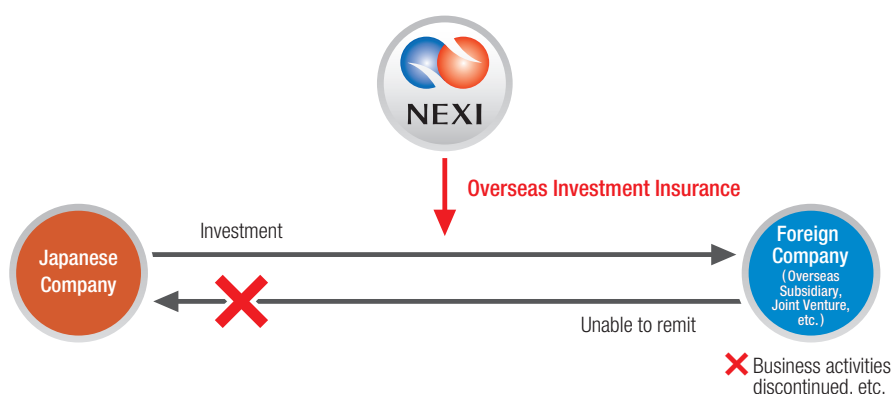
# Insurance Products to Support Your Business

## Overseas Investment Insurance

### Insurance for investment (equity investment, etc.)

This insurance covers losses incurred by Japanese companies with a subsidiary or a joint venture in a foreign country, if the subsidiary or joint venture is forced to discontinue business due to force majeure such as war, terrorism, and natural disasters. In addition, when a subsidiary of a Japanese company conducts business by establishing sub-sub-subsidiaries in a 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 disasters, even if the other sub-subsidiaries are able to continue business.



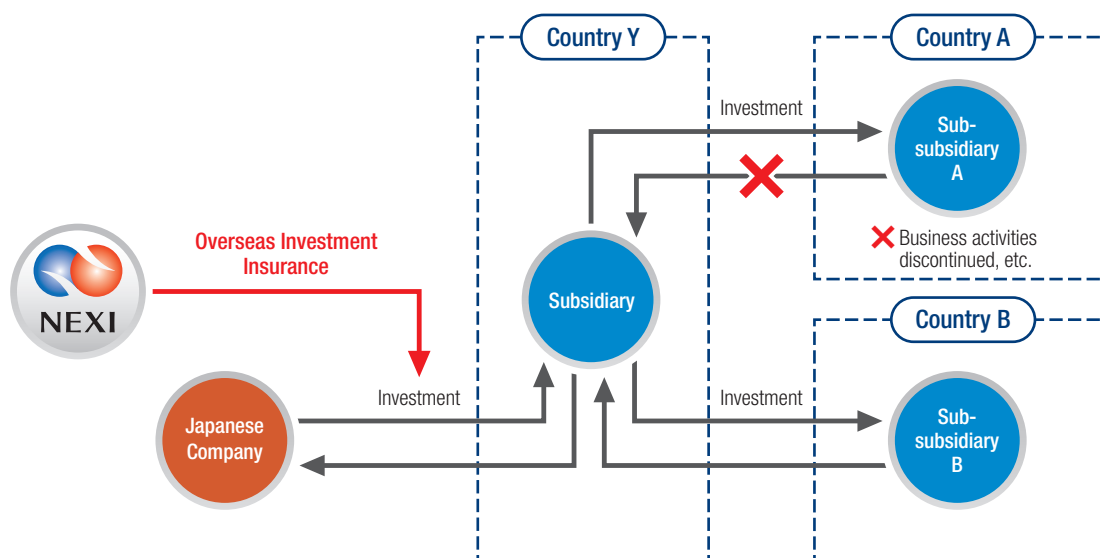
\* A premium (goodwill, etc.) paid by an investor to secure a stake in natural resources or to become a shareholder can be covered by Overseas Investment Insurance.

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

The insurance also covers losses incurred if dividends are unable to be remitted to Japan or overseas subsidiaries, etc. due to the prohibition of foreign currency exchange or

suspension of remittance.

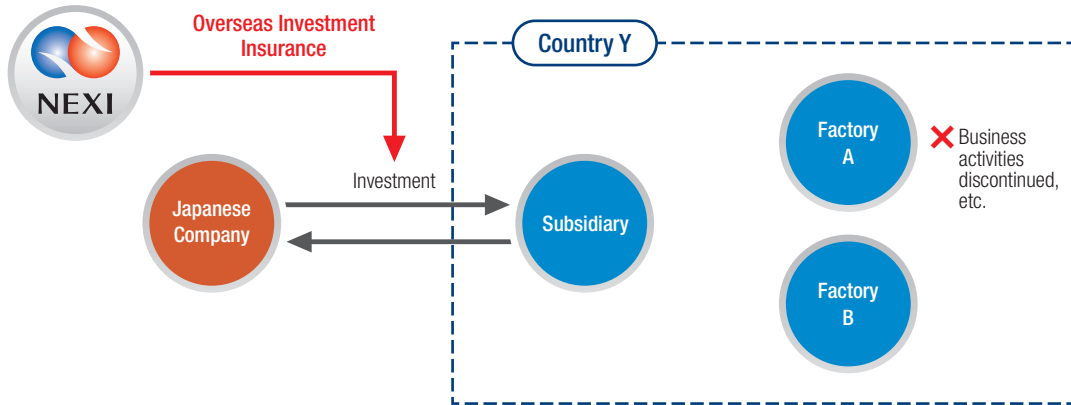
This insurance can cover a broader range of risks with various special clauses.



## ■ Business Base Special Clause

When a subsidiary of a Japanese company has business bases in a 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 disasters, even if the other business bases are able to continue business.

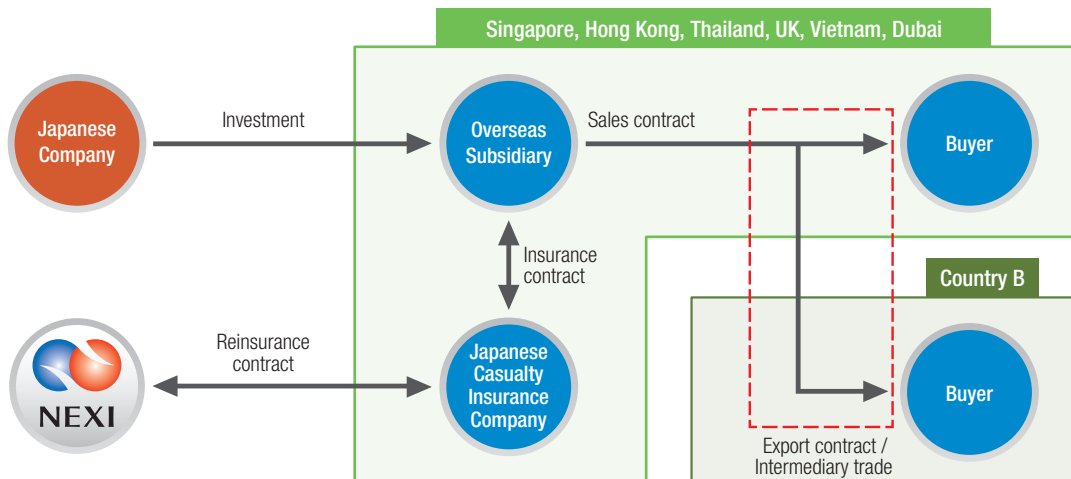


## Fronting

For cases such as where a Japanese subsidiary in Singapore, Hong Kong, Thailand, the UK, Vietnam, and the UAE (Dubai) has an export contract with a domestic or overseas buyer for continued sale of products, etc., the maximum liability is set for the annual trade amount. This primarily covers losses resulting

from inability to collect receivables if the buyer goes bankrupt or the payment is delayed.

We call it fronting as NEXI provides the coverage through reinsurance with local Japanese casualty insurance companies that distribute our insurance products.

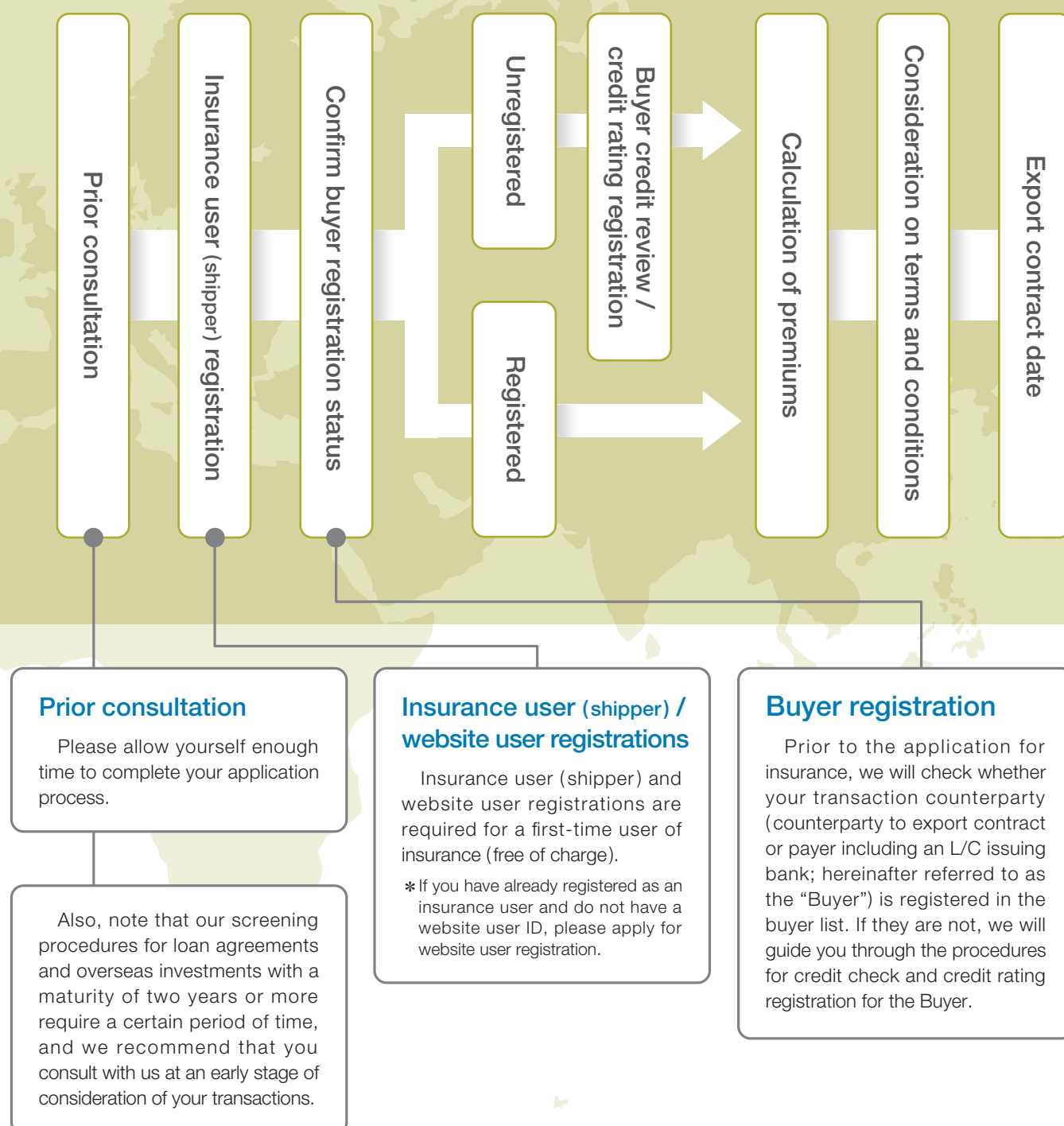


# Insurance Application Process

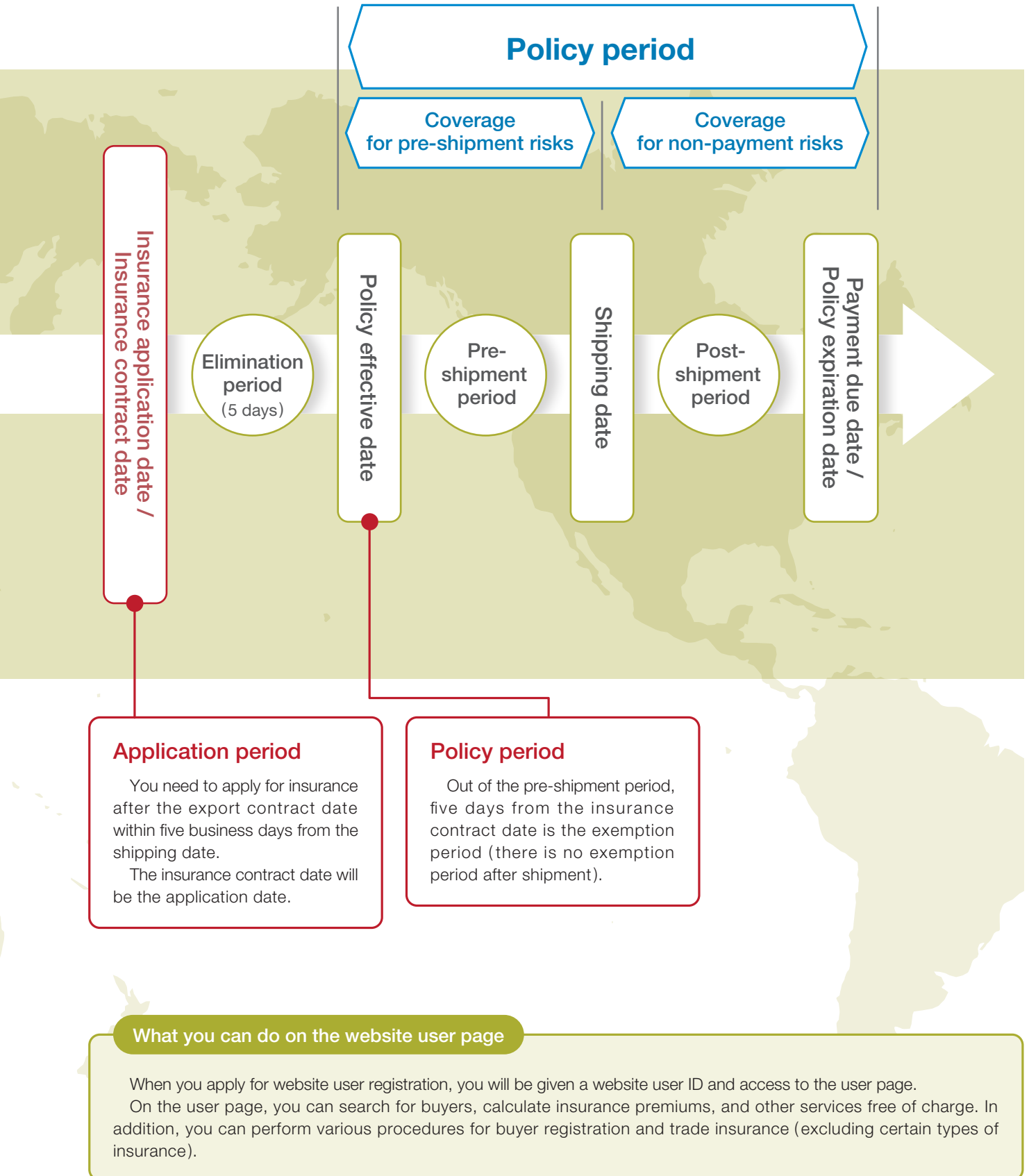
## Applying for Insurance

The chart below describes the summary of insurance application procedures for Export Credit Insurance.

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





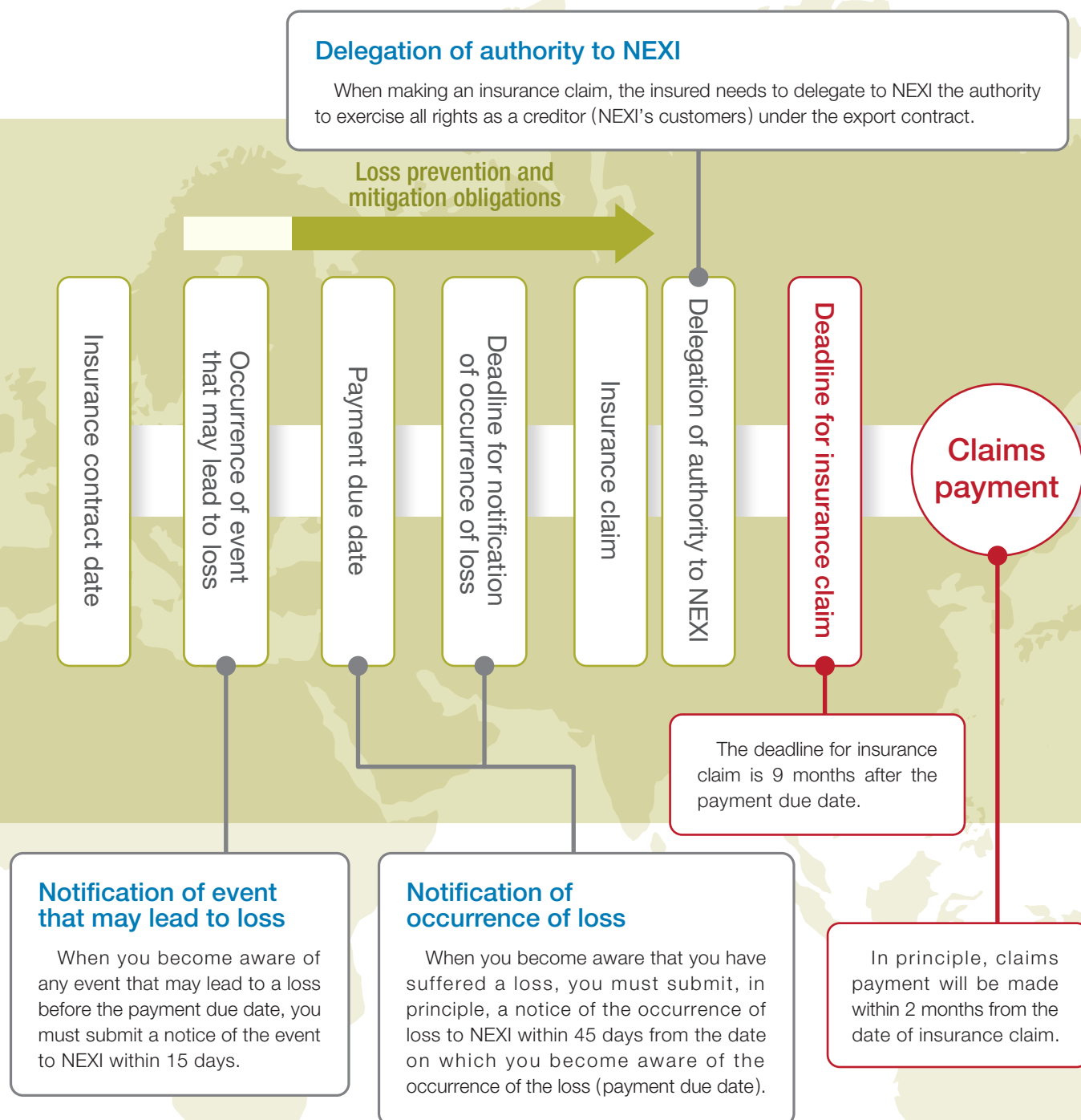


# Insurance Application Process

## Insurance Claim Payment

The chart below describes the summary of claims payment procedures for Export Credit Insurance.

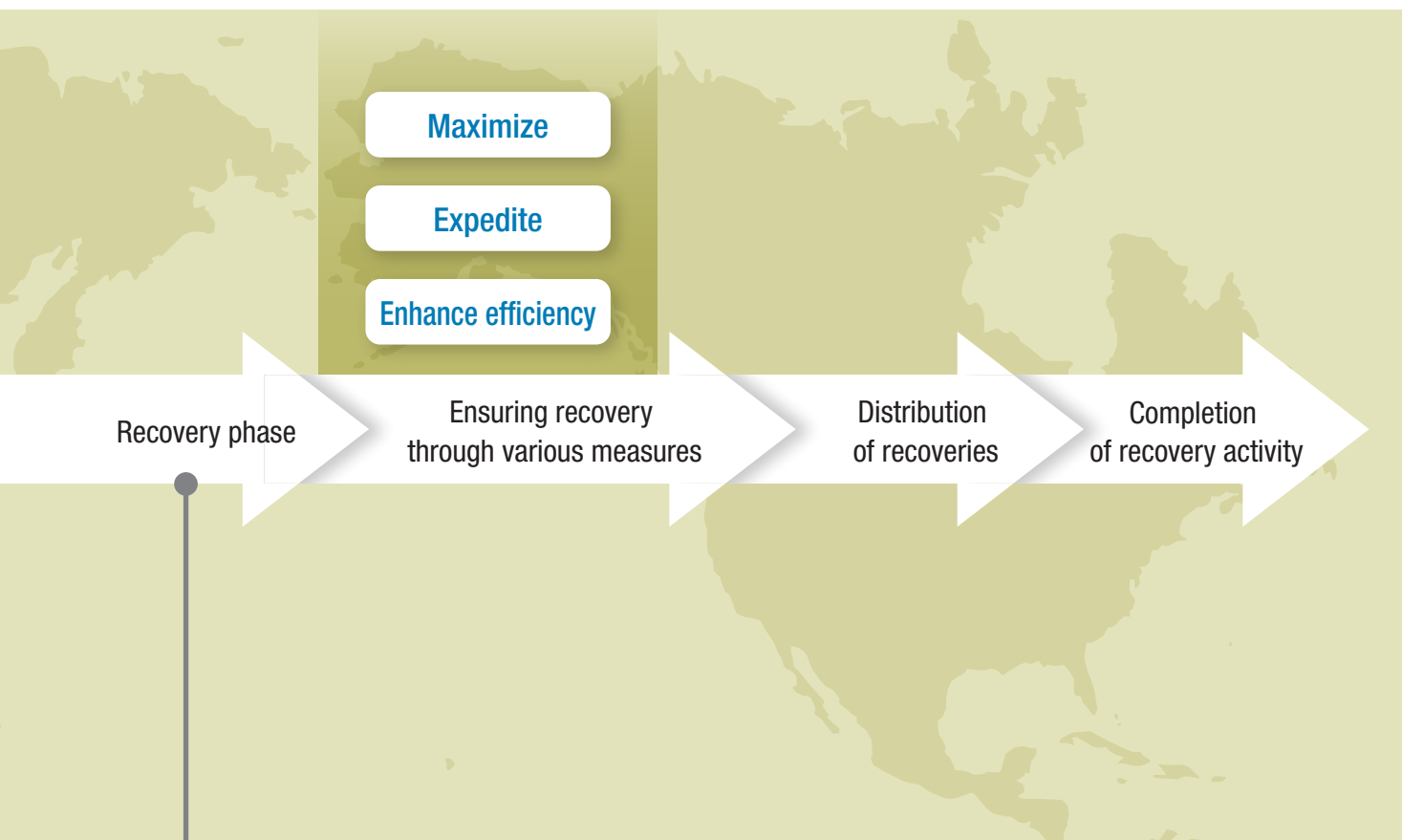
\*Some aspects may vary depending on the type of insurance.



### 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 countries. 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, representatives of creditor countries and the government of debtor countries for which debt payment has become difficult, discuss debt relief (rescheduling, etc.). Recovery periods through the Paris Club tend to be prolonged, however, the advantages of discussions through the Paris Club is that the creditor countries are able to ensure debt recovery from debtor countries that do not have sufficient foreign currency to pay their external debts and that the process enables fairness to be maintained between the creditor countries.



### Determination of appropriate recovery policy

NEXI determines the recovery policy after the insured makes the insurance claim.

### Parties conducting recovery

- NEXI's partner collection agencies
- The insured (NEXI's customers)
- NEXI and the Government of Japan  
(through negotiations with debtor countries at the Paris Club, etc.)

### Obligation to cooperate in recovery efforts

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



# PR Activities for Trade Insurance

(Participating in exhibitions and sending staff to seminars as lecturers)

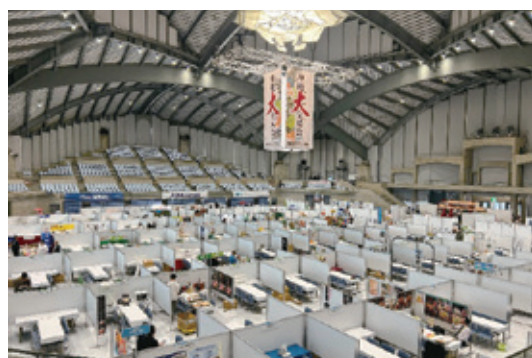
NEXI actively engages in public relations to increase the awareness and promote the use of the trade insurance system. Since FY2023 when the COVID-19 pandemic was overcome, face-to-face exhibitions and seminars have been increasingly held across the country, and NEXI has been focusing its efforts on promoting trade insurance through proactive activities such as participating as a supporting organization and sending staff as lecturers to such events.

## Participating in exhibitions

NEXI set up consulting booths as a supporting organization at large-scale exhibitions throughout Japan, some of which are the Overseas Business EXPO 2023 Hokkaido, the 7th “JAPAN’S FOOD” EXPORT FAIR, the 16th Agrifood EXPO Tokyo 2023, the Overseas Business EXPO 2023 in Osaka, and the 11th Great Okinawa Trade Fair 2023, and actively performed public relations activities mainly by distributing handouts and explaining trade insurance to visitors.



The consulting booth at the Overseas Business EXPO 2023 Hokkaido



The venue of the 11th Great Okinawa Trade Fair 2023

## Sending staff to seminars as lecturers

At the request of partner organizations, NEXI has sent staff to seminars as lecturers to introduce the trade insurance system. In FY2023, our staff provided presentations explaining effective ways to use trade insurance, etc. with specific examples in several events, such as the GFP Hokkaido Export Seminar and Business Matching in Sapporo, which was hosted by the Hokkaido District Agriculture Office, Ministry of Agriculture, Forestry and Fisheries of the Ministry of Agriculture, Forestry and Fisheries, and overseas expansion seminars held by the branches of the Japan Finance Corporation, one of the partners of the Overseas Business Support Package.



The presentation at the GFP Hokkaido Export Seminar and Business Matching in Sapporo





# About NEXI and Organizational Operation

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# Profile of NEXI

<b>Organization Name</b>	Nippon Export and Investment Insurance	
<b>Date of Establishment</b>	April 1, 2017	
<b>Act</b>	Trade and Investment Insurance Act	
<b>Purpose</b>	To conduct insurance business to cover risks which arise in foreign transactions not covered by ordinary insurance	
<b>Competent Minister</b>	The Minister of Economy, Trade and Industry	
<b>Capital</b>	JPY 169,352,324,369 (100% State-owned)	
<b>Executive Officers</b>	Chairman and CEO	Atsuo Kuroda
	President	Kazuhiko Nishino
	Senior Managing Executive Officer, Member of Board	Kazuhiro Ishikawa
	Senior Managing Executive Officer, Member of Board	Kazuki Hondo
	Member of Board	Hideo Teramoto
	Audit & Supervisory Board Member (Full-Time)	Mari Oi
	Audit & Supervisory Board Member	Tomoyo Matsui
	Audit & Supervisory Board Member	Yoichi Takei
<b>Number of Employees</b>	262 (as of April 1, 2024)	
<b>Scope of Business</b>	<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>	
<b>Brief History</b>	<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 export trade and investment insurance was handled by the Ministry of Economy, Trade and Industry, the former Ministry of International Trade and Industry)</p>	
<b>Offices</b>	<p>(Domestic) Tokyo Head Office, Osaka Branch</p> <p>(Overseas) Singapore Branch, Paris Representative office, New York Representative office</p>	

## Executive Officers



Back row: Kazuhiro Ishikawa (Senior Managing Executive Officer, Member of Board), Hideo Teramoto (Member of Board)  
 Front row: Kazuhiko Nishino (President), Atsuo Kuroda (Chairman and CEO), Kazuki Hondo (Senior Managing Executive Officer, Member of Board)

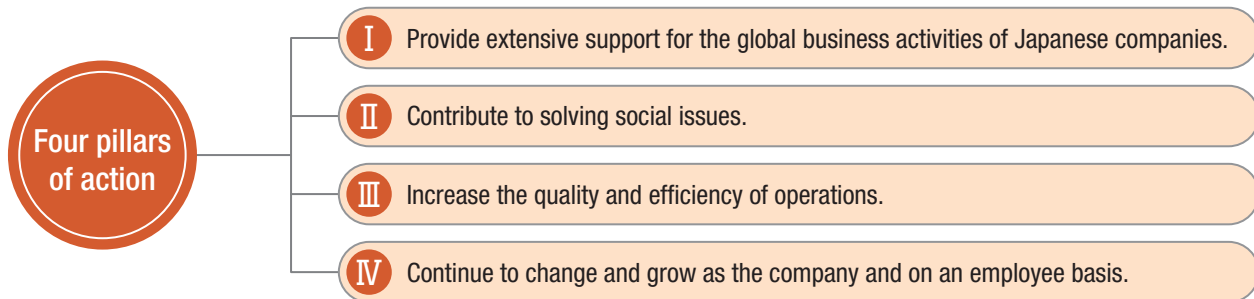


Tomoyo Matsui (Audit & Supervisory Board Member)      Mari Oi (Full Time Audit & Supervisory Board Member)      Yoichi Takei (Audit & Supervisory Board Member)

# Business Plan

## Medium-term Business Plan (FY2022 - FY2024)

In pursuit of the actualization of our corporate philosophies, we have formulated the medium-term business plan (FY2022 - FY2024) based on the following four pillars of action and implemented operations. The plan has been partially revised in January 2024.



### Medium-term Business Plan (FY2022 - FY2024) (excerpt)

#### I. Provide extensive support for the global business activities of Japanese companies.

##### 1. Support more corporate activities with more underwriting of trade insurance.

###### (1) Enhance the underwriting of trade insurance.

###### <Basic policies>

- Strengthen our efforts to increase the use of insurance through introduction of insurance products and services according to customer needs, based on our continuous analysis of the export credit market.
- Encourage existing export insurance customers to use other types of insurance by strengthening the promotion of investment insurance and overseas fronting products, etc.
- As for loan insurance, develop a framework to support certain fields where new projects can be expected and build a track record of insurance underwriting in these sectors. Some examples are sovereign, quasi-sovereign, and corporate projects which utilize measures such as the Lead Initiative designed to contribute to solving social issues, planting the seeds of future business for Japanese companies, and strengthening cooperation with important overseas partners, etc.; and energy transition projects which contribute to a smooth decarbonization of society.

###### (2) Support more corporate activities with trade insurance.

###### <Basic policies>

- Provide security to more customers through trade insurance services by raising awareness among SMEs, etc., specifically through the efforts to effectively increase sales channels by working closely with private financial institutions and the Japanese government and government-related organizations, as well as leveraging IT technologies.
- Expand the funders of projects supported by loan insurance to a wider range of investors, in order to ensure a stable funding source and contribute to the diversification of fund management for investors.

- Expand the implementer of projects supported by loan insurance to start-ups, SMEs, and companies aimed at the industrialization and commercialization of new technology seeds, such as decarbonization. Additionally, contribute to the development of these businesses by meeting their financial needs.
- Strengthen our efforts in individual projects by promoting collaboration with international organizations. Moreover, invest in the African Trade Insurance Agency, utilizing the function of investing in foreign corporations engaged in the trade insurance business, which was added by the revised Trade and Investment Insurance Act.

###### (3) Take more and diverse risks.

###### <Basic policies>

Review the underwriting assessment methods so that we can take a wider range of risks, even in cases where risk assessment and underwriting have been difficult in the past.

##### 2. Provide trade insurance products and services that meet customer needs.

###### (1) Improve trade insurance products for ease of understanding and use.

###### <Basic policies>

- Prioritize the improvement of our system to address customer needs to reduce administrative burden, such as easy-to-understand policies and simplified procedures.
- Continue to improve our products, services, and operations in cooperation with the Government to address the needs of companies faced with major changes in business forms in the midst of a drastic change in the business environment.

###### (2) Provide added value beyond loss compensation.

###### <Basic policies>

Play a distinctive role as an official export credit agency by providing customers with high value-added services based on NEXI's expertise.



## II. Contribute to solving social issues.

### 1. Initiatives to contribute to resolving social issues.

- (1) Solve issues through the underwriting of trade insurance in coordination with national policies.

#### <Basic policies>

Support national measures aimed at solving social issues by underwriting trade insurance through the LEAD initiative, etc., and continue to actively cooperate with the Government.

- (2) Solve social issues in other ways than insurance underwriting.

#### <Basic policies>

- Address various social issues related to NEXI's daily operations.
- Manage funds from the perspective of contribution to solving social issues, such as purchasing green bonds.
- Procure IT equipment, etc., taking environmental impact into consideration.

- (3) Create and disseminate rules and frameworks for solving social issues.

#### <Basic policies>

- Work with the Government to solve issues, such as decarbonization and human rights protection, through active participation in various international organizations and conferences, including the OECD and BU, and information gathering.
- Study an appropriate way to meet the standards of the TCFD recommendations on climate-related financial disclosures, which NEXI endorsed in 2019.

## III. Increase the quality and efficiency of operations.

### 1. Strengthen governance and risk management system.

#### <Basic policies>

Further strengthen internal control through measures, such as the establishment of the Business Operation Management Department in April 2022, which oversees the optimization of operational process, and the development and expansion of the risk management system in line with the Enterprise Risk Management Basic Principles introduced in full in FY2021, as well as guidelines for supervision released by the Ministry of Economy, Trade and Industry.

### 2. Optimize and streamline operations.

- (1) Optimize and streamline operational processes.

#### <Basic policies>

Under the direction of Business Operation Management Department, establish an effective system to prevent operational errors without particular burden through a comprehensive inspection of the management system, such as reviewing the flow of existing operations on a company-wide basis; building optimal and efficient operational processes, including a large delegation of decision-making authority; and standardizing operation manuals.

- (2) Share knowledge across the organization.

#### <Basic policies>

- Extend the period of job rotation wherever possible, and strive to share and utilize knowledge and know-how throughout NEXI. Additionally, ensure operational quality above a certain level and improve productivity across the organization through the knowledge sharing.
- In order to promote the sharing and effective utilization of knowledge and know-how, strongly promote the development of internal IT infrastructure through the introduction of IT solutions.

### 3. Increase expertise of the organization as a whole and individual employees.

#### <Basic policies>

Provide training so that each of employees can proactively acquire knowledge and skills and increase expertise in accordance with the Action Guideline.

Work on developing human resources suitable for a world-class export credit agency by improving IT literacy and gaining specialized knowledge.

## IV. Continue to change and grow as the company and on an employee basis.

- (1) Invest in human resources.

#### <Basic policies>

Place the right people in the right positions to simultaneously contribute to the achievement of organizational goals and the growth of employees.

- (2) Invest in systems.

#### <Basic policies>

- Formulate a medium- to long-term system strategy including the optimal system designed to address customer feedback obtained from questionnaires, etc. and challenges on management and operations.
- Encourage participation in the system development process from across departments and promote development of structure and training for cooperation between departments in a planned manner.
- Develop and expand a disaster-resilient system and take necessary measures to deal with the ever-increasing risk of cyberattacks.

- (3) Plant seeds for future business.

#### <Basic policies>

It is necessary to respond to changes in the business environment swiftly and steadily and to actively plant seeds leading to the development of new business in the future. To this end, we create the Digital Transformation (DX) Group, which promotes the introduction of the latest IT technologies, in the IT Management Department in April 2022. Additionally, the DX Committee is to be established to deal with DX in trade transactions across departments.

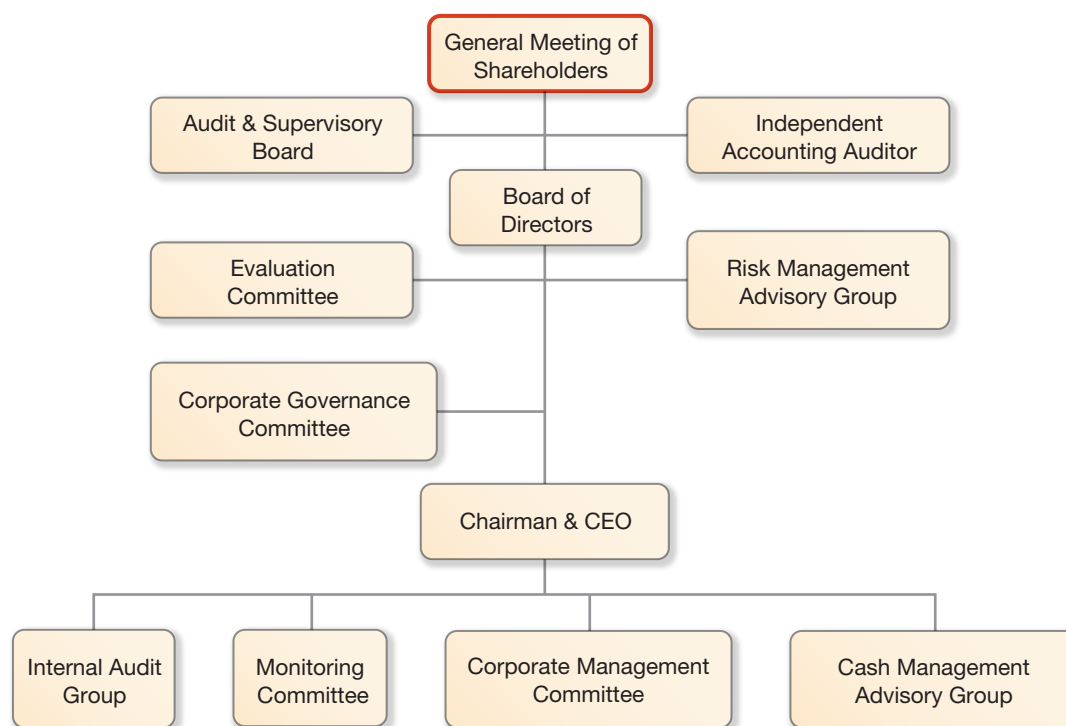


# Business Operation and Management System

## 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, NEXI organizes the Audit Secretariat to assist corporate auditors with their duties.

#### Evaluation Committee

The Evaluation Committee consists of outside experts and the outside director. This committee evaluates 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 a consultative body to the Chairman and CEO on cash management. Both of these groups provide advice based on the specialized knowledge of outside experts.

#### Monitoring Committee

The Monitoring Committee deliberates on matters, such as important issues that occurs in the execution of the company's business and proposals for the improvement of the issues.

## ■ 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 establishes Internal Control Principles and creates internal rules and other related systems to ensure proper operation of the company.

# Compliance Promotion

NEXI is aware of its public mission and social responsibility as the policy-based financial institution engaging in the 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 establishes basic compliance policies to ensure that all executive officers and 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 stipulates internal rules concerning confidential information management, information security policies, and other information management issues, and creates a framework to appropriately store and manage confidential information and information assets.
- NEXI compiles a compliance manual that outlines basic matters concerning compliance that should be known by executive officers and staff members, as well as important laws and regulations that must be observed. The manual also provides a comprehensive explanation on internal rules to help promote a better understanding of compliance issues by executive officers and staff members. NEXI formulates an annual compliance promotion program (compliance program) each year, and strives to promote awareness and to ensure the implementation of compliance rules through education and training activities related to compliance.

## ■ System for Implementing and Promoting Compliance

- NEXI establishes the Corporate Governance Committee to deliberate on important matters concerning compliance and to verify the company's internal control system is functioning properly.
- NEXI appoints a compliance officer at each department and branch (head of department and branch) to improve the compliance system and promote department and branch-level initiatives.
- NEXI establishes the Legal and Compliance Group in charge of managing legal compliance and compliance-related initiatives to ensure compliance with laws, ordinances, and regulations and to promote compliance.
- NEXI stipulates a reporting route to detect important issues concerning compliance at an early stage and implement necessary corrective measures. NEXI also organizes an effective internal reporting system and operates it appropriately.

## ■ Policy Related to Antisocial Forces, etc.

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

## Risk Management

As a sole public institution in Japan responsible for trade and investment insurance business, NEXI carries out enterprise risk management necessary for the sound operation of trade and investment insurance business. NEXI promotes initiatives to strengthen enterprise risk management with the advice of the Risk Management Advisory Group that consists of external experts.

### ■ Enterprise Risk Management

#### Enterprise Risk Management Basic Principles

NEXI establishes the enterprise risk management basic principles with the aim to ensure a long-term financial soundness and attain the purpose of the trade and investment insurance system. NEXI defines the enterprise risk management as properly managing various risks facing NEXI by category, managing all identified risks on an enterprise basis, and controlling them across all lines of its business. In line with the basic policies, NEXI creates a framework to manage risks in an appropriate and integrated manner by monitoring and controlling risk situations. The Risk Management Group of the Corporate Governance Department supervises the enterprise risk management under the monitoring and instructions of the Board of Directors. Specifically, NEXI conducts important risk identification and assessment; implements stress tests; manages assets and liabilities; categorizes the risks into “insurance underwriting risk,” “asset management and liquidity risk,” and “operational risk,” and designates the departments that are responsible for the management and supervision of and are in charge of each risk.

#### Insurance Underwriting Risk Management

NEXI defines the insurance underwriting risk as the risk of liquidity and capital substantially damaged by insurance claim payment beyond the range that is normally anticipated. In underwriting insurance, NEXI assesses risks, including country risks, based on various data gathered by the Credit Department, the overseas offices, and specialized investigation agencies, in addition to information from customers gained through the sales departments. NEXI also monitors the status of the countries, companies, and projects to which credit is extended in order to reflect any changes in their credit conditions in its underwriting policies.

Additionally, NEXI conducts quantitative management using the risk amount (VaR\*) and concentration risk analysis, for the entire portfolios underwritten, in addition to risk assessment and credit management by individual project, as well as strives to properly manage accumulation risks through outward reinsurance or other means.

\* Value at Risk: The maximum amount expected to be lost at a certain probability.

#### Asset Management and Liquidity Risk Management

As the risks included in the asset management and liquidity risk, NEXI defines: (i) market risk: the risk of losses arising from fluctuations in the value of assets and liabilities due to changes in interests, foreign exchange rates, etc.; (ii) credit risk: the risk of losses arising from factors such as the worsening of financial conditions of companies to which credit is provided and of reinsuring companies; (iii) liquidity risk (cash flow risk): the risk of losses arising from the worsening of cash flow caused

by large cashouts than anticipated due to the occurrence of a huge disaster, etc., which results in it becoming more difficult to secure necessary funds or being forced to enter into transactions under materially less favorable conditions than usual; and (iv) market liquidity risk: risk of losses arising as a result of being unable to sell assets due to a lack of market depth or being forced to sell them at a remarkably low price. Under these definitions, NEXI monitors and controls each risk based on the Asset Liability Management approaches. More specifically, given the characteristics of liabilities in the trade and investment insurance, such as temporary concentration of substantial amount of claims paid, NEXI gives importance to securing the safety and liquidity and establishes the cash management policy to restrict potential investees to deposits and highly safe bonds, including Japanese government bonds, local government bonds, government agency bonds, and the U.S. government bonds and other international organization bonds. NEXI also conducts quantitative management of foreign exchange and interest risks entailed in the asset portfolio using VaR for proper risk management.

#### Operational Risk Management

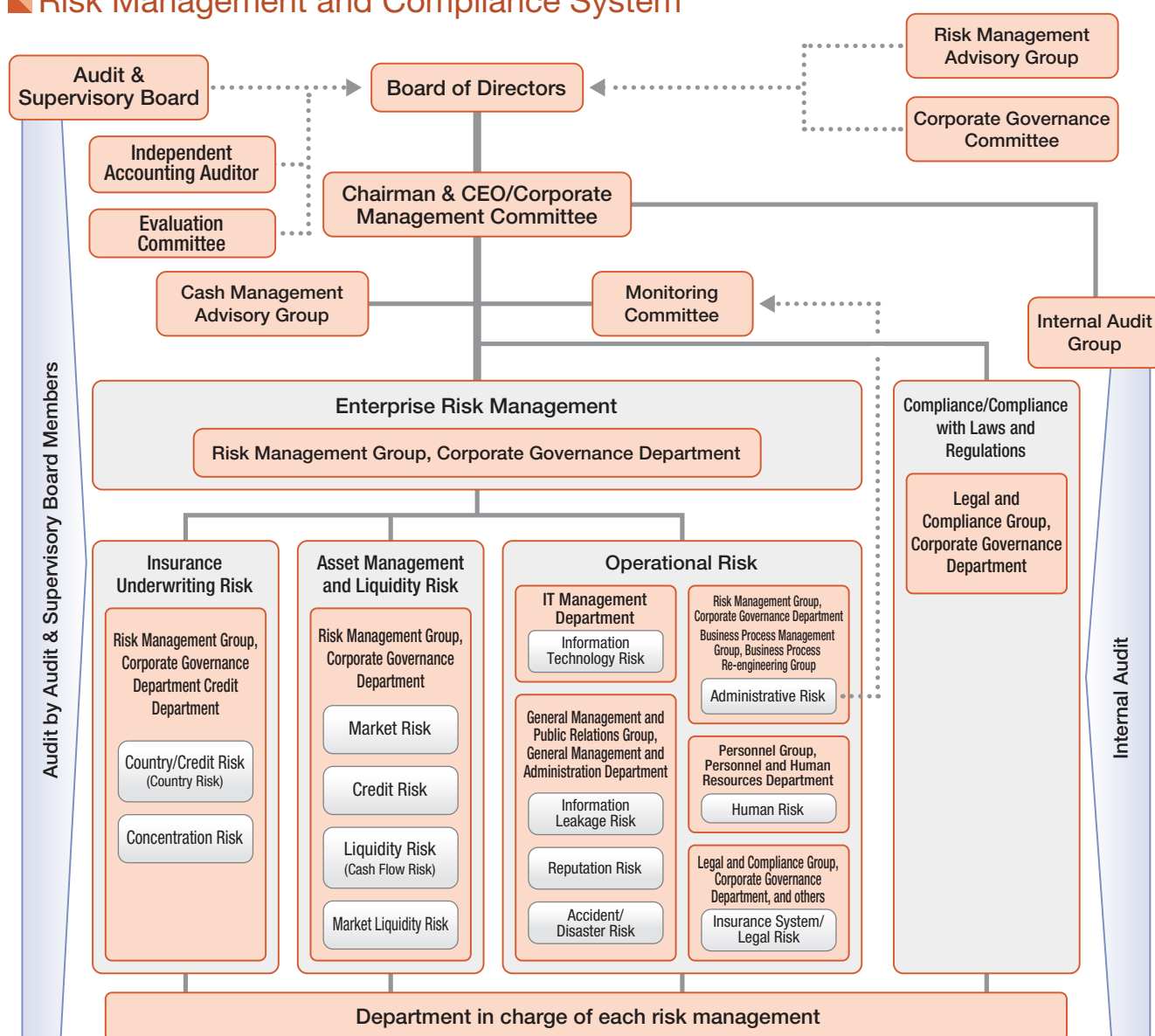
As the risks included in the operational risk, NEXI defines: (i) administrative risk: the risk of business interruptions or losses arising from failure to properly perform clerical work due to an operational incident, fraud or other mistake of executive officers and staff members, and contractors of NEXI; (ii) information technology risk: the risk of business interruptions or losses, or leakage of information of NEXI and its customers arising in relation to development, maintenance, operation, and usage of IT systems; (iii) information leakage risk: the risk of business interruptions or losses arising from failure by those including executive officers and staff members, and contractors of NEXI to properly handle confidential information and other sensitive data; (iv) insurance system and legal risk: the risk of losses including those arising from being imposed a penalty on the grounds of a violation of international agreements, domestic or foreign laws or contracts, etc., or the risk of business interruptions or losses mainly arising from the occurrence of a legal dispute or changes in the trade and investment insurance system and the related agreements; (v) human risk: the risk of business interruptions or losses arising from a shortage of the required human resources, harassment, or improper personnel/labor management, etc.; (vi) reputation risk: the risk of business interruptions or losses arising from damage to social credibility due to defamation against NEXI, spreading of rumor, etc.; and (vii) accident and disaster risk: the risk of business interruptions or losses, or damage or danger to assets of NEXI and lives and bodies of the executive officers and staff members due to an incident, accident, or other disaster. Under these definitions, NEXI designates the departments that are responsible for the management and supervision of and are in charge of each risk for proper management.

## Administrative Risk Management

Under the administrative risk management regulations, NEXI appoints the head of each department and branch as the person responsible for administrative risk management, and develops the related rules and operations manuals and creates a multilayered check system for efficient and accurate execution of operations. Additionally, NEXI establishes the procedures in which any operational mistake or other error, when it occurs, must be reported to the Chairman & CEO and

the related departments promptly according to its severity level, and necessary actions must be taken in accordance with their instructions. The Monitoring Committee, which consists of the Chairman & CEO and other members of the management team, analyses and discusses the causes for any operational mistake that occurs and measures to prevent the recurrence, and shares the results of such discussion across the company as necessary, thereby enhancing the effectiveness of the company-wide administrative risk management.

## Risk Management and Compliance System

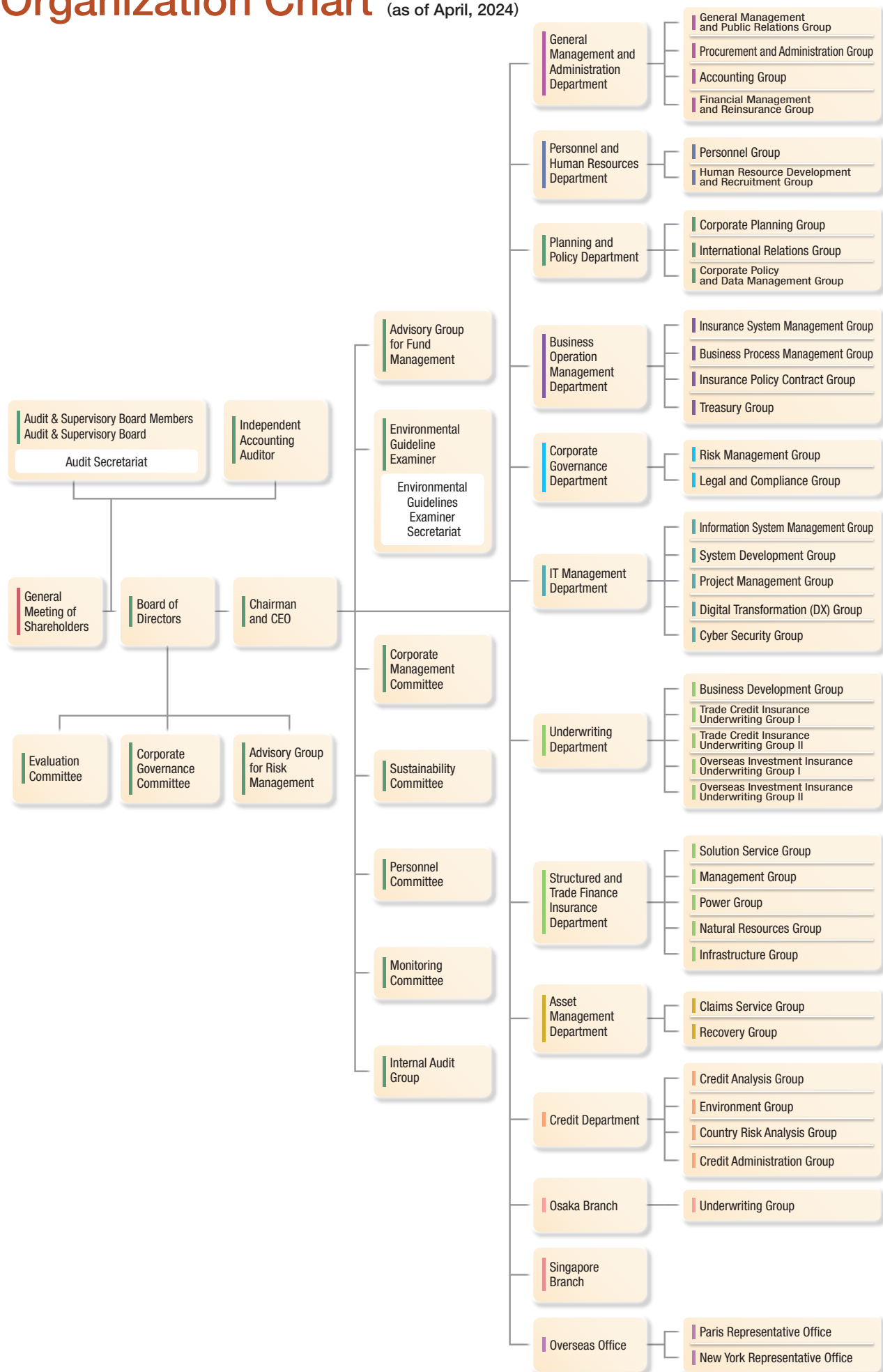


## Business Continuity

### Responses to Large-scale Disaster

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

# Organization Chart (as of April, 2024)





# Offices



## Head Office

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

Phone: +81(0) 3-3512-7650

Fax: +81(0) 3-3512-7660



## Singapore Branch

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

Phone: +65-6429-9582

Fax: +65-6222-0481

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



## Paris Representative Office

c/o JETRO 27, rue de Berri, 75008 Paris France

Phone: +33-(0) 1-4261-5879

Fax: +33-(0) 1-4261-5049

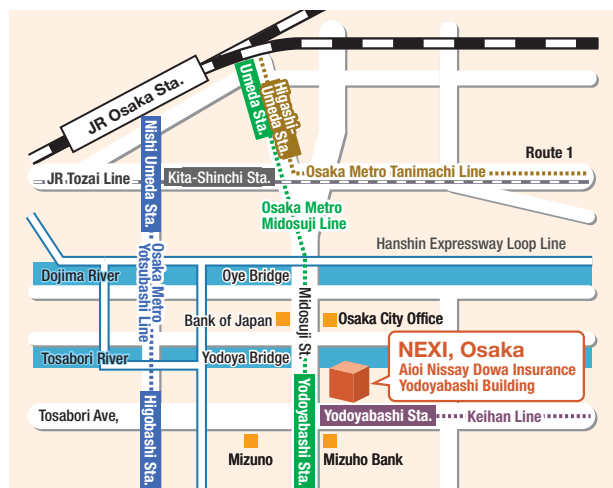


## Osaka Branch

Aioi Nissay Dowa Insurance  
Yodoyabashi Bldg., 8th Floor,  
3-1-22 Kitahama, Chuo-ku,  
Osaka City, Osaka 541-0041  
Japan

Phone: +81(0) 6-6233-4019

Fax: +81(0) 6-6233-4001

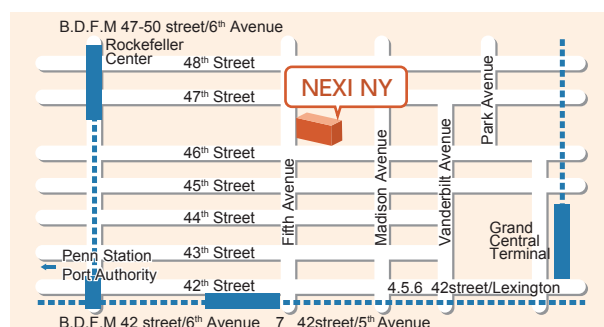


## New York Representative Office

c/o JETRO 565 Fifth Avenue, 4th Floor, New York,  
N.Y. 10017 U.S.A.

Phone: +1-212-819-7769

Fax: +1-212-997-0464





# Climate Change Initiatives

## Risk Management

Under basic policies for the enterprise risk management, NEXI is working to manage risks related to climate change based on the following frameworks.

### Enterprise risk management

In order to achieve the objective of the Trade and Investment Insurance Act, which aims to contribute to the sound development of external transactions by Japanese companies, NEXI has established basic principles for the enterprise risk management and a framework to manage various risks facing Japanese businesses by category and all of the risks in an integrated manner.

### Identification and assessment of critical risks

Based on basic principles for the enterprise risk management, NEXI is identifying risks that may have a material impact on management and assessing their importance based on the frequency of occurrence and the degree of impact. As for risk events related to climate change, we are primarily identifying major natural disasters and changes in the industrial structure associated with decarbonization as important risks, and working to monitor and control them.

### Implementation of stress tests

Of the risk events identified based on the identification and assessment of critical risks, with regard to those that could have a significant impact on business operations, NEXI is setting stress scenarios and calculating estimated losses to quantitatively grasp the impact on management. In addition, based on the assumed scenarios and estimated losses, NEXI is promoting improvements in risk control by identifying issues in advance regarding responses that will be required when a stress event occurs.

As for an increase in insured events and a decrease in insurance underwriting due to decarbonization regulations and climate change, which are anticipated as risk events related to climate change, NEXI is quantitatively grasping the impact on its underwriting portfolio, such as insurance payments and premium income, while referring to the IEA Net Zero Emissions by 2050 Scenario, etc., and is considering necessary responses.

### Risk reduction initiatives

NEXI uses reinsurance transactions with private-sector reinsurers to control concentration risk that insurance payments due to decarbonization and climate change accumulate in certain project countries. NEXI will continue to optimize its underwriting portfolio by considering various risk control measures.

The background of the page is a light pink color with a large, faint globe centered behind the title. In the top right corner, there is a small silhouette of an airplane. In the bottom left corner, there is a stylized illustration of a ship's hull with a checkered pattern. The bottom of the page features large, flowing, wavy lines in shades of pink. 

# FY2023 Financial Results

FY2023 Financial Review

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Financial Statements etc.

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# FY2023 Financial Review

## Overview of Financial Statements

(Millions of Yen)

	7th Fiscal Year (FY2023)
Ordinary income	153,592
Underwriting income	60,526
(Net premiums written)	59,168
Subrogation income	23,552
Investment income	69,497
Other ordinary income	17
Ordinary expenses	154,592
Underwriting expenses	143,813
(Net claims paid)	27,480
(Commissions)	(124)
(Provision for outstanding claims reserves)	80,708
(Provision for unearned premiums)	19,052
(Provision for contingency reserves)	16,697
Subrogation expenses	2,314
Operating and administrative expenses	8,465
Other ordinary expenses	0
Ordinary loss	(1,000)
Extraordinary income	1,000
Income before income taxes	–
Total income taxes	5
Net loss	(5)
Total assets	1,962,279
Net assets	794,973

### Profit and Losses

NEXI's underwritten amount in FY2023 (the total amount of insurance contracts underwritten during the fiscal year; the same applies below) rose by 4% year-on-year to JPY 8.0 trillion. Loan insurance underwritten amount increased significantly by 273% year-on-year, as a result of steady underwriting of preliminarily approved projects and underwriting of new core products. In Overseas Investment Insurance, the number of policies remained at the same level as the previous year that recorded the largest underwritten amount since NEXI's establishment as an incorporated administrative agency in April 2001, while the underwritten amount decreased by 12% year-on-year. Export insurance declined by 6% year-on-year due to a slowdown in underwriting as the impact of the COVID-19 reduced, although it accounts for just over 70% of the total underwriting.

Net premiums written increased by 97.6% year-on-year from JPY 29.94 billion to JPY 59.17 billion, reaching the highest since NEXI was incorporated. Subrogation income primarily consisting of recoveries dropped by 50.7% year-on-year from JPY 47.82 billion to JPY 23.55 billion, and investment income reflecting the impact of higher interest rates and currency fluctuations rose 81.2% year-on-year from JPY 38.35 billion to JPY 69.5 billion. Net claims paid increased by 14.1% year-on-year from JPY 24.08 billion to JPY 27.48 billion. Provision for outstanding claims reserves increased by 4,083.9% year-on-year from JPY 1.93 billion to JPY 80.71 billion. Operating and administrative expenses increased by 10.5% year-on-year from JPY 7.66 billion to JPY 8.47 billion. As a result, provision for contingency reserves of JPY 16.7 billion was recorded.



### Balance Sheet for FY2023 (As of March 31, 2024)

(Millions of Yen)	
Account Title	Amount
<b>(Assets)</b>	
Cash and bank deposits	857,570
Bank deposits	857,570
Securities	1,057,392
Government bonds	318,365
Municipal bonds	158,300
Corporate bonds	530,000
Foreign securities	50,727
Receivables subrogated by paying claims	20,082
Tangible fixed assets	782
Buildings	281
Equipment and fixtures	476
Construction in progress	1
Other tangible fixed assets	23
Intangible fixed assets	9,315
Software	2,081
Software in progress	7,235
Other assets	16,990
Accrued premiums	5,042
Reinsurance accounts receivable	26
Foreign reinsurance accounts receivable	594
Accounts receivable	466
Accrued income	7,887
Deposits	1,310
Other assets	1,665
Deferred tax assets	148
<b>Total assets</b>	<b>1,962,279</b>

(Millions of Yen)	
Account Title	Amount
<b>(Liabilities)</b>	
Insurance liabilities	1,134,660
Outstanding claims reserves	82,614
Underwriting reserves	1,052,046
Unearned premiums	141,084
Contingency reserves	910,962
Other liabilities	31,822
Income taxes payable	41
Deposits received	27,227
Unearned income	443
Accrued amount payable	2,881
Other liabilities	1,230
Provision for employees' bonuses	149
Provision for directors' bonuses	9
Provision for employees' retirement benefits	654
Provision for directors' retirement benefits	12
<b>Total liabilities</b>	<b>1,167,306</b>
<b>(Net assets)</b>	
Capital	169,352
Capital surplus	625,553
Legal capital surplus	625,553
Retained earnings	(57)
Other retained earnings	(57)
Retained earnings brought forward	(57)
<b>Total shareholders' equity</b>	<b>794,849</b>
Valuation difference on available-for-sale securities	125
Total valuation and translation adjustments	125
<b>Total net assets</b>	<b>794,973</b>
<b>Total liabilities and net assets</b>	<b>1,962,279</b>



### Notes:

#### 1 Significant accounting policies are as follows.

- (1) Standards and methods for valuation of securities are as follows. Bonds held to maturity are valued using the amortized cost method (straight-line method). Of other securities, shares etc. with no market price are valued by the cost method based on the moving average method.
- (2) Depreciation of tangible fixed assets is calculated using the straight-line method.
- (3) Amortization of intangible fixed assets is calculated using the straight-line method. Software for internal use is amortized 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 translation 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 retirement 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 and Investment Insurance Act.
- (10) Consumption tax and local consumption tax are accounted for using 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 and business office taxes, while the main component of deferred tax liabilities is retirement benefits liabilities translation adjustments.

#### 3 The status of financial instruments and fair value of financial instruments are as follows.

- (1) Status of financial instruments
  - a. Policy on financial instruments
 

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

- b. Financial instruments and risk
 

Securities are exposed to the fluctuation risks of interest rates and of market prices.

- c. Risk management for financial instruments
 

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 based on the fund management plans discussed by the Board of Directors. The current state of managing these risks is ascertained and controlled at the Risk Management Group, Corporate Governance Department.

- d. Supplementary information on fair value of financial instruments

The fair value of financial instruments is based on their quoted market prices.

- (2) Fair value of financial instruments

The table below outlines carrying amounts shown on the balance sheet, fair value, and differences of financial instruments as of the end of the year. Note that shares, etc. with no market price are not included in the following tables (see Note 3). Notes to deposits are omitted because they are settled within a short term and the fair value approximates the book value.

(Millions of Yen)

	Carrying amount shown on balance sheet	Fair value	Difference
<b>Securities</b>			
Bonds held to maturity	1,055,142	1,057,774	2,632
<b>Assets</b>	<b>1,055,142</b>	<b>1,057,774</b>	<b>2,632</b>

Note 1. Regarding the bonds held to maturity, the table below outlines carrying amount 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 bonds	259,941	277,305	17,364
	Municipal bonds	12,100	12,151	51
	Corporate bonds	19,300	19,363	63
	Foreign securities	4,266	4,303	37
	<b>Subtotal</b>	<b>295,606</b>	<b>313,122</b>	<b>17,516</b>
Those with fair value not exceeding the carrying amount	Government bonds	58,424	55,580	(2,844)
	Municipal bonds	146,200	144,314	(1,886)
	Corporate bonds	510,700	502,652	(8,048)
	Foreign securities	44,211	42,105	(2,106)
	<b>Subtotal</b>	<b>759,536</b>	<b>744,651</b>	<b>(14,884)</b>
<b>Total</b>		<b>1,055,142</b>	<b>1,057,774</b>	<b>2,632</b>

## Note 2. 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
<b>Securities</b>						
Bonds held to maturity	69,699	197,089	232,397	476,900	75,500	—
<b>Total</b>	<b>69,699</b>	<b>197,089</b>	<b>232,397</b>	<b>476,900</b>	<b>75,500</b>	<b>—</b>

Note 3. The carrying amount shown on balance sheet for shares, etc. with no market price is as follows, and is not included in “Securities” in fair value of financial instruments.

(Millions of Yen)

	Carrying amount shown on balance sheet
<b>Securities</b>	
Investments in foreign corporations (Article 12, paragraph 4 of the Trade and Investment Insurance Act.)	2,250

Investments in foreign corporations are not subject to fair value disclosure pursuant to paragraph 5 of the Accounting Standards Board of Japan (ASBJ) Guidance No. 19 “Guidance on Disclosures about Fair Value of Financial Instruments.”

## 4 Accumulated depreciation of tangible fixed assets is JPY 750 million.

## 5 The breakdown of outstanding claims reserves at the end of the year is as follows.

Pursuant to Article 7 of the Ministerial Ordinance Pertaining to the Accounting of Nippon Export and Investment Insurance, the amount expected to be recovered by exercising the right to reimbursement (excluding those for which there is no judicial decision or agreement between the parties concerned) is deducted from the outstanding claims reserves.

(Outstanding claims reserves) (Millions of Yen)

Outstanding claims reserves (before the deduction of the amount expected to be recovered)	82,648
Amount expected to be recovered (deducted)	34
<b>Net</b>	<b>82,614</b>

Note: There is no amount of outstanding claims reserves for outward reinsurance to be deducted.

## 6 The breakdown of underwriting reserves at the end of the year is as follows.

(Underwriting reserves) (Millions of Yen)

Unearned premiums (before the deduction of underwriting reserves for outward reinsurance)	151,214
Underwriting reserves for outward reinsurance related to the above (deducted)	10,130
<b>Net (a)</b>	<b>141,084</b>
Underwriting reserves for other items (b)	910,962
<b>Total (a + b)</b>	<b>1,052,046</b>

## 7 Net assets per share is JPY 52,998.21.

Total net assets, the basis for calculating net assets per share, is JPY 794,973 million, and the full amount is related to common shares. The number of common shares at the end of the year is 15 million.

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

(Millions of Yen)

Receivables subrogated by paying claims (political risk)	20,082
Expected receivables subrogated by paying claims (political risk)	—
Transferred claims	—
<b>Total</b>	<b>20,082</b>

## 9 Cash and bank deposits, and deposits received include the following amounts, respectively.

(Millions of Yen)

	Carrying amount shown on balance sheet
Cash and bank deposits	27,187
Deposits received	27,187

Cash and bank deposits shown above 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 the debt relief agreement between the governments of Japan and Cuba.

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 the 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).

## 10 Amounts are rounded off to the nearest unit.

## Statement of Income (April 1, 2023 - March 31, 2024)

(Millions of Yen)

Account Title	Amount
Ordinary income	153,592
Underwriting income	60,526
Net premiums written	59,168
Foreign exchange gains	1,358
Subrogation income	23,552
Investment income	69,497
Interest and dividends income	23,932
Foreign exchange gains	45,565
Other ordinary income	17
Ordinary expenses	154,592
Underwriting expenses	143,813
Net claims paid	27,480
Commissions	(124)
Provision for outstanding claims reserves	80,708
Provision for underwriting reserves	35,749
Provision for unearned premiums	19,052
Provision for contingency reserves	16,697
Subrogation expenses	2,314
Operating and administrative expenses	8,465
Other ordinary expenses	0
Other ordinary expenses	0
Ordinary loss	(1,000)
Extraordinary income	1,000
Gain on government grants	1,000
Income before income taxes	–
Income taxes-current	43
Income taxes-deferred	(38)
Total income taxes	5
Net loss	(5)

## Notes:

### 1

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

(Millions of Yen)	
Premiums written	60,005
Reinsurance premiums paid	(836)
<b>Total</b>	<b>59,168</b>

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

(Millions of Yen)	
Insurance claims paid	27,480
Reinsurance claims recovered	–
<b>Total</b>	<b>27,480</b>

Note. Insurance claims paid is calculated by deducting the amount recovered of JPY 438 million from the amount paid of JPY 27,918 million.

(3) The breakdown of commissions is as follows.

(Millions of Yen)	
Commissions for agencies and others	2
Commissions for outward reinsurance	(126)
<b>Total</b>	<b>(124)</b>

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

(Millions of Yen)	
Provision for outstanding claims reserves (before the deduction of outstanding claims reserves for outward reinsurance)	80,708
Provision for outstanding claims reserves for outward reinsurance (deducted)	–
<b>Net</b>	<b>80,708</b>

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

(Millions of Yen)	
Provision for unearned premiums (before the deduction of underwriting reserves for outward reinsurance)	18,044
Provision for underwriting reserves for outward reinsurance related to the above (deducted)	(1,008)
<b>Net (a)</b>	<b>19,052</b>
Provision for underwriting reserves for other items (b)	16,697
<b>Total (a + b)</b>	<b>35,749</b>

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

(Millions of Yen)	
Interest from bank deposits	16,894
Interest and dividends from securities	7,038
Other interest and dividends	–
<b>Total</b>	<b>23,932</b>

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

(Subrogation income) (Millions of Yen)	
Recovery of receivables subrogated by paying claims (political risk)	10,150
Interest from receivables subrogated by paying claims (political risk)	1,727
Recovery of receivables subrogated by paying claims (commercial risk)	27
Interest from receivables subrogated by paying claims (commercial risk)	17
Recovery of transferred claims	93
Recovery received	2,719
Recovery received of overseas inward reinsurance	8,674
Other income from receivables subrogated by paying claims	–
Foreign exchange gains (subrogation income)	145
<b>Total</b>	<b>23,552</b>

(Subrogation expenses) (Millions of Yen)	
Loss on bad debts (commercial risk)	365
Debt recovery expenses (underwritten)	39
Recovery expenses (inward reinsurance)	1,911
Loss on uncollected interest	–
<b>Total</b>	<b>2,314</b>

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	Gain on government grants <sup>1</sup>	1,000	–	–

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 amount of transactions 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 HIPC and others has on the trade and investment insurance business.

4 Net loss per share is JPY 0.36.

Net loss for the fiscal year, the basis for calculating net income or loss per share, is JPY 5 million, with the full amount of the income being related to common shares.

The average number of common shares during the fiscal year was 15 million.

The diluted net income per share is not given since there are no dilutive shares.

5 Amounts are rounded off to the nearest unit.

## Statement of Changes in Shareholders' Equity (April 1, 2023 - March 31, 2024)

(Millions of Yen)

	Shareholders' Equity						Valuation and translation adjustments		Total net assets
	Capital	Capital surplus		Retained earnings		Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings				
				Retained earnings brought forward					
Beginning balance	169,352	625,553	625,553	(52)	(52)	794,854	–	–	794,854
Changes during the year									
Net loss			–	(5)	(5)	(5)		–	(5)
Net changes of items other than shareholders' equity							125	125	125
Total change during the year	–	–	–	(5)	(5)	(5)	125	125	119
Ending balance	169,352	625,553	625,553	(57)	(57)	794,849	125	125	794,973

## Notes:

## 1 Type and total number of issued shares, and type and number of treasury shares

(Thousands of Shares)

	Number of shares as of April 1, 2023	Increase during the fiscal year 2023	Decrease during the fiscal year 2023	Number of shares as of March 31, 2024
Issued shares				
Common shares	15,000	—	—	15,000
Total	15,000	—	—	15,000

Note: NEXI holds no treasury shares.

## 2 Share acquisition rights and treasury share acquisition rights

There are no applicable matters.

## 3 Dividends

There are no applicable matters.



## Statement of Cash Flows (April 1, 2023 - March 31, 2024)

(Millions of Yen)

Account Title	Amount
<b>Cash flows from operating activities</b>	
Premiums received	52,023
Insurance claims paid	(27,922)
Commissions	(2)
Proceeds from collection of receivables subrogated by paying claims	27,342
Payment for allocation of collection from receivables subrogated by paying claims	(4,428)
Payment for operating and administrative expenses	(7,434)
Others	(1,921)
Subtotal	37,657
Interest and dividend income received	23,583
Income taxes refund (paid)	7
Net cash provided by (used in) operating activities	61,248
<b>Cash flows from investing activities</b>	
Payments into time deposits	(268,616)
Proceeds from repayment of time deposits	257,504
Purchase of securities	(161,009)
Proceeds from sales and redemption of securities	63,144
Total from asset management activities	(108,978)
(Total from operating and asset management activities)	(47,731)
Purchase of tangible fixed assets	(86)
Purchase of intangible fixed assets	(5,790)
Others	(93)
Net cash provided by (used in) investing activities	(114,947)
<b>Cash flows from financing activities</b>	
Proceeds from government grants received	1,000
Net cash provided by (used in) financing activities	1,000
Effect of exchange rate changes on cash and cash equivalents	7,574
Net increase (decrease) in cash and cash equivalents	(45,125)
Cash and cash equivalents at the beginning of the year	595,356
Cash and cash equivalents at the end of the year	550,230

### 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 and Investment Insurance Act is prepared in accordance with accounting principles generally accepted in Japan and ordinance on terminology, forms, and preparation methods of financial statements.
- 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 with redemption deadline occurring within about three months from the acquisition date that are readily convertible into cash and bear only minor risks with respect to fluctuation of value.

- 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.

As of March 31, 2024 (Millions of Yen)

Cash and bank deposits	857,570
Time deposit	(280,153)
Other bank deposits*	(27,187)
<b>Cash and cash equivalents at the end of the year</b>	<b>550,230</b>

\* Other bank deposits are not included in the scope of cash and cash equivalents due to the following reason. In accordance with 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 Fund's users making a repayment of the equivalent amount in Japanese yen.

- Amounts are rounded off to the nearest unit.

## Details of account items

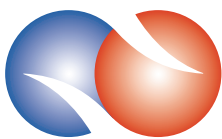
### 1. Balance Sheet

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), expected receivables subrogated by paying claims (political risk), and transferred claims.
Accrued premiums	Accrued premiums associated with insurance application.
Reinsurance accounts receivable	The accrued portion associated with inward reinsurance transactions with Japanese insurance companies.
Foreign reinsurance accounts receivable	The accrued and prepayment portions associated with inward/outward reinsurance transactions 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.

### 2. 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 recovered.
Commissions	The item includes commissions for outward reinsurance, agencies, and other sources.
Gain on government grants	Grants received, related to matters including the exempted or waived claims, etc. deemed necessary to fulfill international obligations under Article 36 of the Trade and Investment Insurance Act.

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