



NEXI

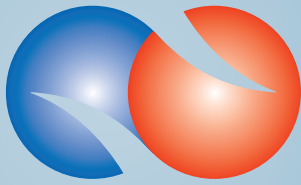
Nippon Export and Investment Insurance



ANNUAL REPORT

Nippon Export and Investment Insurance

2021



NEXI

Nippon Export and Investment Insurance

Corporate Philosophy

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



Action Guideline

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



Message from the Chairman and CEO



Nippon Export and Investment Insurance

Chairman and CEO **Atsuo Kuroda**

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

In FY2021, the global economy saw a gradual recovery amidst the continuing turbulence caused by the COVID-19 pandemic. Meanwhile, the military aggression by Russia against Ukraine which started in February 2022 has made the world hold its breath for the rising geopolitical risk said to be the largest since the end of the Cold War, leaving us to face an extremely uncertain future.

Under such global landscape, NEXI has made its utmost efforts to bolster Japanese companies in their overseas business development through prompt and adequate payment of claims and active underwriting of insurance. In FY2021, when an increased number of overseas investees suspended their businesses due to the COVID-19 pandemic, the amount of claims paid totaled about JPY 61.2 billion recording the second largest amount since the foundation of NEXI. The number of trade and investment Insurance users reached 933 companies in FY2021, exceeding the target of 900 companies set in our Medium-term Business Plan for two consecutive years for the first time. Through its trade and investment insurance, NEXI will continue to take sufficient risks to cover events associated with the COVID-19 catastrophe, the Ukraine crisis, and wars, civil conflicts, natural disasters, pandemics and epidemics that may arise around the world.

The globalization that gained momentum after the end of the Cold War where people, goods and money move beyond national borders, is now said to be shifting priority from efficiency, such as global optimal procurement, to resilience with risk reduction taken into consideration. Corporations are transforming their management strategy to “just in case” from “just in time.” When it comes to “just in case,” we believe that NEXI’s trade and investment insurance can serve its

turn. To address the changes in globalization, NEXI will continue to assist Japanese companies via trade and investment insurance allowing them to undertake their international business activities with a sense of security. And we will keep progressing toward our three goals: increasing the number of trade and investment insurance users, enhancing the trade and investment insurance system and strengthening international cooperation.

Increasing the number of trade and investment insurance users continues to be the biggest challenge for NEXI with a limited number of employees and low profile. Our ongoing efforts include increasing the number of users in small and medium sized businesses by leveraging social media, simplifying procedures for agricultural, forestry and fishery product exporters upon their use of insurance, assuming reinsurance for Overseas Investment Insurance from private insurers in Japan, and enhancing collaboration with primary non-life insurance companies in fronting scheme. Under the LEAD Initiative established in FY2020, we are actively facilitating development of projects that contribute to expanding Japanese businesses, reinforcing relationships with important countries, and solving social issues.

In relation to our goal of enhancing the trade and investment insurance system, Trade and Investment Insurance Act was revised by the Japanese government for the first time in seven years in April 2022. At least thirteen system reforms are planned to address the recent needs of the customers, including reinforcement of COVID-19 pandemic response and supply chain resilience. NEXI is currently proceeding to develop new products and to adjust our system in line with the revised Trade and Investment Insurance Act. We are also working to organize a framework to support next-generation technologies and startups.

In pursuit of strengthening international cooperation, NEXI is reinforcing alliance with resource-supplying countries including the conclusion of MOC with Kuwait Petroleum Corporation and MOU with the Public Investment Fund of Saudi Arabia. We are also advancing our support for Japanese businesses for their expansion into Africa by signing MOUs with The Eastern and Southern African Trade and Development Bank (TDB) and other entities.

In FY2020, NEXI had identified its violation of the Trade and Investment Insurance Act in its management of foreign bonds and incorrect collection of insurance premiums, and since we have worked to strictly and thoroughly implement measures to prevent recurrence. In line with the new Medium-term Business Plan starting this fiscal year which marks the fifth year after NEXI became a special stock company, we will continue to reinforce our governance with all of our officers and employees coming together as a team while placing priority on customer-first approach to provide a sense of security to our customers as a public institution.

As NEXI moves on to fulfill its mission and achieve its goals, we would like to extend our deep appreciation for your continued understanding and support.

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Responses to the COVID-19 Pandemic

Setting out Three Basic Policies and Three New Responses as initiatives of trade and investment insurance during the COVID-19 pandemic, NEXI worked on its ongoing efforts in FY2021, continuing from FY2020.

In FY2021, insurance claims paid in relation to the COVID-19 pandemic was JPY 46.2 billion, and the total amount of claims paid including other non-COVID related events was JPY 61.2 billion, recording the second largest amount since the foundation of NEXI.

Three Basic Policies

NEXI's export insurance, investment insurance and loan insurance include COVID-19 related losses within the scope of coverage.

1

Export insurance: Covers non-payments arising from bankruptcies of the contract counterparty, payment arrears of three months or more by the contract counterparty, import restrictions, disruption in transportation, suspension of foreign currency transfer or other events caused by the impact of COVID-19.

Investment insurance: Covers business suspensions for one month or more caused by the impact of COVID-19.

Loan insurance: Covers delayed repayments of three months or more (except when there is a mutual agreement on rescheduling.)

NEXI takes new risks in supply chain.

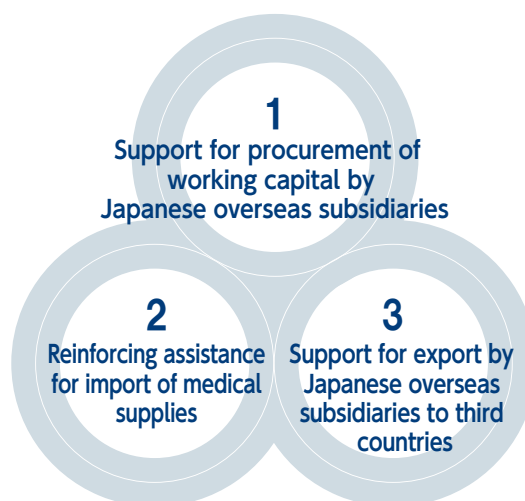
2

To respond to insured events involving the increasingly complex supply chains, NEXI makes claims payment for investment insurance when business is suspended by the investee for one month or more as a result of troubles, caused by the impact of COVID-19, in production of its parts suppliers or in sales of its products through its distributors even when they are in countries different from the country in which the investee is located.

NEXI offers insurance for both new applications and existing investment projects in countries worldwide, even in the face of the COVID-19 pandemic.

3

In order to support the flows of foreign trade, investment and loan of Japanese companies, NEXI continues to provide export insurance, investment insurance and loan insurance globally for new applications, as well as coverage for existing investment projects. Underwritten amount of Export Credit Insurance in FY2021 increased by approximately 1.47 times compared to the previous year.



Continued Efforts for Three New Responses

1

Support for procurement of working capital by Japanese overseas subsidiaries

To address the worsening cash flows of Japanese overseas subsidiaries and to prevent disruptions in the existing overseas supply chains, NEXI helps those overseas subsidiaries raise their working capital through loan insurance. Implementation of measures to support Japanese overseas subsidiaries in their procurement of working capital has been extended until March 31, 2023, and NEXI has provided support for a total of more than JPY 500 billion.

2

Reinforcing assistance for import of medical supplies

Amid the global shortage of medical-related supplies, many of the foreign suppliers of surgical masks, gloves, protective clothing and other medical items have asked for prepayments and there were risks of prepayments not being refunded if the goods were not imported. To address the situation, NEXI revised the regulations in May 2020 to cover commercial risks of companies with poor credit standing in Prepayment Import Insurance which previously had not covered such risks. In this way, NEXI has indirectly assisted the procurement of medical-related supplies by the Japanese government.

3

Support for export by Japanese overseas subsidiaries to third countries

In Singapore, Hong Kong, Thailand, Vietnam and the United Kingdom, NEXI has developed a scheme in which subsidiaries of Japanese non-life insurers underwrite insurance and then NEXI assumes reinsurance (fronting) from those insurers. Against the backdrop of worldwide outbreak of the COVID-19 pandemic, risks associated with export by not only Japanese companies but also by their overseas subsidiaries to third countries have risen sharply, and needs for fronting have also increased. Particularly in such situation, as a governmental financial institution, NEXI has been stably providing insurance to support Japanese overseas subsidiaries so that they can carry on their business activities with a sense of security even during the COVID-19 pandemic. In FY2021, NEXI extended insurance of about JPY 120 billion through fronting, which is around three times that of FY2019.

Claims Paid and Revision of the Trade and Investment Insurance Act

Because the impact of the COVID-19 pandemic lasted longer than initially expected, claims paid for COVID-19 related events in FY2020 and FY2021 together totaled JPY 54 billion for a sum of 72 cases. Claims paid for COVID-19 related events in FY2021 increased compared to FY2020, amounting to JPY 46.2 billion for 43 cases, and the impact of the pandemic had not disappeared as of the end of FY2021. As a result, the total amount of claims paid in FY2021 reached JPY 61.2 billion recording the second largest amount since the foundation of NEXI. Committing to its mission as a governmental insurance institution, NEXI continues to pay insurance claims in a prompt and smooth manner, assisting Japanese companies to continue their international businesses with a sense of security in an unstable environment.

Meanwhile, under the existing legal regulations, there were cases where losses arising out of additional costs due to impact of infectious diseases including COVID-19 could not be covered. To reinforce NEXI's responses to the COVID-19 pandemic, Trade and Investment Insurance Act was revised for the first time in seven years and went into effect in July 2022. (For details on the revision of the Trade and Investment Act, please refer to the next page.)

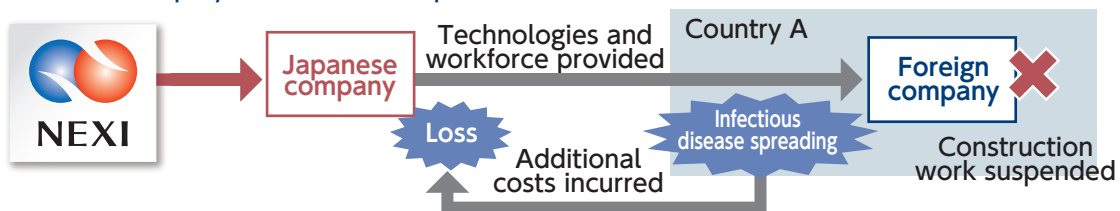
The Trade and Investment Insurance Act was revised

The Trade and Investment Insurance Act was revised for the first time in seven years to reflect changes in the environment surrounding overseas transactions by Japanese companies, and put into force in July 2022. Based on the revised act, NEXI provides a better environment which enables our customers to expand their global business in a more stable manner.

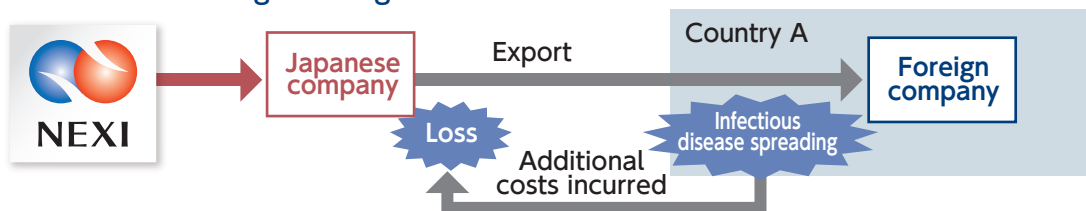
1 Responses reflecting the COVID-19 pandemic

We cover expenses newly incurred due to infectious diseases, such as COVID-19, under Export Credit Insurance, etc. which covers expenses to be newly borne after the conclusion of the insurance contract.

Specific example 1: Plant construction work has been suspended due to infectious disease outbreaks, resulting in the incurrence of employee evacuation expenses and other costs



Specific example 2: Shipment has been deferred due to infectious disease outbreaks, resulting in the incurrence of domestic freight storage fees and other costs



In addition to the above:

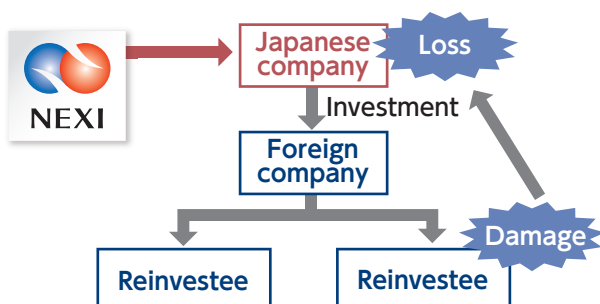
- For losses due to failure to ship goods, we add a delay in the performance of payment obligations in prior transactions with the counterparty to commercial risk events under Export Credit Insurance, etc.
- We add a decision to commence corporate reorganization proceeding and other legal bankruptcy proceedings of the counterparty, in addition to a decision to commence bankruptcy proceeding of the counterparty, to commercial risk events under Export Credit Insurance, Buyer's Credit Insurance, Overseas Investment Insurance, and Overseas Untied Loan Insurance, etc.

2 Revisions to strengthen supply chains

- In order to cover business risks of the entire global supply chain, we expand the scope of coverage under Overseas Investment Insurance and Prepayment Import Insurance.

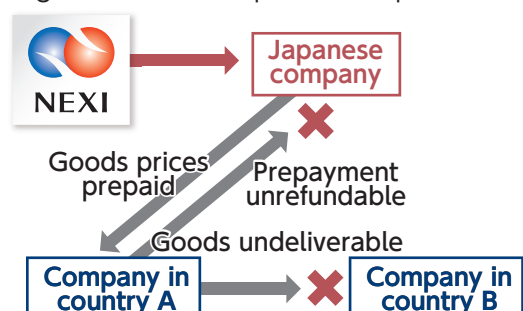
Overseas Investment Insurance

Add losses of indirect investees to the coverage
→We cover losses incurred by Japanese companies resulting from the losses of reinvestees and other indirect investees due to events that have taken place outside Japan.



Prepayment Import Insurance

Add transactions in which goods are to be delivered to third countries to the coverage
→We cover losses resulting from failure to receive prepayments because of the non-delivery of goods in transactions in which goods are to be delivered to third countries, in addition to transactions in which goods are to be imported to Japan.



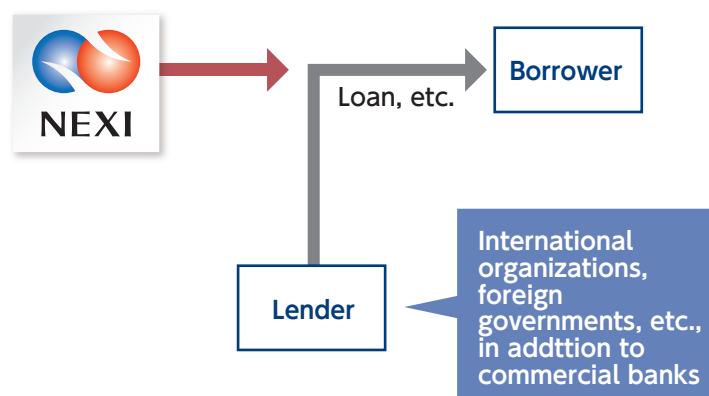


3 Responses to enhance international cooperation

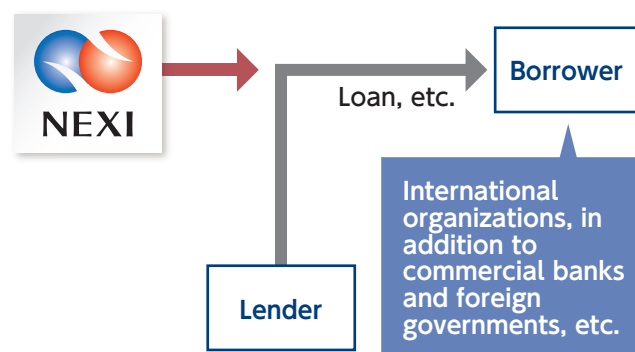
- NEXI invests in a foreign company that engages in the trade and investment insurance business.
- We cover loans by international organizations, foreign governments, etc. and borrowings by international organizations (under Buyer's Credit Insurance and Overseas Untied Loan Insurance).

Buyer's Credit Insurance and Overseas Untied Loan Insurance

- ▶ Add international organizations and foreign governments to lenders



- ▶ Add international organizations to borrowers

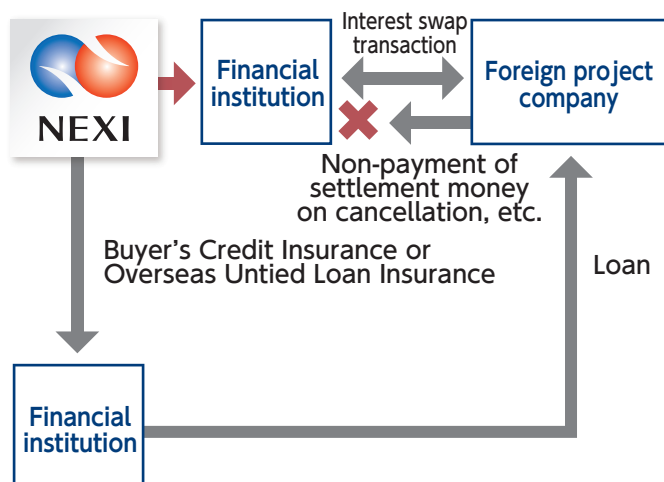


4 Other responses reflecting the needs of users

- We will establish new swap transaction insurance and letter of credit confirmation insurance.

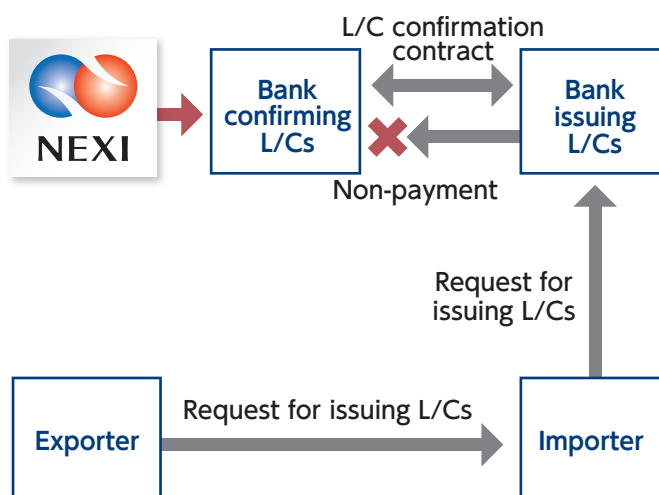
Swap transaction insurance

We will cover losses incurred by financial institutions due to non-payment including of settlement money resulting from the cancellation of swap transactions.



Letter of credit confirmation insurance

We will cover losses incurred by banks confirming L/Cs.



In addition to the above:

- We will reinforce our financial base by adding the holding of negotiable certificates of deposit to our surplus fund management methods, as well as by diversifying our investment methods.

Approaches for Carbon Neutrality

Increased Efforts towards Achieving Carbon Neutrality

Ending of new support for thermal coal power generation projects

As agreed at the G7 Summit in June 2021, NEXI has ended the provision of insurance for unabated international coal power generation as of the end of December 2021.

Contribution through LEAD Initiative (For details, refer to the next page.)

NEXI is heightening the following efforts towards achieving global carbon neutrality for the long-term.

1

Enhancement of Loan Insurance for Green Innovation

With the intent to further promote the use of existing technologies of renewable energy, NEXI has started to apply preferential treatment for credit risk premium of Loan Insurance for Green Innovation which covers projects in the fields of environmental protection and climate change prevention. (For details, refer to TOPICS on page 58.)

2

Extending support for new technologies

To accomplish carbon neutrality in a long-term basis, it is essential to prompt commercialization of new technologies. NEXI is deepening cooperation with the relevant domestic and international organizations to bolster undertakings in those fields.

3

Strengthening ties with foreign governments and corporates, and private financial institutions

To achieve carbon neutrality in the developing and emerging countries, it is essential to mobilize the private capital. NEXI is strengthening cooperation with related partners and is working to fulfill its role as a catalyst in support of renewable energy deployment and energy transition. As part of the effort, NEXI has signed a Memoranda of Cooperation (MOCs) with the Ministry of Finance of Saudi Arabia and Kuwait Petroleum Corporation (KPC), Memoranda of Understanding (MOUs) on cooperation with The Eastern and Southern African Trade and Development Bank (TDB), Public Investment Fund (PIF) of Saudi Arabia, the Indonesian state-owned electricity company PT PLN (Persero), and others. Through the framework of the MOCs and MOUs, NEXI is studying on providing specific support to increase business opportunities for Japanese companies in each country and region, and to promote decarbonization in the energy field.

Approaches towards Net Zero by 2050

In line with the declaration made by the Japanese government to achieve carbon neutrality by 2050, NEXI is proceeding with the following approaches to contribute to the fulfilling of the declared target.

1. Studying on information disclosure based on the TCFD recommendations.
2. Implementing measures to reduce greenhouse gas associated with the operation of trade and investment insurance business.
3. Purchasing of Japanese and foreign green bonds.



Establishment of 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.

NEXI has underwritten six projects in line with the LEAD Initiative since the announcement. The following is the outlines of the latest ones.

1 **Loan Facility for Kuwait Petroleum Corporation (KPC)**

For Japan, Kuwait is one of the largest exporters of crude oil, as well as one of the most important countries in ensuring energy security. The loan facility to KPC will be used for supporting Kuwait's oil businesses and efforts for advancement of decarbonization. This is expected to contribute to supplying the global oil market, stabilizing oil prices, and advancing Kuwait's decarbonization.

2 **Samurai Bond Issued by the Arab Republic of Egypt**

Funds raised by the Samurai bond are going to be used to finance the government subsidies to promote the replacement or conversion of conventional high-emission gasoline vehicles: cars, taxis and buses, to dual-fuel vehicles using gasoline and natural gas, which is undertaken by the Egyptian government as part of measures to reduce CO₂ emissions. The funds from the Samurai bond are also going to be used to finance the cost for procurement of vaccine to combat COVID-19 pandemic in the country.

(Please refer to page 37)

3 **Loan for Afreximbank (COVID-19 Vaccine and Healthcare Finance Facility)**

The loan facility will be mainly used to ensure a stable procurement of the vaccines in Africa. This loan also employs the infrastructure fund scheme announced by NEXI in December 2019, leveraging private capital from more than 10 Japanese institutional investors, such as banks and life insurance companies.

(Please refer to page 36)

Rising Geopolitical Risks and NEXI's Response

Rise of Geopolitical Risks

Ethiopia

In November 2020, a civil war erupted in Ethiopia. Although the completion of military operation was once announced, sporadic fighting continued to intensify the situation, leading the Ethiopian government to declare a nationwide state of emergency in November 2021. The state of emergency was lifted in February 2022 and a ceasefire was reached in March 2022, yet peace is still not in sight. The nation is at a risk of resurging conflict and is suffering from a chronic shortage of foreign currencies.

Myanmar

In February 2021, a coup took place in Myanmar. Political risk has escalated immensely with a rapid deterioration of security situation in the country once called Asia's last frontier, which many Japanese companies have made inroads into. Myanmar is also experiencing serious shortages of foreign currencies due to economic sanctions imposed by the Western countries. Risks associated with foreign exchange and remittance has become prominent after restrictions in foreign currency was reinforced in April 2022.

Russia / Ukraine

On February 24, 2022, Russia launched military aggression against Ukraine. Following the incident, countries have imposed economic sanctions against Russia, including Japan which banned exports of specified goods. The Japanese government issued an evacuation advisory for all of Ukraine, and countries including Japan are providing humanitarian assistance and other supports to the nation.

NEXI's Response

NEXI's insurance products are designed to cover country risks including losses resulting from inability to export goods and inability to collect receivables for goods exported due to war, revolution and civil war, and losses incurred as a result of investees being forced to discontinue or suspend their business operations due to war, nationalization, infringements of rights, economic sanctions, and other reasons.

When receivables cannot be collected due to political risk. ➔ Maximum 100% of the export contract amount is covered.

*When coverage of 100% is selected for Export Credit Insurance. Condition varies depending on the insurance product.

When overseas investees discontinue or suspend their business operations due to political risk. ➔ Maximum 100% of the investment amount is covered.

*Covers your equity interest at a depreciated net asset book value of the investee.

Reflecting the recent rise of geopolitical risks, we have been receiving an increasing number of inquiries in relation to the insured events and payment of claims. NEXI is committed to listen to your situation and to respond to each case with sincerity.

Fostering Diverse Human Capital and Supporting Their Active Careers

Promoting Diversity

NEXI commits to “Respect diversity and work as a team to allow our organization to achieve its best”, in its Action Guideline and is actively promoting diversity.

1. Supporting Women's Active Participation and Advancement in the Workplace

NEXI positions recruiting and fostering of female employees and their promotion to managerial positions as one of its important personnel strategies and is developing an environment in which each and every female employee can play a more active role.

NEXI started assigning female employees to its overseas offices in FY2016. Last year we assigned female employee to international organization, expanding women's active contribution abroad.

At the end of FY2021
Ratio of women in
managerial positions

25.58%

Ratio of women in the
workforce

50.52%

FY2021 results

Ratio of women assigned
for overseas posts
(excluding seconded employees)

75.0%

2. Enhancing Support for Work-Life Balance

NEXI is enhancing support system for work-life balance that allows its employees to continue working during their life events, such as pregnancy, childbirth and childcare, or family care.

We are working to create a pleasant work environment by enhancing intangible elements, such as setting up both internal and external consultation windows and a healthcare room attended by a clinical psychotherapist. We are also encouraging our employees to take their annual paid leaves.

FY2021 results

Ratio of employees returning
to work after childcare leave

100%

FY2021 results

Percentage of annual paid leave used

Employees in
managerial positions

50.47%

Employees in
non-managerial positions

72.23%

Career Support System

While focusing to facilitate employees in mastering their respective tasks and in acquiring expertise and experience, NEXI provides its employees with opportunities in obtaining a wide range of knowledge and experience in the company's operation across the departments without leaning toward a particular field.

Career Stages

STAGE I
(Training and Capacity Building)

STAGE II
(Career Achievement)

STAGE III
(Management Level)

Assist each employee's career development through periodical interviews and meetings

New employee training

External trainee

Internal trainee

Level-based training / Business training / Career design training

Basic skill training / Advanced training

Qualification support system / Personal development training

Executive development training

Training Programs (Main Programs)

Level-based Training

- Basic training for NEXI employees
- Step-up training
- Capacity building program
- Leadership training for young employees
- Followership training for mid-level employees
- Training for manager candidates
- Training for newly appointed group leaders
- Training for employees in managerial positions

Trainee Programs

Internal trainee

To provide an opportunity for self development, employees are assigned to work at departments other than their own for around a week every once a year.

External trainee

To offer a chance to broaden their perspectives outside of NEXI, employees are assigned to work at external organizations on secondment both in Japan and abroad.

Basic Skill Training / Advanced Training

Basic skill training

Bookkeeping (Grade 3), Finance (Banking Proficiency Test) Grade 3, The Japan Business Law Examination (Grade 3), IT Passport, trading business online training, etc.

Advanced training

Bookkeeping (Grades 1, 2), securities analyst, Finance (Banking Proficiency Test) Grades 1, 2, The Japan Business Law Examination (Grades 1, 2) Proficiency Test in Trading Business (Grades C, B and A), etc.

Qualification Acquisition / Personal Development

Support for acquiring qualification

Lawyer, certified public accountant, certified tax accountant, actuary, Labor and Social Security Attorney, etc.

Personal development training

Language training, graduate business school, etc.

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

Case
1

I am thinking of launching business with new buyers.

Case
2

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

Case
3

The amount of export transactions with existing customers is increasing.

Case
4

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

Case
5

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

Case
6

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

Case
7

I would like to prepare for new risks including the COVID-19 pandemic.

Case
8

I would like to use it as a bargaining chip in negotiations with customers requesting a deferred payment contract.

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

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Performance Highlights

[FY2021 Export Trends]

Japan's exports in FY2021 were approximately JPY 85.9 trillion, an increase of approximately 16.4 trillion (up 23.6% year on year) due to an increase in exports of steel products and motor vehicles. This marked a record high for the last five years.

Looking at the results by country and region, exports to Asia were approximately JPY 49.7 trillion (up 22.8% year on year), of which China accounted for approximately JPY 18.3 trillion (up 14.9% year on year). Exports to the US were approximately JPY 15.4 trillion (up 23.9% year on year). Exports to the EU were approximately JPY 7.9 trillion (up 24.5% year on year). Exports to the Middle East were approximately JPY 2.1 trillion (up 18.7% year on year).

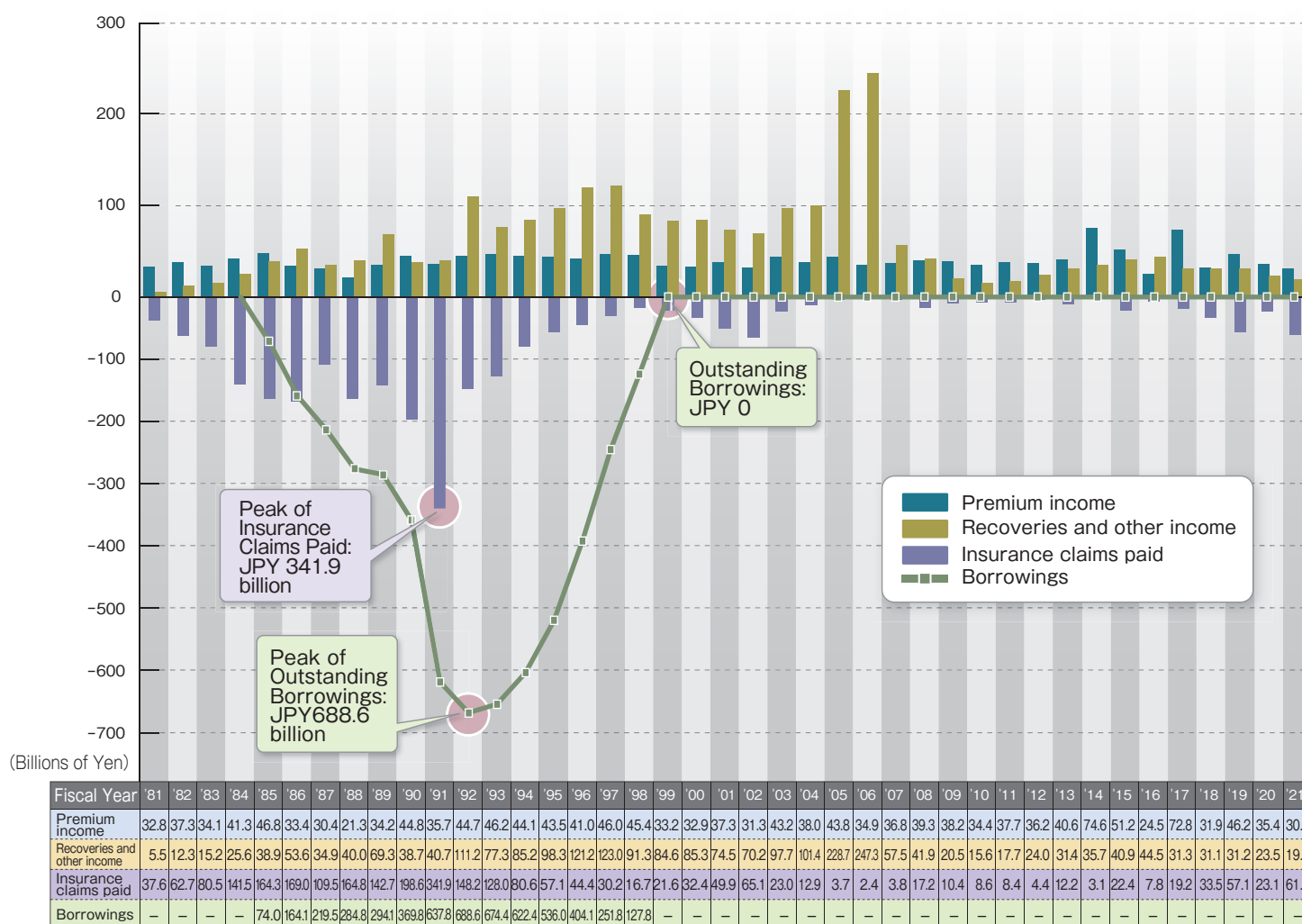
Reference: Japan's exports

(Millions of Yen)

	FY2017	FY2018	FY2019	FY2020	FY2021
Total Exports	79,221,249	80,709,887	75,878,792	69,485,419	85,877,665
Year-on-Year Change (%)	10.8	1.9	△ 6.0	△ 8.4	23.6

Source: Trade Statistics of Japan, Ministry of Finance

[Trade and Investment Insurance Business]



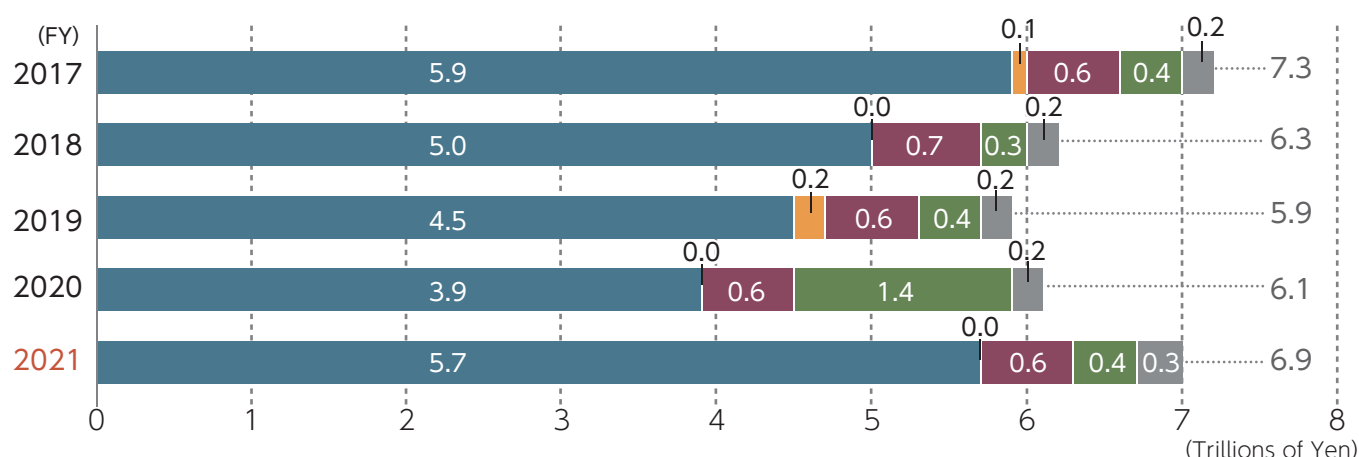
Note: This data is on a cash basis. Premium income is presented after deducting returned premiums.

(Billions of Yen)

[Amount of Insurance Underwritten]

● Trends in Underwritten Amount by Insurance Type

Amount of insurance underwritten in FY2021 was approximately JPY 6.9 trillion (up 13.1% year on year) due to a significant increase in Export Credit Insurance accounting for approximately JPY 5.7 trillion (up 46.7% year on year) against the backdrop of an increase of total exports of Japan. By contrast, underwritten amount for loan insurance decreased; Overseas Untied Loan Insurance was approximately JPY 0.4 trillion (down 72.9% year on year), and Buyer's Credit Insurance was approximately JPY 1.8 billion (down 95.2% year on year). Overseas Investment Insurance slightly decreased to approximately JPY 0.6 trillion (down 6.7% year on year).

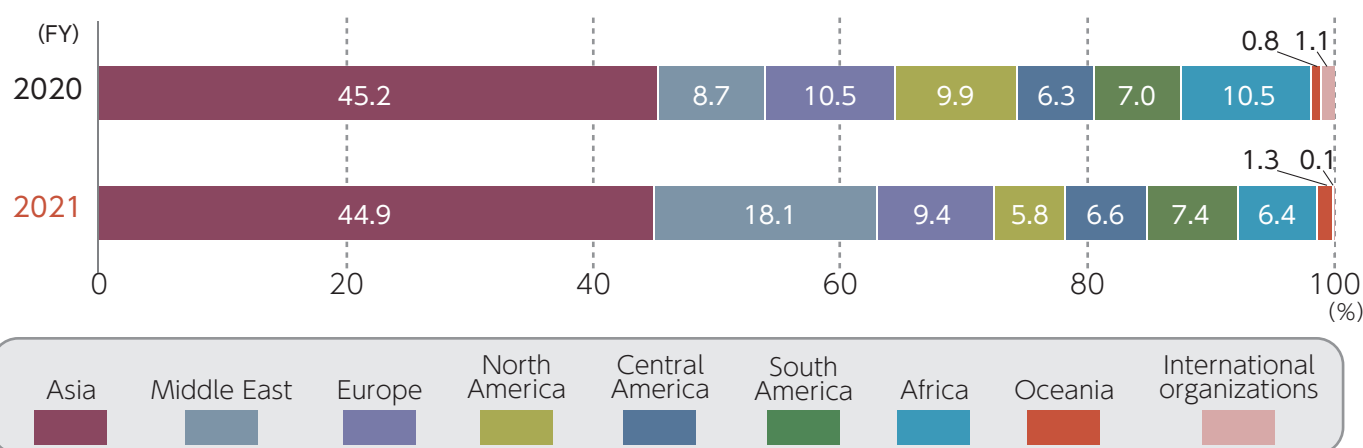


Legend: Export Credit Insurance (Dark Blue), Buyer's Credit Insurance (Orange), Overseas Investment Insurance (Maroon), Overseas Untied Loan Insurance (Green), Others (Grey).

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

● Underwritten Amount by Region

Asia continued to account for the largest share with 44.9% (approximately JPY 3.3 trillion), followed by the Middle East with 18.1% (approximately JPY 1.3 trillion).



Top Ten Countries and Regions for Underwritten Amount in FY2021

(Millions of Yen)

Rank	Country / Region	Underwritten Amount	Composition
1	Qatar	727,887	9.8%
2	China	585,893	7.9%
3	Thailand	499,256	6.7%
4	Indonesia	486,300	6.6%
5	U.S.A.	410,398	5.5%

Rank	Country / Region	Underwritten Amount	Composition
6	South Korea	351,231	4.7%
7	Taiwan	299,529	4.0%
8	Vietnam	266,988	3.6%
9	Saudi Arabia	261,455	3.5%
10	UAE	196,915	2.7%

Performance Highlights

[Outstanding Insurance Commitment]

● Trends in Outstanding Commitment by Insurance Type

Outstanding insurance commitment in FY2021 was approximately JPY 14.3 trillion (up 12.5% year on year).

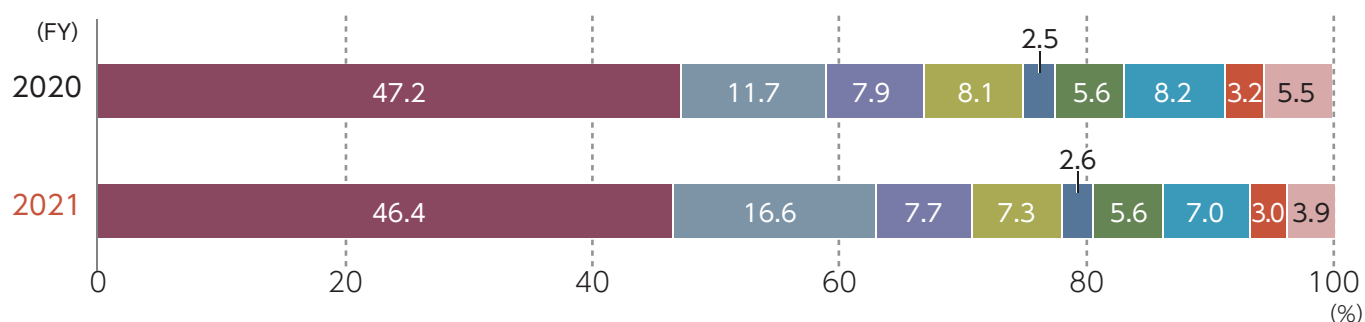


Export Credit Insurance Buyer's Credit Insurance Overseas Investment Insurance Overseas Untied Loan Insurance Others

*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, Prepayment Import Insurance, and reinsurance.

● Outstanding Commitment by Region

Asia accounted for the largest share with 46.4% (approximately JPY 6.8 trillion), followed by the Middle East with 16.6% (approximately JPY 2.4 trillion).

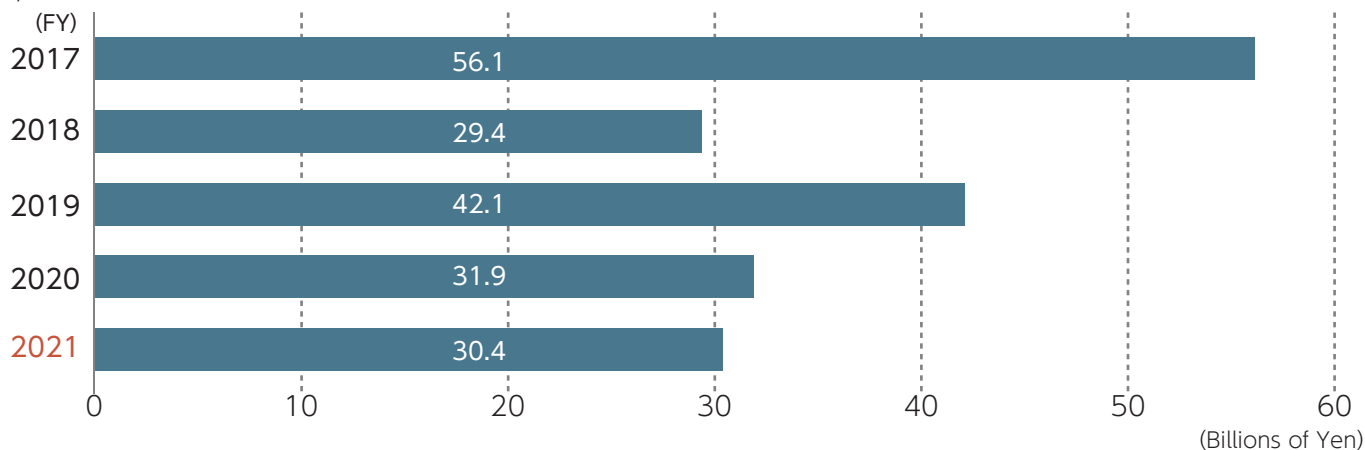


Asia Middle East Europe North America Central America South America Africa Oceania International organizations

[Premium Income]

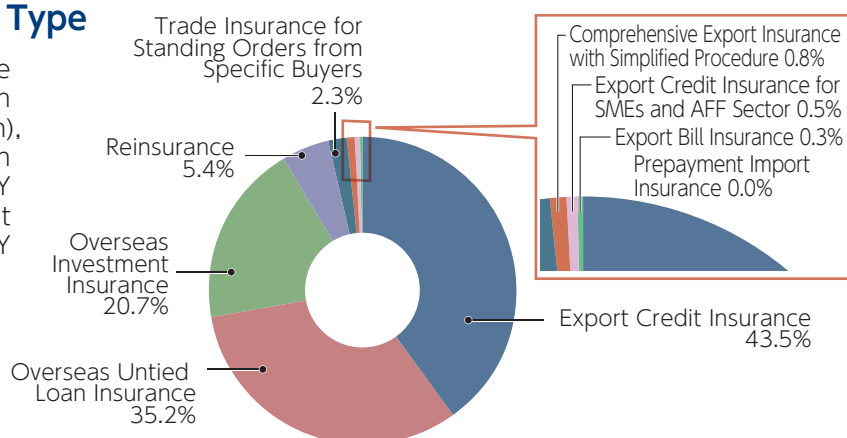
● Trends in Premium Income

Premium income in FY2021 declined slightly to approximately JPY 30.4 billion in FY2021 (down 4.4% year on year).



Premium Income by Insurance Type

By insurance type, Export Credit Insurance accounted for the largest share with 43.5% (approximately JPY 13.2 billion), followed by Overseas Untied Loan Insurance with 35.2% (approximately JPY 10.7 billion) and Overseas Investment Insurance with 20.7% (approximately JPY 6.3 billion).

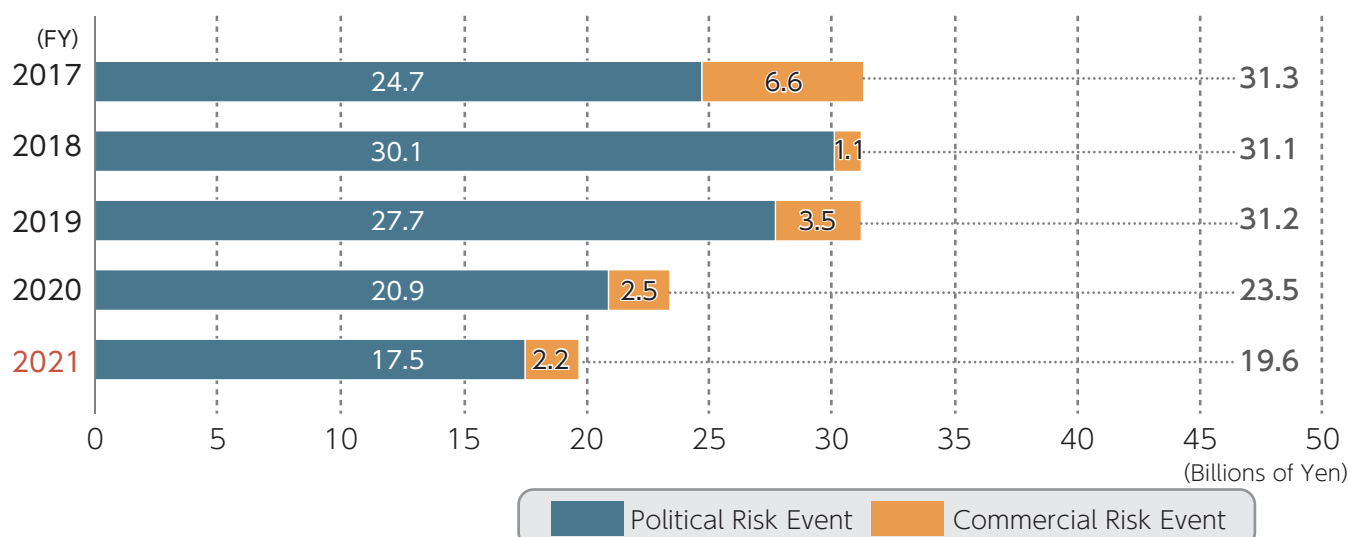


[Recoveries]

● Trends in Recoveries

The amount of recoveries in FY2021 was approximately JPY 19.6 billion (down 16.4% year on year).

Recoveries of claims associated with political risk events, including those through Paris Club debt rescheduling, accounted for 89.0% (approximately JPY 17.5 billion). The remaining 11.0% (approximately JPY 2.2 billion) was associated with commercial risk events.

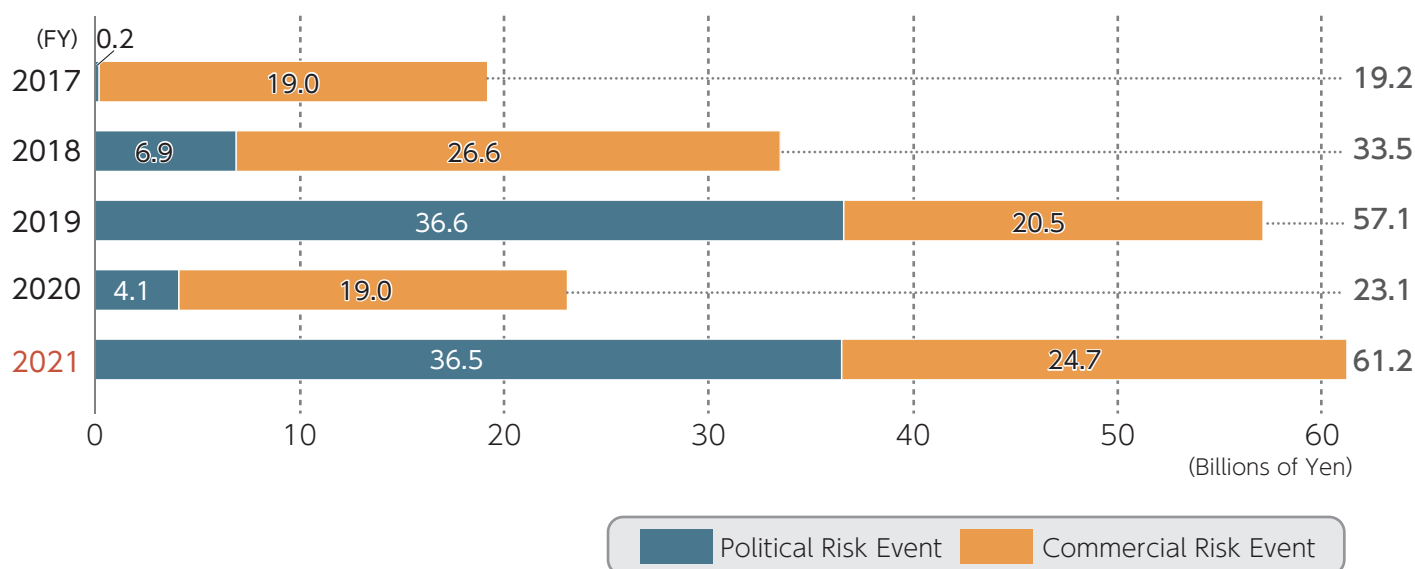


Performance Highlights

[Insurance Claims Paid]

●Trends in Claims Paid

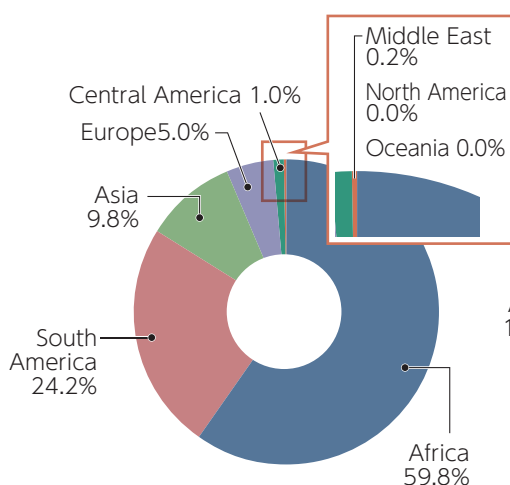
Insurance claims paid in FY2021 were approximately JPY 61.2 billion (up165.4% year on year), due to an increase in claims paid for both political risk events and commercial risk events. It was the second largest amount since the foundation of NEXI in 2001, following FY2002 when claims paid was approximately JPY 65.1 billion.



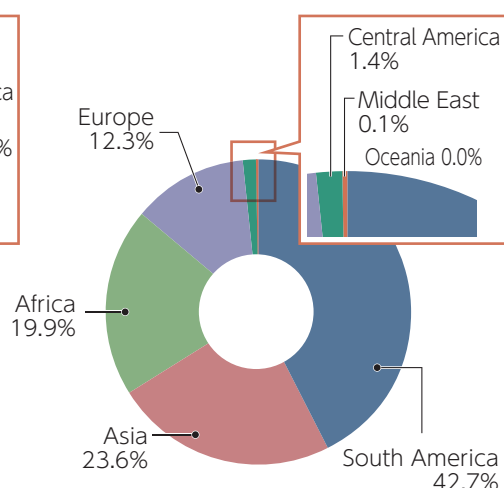
●Claims Paid by Region in FY2021

Africa accounted for the largest share with 59.8% (approximately JPY 36.6 billion).

Overall

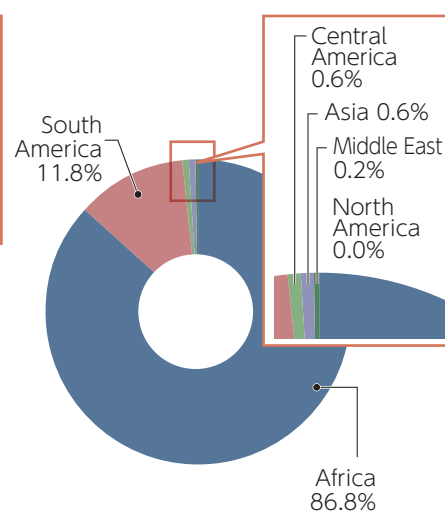


Commercial Risk Event



*There were no claims paid related to commercial risk events in North America.

Political Risk Event



*There were no claims paid related to political risk events in Europe and Oceania.

Insured Events in FY2021

Insured Events by Risk Type in FY2021

Insured events amounted to approximately JPY 115.3 billion in reported insured losses in FY2021. Political risk events decreased by half compared with FY2020 when insured events rose sharply due to the impact of the COVID-19 pandemic. On the other hand, commercial risk events increased substantially.

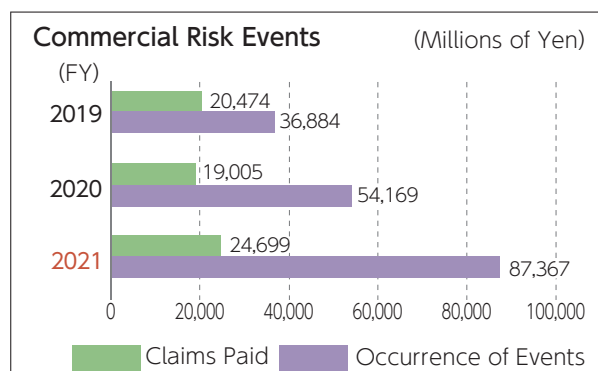
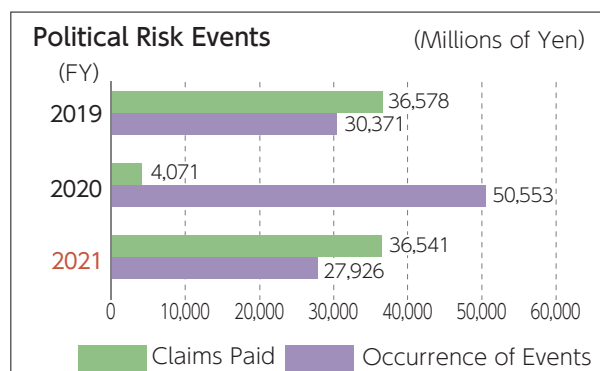
The total amount of claims paid was approximately JPY 61.2 billion, the second largest amount since the foundation of NEXI in FY2001. In political risk events, claims were paid for insured events covered by Overseas Investment Insurance which occurred in FY2020 due to the COVID-19 pandemic. In commercial risk events, claims were paid for insured events involving large-scale projects covered by Buyer's Credit Insurance.

(Millions of Yen)

Category	Type of Risk	FY2019	FY2020	FY2021	Year-on-Year Change (%)
Occurrence of Events	Political Risk	30,371	50,553	27,926	△44.8%
	Commercial Risk	36,884	54,169	87,367	61.3%
	Total	67,255	104,721	115,293	10.1%
Claims Paid	Political Risk	36,578	4,071	36,541	797.6%
	Commercial Risk	20,474	19,005	24,699	30.0%
	Total	57,052	23,076	61,241	165.4%

- *In certain cases, debts are fully paid after submission of notification of occurrence of losses. This results in claims either not being made at all or being made in the following fiscal year. For this reason, the amount presented in occurrence of events does not directly correspond to the amount for claims paid.
- *Occurrence of events and claims paid related to reinsurance are recorded under commercial risk.

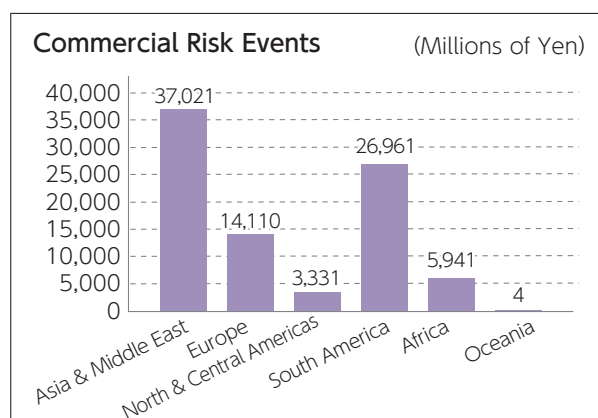
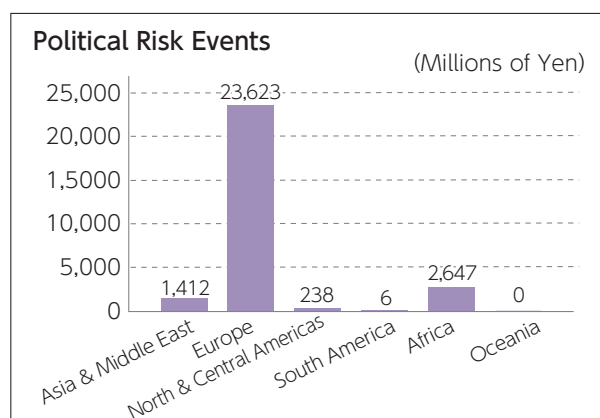
Occurrence of Events and Claims Paid (FY2019-FY2021)



Occurrence of Events by Region

In FY2021, approximately 85% of all political risk events occurred in Europe including those related to Ukraine, with the remainder taking place in Africa and Asia. Commercial risk events occurred in South America, Asia and the Middle East involving large-scale projects, which was a trend continued from FY2020.

Occurrence of Events: Amounts by Region (FY2021)



Review of Performance

[Amount of Insurance Underwritten]

● Underwritten Amount by Insurance Type

(Millions of Yen)

Type of Insurance	FY2017	FY2018	FY2019	FY2020	FY2021	Composition (%)	Year-on-Year Change (%)
Export Credit Insurance	5,915,423	5,030,034	4,526,832	3,859,827	5,661,939	81.5	46.7
One year or less	3,093,390	2,908,306	2,810,763	2,052,303	3,204,812	46.1	56.2
More than one year	2,822,033	2,121,728	1,716,069	1,807,525	2,457,126	35.4	35.9
Trade Insurance for Standing Orders from Specific Buyers	8,115	7,443	10,907	15,118	21,726	0.3	43.7
Export Credit Insurance for SMEs and AFF Sector	8,449	9,812	13,656	14,562	16,029	0.2	10.1
Comprehensive Export Insurance with Simplified Procedure	51,963	58,024	51,207	55,545	105,888	1.5	90.6
Export Bill Insurance	11,823	13,023	12,358	8,865	8,787	0.1	△ 0.9
Prepayment Import Insurance	981	214	2,844	9,935	671	0.0	△ 93.3
Overseas Investment Insurance	641,568	712,045	601,782	622,834	581,101	8.4	△ 6.7
Buyer's Credit Insurance	138,372	37,083	197,823	36,565	1,771	0.0	△ 95.2
Overseas Untied Loan Insurance	422,123	342,565	422,132	1,378,107	373,852	5.4	△ 72.9
Reinsurance	115,971	86,219	62,313	142,271	176,033	2.5	23.7
Total	7,314,788	6,296,462	5,901,854	6,143,627	6,947,796	100.0	13.1

(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) In Export Credit Insurance, capital goods are classified into transactions with more than one year. (The same applies hereinafter.)

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

● Underwritten Amount by Region

(Millions of Yen)

Region	FY2017	FY2018	FY2019	FY2020	FY2021	Composition (%)	Year-on-Year Change (%)
Asia	3,878,278	3,517,050	3,422,851	2,949,704	3,327,232	44.9	12.8
Middle East	696,610	661,380	500,303	566,818	1,338,381	18.1	136.1
Europe	699,293	638,012	780,216	683,404	695,279	9.4	1.7
North America	303,599	274,361	245,916	645,106	431,140	5.8	△ 33.2
Central America	703,342	647,942	538,946	411,231	486,433	6.6	18.3
South America	438,422	442,875	345,257	454,955	545,579	7.4	19.9
Africa	590,893	304,254	355,564	685,523	476,971	6.4	△ 30.4
Oceania	100,603	81,527	72,864	53,872	95,323	1.3	76.9
International organizations	445,278	134,460	16,221	71,842	9,296	0.1	△ 87.1

(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 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	FY2017	FY2018	FY2019	FY2020	FY2021	Composition (%)	Year-on-Year Change (%)
Export Credit Insurance	7,538,669	6,994,430	5,968,467	5,278,555	6,592,883	46.1	24.9
One year or less	2,497,946	2,417,727	2,291,738	1,925,810	2,479,405	17.3	28.7
More than one year	5,040,723	4,576,703	3,676,729	3,352,745	4,113,478	28.7	22.7
Trade Insurance for Standing Orders from Specific Buyers	9,868	11,383	13,211	19,077	27,205	0.2	42.6
Export Credit Insurance for SMEs and AFF Sector	2,817	3,817	4,491	4,893	5,214	0.0	6.6
Comprehensive Export Insurance with Simplified Procedure	13,003	16,415	10,874	19,202	32,138	0.2	67.4
Export Bill Insurance	3,556	3,224	3,831	2,536	1,657	0.0	△ 34.7
Prepayment Import Insurance	979	208	2,298	9,796	698	0.0	△ 92.9
Overseas Investment Insurance	1,528,398	1,596,806	1,602,810	1,697,292	1,472,327	10.3	△ 13.3
Buyer's Credit Insurance	866,474	923,657	831,832	778,010	747,130	5.2	△ 4.0
Overseas Untied Loan Insurance	3,549,807	3,608,086	3,365,701	4,084,100	4,607,015	32.2	12.8
Reinsurance	827,116	830,151	783,808	831,042	825,080	5.8	△ 0.7
Total	14,340,688	13,988,179	12,587,322	12,724,503	14,311,346	100.0	12.5

(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	FY2017	FY2018	FY2019	FY2020	FY2021	Composition (%)	Year-on-Year Change (%)
Asia	6,896,936	6,926,035	6,463,037	6,241,627	6,822,605	46.4	9.3
Middle East	2,050,197	1,945,372	1,673,822	1,551,671	2,442,646	16.6	57.4
Europe	1,070,642	930,638	885,666	1,047,275	1,134,007	7.7	8.3
North America	977,828	984,054	886,348	1,076,438	1,068,567	7.3	△ 0.7
Central America	769,735	653,945	444,834	324,080	375,349	2.6	15.8
South America	695,229	685,649	565,177	734,267	827,249	5.6	12.7
Africa	965,515	952,503	911,884	1,081,938	1,031,503	7.0	△ 4.7
Oceania	654,853	624,052	520,348	426,080	436,098	3.0	2.4
International organizations	1,084,413	868,089	787,432	727,950	575,017	3.9	△ 21.0

(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	FY2017	FY2018	FY2019	FY2020	FY2021	Composition (%)	Year-on-Year Change (%)
Export Credit Insurance	14,213	12,032	9,932	9,955	13,230	43.5	32.9
Trade Insurance for Standing Orders from Specific Buyers	340	259	433	572	705	2.3	23.3
Export Credit Insurance for SMEs and AFF Sector	72	84	125	134	149	0.5	10.6
Comprehensive Export Insurance with Simplified Procedure	116	127	102	134	253	0.8	88.8
Export Bill Insurance	120	130	130	124	100	0.3	△ 19.7
Prepayment Import Insurance	3	3	17	126	1	0.0	△ 98.9
Overseas Investment Insurance	6,102	6,188	6,454	6,516	6,295	20.7	△ 3.4
Buyer's Credit Insurance	6,326	1,424	9,009	1,696	△ 2,641	△ 8.7	△ 255.7
Overseas Untied Loan Insurance	26,220	7,018	15,227	9,546	10,717	35.2	12.3
Reinsurance	2,603	2,098	697	3,048	1,635	5.4	△ 46.3
Total	56,117	29,362	42,127	31,852	30,444	100.0	△ 4.4

(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	FY2017			FY2018			FY2019			FY2020			FY2021				
		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	4,205	114	4,091	18,082	2,175	15,907	43,996	36,344	7,652	2,831	104	2,727	1,217	523	694	2.0	△ 57.0
Trade Insurance for Standing Orders from Specific Buyers	13	—	13	—	—	—	—	—	—	67	—	67	32	—	32	0.1	△ 52.3
Export Credit Insurance for SMEs and AFF Sector	193	—	193	78	—	78	150	—	150	180	—	180	6	—	6	0.0	△ 96.8
Comprehensive Export Insurance with Simplified Procedure	3	—	3	—	—	—	6	—	6	—	—	—	—	—	—	—	—
Export Bill Insurance	—	—	—	10	—	10	35	—	35	84	—	84	22	—	22	0.0	△ 73.9
Prepayment Import Insurance	—	—	—	—	—	—	—	—	—	—	—	—	149	—	149	0.2	—
Overseas Investment Insurance	100	100	—	2,941	2,941	—	234	234	—	1,797	1,797	—	33,830	33,830	—	55.2	1,783.0
Buyer's Credit Insurance	—	—	—	1,807	1,807	—	117	—	117	2,287	2,170	117	7,091	2,188	4,903	11.6	210.1
Overseas Untied Loan Insurance	13,839	—	13,839	9,253	—	9,253	11,760	—	11,760	11,724	—	11,724	7,824	—	7,824	12.8	△ 33.3
Reinsurance	891	—	891	1,325	—	1,325	755	—	755	4,106	—	4,106	11,069	—	11,069	18.1	169.6
Total	19,243	214	19,029	33,497	6,923	26,573	57,052	36,578	20,474	23,076	4,071	19,005	61,241	36,541	24,699	100.0	165.4

●Claims Paid by Region

(Millions of Yen)

Region	FY2017			FY2018			FY2019			FY2020			FY2021				
	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	4,385	112	4,273	12,477	–	12,477	6,154	32	6,121	3,687	73	3,614	6,025	208	5,817	9.8	63.4
Middle East	287	2	286	5,646	2,103	3,543	34,348	32,259	2,090	235	62	174	109	77	32	0.2	△ 53.7
Europe	542	–	542	1,115	1	1,114	43	–	43	1,403	2	1,401	3,045	–	3,045	5.0	117.1
North America	25	–	25	187	71	116	75	32	43	27	0	27	11	11	–	0.0	△ 61.4
Central America	–	–	–	40	–	40	4,114	4,053	61	1,978	1,466	511	584	227	357	1.0	△ 70.5
South America	13,940	100	13,840	11,090	1,807	9,283	11,841	–	11,841	13,544	297	13,246	14,843	4,302	10,541	24.2	9.6
Africa	65	–	65	2,941	2,941	–	106	–	106	2,198	2,170	28	36,620	31,717	4,903	59.8	1,566.2
Oceania	–	–	–	–	–	–	371	202	169	4	–	4	4	–	4	0.0	△ 9.3
Total	19,243	214	19,029	33,497	6,923	26,573	57,052	36,578	20,474	23,076	4,071	19,005	61,241	36,541	24,699	100.0	165.4

[Recoveries]

● Recoveries by Risk Type

(Millions of Yen)

Type of Risk	FY2017	FY2018	FY2019	FY2020	FY2021	Composition (%)	Year-on-Year Change (%)
Political Risk	24,696	30,068	27,730	20,926	17,454	89.0	△ 16.6
Commercial Risk	6,575	1,052	3,467	2,533	2,153	11.0	△ 15.0
Total	31,271	31,121	31,197	23,458	19,607	100.0	△ 16.4

● Recoveries by Region

(Millions of Yen)

Region	FY2017	FY2018	FY2019	FY2020	FY2021	Composition (%)	Year-on-Year Change (%)
Asia	1,995	2,368	3,628	3,845	2,853	14.6	△ 25.8
Middle East	17,374	11,461	11,930	16,897	11,731	59.8	△ 30.6
Europe	713	683	771	835	924	4.7	10.6
North America	6	81	33	471	15	0.1	△ 96.8
Central America	1,472	1,701	38	9	306	1.6	3438.3
South America	9,024	14,193	14,211	880	3,736	19.1	324.4
Africa	657	629	586	517	38	0.2	△ 92.7
Oceania	29	4	—	3	4	0.0	15.4
Total	31,271	31,121	31,197	23,458	19,607	100.0	△ 16.4

Recoveries in FY2021

Recoveries by Risk Type

Recoveries totaled approximately JPY 19.6 billion in FY2021, compared with JPY 23.5 billion in FY2020 (down 16.4% from the previous year).

Looking at the results by risk type, recoveries related to political risk events, including those through Paris Club debt rescheduling, amounted to about JPY 17.5 billion (down 16.6% from the previous year). Recoveries related to commercial risk events amounted to about JPY 2.2 billion (down 15.0% from the previous year).

Recoveries by Region

By region, the Middle East accounted for about 60% of total recoveries at approximately JPY 11.7 billion. This includes about JPY 8.8 billion from the Republic of Iraq (Paris Club recoveries) and about JPY 1.3 billion from Hashemite Kingdom of Jordan (Paris Club recoveries).

South America accounted for about 20% at approximately JPY 3.7 billion. This includes about JPY 3.6 billion from the Argentine Republic (Paris Club recoveries) and about JPY 0.1 billion from the Republic of Chile (commercial risk-related recoveries).

Asia accounted for 14.6% of total recoveries at approximately JPY 2.9 billion. This includes about JPY 1.2 billion from the Republic of Indonesia (Paris Club recoveries) and about JPY 1.1 billion from the People's Republic of China (commercial risk-related recoveries).

Recoveries from Europe amounted to approximately JPY 0.9 billion, including about JPY 0.7 billion from the Republic of Serbia and about JPY 0.1 billion from Bosnia and Herzegovina, while those from Central America amounted to approximately JPY 0.3 billion including about JPY 0.3 billion from the United Mexican States (commercial risk-related recoveries).

Recoveries from Africa and North America amounted to approximately JPY 50 million, including about JPY 30 million from the Arab Republic of Egypt and about JPY 10 million from the United States of America (commercial risk-related recoveries), and other 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 credit and to foster a level playing field. The Arrangement prescribes common terms and conditions, such as minimum premium rates, down payments, maximum repayment terms, minimum interest rates, and repayment terms, when ECAs provide export credit. In addition to the Arrangement, sector-specific terms reflecting the characteristics of each sector may be applied to projects related to ships, nuclear power plants, civil aircraft, rail infrastructure, renewable energy, climate change mitigation and adaptation technologies, and water, as well as project finance. NEXI provides export credits in line with the Arrangement.

3 Approaches to Environmental Issues

Since the formulation of the OECD 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. In March 2019 the Recommendation was revised, and NEXI is strengthening its efforts based on the revisions.

NEXI Activities

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Main international activities

●● Conclusion of MOU on Cooperation with the Ministry of Economy of Azerbaijan

Nippon Export and Investment Insurance (NEXI) concluded a memorandum of understanding on cooperation (MOU) with the Ministry of Economy of the Republic of Azerbaijan (Azerbaijan) in April 2021. The signing ceremony was held online. The Ministry of Economy of Azerbaijan is an administrative entity that has jurisdiction over the domestic economic policy, promotion and management of investment activities of private companies, attraction of investment from foreign companies, encouragement

of trades within and outside the country, etc. This MOU aims to promote export transactions between the two countries and support companies to enter into the market of the other country.

NEXI has supported Japanese companies' export to Azerbaijan through trade and investment insurance. Following the conclusion of this MOU, NEXI continues to strive to develop the bilateral trade environment that will further promote economic and business activities in the private sector.

●● Conclusion of MOU on Cooperation with ICIEC

NEXI concluded a memorandum of understanding on cooperation (MOU) with the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) in November 2021. The signing ceremony was held online.

ICIEC is an international financial institution that provides investment insurance, export credit insurance, etc. as a member of the Islamic Development Bank (IsDB) Group to expand investment in and trade with Islamic countries. Previously, NEXI and ICIEC concluded an MOU in August 2019 to establish a cooperative framework with the aim of setting up projects, in recognition of a huge demand for infrastructure development and business opportunities

of Japanese companies in the African region. Under the MOU, the two parties built a reinsurance framework as a concrete initiative.

This new MOU is intended to further expand and reinforce the cooperative framework between NEXI and ICIEC through initiatives in non-reinsurance business. Under this MOU, NEXI aims to support countries in which potential opportunities for domestic economic growth and for business participation by Japanese companies are inhibited by the COVID-19 pandemic, while encouraging Japan's export of infrastructure systems to African nations.

The reinsurance framework and this MOU are a part of the activities in line with the LEAD Initiative announced by NEXI in December 2020.

●● Conclusion of MOU on Cooperation with TDB

NEXI concluded a memorandum of understanding on cooperation (MOU) with the Eastern and Southern African Trade and Development Bank (TDB), an international financial institution, in December 2021.

TDB is a regional development financial institution to promote trade, economic integration, and sustainable development of its member countries in the eastern and southern African region, funded by countries in the region, the African Development Bank, etc.

This MOU aims that the strengthened relationship will promote African economic development and increase Japanese companies' trade with and investment in Africa by creating business opportunities of Japanese

companies in the member countries. Specifically, it includes the aims of (1) cooperation on setting up a project towards TICAD 8 scheduled in August 2022; (2) exchange of ideas and information for the economic development of Africa and creation of Japanese companies' business opportunities; (3) exchange of ideas and information for collaboration in the fields of decarbonization and high-quality infrastructure development in Africa; and (4) human resource development and relationship enhancement through workshops and seminars.

This MOU is a part of the activities in line with the LEAD Initiative announced by NEXI in December 2020.

●● Conclusion of MOU on Cooperation with PIF

NEXI concluded a memorandum of understanding on cooperation (MOU) with the Public Investment Fund (PIF) of the Kingdom of Saudi Arabia (Saudi Arabia) in January 2022.

PIF is the sovereign wealth fund fully owned by the Government of Saudi Arabia, leading the domestic economic reforms and diversification through investment inside and outside of the country.

Saudi Arabia and Japan formulated the Saudi-Japan Vision 2030 as a compass of the strategic partnership to foster cooperation for development of the two

countries. Through the framework under this MOU, NEXI aims to promote the Saudi-Japan Vision 2030, encourage energy transition and decarbonization in Saudi Arabia, develop the economy of Saudi Arabia that is promoting diversification of industries, and expand Japanese companies' business opportunities in Saudi Arabia.

This MOU is a part of the activities in line with the LEAD Initiative announced by NEXI in December 2020.

●● Conclusion of MOC with KPC

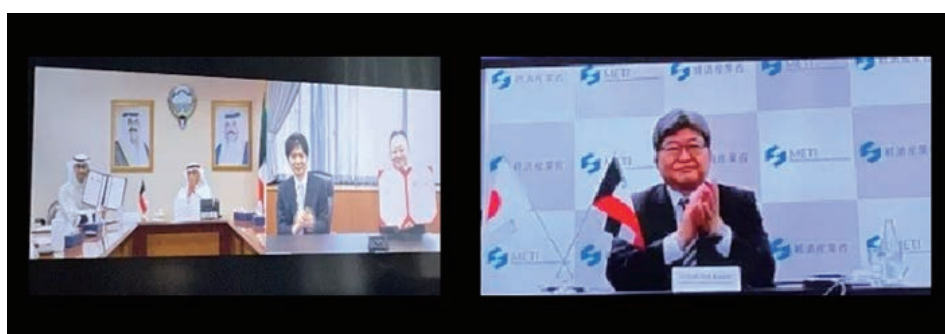
NEXI concluded a memorandum of cooperation (MOC) with Kuwait Petroleum Cooperation (KPC) of the State of Kuwait (Kuwait) in March 2022.

KPC is Kuwait's national petroleum company, founded in 1980. It owns eight affiliated companies inside and outside of the country, and comprehensively develops petroleum-related businesses, such as prospecting, drilling, production, storage, refining, processing, transport, distribution and marketing of petroleum, natural gas, and chemical/petrochemical

and related products.

Under this MOC, NEXI and KPC foster cooperation aiming to expand Japanese companies' business opportunities and promote decarbonization in the energy sector in Kuwait. They also discuss energy-related projects in Kuwait involving Japanese companies as well as promotion of export of Japanese products.

This MOC is a part of the activities in line with the LEAD Initiative announced by NEXI in December 2020.



Photos of the online signing ceremony

●● Holding of Bilateral Meetings

In FY2021, bilateral meetings were held online with export credit agencies (ECAs) and government officials from the Republic of Austria (Austria), Canada, the People's Republic of China (China), the Federal Republic of Germany (Germany), and the French Republic (France). We exchanged frank opinions concerning a wide range of topics, such as

response to and business conditions under the COVID-19 crisis, climate change mitigation measures, and risk management initiatives.

These annual meetings allow us to confirm the global trends of trade and investment insurance, and further strengthen our cooperation with institutions in other countries.



Photos of the bilateral meeting with Austria

Main international activities

●●Participation in the Second Japan Africa Public-Private Economic Forum

NEXI participated in the Second Japan Africa Public-Private Economic Forum, which was hosted online by the Ministry of Trade, Economy and Industry (METI), the Government of the Republic of Kenya (Kenya), and the Japan External Trade Organization (JETRO) in December 2021.

This Forum is held every three years to strengthen cooperation of private companies in Japan and Africa and promote Japanese companies' business activities in Africa, in fields such as trade and investment, infrastructure, and energy.

NEXI moderated a debate on enhancement of financing functions for expanding private investment in Africa at the sectional meeting "Accelerating Finance Solutions in Africa." Representatives of

companies and banks using trade and investment insurance in their businesses for Africa, as well as those of international financial institutions and other entities working with NEXI, took the podium. They also shared their previous efforts and exchanged views as to what they would expect from public institutions including NEXI.

NEXI introduced its support for Japanese companies' business expansion in Africa by referring to: (1) support under the LEAD Initiative; (2) establishment of consultation desks for Japanese companies (Japan Desks) in African financial institutions; and (3) support under cooperation agreements with African financial institutions.

●●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 2021 there were a total of 84 member institutions. The Berne Union meets twice a year in spring and autumn to exchange ideas and hold discussions, and also holds sessions such as expert meetings and webinars from time to time. In

FY2021, the Spring Meeting was held online in April, and the Annual General Meeting was held in October in Budapest, Hungary. NEXI attended both meetings to exchange information with attending institutions.

At the Annual General Meeting, Mr. Yuichiro Akita, General Manager of NEXI's Planning and Policy Department was appointed as new Vice Chair of the Export Credit Agency (ECA) Committee. The appointment of NEXI's manager as the official of the Berne Union followed Mr. Hidehiro Konno, then Chairman of NEXI, who was the Chair between 2007 and 2009.



Photo of the venue of the Annual General Meeting

Working Toward a Sustainable Society

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 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.

In FY2021, NEXI conducted screenings for 30 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.). NEXI then conducted each assessment appropriately for its category. Even during the prolonged COVID-19 pandemic, NEXI flexibly conducted proper assessments for Category A projects, using virtual inspections and other means, instead of the on-site inspections that are ordinarily required.

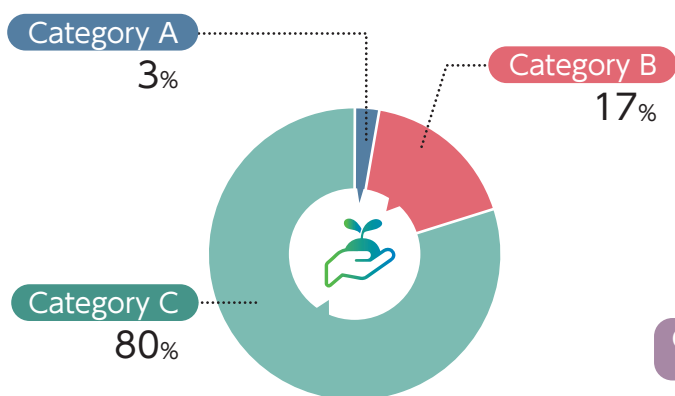
Also, to ensure compliance with the guidelines,

NEXI has introduced objection procedures, assigning an environmental guideline examiner who is independent from our insurance underwriting department. Thus, NEXI will continue to appropriately assess each project.



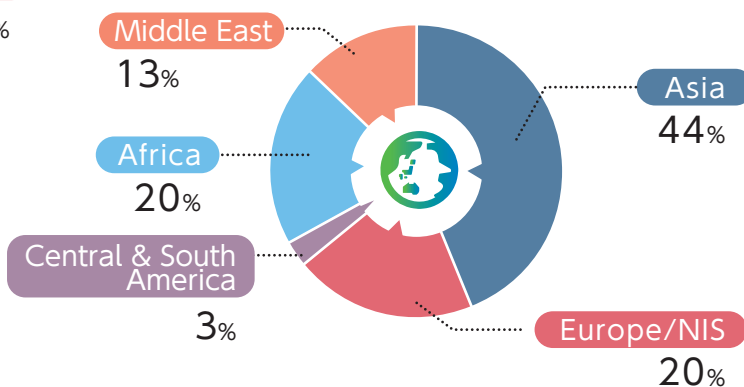
Photo provided by Marubeni Corporation

FY2021 Screenings by Category



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

FY2021 Screenings by Region



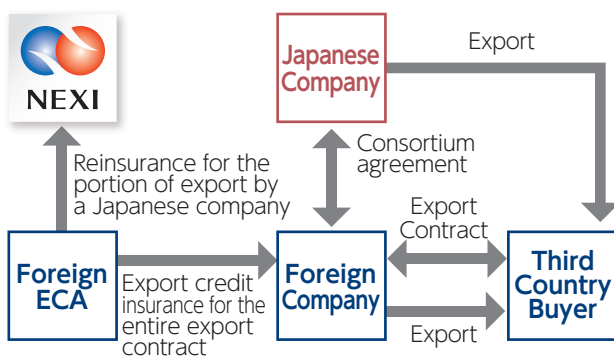
*The Middle East includes Turkey; Central & South America includes Mexico.

Cooperation with Overseas Organizations

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

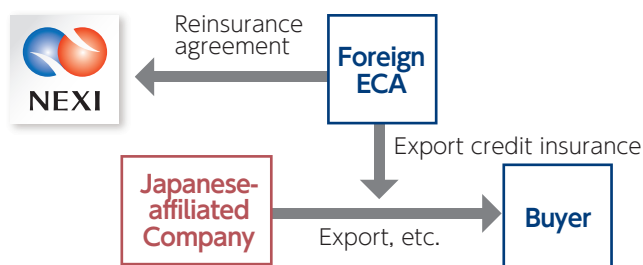
(1) One-Stop-Shop Reinsurance

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



(2) Short-term Reinsurance

NEXI has concluded reinsurance agreements with ECAs in Asia and other regions to support exports to third countries by Japanese companies located in Asian and other countries. These agreements increase the underwriting capacity of ECAs in Asia and other regions. This makes it easier for Japanese companies 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.

Europe

One-Stop-Shop Reinsurance Agreements

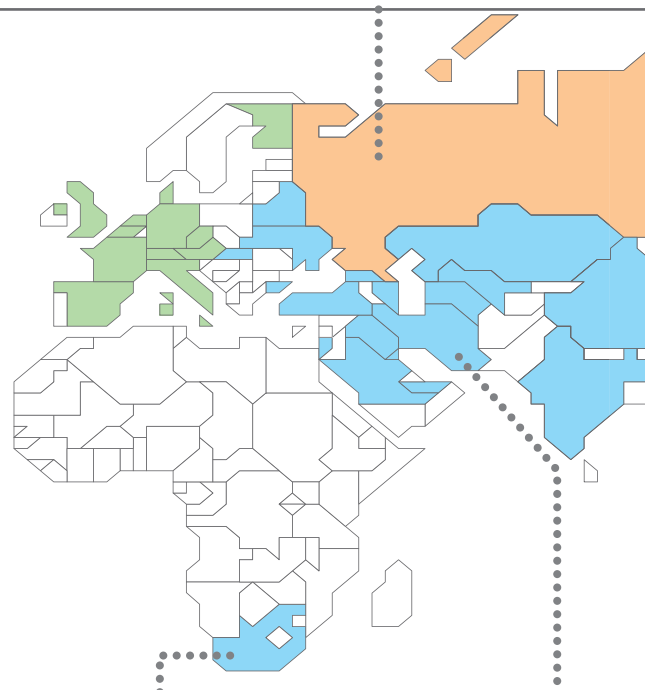
Italy	Servizi Assicurativi del Commercio Estero (SACE)	2002
Netherlands	Atradius N.V. (ATRADIUS)	2002
Belgium	Credendo - Export Credit Agency	2002
Germany	Euler Hermes Deutschland AG (EULER-HERMES)	2003
Austria	Oesterreichische Kontrollbank AG (OeKB)	2003
Finland	Finnvera plc (FINNVERA)	2004
Spain	Compañía Española de Seguros de Crédito a la Exportación (CESCE)	2005
Switzerland	Swiss Export Risk Insurance (SERV)	2007
France	Banque Publique d'Investissement (Bpifrance)	2016
Czech Republic	Export Guarantee and Insurance Corporation (EGAP)	2017
UK	UK Export Finance (UKEF)	2017
Denmark	Eksport Kredit Fonden (EKF)	2019

Short-term Reinsurance Agreements

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

France	Direction des Relations Économiques Extérieures (DREE)	1995
	Banque Publique d'Investissement (Bpifrance)	2016
UK	UK Export Finance (UKEF)	1995



Africa

Cooperative Agreements

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

Cooperative Agreements

Israel	Israel Export Insurance Corp. Ltd. (ASHRA)	1997
Abu Dhabi	Mubadala Development Company PJSC (MDC)	2008
Iraq	Ministry of Finance of Iraq	2011
	Trade Bank of Iraq (TBI)	2011
Iran	Ministry of Economic Affairs and Finance of the Islamic Republic of Iran	2016
Turkey	Export Credit Bank of Turkey (Turk Eximbank)	2017
Saudi Arabia	Ministry of Finance of Saudi Arabia	2020
	Public Investment Fund (PIF)	2022
Kuwait	Kuwait Petroleum Corporation (KPC)	2022

Germany	Euler Hermes Deutschland AG (EULER-HERMES) / Coopers & Lybrand, Germany (C&L)	1996
	KfW Bankengruppe (KfW)	2011
Austria	Oesterreichische Kontrollbank AG (OeKB)	1996
Italy	Servizi Assicurativi del Commercio Estero (SACE)	1996
Finland	Finnvera plc (FINNVERA)	1996
Netherlands	Atradius N.V. (ATRADIUS)	1996
Spain	Compañía Española de Seguros de Crédito a la Exportación (CESCE)	2000
Uzbekistan	Uzbekinvest National Export-Import Insurance Company (UZBEKINVEST)	2007
Ukraine	The State Export-Import Bank of Ukraine (UKREXIMBANK)	2009
Russia	State Development Corporation (VEB.RF)	2009
Belarus	Belarusbank	2009
Russia	Russian Agency for Export Credit and Investment Insurance (EXIAR)	2013
Turkmenistan	The State Bank for Foreign Economic Affairs of Turkmenistan (TFEB)	2015
Czech Republic	Export Guarantee and Insurance Corporation (EGAP)	2015
Kazakhstan	KazakhExport	2016
Georgia	Ministry of Economy and Sustainable Development of Georgia	2019
Russia	Joint Stock Company Siberian Coal Energy Company (SUEK JSC)	2019
Belgium	Credendo - Export Credit Agency	2019
Hungary	Hungarian Export Credit Insurance Plc. (MEHIB)	2019
Azerbaijan	The Republic of Azerbaijan Ministry of Economy	2021

North America

One-Stop-Shop Reinsurance Agreements

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

Short-term Reinsurance Agreements

Canada	Export Development Canada (EDC)	2012
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Cooperative Agreements

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

South America

Cooperative Agreements

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

- One-Stop-Shop Reinsurance Agreements
- Short-term Reinsurance Agreements
- Cooperative Agreements

*In classifying the countries on the map, the color-code represents two types of agreements for some countries. For countries that are partners to both one-stop-shop reinsurance agreements and cooperative agreements, the color code for one-stop-shop reinsurance agreements is used. For countries that are partners to both short-term reinsurance agreements and cooperative agreements, the color code for short-term reinsurance agreements is used.

Asia / Oceania

One-Stop-Shop Reinsurance Agreements

Australia	Export Finance Australia (EFA)	2005
Korea	Korea Trade Insurance Corporation (K-SURE)	2011
Thailand	Export-Import Bank of Thailand (EXIM Thailand)	2019

Short-term Reinsurance Agreements

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

Cooperative Agreements

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

Reinsurance Agreements with European and US Private-sector Insurers

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

International Organizations

Cooperative Agreements

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

Enhanced Business Support System for SMEs

NEXI's network to support Japanese small and medium sized enterprises (SMEs) in their overseas business development launched with 11 regional banks in FY2011, with the aim to promote the use of trade and investment insurance. The network expanded across all of Japan's 47 prefectures and comprised of 110 members including regional banks, shinkin banks, and organizations in the agriculture, forestry, and fisheries (AFF) industry as of April 2022. Through the partnership with these institutions, we have supported the overseas business development of Japanese SMEs and businesses in the AFF sector across the country.

In FY2021, we created a new product information brochure based on the voices of our customers. We also prepared a new leaflet for exporters of AFF and food products and published it on our website and other sources. In addition to the video materials prepared in FY2020, the provision of easier to understand explanatory materials allowed us to acquire new customers who had been unfamiliar with the trade and investment insurance.

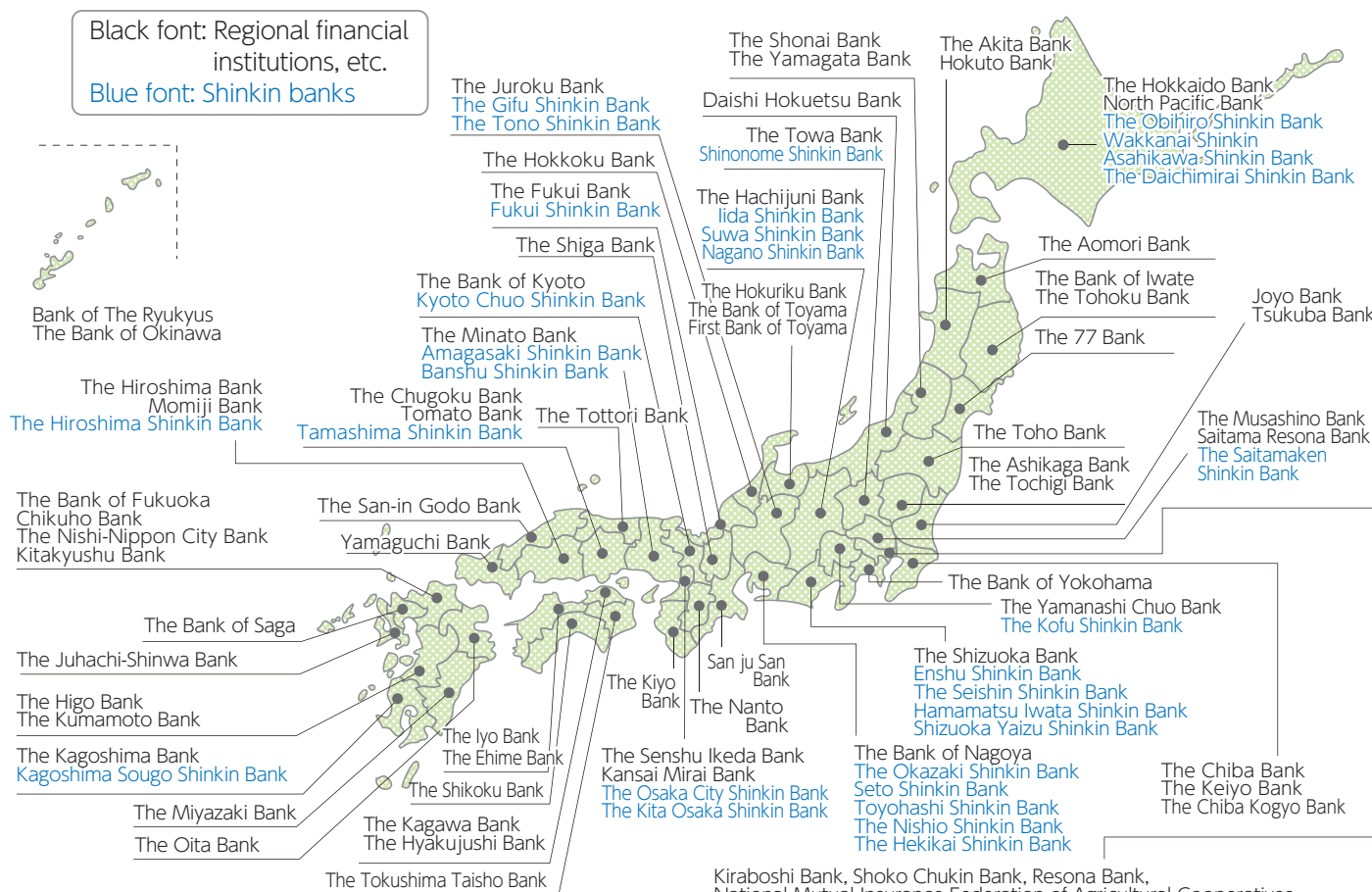
We also actively carried out promotional activities by having meetings with customers considering the use of our services through a web-conferencing

system as well as by sending lecturers to a variety of webinars. As a result, many SMEs used our trade and investment insurance in FY2021 as before.

NEXI will continue to actively support the overseas business expansion of SMEs and businesses in the AFF sector making further use of partnership in this network, while improving the products and services to strengthen its support for them.

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

FY	Regional Banks, etc.	Shinkin Banks (Credit Unions)	Total
FY2012	18 banks		29institutions
FY2013	20 banks		49institutions
FY2014	6 banks	22shinkin banks	77institutions
FY2015	12 banks	16shinkin banks	105institutions
FY2016	6 institutions	3shinkin banks	114institutions
FY2017	3 institutions		117institutions
FY2018			114institutions
FY2019			111institutions
FY2020			110institutions
FY2021			110institutions



Support Network for Global Operations of Japanese SMEs
As of April 2022

●● Inward Reinsurance of Overseas Investment Insurance in Japan

The Order for Enforcement of the Trade and Investment Insurance Act was partially revised in July 2019, intended to broadly support overseas business development of small and medium sized enterprises (SMEs). As a result, private-sector casualty insurance companies have been enabled to distribute NEXI's Overseas Investment Insurance, especially to SMEs, through the underwriting of reinsurance by NEXI.

Based on this revised cabinet order, Tokio Marine & Nichido Fire Insurance Co., Ltd., Mitsui Sumitomo Insurance Co., Ltd., and Aioi Nissay Dowa Insurance Co., Ltd. entered into a reinsurance contract with NEXI in August 2019, February 2020, and March 2021 and started

distribution of Overseas Investment Insurance, respectively.

Overseas investment by SMEs is now on the rise, and many SMEs are enhancing their overseas business development activities. This reinsurance network has enabled SMEs to consult with their familiar casualty insurance companies about any concerns over country risk. It has also allowed NEXI to deliver Overseas Investment Insurance to more customers through diverse channels of casualty insurers.

NEXI will actively continue to develop this initiative using the reinsurance network through the public-private partnership so that we can increasingly support the overseas investment of Japanese companies.

●● Rating Information Service

"We have no information on the importer of the products we want to export."

"We want you to provide combined information on buyers and their ratings."

Responding to these voices of our customers, we made a list of information on overseas trading companies (buyers) in our possession (such as name, buyer code, rating, business type, and address) and started to provide it to our registered insurance users for free in January 2021.

Prior to underwriting trade and investment insurance, we conduct credit review of overseas counterparties (buyers) of Japanese companies and determine whether or not to underwrite

insurance by setting up ratings based on our original criteria. We provide a list with information on countries and industries upon request from our customers out of the accumulated information about approximately 20,000 pieces of information on the buyers that have transactions with Japanese companies. This service is used for SMEs and businesses in the AFF Sector to select and gather information on buyer candidates in considering expanding their business abroad.

NEXI will continue to support active overseas business development of Japanese companies through its assorted services.

●● Free Credit Check Service for Buyer's Registration for SMEs and Businesses in the AFF Sector

NEXI provides SMEs ^(Note 1) or businesses in the AFF sector ^(Note 2) with a service by which they can obtain up to eight credit check reports free of charge for the credit review and credit rating registration of overseas trading companies (buyers). The use of trade and investment insurance requires prior buyer's registration for which a credit check report is needed to apply. As the report can be obtained through NEXI at actual cost in principle, this free service is

available only to SMEs and businesses in the AFF sector. About 1,300 companies have used the service since its start in 2008, and roughly 600 of them have used trade and investment insurance.

NEXI will continue to provide active support for overseas business development of Japanese companies including SMEs and businesses in the AFF Sector.

Note 1. This service applies to the SMEs specified in Article 2, paragraph 1 of the Small and Medium-Sized Enterprise Basic Act (Act No. 154 of 1963).

Note 2. This service applies to persons engaged in the AFF sector, entities organized by those persons, or entities established under the Small and Medium-Sized Enterprise Cooperatives Act.

Projects Covered by NEXI Insurance

Africa / Loan to Afreximbank (COVID-19 Vaccine and Healthcare Finance Facility)

NEXI has provided insurance for a loan totaling USD 207 million to African Export-Import Bank (Afreximbank) extended by MUFG Bank, Ltd. and Mitsubishi UFJ Trust and Banking Corporation. The insurance is offered in line with NEXI's LEAD Initiative.

Afreximbank, a pan-African multilateral financial institution, is one of the main partners of the African Vaccine Acquisition Trust (AVAT), a framework established by the African Union for the purpose of securing access to COVID-19 vaccines. Through AVAT, the loan facility will be mainly used to ensure a stable procurement of the vaccines in Africa. This loan also employs the infrastructure fund scheme announced by NEXI in December 2019, leveraging private capital from more than 10 Japanese institutional investors, such as banks and life insurance companies.

NEXI and Afreximbank also confirmed the future strengthening of their partnership at the 2nd Japan-Africa Public-Private Economic Forum held in December 2021. NEXI will continue to support business development in Africa by Japanese companies in cooperation with Afreximbank consisting of 51 member countries.

*AVAT is a framework which enables African Union member states to jointly acquire COVID-19 vaccines by pooling together the procurement capabilities of each member state.

● Date of signing the insurance contract: February 2022



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

Federative Republic of Brazil / Financing project for long-term working capital of Amaggi

NEXI has provided an insurance for a loan of USD 100 million extended to AMAGGI EXPORTAÇÃO E IMPORTAÇÃO LTDA (Amaggi), a major comprehensive agricultural company in the Federative Republic of Brazil, for its long-term working capital. The loan is co-financed by Sumitomo Mitsui Banking Corporation and BNP Paribas, Tokyo Branch.

Amaggi is a leading Brazilian agribusiness company engaged in processing, organization, and sale of grains, as well as import and marketing of agricultural inputs and mixing of fertilizers, along with its sister company directly into the production of soybeans and corns which are important grains for Japan in terms of food security. In 2014, NEXI provided Overseas Untied Loan Insurance for a loan intended to advance the company's agricultural development. Upon request from Amaggi, NEXI provided an insurance for the refinanced loan for its long-term working capital.

The conditions of the loan specify Amaggi to export a certain amount of grain to Japan during the agreement period and make its best effort to export to Japan in emergency situations.

The latest Food Security Guideline in case of Emergency developed by the Ministry of Agriculture, Forestry and Fisheries of Japan states that the Japanese government will seek to maintain favorable relationships with the

food exporting countries and build stable trade partnerships with major exporters to minimize the impact on imports in a state of emergency. The project aligns with the guideline and contributes in securing a reliable food supply in Japan both by the government and Japanese businesses.

As a policy-based financial institution of Japan, NEXI will continue to support projects that ensure a stable distribution of food in Japan.

● Date of signing the insurance contract: May 2021



Photo provided by AMAGGI EXPORTAÇÃO E IMPORTAÇÃO LTDA.

Arab Republic of Egypt/ Samurai Bond Issued by the Arab Republic of Egypt

NEXI has underwritten insurance for guarantee obligation provided by Sumitomo Mitsui Banking Corporation for Samurai bond issued by the Arab Republic of Egypt ("Egypt") totaling JPY 60 billion.

Funds raised by the Samurai bond are going to be used to finance the government subsidies to promote the replacement or conversion of conventional high-emission gasoline vehicles: cars, taxis and buses, to dual-fuel vehicles using gasoline and natural gas, which is undertaken by the Egyptian government as part of measures to reduce CO₂ emissions. The funds from the Samurai bond are also going to be used to finance the cost for procurement of vaccine to combat COVID-19 pandemic in the country.

This insurance is offered in line with NEXI's LEAD Initiative. It is the first transaction as NEXI-covered financing to have fully utilized the capital market resources, involving more than 40 Japanese institutional investors, the number of which was the largest that NEXI has underwritten to date.

This is also the first Samurai bond issued by the Egyptian government. Under the volatile financial market situation caused by global inflation, the Ukraine crisis and other factors, the transaction will contribute to the diversification of financing sources by the Egyptian government.

On the day the Samurai bond was issued, the ceremony was held in Cairo by Egypt-Japan Business Council to celebrate the bond issuance inviting the Egyptian Minister of Finance and the Ambassador of Japan to Egypt, H.E. Mr. Hiroshi Oka, where it was confirmed that both two

countries were willing to further strengthen their mutual relations.

NEXI is a member of the Egypt-Japan Business and Investment Promotion Committee that was established according to the announcement made during the meeting between H.E. Mr. Abdel-Fattah El-Sisi, the President of the Arab Republic of Egypt, and H.E. Mr. ABE Shinzo, the Former Prime Minister of Japan, which was held on the sideline of TICAD7 in 2019. As a Japanese government agency, with the Japanese government, NEXI will continue to support the improvement of the business environment and the promotion of business and investment opportunities for the Japanese companies in Egypt.

●Date of signing the insurance contract: March 2022



Photo provided by the Egyptian Ministry of Finance: The Ambassador of Japan to Egypt, H.E. Mr. Hiroshi Oka (left) and the Egyptian Minister of Finance, H.E. Dr. Mohamed Maait (right)

Federal Republic of Nigeria/ Project for the sale of city gas to industrial customers

NEXI has provided Overseas Investment Insurance for an investment made by Sojitz Corporation (Sojitz) in the gas retail business in the Federal Republic of Nigeria (Nigeria). This is a landmark project supporting a Japanese company's entry into the African energy market.

In this project, Sojitz acquired shares in Axxela Limited, which supplies gas to industrial customers in Nigeria, through Glover Gas & Power B.V. in the Kingdom of the Netherlands, becoming the first Japanese company to enter the Nigerian gas retail market. With rapid growth expected in future, Nigeria's policy is to promote domestic use of gas at a national level while restricting the flaring of associated gases, so that economic growth can be achieved while improving air quality.

Axxela and its affiliated group companies provide a steady supply of gas to over 200 industrial customers in Nigeria, the nearby country of the Republic of Togo and other West African nations. The group has a good reputation among its customers and has a green mission: it is switching the source of the energy it provides to customers from diesel and heavy oil to gas to contribute to a reduction in CO₂ emissions while expanding its business.

This project is expected to provide more business

opportunities in Africa for Japanese companies, which will in turn contribute to sustainable growth in the region by sharing their knowledge. As a policy-based financial institution of Japan, NEXI will continue actively supporting Japanese companies in their endeavors to expand overseas.

●Date of signing the insurance contract: March 2022



Photo provided by Sojitz Corporation

Projects Covered by NEXI Insurance

[Federative Republic of Brazil/ CSN Mineracao Iron Ore Plant Upgrading Project]

This project upgrades the facilities of an iron ore production plant at a mine owned by CSN Mineracao S.A. (CSN Mineracao), an iron ore production and sales subsidiary of a leading Brazilian steel producer Companhia Siderurgica Nacional S.A. (CSN). ITOCHU Corporation (ITOCHU), JFE Steel Corporation (JFE Steel), and Kobe Steel, Ltd. (Kobe Steel) have invested in the company. ITOCHU is involved in the management through sending of a director, while JFE Steel and Kobe Steel has offtake agreements to purchase iron ore produced by CSN Mineracao, which they import into Japan.

NEXI has provided an insurance for a loan of USD 350 million extended to the project, co-financed by BNP Paribas, Tokyo Branch; Citibank, N.A., Tokyo Branch; Crédit Agricole Corporate and Investment Bank, Tokyo Branch; and Societe Generale, Tokyo Branch.

Iron ore is the main raw material for producing steel products that are indispensable to our daily lives, yet Japan relies entirely on imports from overseas. Given the seaborne iron ore market's oligopolistic structure dominated by major mining companies, it is important for Japanese companies to acquire long-term purchase rights from independent companies that will benefit Japan in securing a stable

supply of resources. A portion of the loan will also be used to replace the conventional tailings dam with a filter press (a facility to dewater tailings), which will allow CSN Mineracao to enhance the safety of its mining operations.

By supporting the project, NEXI aims to help secure a stable supply of natural resources and energy to Japan and to further promote the global development of Japanese companies.

●Date of signing the insurance contract: May 2021



Photo provided by ITOCHU Corporation

[Mongolia/ New Ulaanbaatar International Airport Operation Project]

Mitsubishi Corporation (MC), Narita International Airport Corporation (NAA), Japan Airport Terminal Co., Ltd. (JAT) and JALUX Inc. (JALUX) have established a joint venture company with the Mongolian government, through which they engage in the operation of New Ulaanbaatar International Airport (official name: Chinggis Khaan International Airport) for 15 years starting from July 4, 2021. NEXI provided Overseas Investment Insurance for investments made by MC, NAA, JAT and JALUX for the project.

Mongolia has been served by Buyant-Ukhaa International Airport (former Chinggis Khaan International Airport) from 1957, which went through a series of runway extensions and renovations. To meet the increasing demand, building and operating of a new airport was planned. With medium- to long-term growth expected primarily in the capital city of Ulaanbaatar, which is a prominent political, economic and commercial center of the country, the Mongolian government positions the new airport as a vital infrastructure and a critical hub for passenger and freight transportation in Northeast Asia. The project is anticipated to contribute to the development of Mongolia specially in the tourism and distribution industries.

This is the first project under the assistance of Ministry of Land, Infrastructure, Transport and Tourism in which NAA will engage in the operation of an airport located outside of Japan. The Japanese

government has been extending an integrated assistance for the project, such as funding via ODA (Official Development Assistance) loan extended by Japan International Cooperation Agency (JICA) for the construction of the new airport, and facilitation of the project through NEXI's Overseas Investment Insurance.

NEXI's support for the project is expected to promote the global development of Japanese companies in the field of aviation infrastructure system and to further the close ties between Japan and Mongolia.

●Date of signing the insurance contract: July 2021



Photo provided by New Ulaanbaatar International Airport LLC

State of Qatar / Engineering, Procurement, Construction and Commissioning for Onshore LNG Facilities of the North Field East Project

NEXI has provided Export Credit Insurance for a project consisting of engineering, procurement, construction and commissioning for Onshore LNG Facilities of the North Field East Project (NFE) in the State of Qatar (Qatar). This project was awarded to CTJV, a joint venture between Chiyoda Corporation and Technip Energies by QatarEnergy, a state-owned oil company in Qatar.

This project covers the delivery of 4 mega LNG production trains, each with a capacity of 8 million tons per annum ("Mtpa") of Liquefied Natural Gas ("LNG"), and associated utility in Ras Laffan Industrial City, Qatar's main site for LNG production. The new facilities will receive approximately 6 billion standard cubic feet per day of feed gas from the Eastern sector of Qatar's North Field. The expansion project will produce approximately 33 Mtpa of additional LNG, increasing Qatar's total production from 77 to 110 Mtpa. NFE Project will make the country the world's

largest LNG supplier.

NFE project will include a large CO₂ Carbon Capture and Sequestration facility, leading to more than 25% reduction of Green House Gas emissions when compared to similar LNG facilities.

It is estimated that global demand for natural gas will continue to grow, since Burning natural gas for energy results in fewer emissions of nearly all types of air pollutants and carbon dioxide (CO₂) than burning coal or petroleum products to produce an equal amount of energy. Making it today the most environmentally friendly energy source among fossil fuels.

This project is expected to further strengthen the relationship between Japanese companies and Qatar.

● Date of signing the insurance contract: October 2021



Photo provided by Chiyoda Corporation



SME Exports Covered by NEXI Insurance

[Export of Thick Rolled Omelet]

Yumiba Trading Co., Ltd. (Yumiba Trading) in Kagoshima City, Kagoshima Prefecture, used Export Credit Insurance for SMEs and AFF Sector for the export of thick rolled omelets to the United States of America (US).

As a leading local trading company in Kagoshima, Yumiba Trading exports a variety of products not bound by genre, mainly food, all over the world including North America, Southeast Asia, Taiwan, India, and Europe. The company recently received an enquiry about the export of food from a U.S. buyer on the condition of a deferred payment. For this transaction, it used trade insurance for the purpose of hedging the associated risk through NEXI introduced by The Kagoshima Bank, Ltd.

Yumiba Trading will continue to use trade insurance and contribute to the development of Kagoshima through trade with foreign countries.



Photo provided by Yumiba Trading Co., Ltd.

- Export value covered by the insurance: About JPY 2 million
- Date of signing the insurance contract: February 2022

[Export of Cosmetics]

Arakaki Tsusho Corporation (Arakaki Tsusho) in Naha City, Okinawa Prefecture, used Export Credit Insurance for SMEs and AFF Sector to mitigate the risk of non-payment of prices under the agreement for the export of cosmetics to Taiwan.

Arakaki Tsusho, which was founded in 1980, disseminates Japanese products mainly produced in Okinawa around the world by taking advantage of its strengths, such as support specific to a local trading company, development of localized products, and adaptability to changing times. The company was selected by the Ministry of Economy, Trade and Industry as one of the Companies Driving Regional Growth that could be expected to contribute to regional economic growth in 2017, and contributes to the economic development of Okinawa with its geographic advantage of being located in the center of East Asia, Southeast Asia and the mainland of Japan.

Arakaki Tsusho will continue to use trade insurance to develop overseas markets and disseminate the charm of products made in Okinawa to the world.



Photo provided by Arakaki Tsusho Corporation

- Export value covered by the insurance: About JPY 2 million
- Date of signing the insurance contract: February 2022

[Export of Injection Molding Machines]

Niigata Machine Techno Co., Ltd. (Niigata Machine Techno) in Niigata City, Niigata Prefecture, used Export Credit Insurance-Specific Insurance to mitigate the risk of non-payment of prices under the agreement for the export of injection molding machines to the People's Republic of China.

Niigata Machine Techno, which was founded in 1895, manufactures and sells machine tools and injection molding machines, as well as provides after-sales services for those products in Japan and overseas. Its high-precision electric injection molding machines won the Agency for Natural Resources and Energy Commissioner's Award in recognition of the excellence of energy-saving machines and systems. The export of injection molding machines is expected to help users reduce their environmental burden, and to contribute to the achievement of the SDGs through the development in "monozukuri" (manufacturing).

To enrich the lives of people around the world, Niigata Machine Techno will continue to use trade insurance to provide technologies and high-value-added products and services needed by various countries and industries.



Photo provided by Niigata Machine Techno Co., Ltd.

- Export value covered by the insurance: About JPY 52 million
- Date of signing the insurance contract: November 2021

[Export of Interior Components for Railroad Cars]

Tokyo-based Yashima & Co., Ltd. (Yashima) used Export Credit Insurance for SMEs and AFF Sector for the export of interior components for railroad cars to Europe (free stop roll curtain-related products).

Yashima is a specialized trading company founded in 1948 that engages in the sale, import, and export of railroad-related products and electronic parts for industrial machinery, as well as in the provision of ancillary services, with a focus on transport infrastructure, especially in the railroad sector.

Yashima's railroad-related business widely covers both electric and mechanical parts/equipment for railroad cars.

The company decided to use trade insurance for the export of interior components designed for railroad cars that were to be manufactured and operated in Europe, the business being on their strongness as parts supplier in global railway industry.

Yashima will continue to use trade insurance to deliver products worldwide through its global supply chain.



Photo provided by Yashima & Co., Ltd.

- Export value covered by the insurance: About JPY 7.5 million
- Date of signing the insurance contract: April 2021

SME Exports Covered by NEXI Insurance

[Export of Sake]

Tatsuuma-Honke Brewing Co., Ltd. (Tatsuuma-Honke Brewing) in Nishinomiya City, Hyogo Prefecture, exports sake to North America, Southeast Asia, and Europe, and has continued to use trade insurance since its first use of Export Credit Insurance for SMEs in 2012.

Tatsuuma-Honke Brewing is said to have started the sake brewing business in 1662 at the time of Ietsuna, the fourth Tokugawa shogun. Even among popular sake known as Kudarizake produced in Nada and Nishinomiya areas in the mid-Edo period, Hakushika established a solid position as high-quality sake of Nada at the end of the Tokugawa shogunate. 350 years have passed since then, and the company still engages in the manufacture and sale of sake and other liquors including its hallmark product, Hakushika.

Tatsuuma-Honke Brewing will continue to use trade insurance to deliver the charm of sake to tables around the world.



Photo provided by Tatsuuma-Honke Brewing Co., Ltd.

- Export value covered by the insurance: About JPY 100 million
- Date of signing the insurance contracts: April 2021 and others

[Export of Japanese Tea]

Matcha Kaori Japan Co., Ltd. (Matcha Kaori Japan) in Hamamatsu City, Shizuoka Prefecture, used Export Credit Insurance-Specific Insurance for the agreement for the export of Japanese tea to the Republic of Peru.

Matcha Kaori Japan, which was founded in 2014, is an export and distribution company specializing in Japanese tea. It engages in product planning, manufacturing, and export under contracts with tea manufacturers and processors in Japan, mainly in Shizuoka. In 2019, the company changed its core products to organic powdered green tea (matcha) and expanded its distribution channels mainly into Mexico. It additionally started to develop the market in Peru, another Spanish-speaking country. When it received the first order from Peru in the spring of 2021, Matcha Kaori Japan, as a small-scale entrepreneur company, felt uneasy about whether it could properly collect payments. In this situation, it decided to use trade insurance through Hamamatsu Iwata Shinkin Bank (*), a partner financial institution of NEXI, which led to development of new market without worry.

Matcha Kaori Japan will continue to use trade insurance to distribute Japanese tea and other products with Japan's high traditional and cultural value to overseas markets based on its distribution channels for Japanese tea in South America.

*Hamamatsu Iwata Shinkin Bank entered into a partnership with NEXI in September 2014.



Photo provided by Matcha Kaori Japan Co., Ltd.

- Export value covered by the insurance: About JPY 20 million
- Date of signing the insurance contract: April 2021

〔Export of Hand Pallet Trucks〕

Okudaya Giken Co., Ltd. (Okudaya Giken) in Sakai City, Osaka Prefecture, used Export Credit Insurance for SMEs and AFF Sector as a means to mitigate the risk of non-payment of prices in export to the Islamic Republic of Pakistan.

Okudaya Giken, which was founded in 1934, manufactures material handling machinery with a focus on hydraulic pumps, and it is consistently in pursuit of how it can help its customers smoothly fulfill their actions of “transporting” without stress by proposing tailor-made products based on what its customers are concerned about.

In appreciation of those efforts, it won the Vibrant HABATAKU Small and Medium Enterprises 300 from the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry in December 2021.

Starting with the first export to Taiwan about 40 years ago, Okudaya Giken continues to support “transporting” in warehouses and factories in about 30 countries.

Okudaya Giken will continue to use trade insurance to develop the overseas market and support stress-free “transporting” around the world.

- Export value covered by the insurance: About JPY 0.9 million
- Date of signing the insurance contract: March 2022



Photo provided by Okudaya Giken Co., Ltd.

〔Export of Organic Solvents〕

Tokyo-based Nippon Refine Co., Ltd. (Nippon Refine) used Export Credit Insurance-Specific Insurance to prepare for the risk of non-payment of prices in the export of organic solvents to the Kingdom of Thailand.

Nippon Refine, which was founded in 1966 for the purpose of recycling used solvents, operates the business of refining and recycling solvents, as well as the environmental engineering business of designing and producing equipment that collects solvent components contained in gas and water discharged from factories with a high degree of efficiency. The company won various awards, including the Minister’s Award from the Ministry of Economy, Trade and Industry in the 3rd EcoPro Awards for its “NMP circulation system through upcycling” in the environmental engineering business. The system is to collect, refine, and recycle NMP gas exhausted in the process of manufacturing lithium-ion batteries by using its know-how cultivated in the refinement and recycling business. This is an example to show Nippon Refine contributes to society through its business operations for resource circulation and environmental preservation.

Nippon Refine will continue to use trade insurance for further overseas expansion.

- Export value covered by the insurance: About JPY 5 million
- Date of signing the insurance contract: April 2021



Photo provided by Nippon Refine Co., Ltd.

SME Exports Covered by NEXI Insurance

[Export of Frozen Oysters]

Hiroshima Uoichiba, Ltd. (Hiroshima Uoichiba) in Hiroshima City, Hiroshima Prefecture, used Export Credit Insurance for SMEs and AFF Sector for the export of frozen oysters from Hiroshima to Taiwan.

As a wholesaler of the fishing division of the Hiroshima City Central Wholesale Market, Hiroshima Uoichiba picks up marine products from producers and shippers in Japan and abroad and distributes them to intermediate wholesalers. The company started to export oysters from Hiroshima in 2017 and has expanded its distribution mainly in the Asian region.

For an enquiry about this export, the Taiwanese buyer proposed that the payment terms be changed from the conventional prepayment to a deferred payment partly due to the impact of COVID-19. As a result, Hiroshima Uoichiba used trade insurance for the export through NEXI introduced by The Hiroshima Bank, Ltd.

Hiroshima Uoichiba will continue to use trade insurance, intending to stand by local fishery operators and aggressively carry out its activities that will lead to the revitalization of the regional economy, with “continued support for fisheries” as a motto.



Photo provided by Hiroshima Uoichiba, Ltd.

- Export value covered by the insurance: About JPY 7 million
- Date of signing the insurance contract: September 2021

Insurance Products

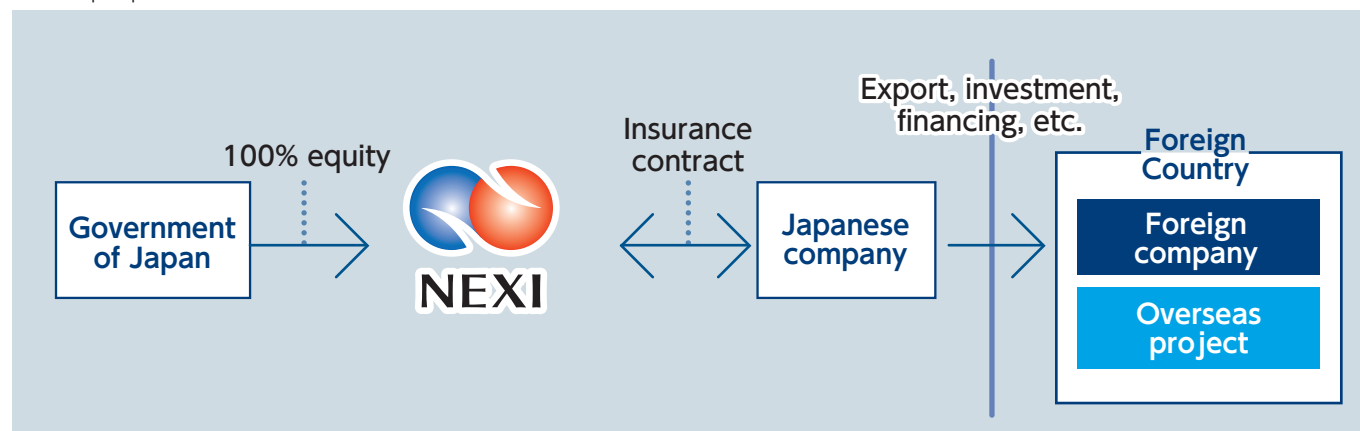
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Trade and Investment Insurance – How It Works

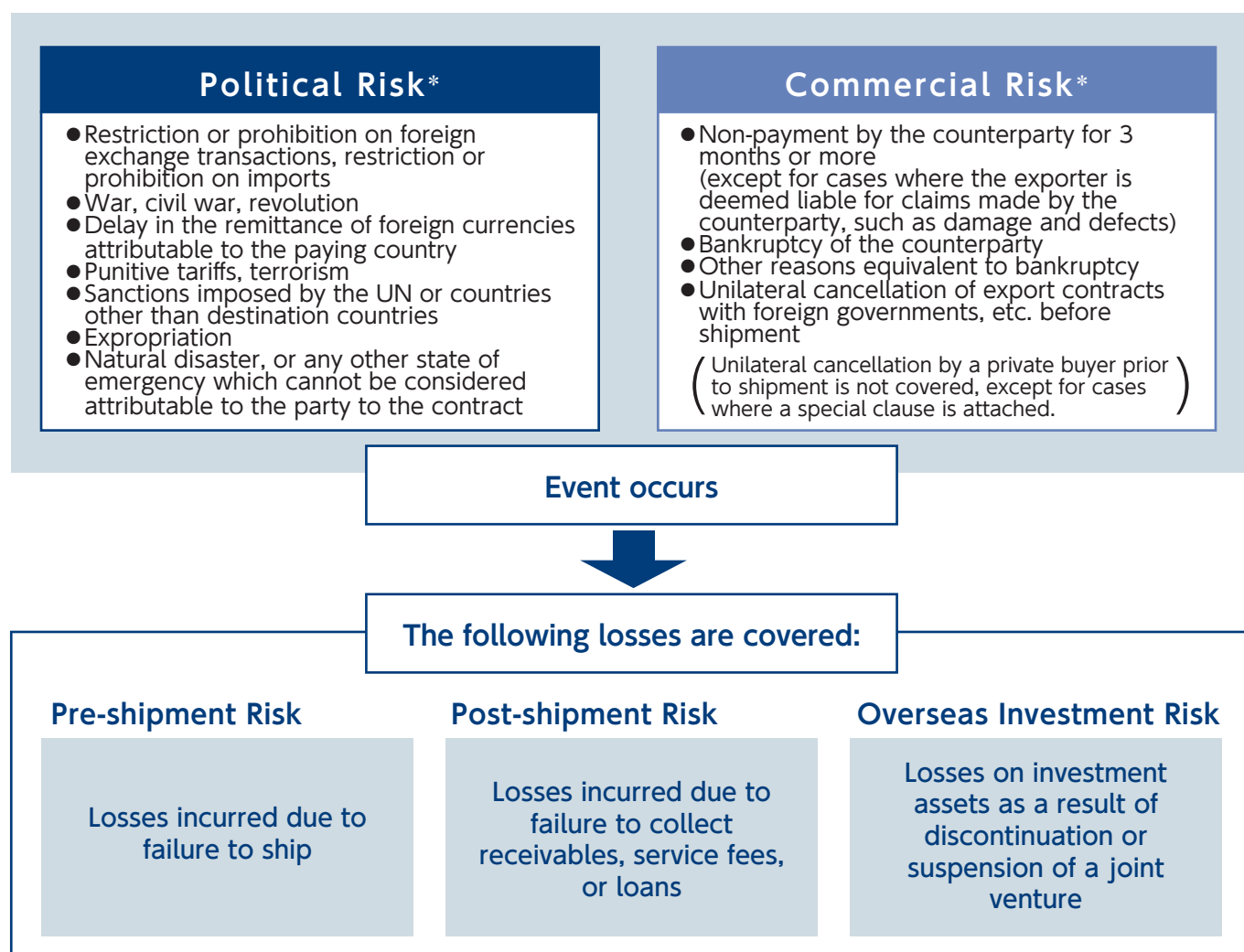
Trade and investment insurance covers risks associated with international trade and other overseas transactions that cannot be covered by private-sector insurance.

The purpose of trade and investment insurance is

to support and promote 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)

Insurance Products to Support Your Business

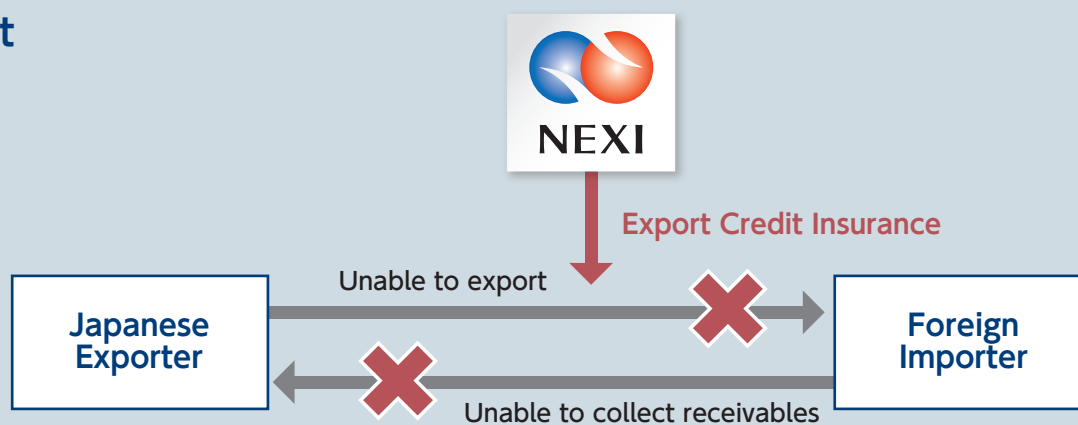
[Export Credit Insurance]

Insurance for export, intermediary trade, and technical cooperation

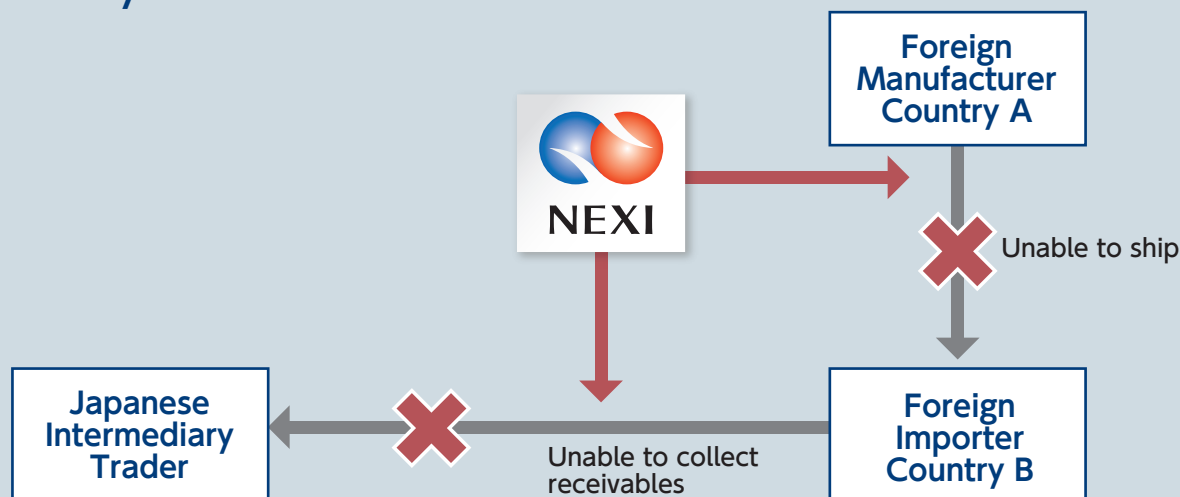
In cases where Japanese exporters export goods to foreign countries, engage in intermediary trade, or provide technology such as construction work, this insurance covers losses due to i) force majeure such as war, revolution, terrorism, import restriction/prohibition,

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

Export



Intermediary Trade



* There are different ways of providing Export Credit Insurance such as specific insurance, which provides coverage for a single business contract, and comprehensive insurance for business entities, which provides coverage for all contracts of a company within the scope of the policy.

Insurance for License Export (Intellectual Property License Insurance)

Intellectual Property License Insurance covers losses incurred if Japanese companies that provide patents, expertise, or copyrights abroad are unable to collect payment of license fees such as royalties due

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

[Trade Insurance for Standing Orders from Specific Buyers]

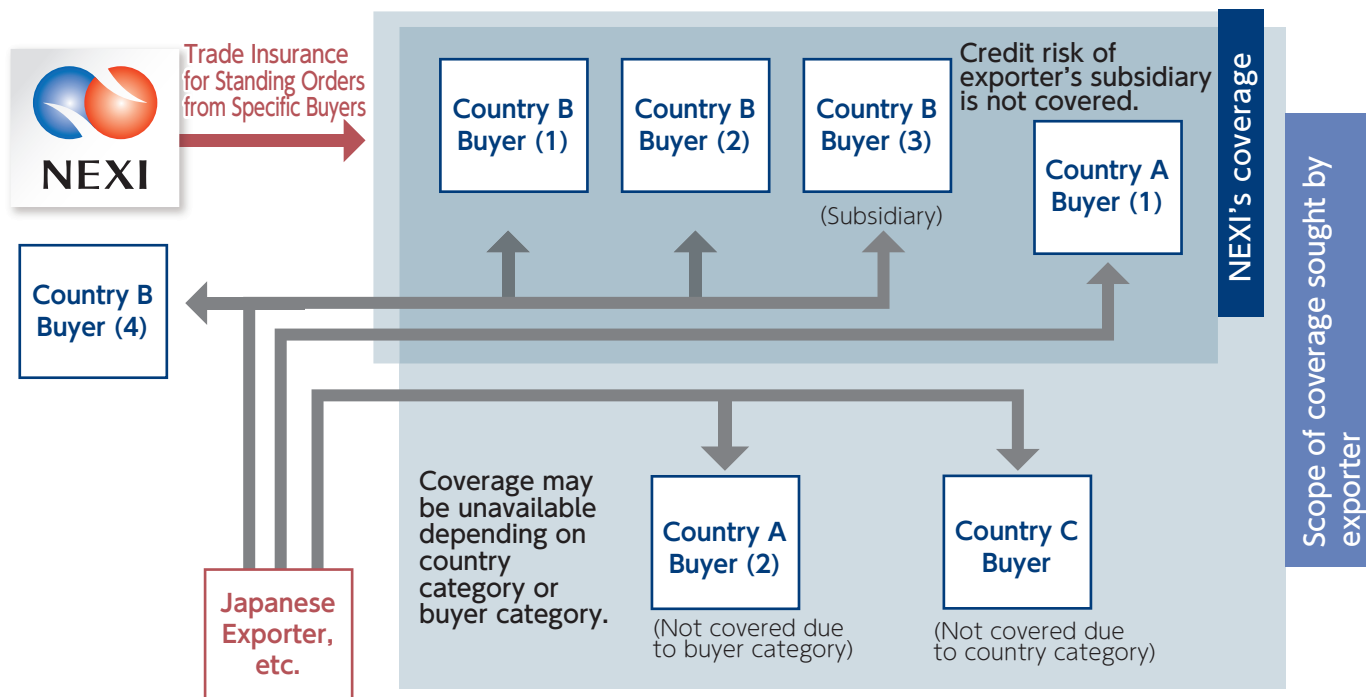
Insurance for companies that continually conduct business with specific buyers

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

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

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

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



[Comprehensive Export Insurance with Simplified Procedure]

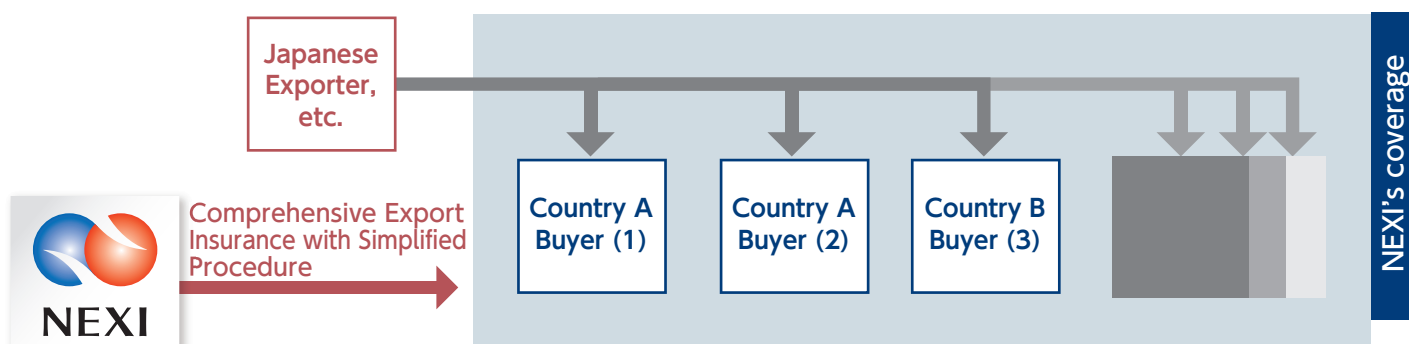
Insurance for companies that continually and repeatedly conduct business with multiple buyers

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 than for other types of insurance.

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



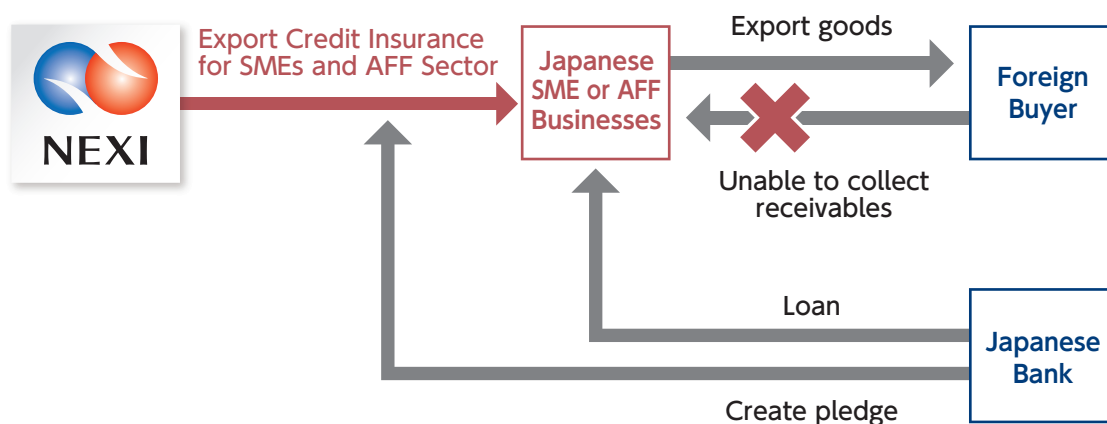
- Credit risk of exporter's subsidiary is not covered.
- Coverage may be unavailable depending on country category or buyer category.

[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

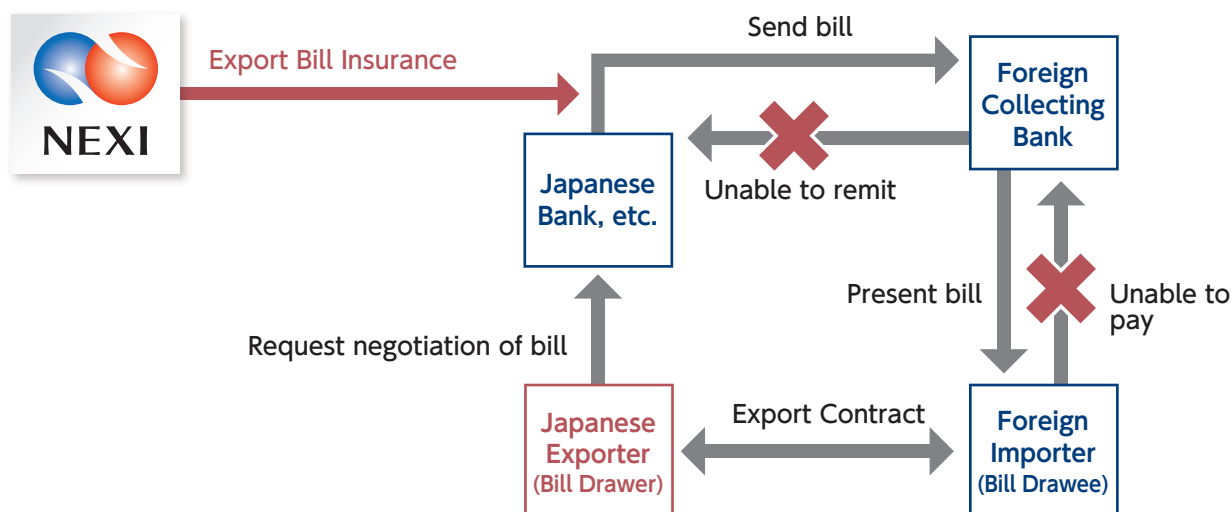
of insurance claims to meet the needs of SME and AFF customers. Furthermore, applicants for this insurance who also receive a bank loan can simultaneously complete procedures to establish a pledge on insurance claim rights.



[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 the documentary bill without a letter of credit. This enables a smooth process for the purchase of the documentary bill by the bank. In cases where a Japanese bank purchases documentary

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



[Prepayment Import Insurance]

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

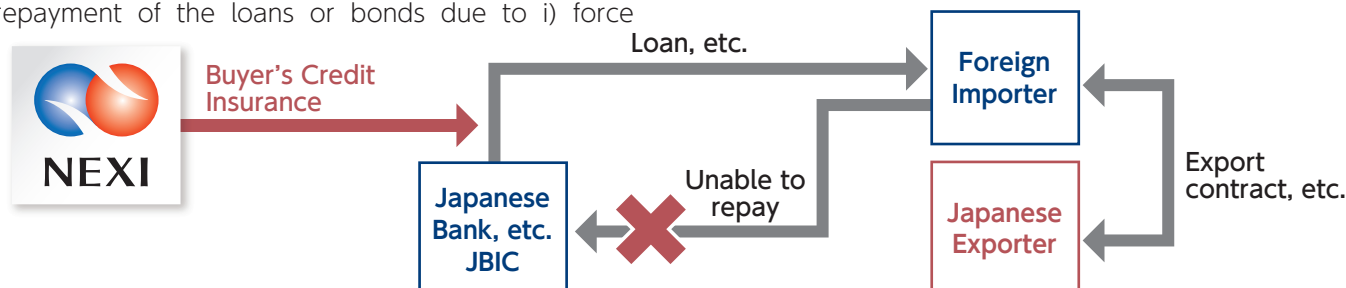
accordance with the refund terms, due to i) force majeure such as war, revolution, prohibition of foreign currency exchange, suspension of remittance, and natural disasters, or ii) bankruptcy or default of the counterparty.

[Buyer's Credit Insurance]

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

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

majeure such as war, revolution, prohibition of foreign currency exchange, suspension of remittance, terrorism, and natural disasters, or ii) bankruptcy or default of the importer. The terms and conditions for the loan agreements, etc., must comply with international rules.



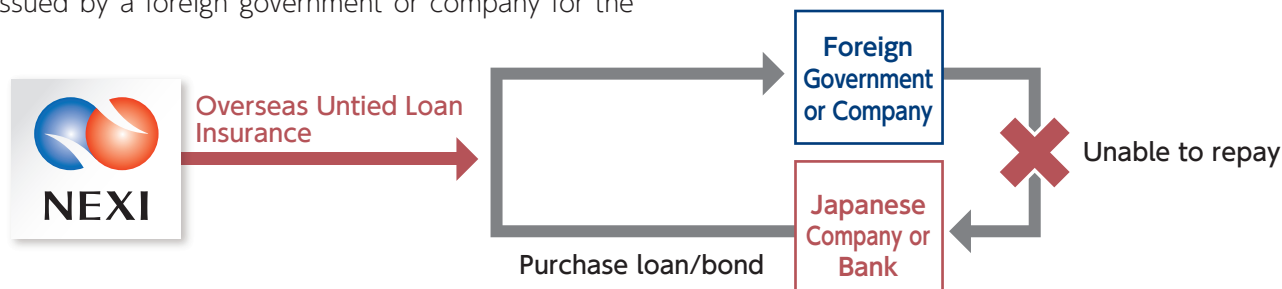
*NEXI provides the insurance only to Japanese commercial banks that extend loans, etc., in cooperation with the Japan Bank for International Cooperation (JBIC).

[Overseas Untied Loan Insurance]

Insurance for loan or bond purchase for overseas business or projects

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

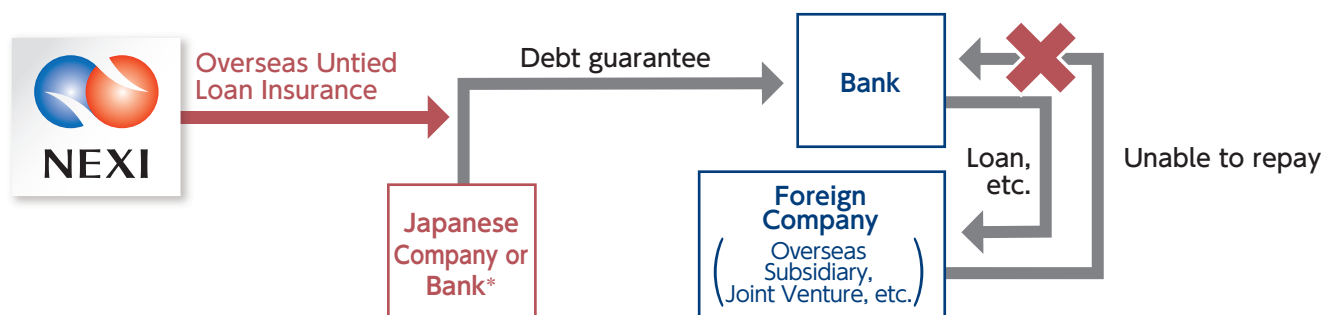
purpose of financing, if the loans or the bonds are not redeemed due to i) force majeure such as war, revolution, prohibition of foreign currency exchange, suspension of remittance, and natural disasters, or ii) bankruptcy or default of the borrower or the bond issuer.



Insurance for guarantee of obligation

This insurance covers losses incurred by Japanese companies, banks, and other institutions* that guarantee the borrowing, etc., of overseas subsidiaries and foreign governments and companies (the borrower), if the Japanese entities are forced to fulfill

their obligations because the borrower fails to repay its borrowing due to i) force majeure such as war, revolution, prohibition of foreign currency exchange, suspension of remittance, and natural disasters, or ii) bankruptcy or default.



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

NEXI contributes to aiding overseas deployment of infrastructure systems and securing a stable supply of natural resources and energy of Japan, as well as to various policies of the Government of Japan, by taking a variety of initiatives and developing new products.

LEAD Initiative

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

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

Loan Insurance for Green Innovation

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

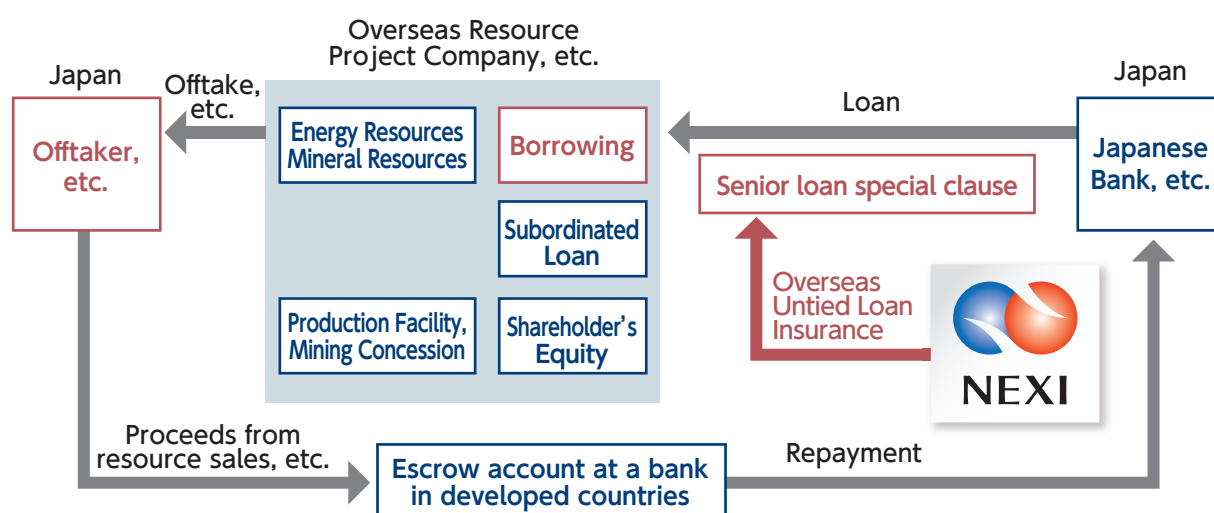
loan insurance is available for Japanese exporters, Japanese companies that undertake the projects, or Japanese financial institutions that finance them, if they proactively disclose information on their measures aimed at environmental conservation and climate change mitigation.

Investment and Loan Insurance for Natural Resources and Energy

To fundamentally reinforce efforts to secure a stable supply of resources from overseas, 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.

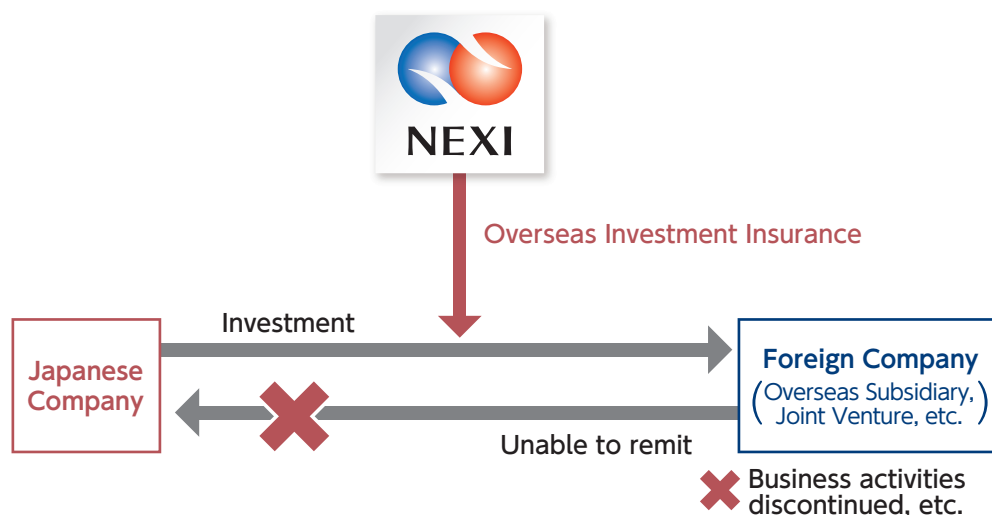
[Overseas Investment Insurance]

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. The insurance also covers losses incurred if overseas

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

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



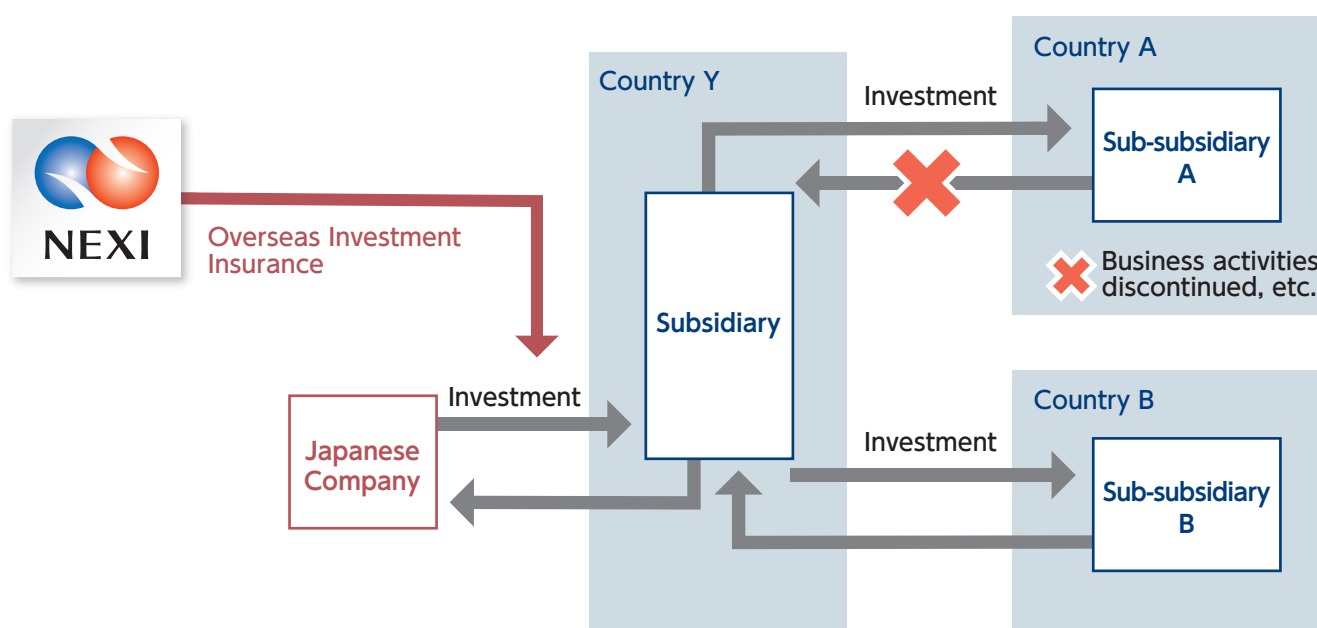
*A premium (goodwill, etc.) paid by an investor to secure a stake in natural resources or to become a shareholder can be covered by Overseas Investment Insurance.

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

Partial Loss Special Clause

When a subsidiary of a Japanese company conducts business by establishing sub-subsidiaries in 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

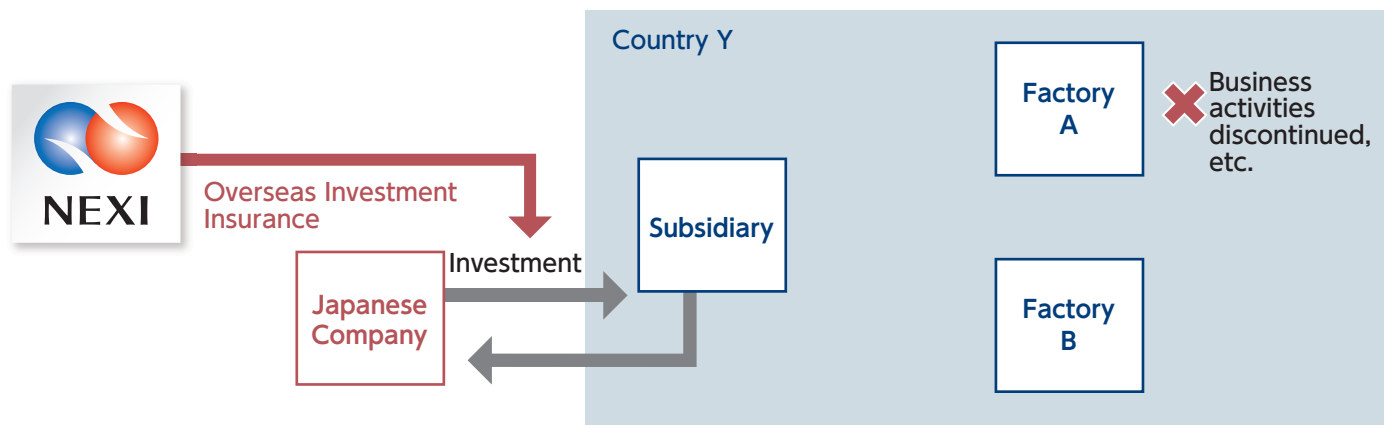
business due to force majeure such as war, terrorism, and natural disasters, even if the other sub-subsidiaries are able to continue business.



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.

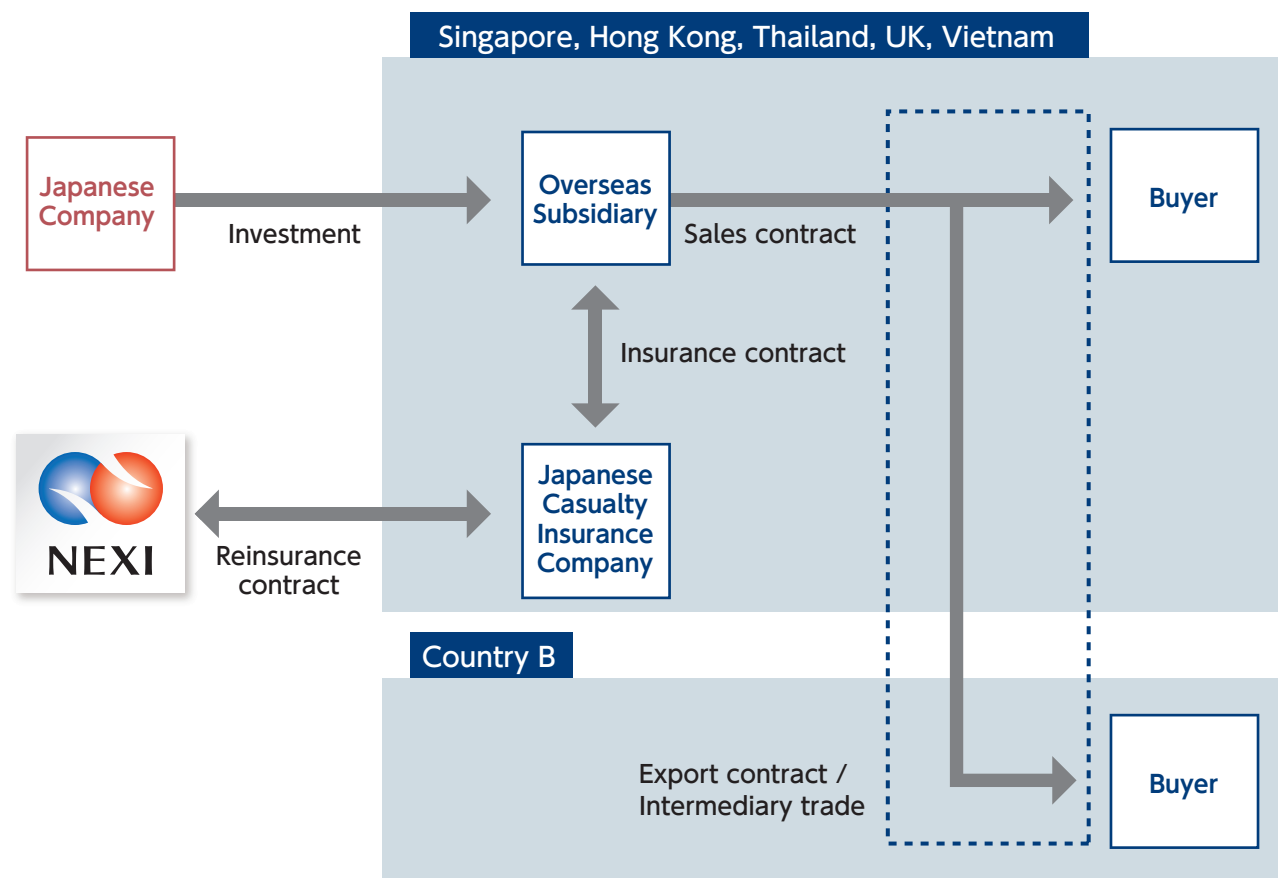


[Fronting]

For cases such as where a Japanese subsidiary in Singapore, Hong Kong, Thailand, the U.K., and Vietnam 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.

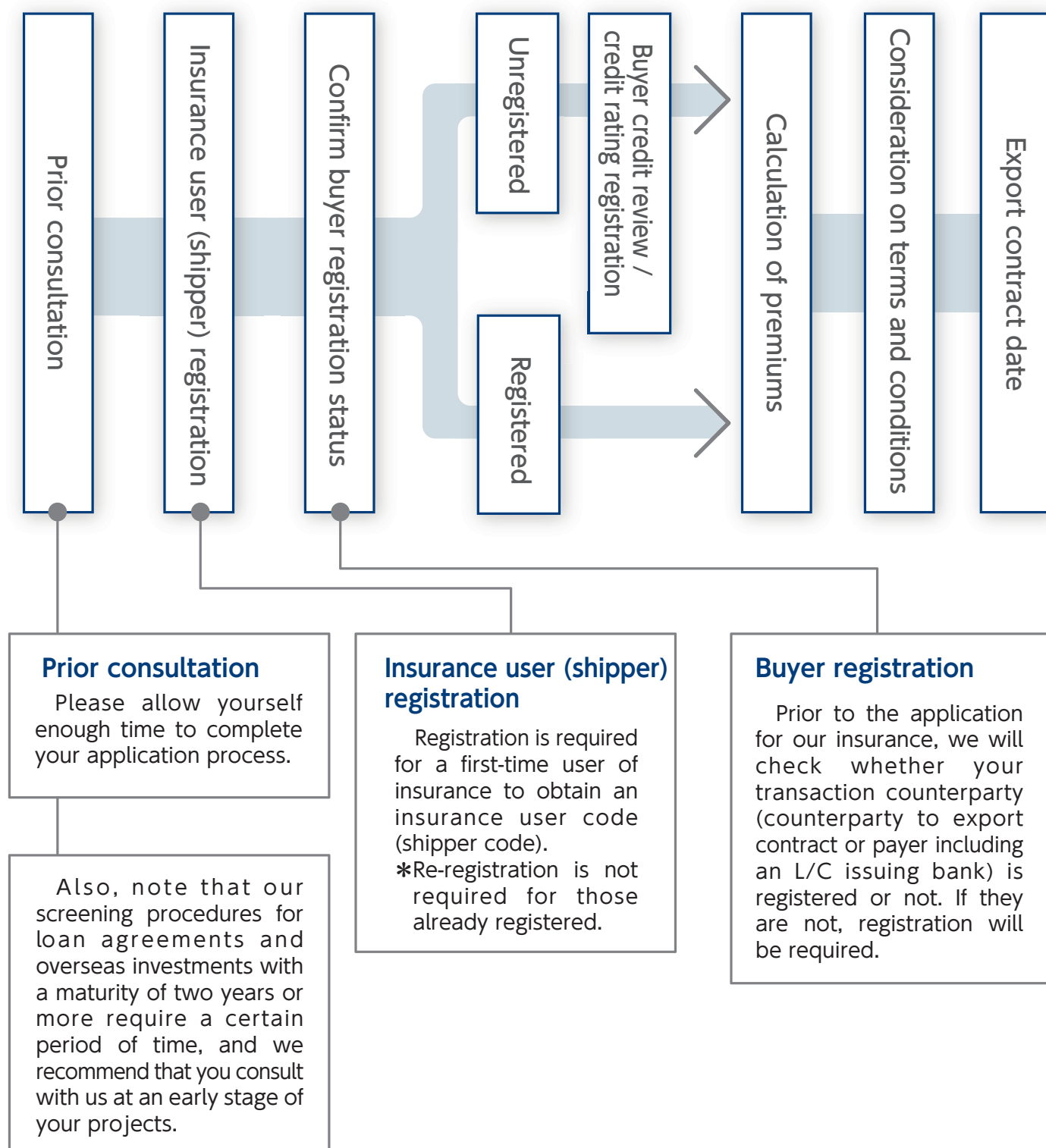
We call it fronting as NEXI provides the coverage through reinsurance with local Japanese casualty insurance companies that distribute our insurance products.

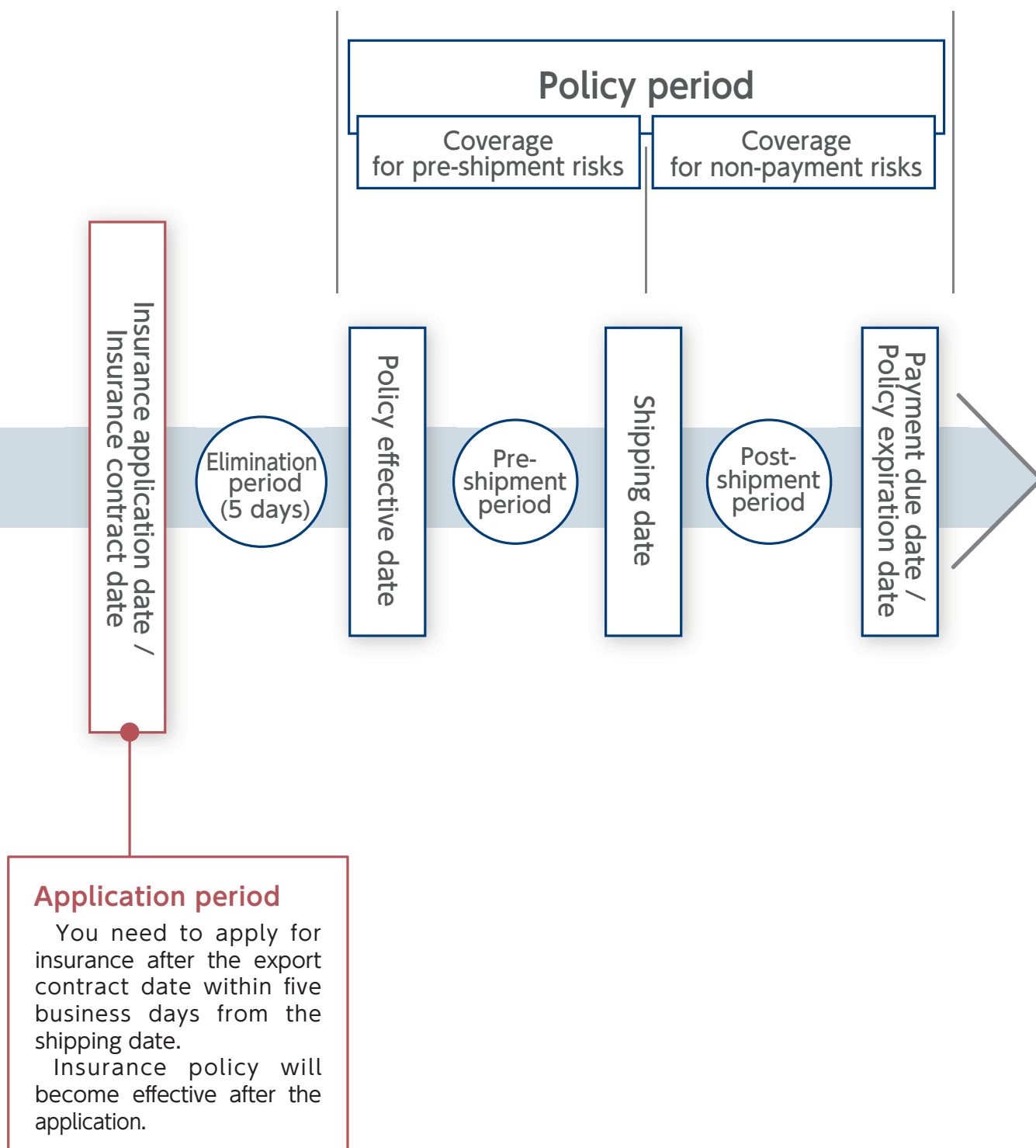


Insurance Application Process

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.

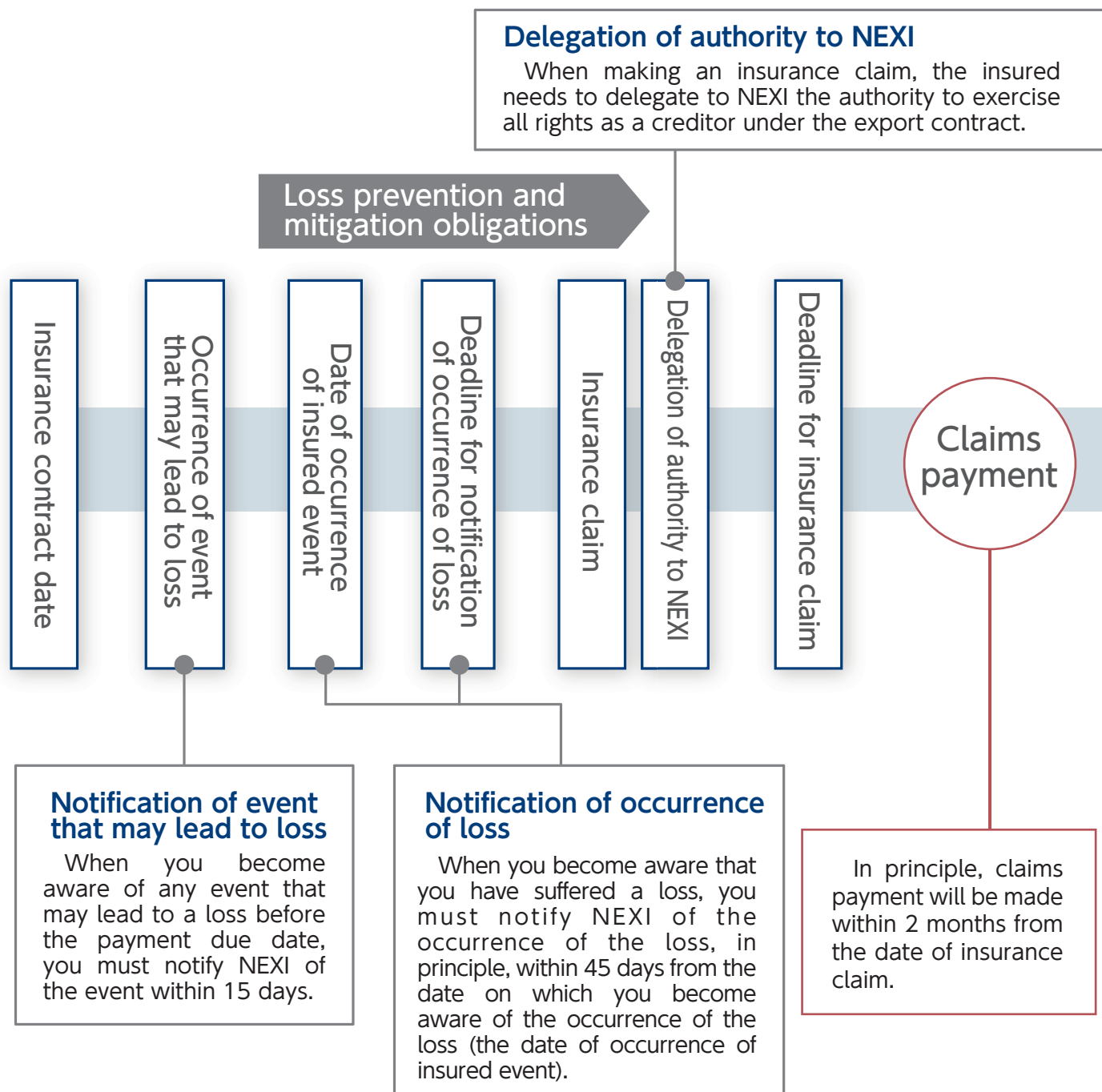




Insurance Application Process

Insurance Claim Payment

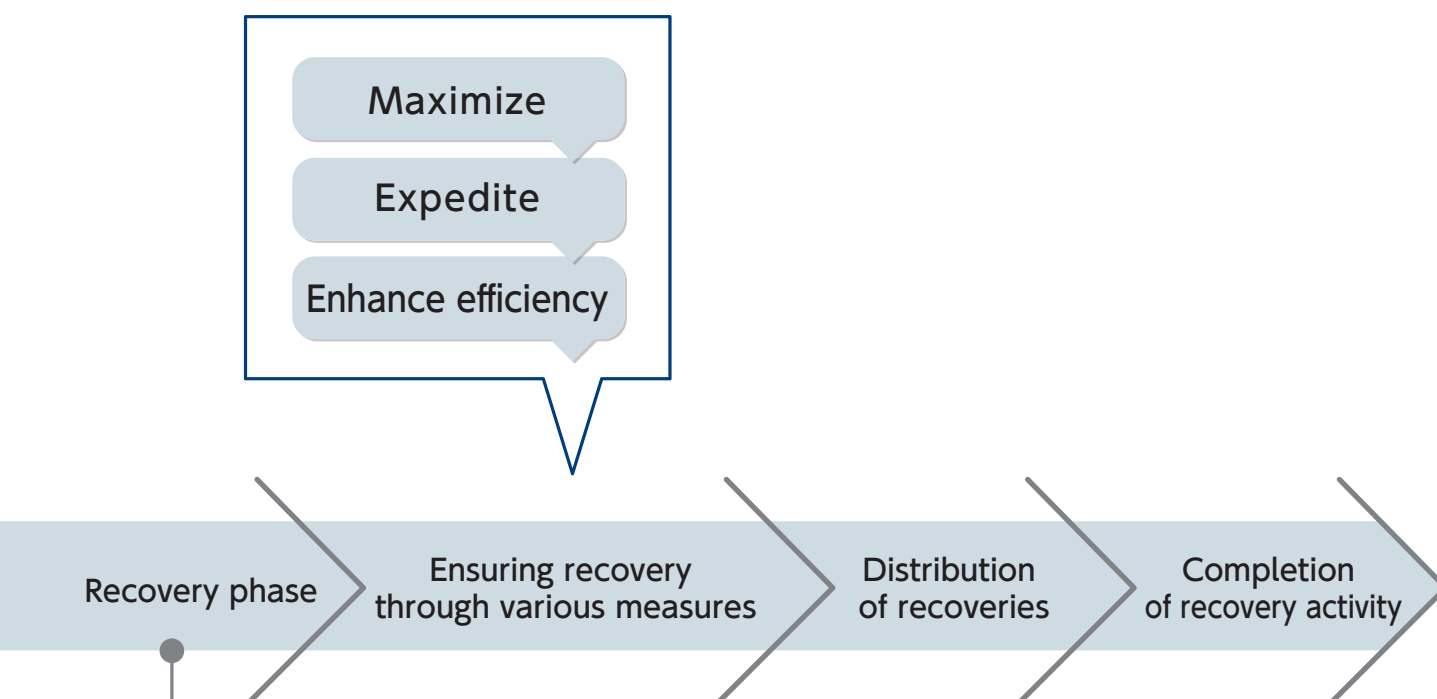
The chart below describes the summary of claims payment procedures for Export Credit Insurance.
*Some aspects may vary depending on the type of insurance.



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



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
- 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

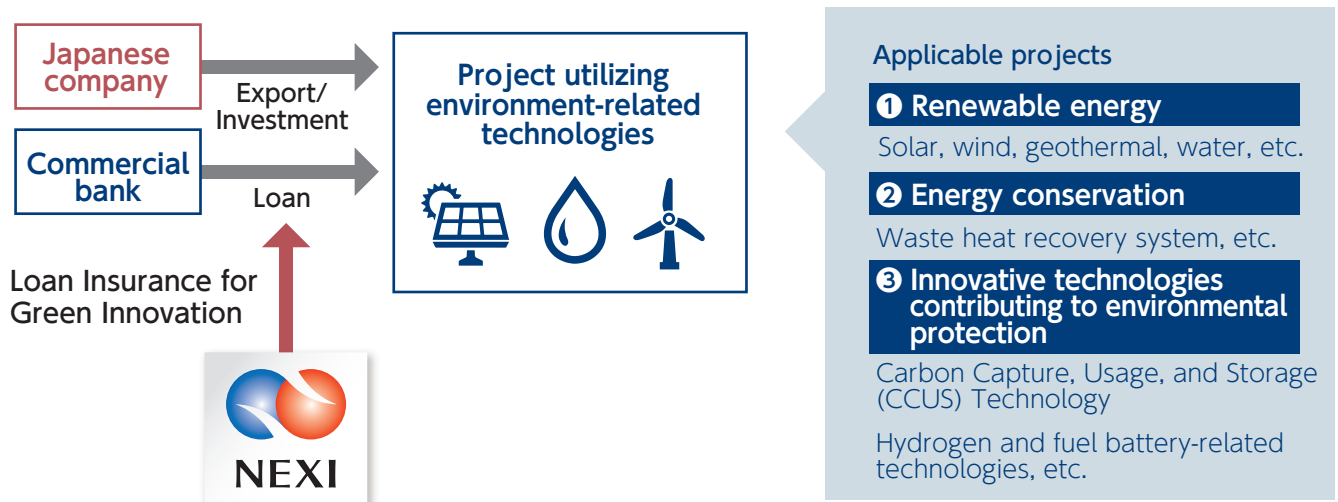
- When instructed by NEXI to take necessary measures for recovery, the insured has an obligation to comply with the instructions. (Cooperation in recovery efforts)
- Even in cases where actual recovery activities are conducted by NEXI's partner collection agencies, NEXI may request the insured to cooperate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

Enhancement of Loan Insurance for Green Innovation

NEXI has actively supported the private sector's measures for environmental protection and climate change mitigation. The amount underwritten in these fields has amounted to JPY 250 billion or more since 2016.

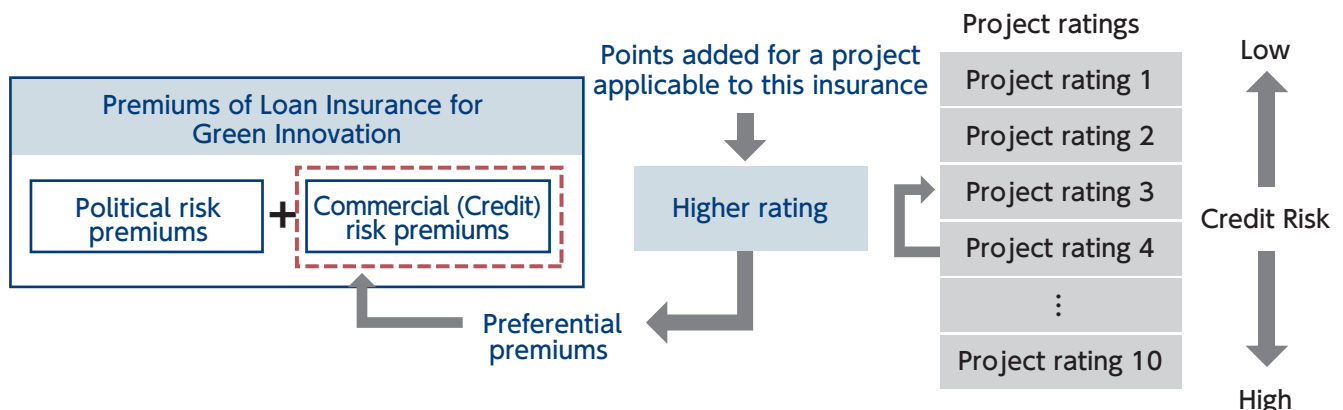
Based on the announcement in October 2021 to strengthen the functions of Loan Insurance for Green Innovation, NEXI provides preferential premiums to projects to which the insurance is applied by changing its risk assessment method. Through this initiative, NEXI is further increasing support for innovative technologies that contribute to the development of the renewable energy sector and the protection of global environment.

Loan Insurance for Green Innovation



Preferential treatment on premiums in Loan Insurance for Green Innovation

- We conduct proactive risk assessment in the screening of projects applicable to this insurance (the addition of points).
- This enables us to provide a higher credit rating and, as a result, offer preferential premiums.



About NEXI and Organizational Operation

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Profile of NEXI

Organization Name	Nippon Export and Investment Insurance
Date of Establishment	April 1, 2017
Act	Trade and Investment Insurance Act
Purpose	To conduct insurance business to cover risks which arise in foreign transactions not covered by ordinary insurance
Competent Minister	The Minister of Economy, Trade and Industry
Capital	JPY 169,352,324,369 (100% State-owned)
Executive Officers	Chairman and CEO..... Atsuo Kuroda President..... Keiji Wada Senior Managing Executive Officer, Member of Board..... Hidenobu Teramura Managing Executive Officer, Member of Board..... Kazuhiko Nishino Member of Board..... Hideo Teramoto Audit & Supervisory Board Member (Full-Time)..... Keishi Nakamura Audit & Supervisory Board Member..... Tomoyo Matsui Audit & Supervisory Board Member..... Youichi Takei
Number of Employees	229 (as of April 1, 2022)
Scope of Business	1) To conduct trade and investment insurance business operations complying with the provision of Chapter III of the Trade and Investment Insurance Act. 2) To conduct business incidental to the business stated in 1) above. 3) To underwrite reinsurance for international institutions, foreign governments or foreign companies who underwrite insurance (including reinsurance) which indemnifies losses similar to the losses covered by the trade and investment insurance, for the liability incurred by such insurers. 4) To underwrite reinsurance for Japanese insurance companies who underwrite insurance (excluding ordinary insurance) other than the trade and investment insurance deemed necessary to carry out the purpose of sound development of foreign transactions as prescribed by Cabinet Order, for the liability incurred by such insurers under the said insurance. 5) To cede reinsurance of the liability held by NEXI under the Trade and Investment Insurance Act to international institutions, foreign governments or foreign companies who underwrite insurance (including reinsurance) which covers the risks similar to those covered by the trade and investment insurance.
Brief History	Jul. 1999 Enactment of Act on General Rules for Incorporated Administrative Agency Dec. 1999 Enactment of Act Revising a Section of the Trade and Investment Insurance Act Apr. 2001 Establishment of Nippon Export and Investment Insurance (NEXI) as an Incorporated Administrative Agency Jul. 2015 Enactment of Act Revising a Section of the Trade and Investment Insurance Act Apr. 2017 Establishment of Nippon Export and Investment Insurance ("new" NEXI) as a special stock company (Note: From 1950 through 2001, the trade and investment insurance was handled by the Ministry of Economy, Trade and Industry, the former Ministry of International Trade and Industry)
Offices	(Domestic) Tokyo Head Office, Osaka Branch (Overseas) Singapore Branch, Paris Representative office, New York Representative office



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



Tomoyo Matsui
(Audit & Supervisory Board Member)

Keishi Nakamura
(Full Time Audit & Supervisory Board Member)

Youichi Takei
(Audit & Supervisory Board Member)

Business Plan

[Medium-term Business Plan (FY2019 - FY2021)]

In pursuit of the actualization of our corporate philosophies, the medium-term business plan (FY2019 - FY2021) has been formulated based on the following four pillars of action. The plan has been partially revised in December 2020.



Medium-term Business Plan (FY2019 - FY2021)

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

- 1) Grasp client needs for comprehensive export credit insurance and continue to review our products and services in order to ensure the regular use of insurance products by existing clients.
- 2) Encourage the continued use of export credit insurance including S/C among existing clients, and promote the use of insurance to exporters who have not yet used it, by strengthening cooperation and collaboration with partner financial institutions and private non-life insurance companies.
- 3) Expand the scope of companies that make use of Overseas Investment Insurance by creating a mechanism to promote cooperation with private

non-life insurance companies, and enhancing sales tools. Improve and simplify our products, aligning them to clients' needs in order to target growth in usage.

- 4) Develop loan insurance products and revise related systems while taking into consideration market needs to promote infrastructure exports by Japanese companies.
- 5) Improve clients' satisfaction with regard to the processing of claim payments.
- 6) Provide clients with useful and easy-to-understand information in an effective manner via the company website.
- 7) Improve the quality of our client services by performing the PDCA cycle based on client feedback from questionnaires.

2. Contribute to the realization of state policies.

- 1) Develop insurance products that address market needs and revise related systems to promote infrastructure exports by Japanese companies.
- 2) Support important business projects that relate to national policies such as infrastructure development programs, by actively providing insurance for them.

Note: Projects in priority areas.

- A) Business projects with high political importance, which are related to the government's policies:
 - Exports of Japan's high-quality infrastructure / Participation in overseas business projects.
 - Securing a stable supply of natural resources, energy and food.
 - Exports of advanced environmental and safety technologies / Participation in overseas projects that contribute to greater energy efficiency and a better environment.
 - Exports of high-quality products and services developed with Japanese companies' technological excellence / Participation in overseas business projects.
- B) Projects that enable major contributions to strategic overseas expansion of Japanese companies.
- C) Collaboration projects with other countries/public international financial institutions that have significant international importance, or business projects that would allow us to improve global recognition of NEXI and to establish collaborative relationships with other institutions.
- 3) Provide greater support for international transactions of Japanese SMEs and their exports of agricultural, forestry, and fishery products.

3. Create a more attractive working environment.

- 1) Increase employee awareness of the corporate philosophy and action guideline through personnel training.
- 2) Offer more opportunities for our employees to exercise their full potentials in jobs by creating career plans and supporting the sound achievement of such plans, and by increasing secondments outside the company and business trainings.
- 3) Actualize a working environment that supports various work styles, including working from home.
- 4) Improve working environment using a PDCA cycle based on employee questionnaire feedback.

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

- 1) Develop a new internal IT system with the aim of replacing the current system during FY2021. In

parallel with this, strengthen the structure of our IT system department and simultaneously improve the IT environment.

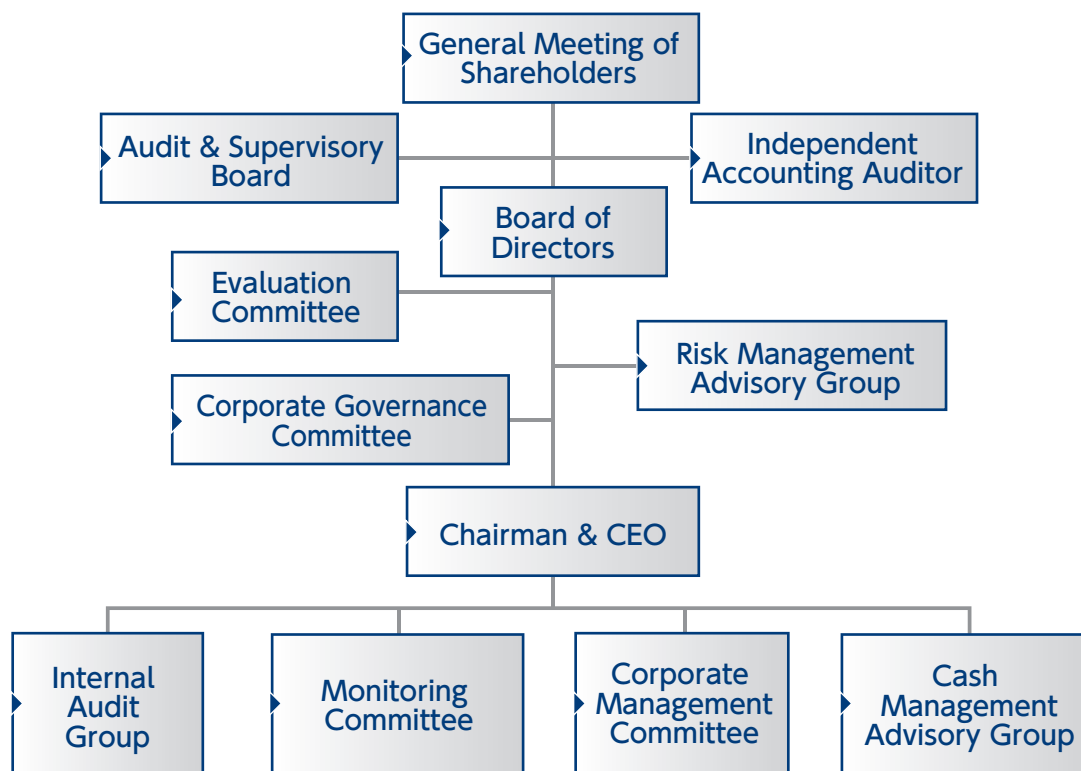
- 2) Upgrade our process for risk measurements. Based on the results of quantitative analysis, promote discussions on the management level to establish a framework and to incorporate measurement results into our policy to countries, debtors and sectors which have been anticipated of having risk concentrations.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

Business Operation and Management System

[Corporate Governance]

Supervision, Evaluation, and Business Execution

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



● Board of Directors

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

● Audit & Supervisory Board

The Audit & Supervisory Board supervises the decision-making process of the directors and execution of their duties based on various laws and regulations, such as the Companies Act and the Articles of Incorporation. The Audit & Supervisory Board consists of three corporate auditors, two of whom are outside corporate auditors as stipulated in the Companies Act. In collaboration with the full-time corporate auditor, the outside corporate auditors audit the execution of duties of the directors from an outside perspective and contribute to improving NEXI's governance structure. In addition, 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 and advises on NEXI's operational and administrative status as well as on management issues on which the Board of Directors consults with the committee.

● Corporate Governance Committee

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

●Corporate Management Committee

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

●Advisory Group (Risk/Cash Management)

The Risk Management Advisory Group serves as an advisory body to the Board of Directors on risk management. The Cash Management Advisory Group serves as 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's Board of Directors establish Internal Control Principles to ensure proper operation of the company. Internal rules and related systems are created in line with those principles.

[Compliance Promotion]

NEXI is aware of its public mission and social responsibility as the policy-based financial institution engaging in 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 (including dispatched workers; Collectively, "the Staff Members") conduct their tasks in compliance with the applicable laws and regulations and the Articles of Incorporation in a sound and appropriate manner.
- NEXI 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 the 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. 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 as a meeting committee structure with the purpose of deliberating on important compliance issues and monitoring the state of compliance.
- 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 the sole specialized institution responsible for the trade and investment insurance business in Japan, NEXI aims to contribute to the sound development of international business by providing security to even more customers engaging in global trade, promoting efforts to implement Japan's growth strategy, and actively meeting the diverse needs of customers. In order to fulfill its social roles, NEXI establishes the following framework to appropriately conduct enterprise risk management with the advice of the Risk Management Advisory Group.

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. The Risk Management Group of the Corporate Governance Department supervises the enterprise risk management under specific management methods and the monitoring and instructions of the Board of Directors. NEXI categorizes all risks to be managed into "insurance underwriting risk," "investment 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, overseas offices, and specialized investigation agencies, in addition to information from customers through the sales departments. NEXI also monitors the status of the debtor 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 (VaR¹) and centralized risk management, such as concentration, scenario, and other 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.

¹ Value at Risk: The maximum amount expected to be lost at a certain probability.

● Investment and Liquidity Risk Management

As the risks included in the investment 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 mainly due to outflow of more cash than anticipated because of 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 comprehensive 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.

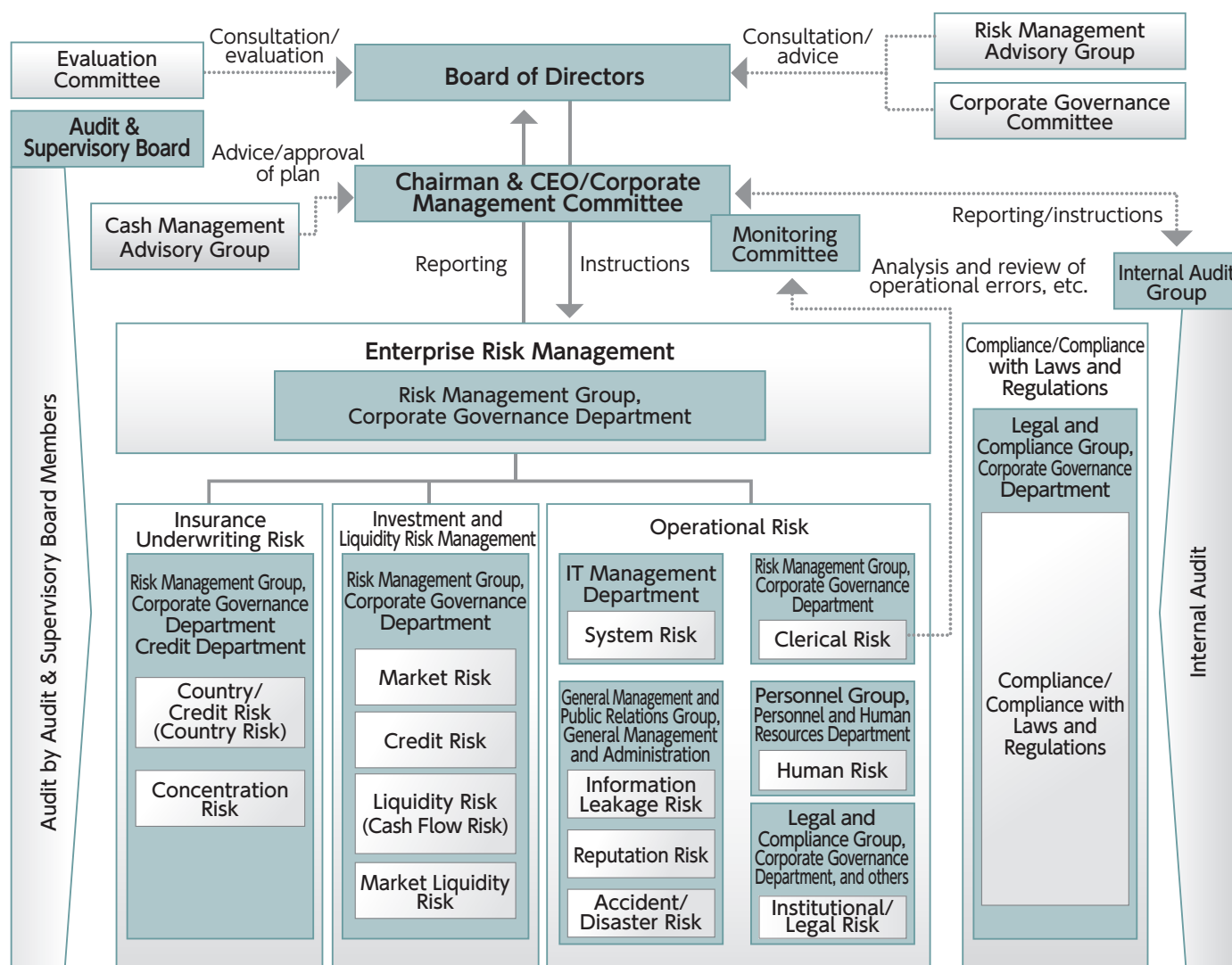
● Operational Risk Management

As the risks included in the operational risk, NEXI defines (i) clerical 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 the Staff Members and contractors of NEXI; (ii) system 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 the Staff Members and contractors of NEXI to properly handle confidential information and other sensitive data; (iv) institutional and legal risk: the risk of losses including 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 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, and establishes the management policy by risk for proper management.

● Clerical Risk Management

Under the clerical risk management regulations, NEXI appoints the head of each department and branch as the person responsible for clerical risk management, and is developing the related rules and operations manuals and creating 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 informed 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, discusses the causes for any operational mistake that occurs and measures to prevent the recurrence, and diffuses the results of such discussion across the company as necessary, thereby enhancing the effectiveness of the company-wide clerical risk management.

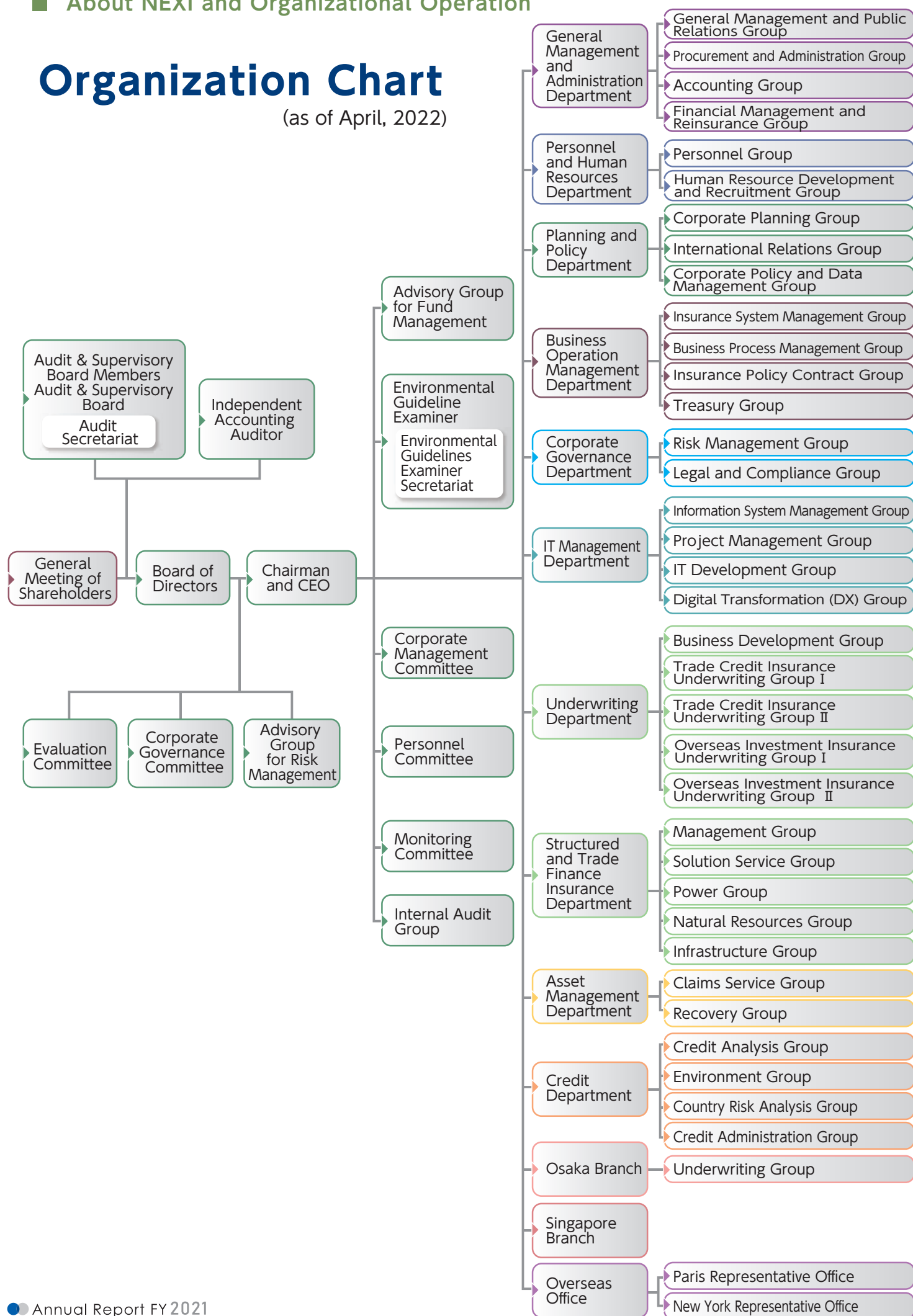


Responses to Large-scale Disaster

- 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, 2022)



Offices

Head Office

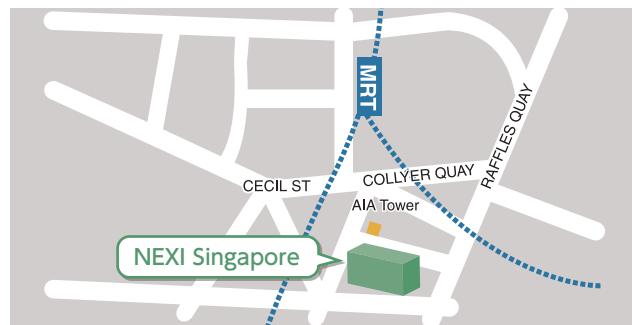
Chiyoda First Bldg., East Wing,
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Singapore Branch

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



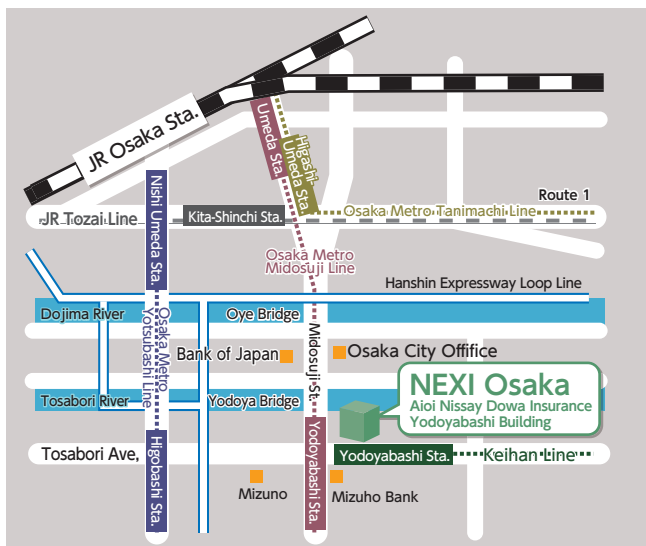
Paris Representative Office

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



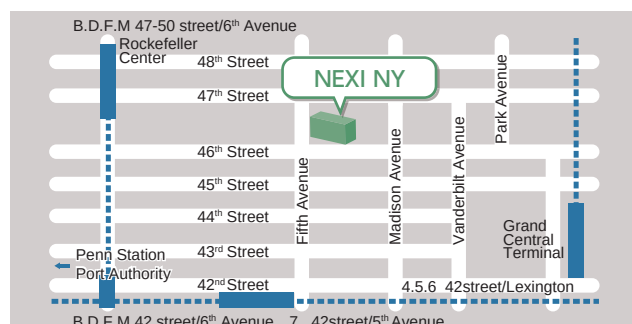
Osaka Branch

Aioi Nissay Dowa Insurance
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Osaka City, Osaka 541-0041
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Phone: +81(0) 6-6233-4019
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New York Representative Office

c/o JETRO 565 Fifth Avenue, 4th Floor, New York,
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Publicity Activities for Trade and Investment Insurance

NEXI promotes the active use of trade and investment insurance to support global business development of Japanese companies through publicity activities.

In FY2021, we prepared the following brochure and leaflet.

Product Information Brochure



This brochure provides plain explanations with illustrated stories to first-time users of the trade and investment insurance, on features of the insurance, application process and example cases where insurance claims are paid. The former version was renewed for a better visual understanding, incorporating feedback we received from our customers, and updating the information based on the latest insurance system.

Leaflet for Export Credit Insurance for SMEs and AFF Sector (for exporters of agricultural, forestry and fishery products, and food)



NEXI is making efforts to facilitate the use of trade and investment insurance to expand and push Japanese export of agricultural, forestry and fishery products and food. As part of the effort, we made a new single-page leaflet for exporters of agricultural, forestry and fishery product and food, offering easy to understand information on the features of Export Credit Insurance for SMEs and AFF Sector.



In addition to the new brochure and leaflet mentioned above, to promote the use of trade and investment insurance, we guide our customers with six different versions of YouTube videos which we created in FY2020, each introducing the features of NEXI's insurance products and how to utilize them, according to the needs of each customer.

We are also working to make NEXI's trade and investment insurance better known to potential users, through active participation in and offering of webinar lectures, in collaboration with the central government ministries, government-affiliated institutions and partnering financial institutions that support Japanese companies to expand their international business.

NEXI will continue improving its publicity efforts by effectively employing diverse media, to provide information to a broad range of customers, ranging from companies that are considering using the trade and investment insurance for the first time to businesses that are already familiar with foreign trade operations.

FY2021 Financial Results

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FY2021 Financial Review

[Overview of Financial Statements]

(Millions of Yen)

	5th Fiscal Year
Ordinary income	73,411
Underwriting income	30,822
(Net premiums written)	30,444
Subrogation income	9,414
Investment income	33,139
Other ordinary income	36
Ordinary expenses	74,411
Underwriting expenses	66,957
(Net claims paid)	59,380
(Provision for outstanding claims reserves)	(3,043)
(Provision for unearned premiums)	(8,505)
(Provision for contingency reserves)	19,201
Subrogation expenses	234
Operating and administrative expenses	7,203
Other ordinary expenses	18
Ordinary loss	(1,000)
Extraordinary income	1,000
Income before income taxes	—
Total income taxes	(6)
Net income	6
Total assets	1,765,719
Net assets	794,873

Profit and Losses

NEXI's underwritten amount in FY2021 (the total amount of insurance contracts underwritten during the fiscal year; the same applies below) rose 13% year on year to JPY 6.9 trillion. This is mainly due to a substantial increase, up 47% year on year, of export insurance which accounts for about 80% of the overall underwriting. The gain was led by a growth in Japanese exports of steel and cars against the backdrop of the global economy's recovery from the COVID-19 pandemic. By contrast, loan insurance fell significantly, down 73% year on year, as a result of a decline in project finance.

Net premiums written increased by 1.0% year on year to about JPY 30.44 billion from about JPY 30.13 billion. Subrogation income, primarily consisting of

recoveries, grew by 3.7% year on year to JPY 9.41 billion from about JPY 9.07 billion, and investment income rose 163.6% year on year to JPY 33.14 billion from about JPY 12.57 billion reflecting the positive impact of exchange rates. Meanwhile, due to a significant rise in insurance claim payment for country risk events, net claims paid increased by 157.3% year on year to JPY 59.38 billion from about JPY 23.08 billion, and subrogation expenses decreased by 32.4% year on year to JPY 230 million from about JPY 340 million. Operating and administrative expenses totaled JPY 7.20 billion. As a result, a provision for contingency reserves of JPY 19.20 billion was recorded.

Financial Statements etc.

[Balance Sheet for FY2021 (As of March 31, 2022)]

(Millions of Yen)

Account Title	Amount
(Assets)	
Cash and bank deposits	861,786
Bank deposits	861,786
Securities	865,086
Government bonds	343,953
Municipal bonds	130,700
Corporate bonds	349,700
Foreign securities	40,733
Receivables subrogated by paying claims	19,879
Tangible fixed assets	980
Buildings	303
Equipment and fixtures	676
Other tangible fixed assets	1
Intangible fixed assets	3,641
Software	3,505
Software in progress	137
Other assets	14,199
Accrued premiums	5,459
Reinsurance accounts receivable	74
Foreign reinsurance accounts receivable	799
Accounts receivable	3,177
Accrued income	2,581
Deposits	527
Other assets	1,583
Deferred tax assets	147
Total assets	1,765,719

(Millions of Yen)

Account Title	Amount
(Liabilities)	
Insurance liabilities	932,221
Outstanding claims reserves	(23)
Underwriting reserves	932,244
Unearned premiums	131,660
Contingency reserves	800,584
Other liabilities	37,912
Income taxes payable	21
Deposits received	26,074
Unearned income	9,157
Accrued amount payable	2,424
Other liabilities	236
Provision for employees' bonuses	128
Provision for directors' bonuses	9
Provision for employees' retirement benefits	559
Provision for directors' retirement benefits	16
Total liabilities	970,846
(Net assets)	
Capital	169,352
Capital surplus	625,553
Legal capital surplus	625,553
Retained earnings	(32)
Other retained earnings	(32)
Retained earnings brought forward	(32)
Total shareholders' equity	794,873
Total net assets	794,873
Total liabilities and net assets	1,765,719

Financial Statements etc.

[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).
- (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 Changes in significant accounting policies are as follows.

- (1) On March 25, 2021, ministerial ordinance partially amending the Ministerial Ordinance Pertaining to the Accounting of Nippon Export and Investment Insurance (Ordinance of the Ministry of Economy, Trade and Industry No. 16, 2021) was promulgated, and went into effect on April 1, 2021.
Before March 31, 2021, the total amount of receivables subrogated by paying claims (commercial risk) from which allowance for doubtful accounts was deducted was recorded as receivables subrogated by paying claims. However, as a result of the application of the amended ministerial ordinance at the beginning of the fiscal year, when there are amounts that are expected to be recovered by exercising the right to reimbursement on the receivables (excluding those for which there is no judicial decision or agreement between the parties concerned), such amount is deducted from the outstanding claims reserves for the fiscal year.
The change of the accounting policy was adopted retroactively, and the balance of receivables subrogated by paying claims and contingency reserves at the beginning of the fiscal year

decreased by JPY 21,619 million. There was no effect on net assets at the beginning of the fiscal year.

- (2) The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter "the Fair Value Measurement Accounting Standard"), etc. was adopted from the beginning of the fiscal year, and the new accounting policies established by the Fair Value Measurement Accounting Standard will be adopted prospectively in accordance with the transitional treatment specified in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This had no effect on the financial statements.

3 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.

4 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. 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
Securities			
Bonds held to maturity	865,086	892,349	27,263
Assets	865,086	892,349	27,263

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	312,647	344,955	32,307
	Municipal bonds	18,600	18,652	52
	Corporate bonds	5,300	5,329	29
	Foreign securities	9,230	9,291	60
	Subtotal	345,777	378,226	32,449
Those with fair value not exceeding the carrying amount	Government bonds	31,306	30,591	(715)
	Municipal bonds	112,100	111,429	(671)
	Corporate bonds	344,400	341,972	(2,428)
	Foreign securities	31,503	30,131	(1,372)
	Subtotal	519,309	514,123	(5,186)
Total		865,086	892,349	27,263

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
Securities						
Bonds held to maturity	20,191	209,562	107,557	419,700	102,400	—
Total	20,191	209,562	107,557	419,700	102,400	—

5Accumulated depreciation of tangible fixed assets is JPY 373 million.

6The 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)

Outstanding claims reserves (before the deduction of the amount expected to be recovered)	JPY 36 million
Amount expected to be recovered (deducted)	JPY 59 million
(Net)	(JPY 23 million)

7The breakdown of underwriting reserves at the end of the year is as follows.

(Underwriting reserves)

Unearned premiums (before the deduction of underwriting reserves for outward reinsurance)	JPY 142,313 million
Underwriting reserves for outward reinsurance related to the above	JPY 10,653 million
Net (a)	JPY 131,660 million
Underwriting reserves for other items (b)	JPY 800,584 million
Total (a + b)	JPY 932,244 million

8Net assets per share is JPY 52,991.55.

Total net assets, the basis for calculating net assets per share, is JPY 794,873 million, and the full amount is related to common shares. The number of common shares at the end of the year is 15 million.

9Receivables subrogated by paying claims (political risk), expected receivables subrogated by paying claims (political risk) and transferred claims, and their total are as follows.

Receivables subrogated by paying claims (political risk)	JPY 19,879 million
Expected receivables subrogated by paying claims (political risk)	—
Transferred claims	—
Total	JPY 19,879 million

10Cash and bank deposits, and deposits received include the following amounts, respectively.

(Millions of Yen)

	Carrying amount shown on balance sheet
Cash and bank deposits	26,049
Deposits received	26,049

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).

11Amounts are rounded off to the nearest unit.

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[**Statement of Income** (April 1, 2021 - March 31, 2022)]

(Millions of Yen)

Account Title	Amount
Ordinary income	73,411
Underwriting income	30,822
Net premiums written	30,444
Foreign exchange gains	378
Subrogation income	9,414
Investment income	33,139
Interest and dividends income	6,462
Foreign exchange gains	26,677
Other ordinary income	36
Ordinary expenses	74,411
Underwriting expenses	66,957
Net claims paid	59,380
Commissions	(76)
Provision for outstanding claims reserves	(3,043)
Provision for underwriting reserves	10,696
Provision for unearned premiums	(8,505)
Provision for contingency reserves	19,201
Subrogation expenses	234
Operating and administrative expenses	7,203
Other ordinary expenses	18
Other ordinary expenses	18
Ordinary loss	(1,000)
Extraordinary income	1,000
Gain on government grants	1,000
Income before income taxes	—
Income taxes-current	24
Income taxes-deferred	(30)
Total income taxes	(6)
Net income	6

[Notes:]

1

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

Premiums written	JPY 30,867 million
Reinsurance premiums paid	(JPY 423 million)
Total	JPY 30,444 million

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

Insurance claims paid	JPY 59,380 million
Reinsurance claims recovered	—
Total	JPY 59,380 million

Note 1. Insurance claims paid is calculated by deducting the amount recovered of JPY 1,861 million from the amount paid of JPY 61,241.

(3) The breakdown of commissions is as follows.

Commissions for agencies and others	JPY 2 million
Commissions for outward reinsurance	(JPY 79 million)
Total	(JPY 76 million)

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

Provision for unearned premiums (before the deduction of underwriting reserves for outward reinsurance)	(JPY 11,819 million)
Provision for underwriting reserves for outward reinsurance related to the above	(JPY 3,314 million)
Net (a)	(JPY 8,505 million)
Provision for other underwriting reserves (b)	JPY 19,201 million
Total (a + b)	JPY 10,696 million

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

Interest from bank deposits	JPY 282 million
Interest and dividends from securities	JPY 6,180 million
Other interest and dividends	—
Total	JPY 6,462 million

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

(Subrogation income)

Recovery of receivables subrogated by paying claims (political risk)	JPY 2,231 million
Interest from receivables subrogated by paying claims (political risk)	JPY 2,646 million
Recovery of receivables subrogated by paying claims (commercial risk)	JPY 782 million
Interest from receivables subrogated by paying claims (commercial risk)	—
Recovery of transferred claims	JPY 72 million
Recovery received	JPY 3,485 million
Recovery received of overseas inward reinsurance	JPY 42 million
Other income from receivables subrogated by paying claims	JPY 10 million
Foreign exchange gains (subrogation income)	JPY 145 million
Total	JPY 9,414 million

(Subrogation expenses)

Loss on bad debts (commercial risk)	JPY 47 million
Debt recovery expenses (underwritten)	JPY 183 million
Recovery expenses (inward reinsurance)	JPY 4 million
Loss on uncollected interest	—
Total	JPY 234 million

2 Business with related parties is as follows.

(Millions of Yen)

Type	Entity	Ratio of voting rights, etc.	Relationship with party	Transaction	Amount of transactions ²	Account title	Balance at end of year
Major shareholder	Ministry of Finance	Directly held 100%	Trade and investment insurance administration	Gain on government grants ¹	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 income per share is JPY 0.38.

Net income for the fiscal year, the basis for calculating net income or loss per share, is JPY 6 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.

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Statement of Changes in Shareholders' Equity (April 1, 2021 - March 31, 2022)

(Millions of Yen)

	Shareholders' Equity						Total net assets
	Capital	Capital surplus		Retained earnings		Total shareholders' equity	
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings brought forward			
Beginning balance	169,352	625,553	625,553	(38)	(38)	794,868	794,868
Changes during the year							
Net income			—	6	6	6	6
Total change during the year	—	—	—	6	6	6	6
Ending balance	169,352	625,553	625,553	(32)	(32)	794,873	794,873

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, 2021	Increase during the fiscal year 2021	Decrease during the fiscal year 2021	Number of shares as of March 31, 2022
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, 2021 - March 31, 2022) 〕

(Millions of Yen)

Account Title	Amount
Cash flows from operating activities	
Premiums received	30,358
Insurance claims paid	(61,224)
Commissions	(2)
Proceeds from collection of receivables subrogated by paying claims	21,214
Payment for allocation of collection from receivables subrogated by paying claims	(4,410)
Payment for operating and administrative expenses	(6,128)
Others	(36)
Subtotal	(20,230)
Interest and dividend income received	10,037
Income taxed refund (paid)	3
Net cash provided by (used in) operating activities	(10,190)
Cash flows from investing activities	
Payments into time deposits	(187,019)
Proceeds from repayment of time deposits	183,439
Purchase of securities	(108,594)
Proceeds from sales and redemption of securities	7,096
Others	(105,079)
(Total from operating and asset management activities)	(115,269)
Purchase of tangible fixed assets	(21)
Purchase of intangible fixed assets	(1,211)
Proceeds from sales of tangible fixed assets	0
Net cash provided by (used in) investing activities	(106,311)
Cash flows from financing activities	
Proceeds from borrowings	1,000
Dividends paid	1,000
Effect of exchange rate changes on cash and cash equivalents	4,278
Net increase (decrease) in cash and cash equivalents	(111,223)
Cash and cash equivalents at the beginning of the year	753,317
Cash and cash equivalents at the end of the year	642,094

Notes:

1The 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.

2Cash 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.

3The 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, 2022 (Millions of Yen)

Cash and bank deposits	861,786
Time deposit	(193,643)
Other bank deposits*	(26,049)
Cash and cash equivalents at the end of the year	642,094

*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.

4Amounts are rounded off to the nearest unit.

Financial Statements etc.

[Details of account items]

1. Balance Sheet

Account item	Details
Receivable 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 debt forgiveness deemed necessary to fulfill international obligations under Article 36 of the Trade and Investment Insurance Act.



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