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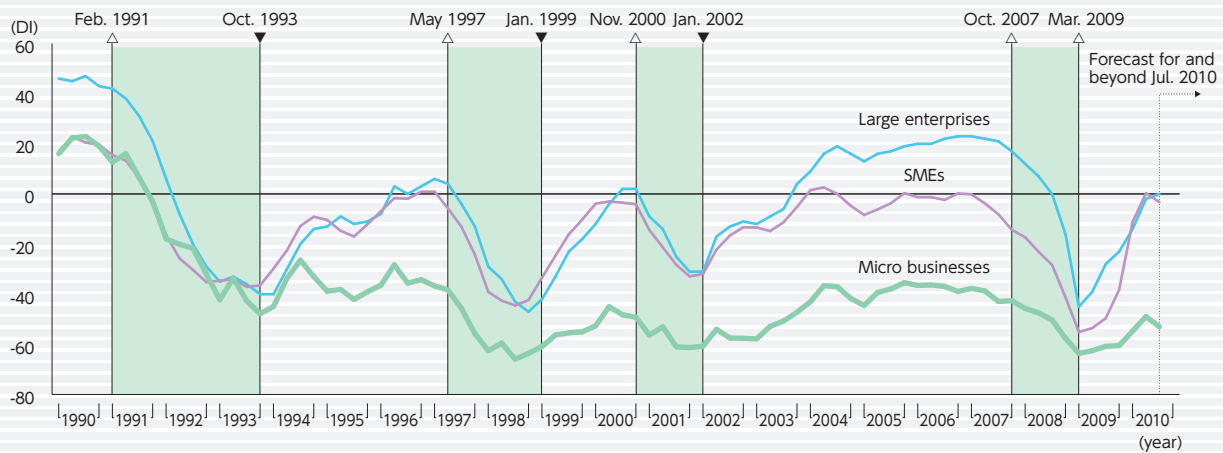
Responses to Economic Crisis

In FY2009, while there were some signs of improvement, mainly among major corporations, amidst the protracted economic slump following the collapse of Lehman Brothers, the financial environment for SMEs remained challenging. The Japanese government thus implemented additional economic measures. As a policy-based financing institution, JFC performed all the functions at its disposal to bolster the Japanese economy.

Signs of Improvement in Business Activities

Business conditions for SMEs and micro-enterprises should budding signs of improvement, helped in part by a rebound in exports and the government's economic measures. As a result, they pulled themselves out of the worst period in terms of financing difficulties, although individual situations varied, depending on the size of the companies.

Changes in Business Conditions Diffusion Index (DI)

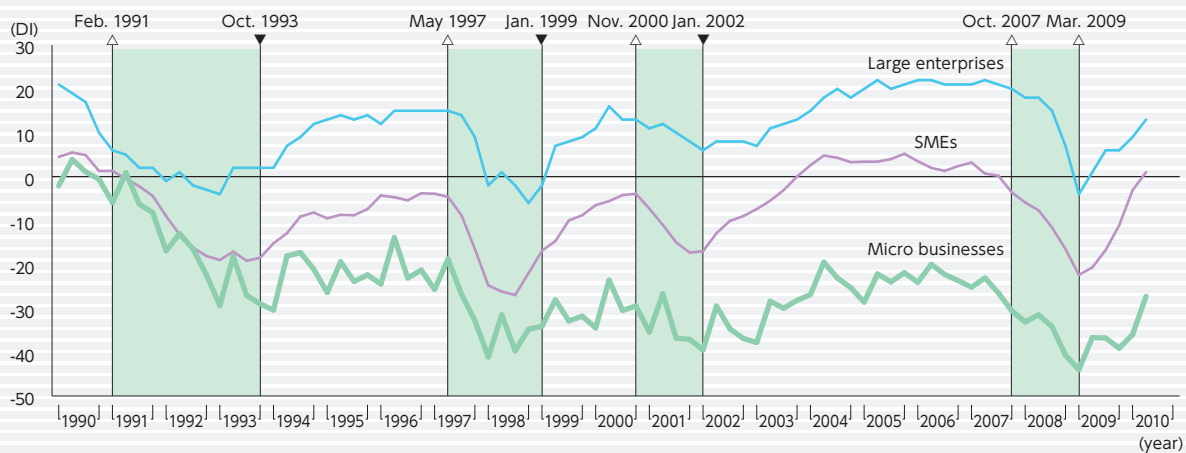


Source: Statistics for micro businesses and SMEs were extracted from JFC's "Survey of SME Trends in Japan." Those for large enterprises were extracted from Bank of Japan's "Short-Term Economic Survey of Enterprises in Japan (Tankan)."

Notes: 1. For large and micro businesses, the DI is calculated by deducting the percentage of enterprises responding that business conditions were "Bad" from the percentage of those responding that conditions were "Good." For SMEs, the DI is calculated by deducting the percentage of enterprises that felt business conditions were "Worsened" from the percentage of enterprises that felt conditions "Improved" (the figures are seasonally adjusted).

2. Micro businesses are generally defined to be businesses with fewer than 20 employees. SMEs are those with 20 or more employees, and large enterprises have capital of at least 1 billion yen.

Changes in Funding Diffusion Index (DI)



Source: Statistics for micro businesses and SMEs were extracted from JFC's "Survey of SME Trends in Japan." Those for large enterprises were extracted from Bank of Japan's "Short-Term Economic Survey of Enterprises in Japan (Tankan)."

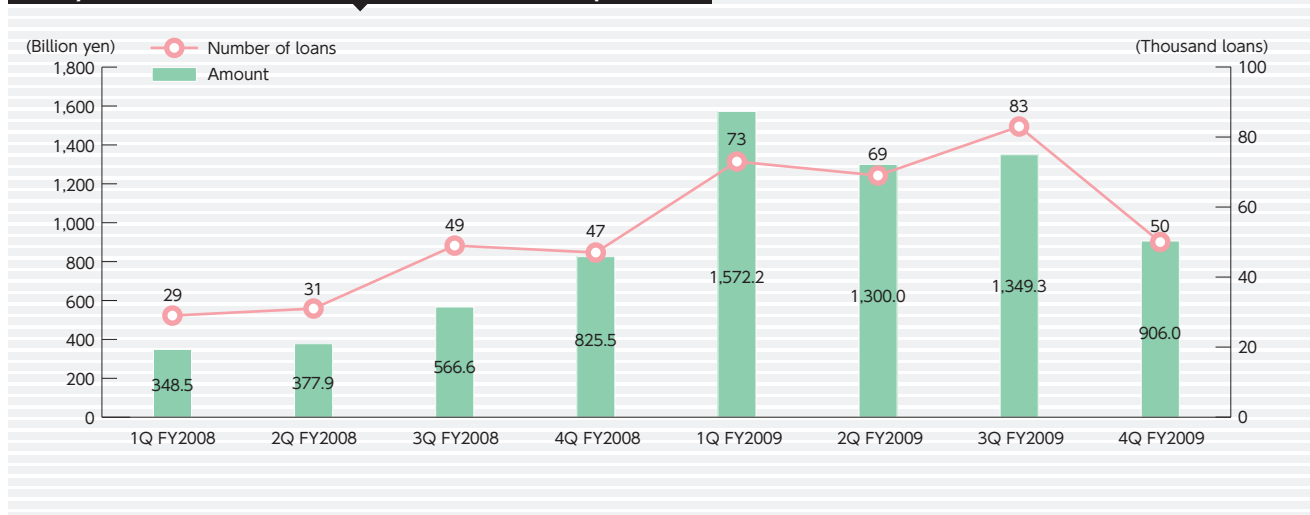
Note: The DI for micro businesses is calculated by deducting the percentage of enterprises that felt business conditions "Worsened" from the previous quarter from the percentage of enterprises that felt conditions "Improved." The DI for SMEs is calculated by deducting the percentage of enterprises that responded business conditions "Worsened" over the same period a year earlier from the percentage of those who responded conditions "Improved" (the figures are seasonally adjusted). The DI for large enterprises was calculated by deducting the percentage of enterprises responding that business conditions were "Difficult" from the percentage of those responding that conditions were "Easy."

Funding Support Aimed at SMEs, Micro-enterprises, and Agricultural, Forestry, and Fishery Business Owners (Safety-net Loans)

JFC flexibly served as a safety net for SMEs, micro-enterprises, and agricultural, forestry, and fishery business owners who had difficulty obtaining financing as a result of the deterioration in the business environment by providing Safety-net Loans.

Safety-net Loans reached 5,100 billion yen in FY2009, a 2.4-fold increase from FY2008 (2,100 billion yen).

Safety-net Loans Disbursed (Total for Three Domestic Operations)

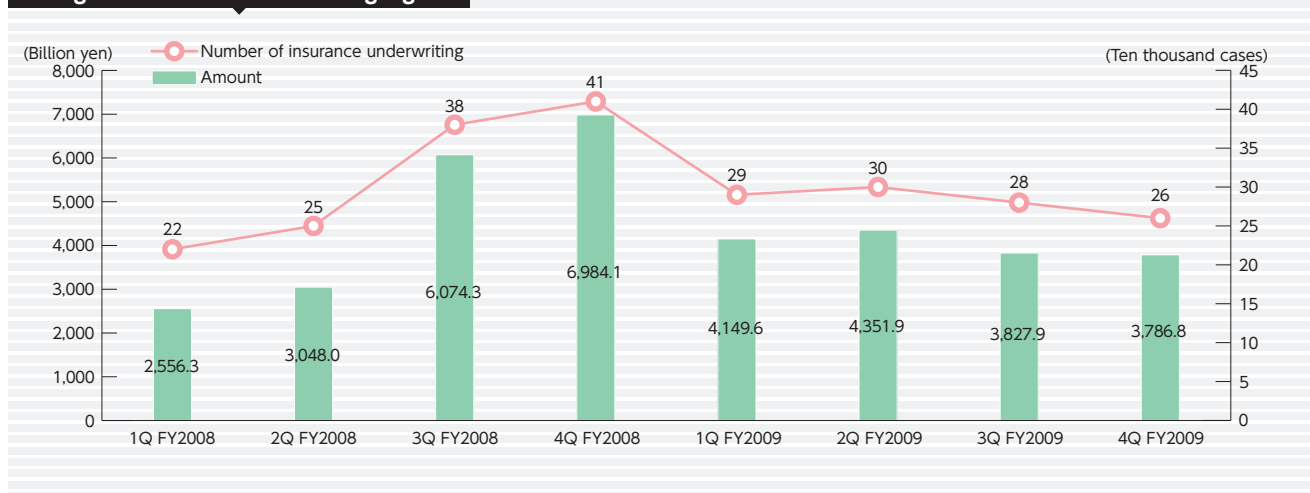


Backing Up Credit Insurance through the Credit Guarantee System

Based on the government's economic measures, CGCs throughout Japan began offering the Emergency Guarantee Program starting on October 31, 2008. Related to emergency guarantees, JFC contributed to the smooth financing of SMEs and micro businesses by underwriting insurance.

Insurance underwriting amounts showed a large increase after establishment of the Emergency Guarantee Program. They totaled 16,116.4 billion yen in FY 2009, which was 14% down from FY 2008 and 25% up from FY 2007.

Changes in Insurance Underwriting Figures



Supporting Japanese Industries' Exports and Overseas Business Operations

In the face of the international financial turmoil, JBIC has supported Japanese companies to sustain their exports and overseas operations, at the same time providing a range of financial instruments and initiatives for developing countries to address the global financial turmoil.

JBIC's Commitments to Emergency Operations to Support Japanese Overseas Business Activities

(As of March 31, 2010)

Location of projects, transactions	Number of commitments	Amount (billion yen equivalent)
Developing countries ¹	29 [59]	57.8 [178.8]
Developed countries ¹	43 [63]	758.1 [1,213.9]
Two-step loans for domestic financial institutions ²	8 [8]	666.7 [666.7]
Total	80 [130]	1,482.6 [2,059.4]

1. As time-bound measures to be terminated at the end of March 2011 (extended to this date by the public notice of the Ministry of Finance dated February 15, 2010), JBIC is providing (1) loans to large scale Japanese companies for investment projects in developing countries; (2) suppliers' credits to finance exports to developing countries; and (3) loans and guarantees to business operations conducted by Japanese companies in developed countries.

2. The figures represent the sum of the two-step loans (TSLs) provided to domestic financial institutions in Japan pursuant to Policy Package to Address Economic Crisis announced by the Japanese government on April 10, 2009 and the TSLs provided to domestic financial institutions pursuant to the Emergency Economic Countermeasures for Future Growth and Security announced by the government on December 8, 2009. TSLs provided to domestic financial institutions pursuant to the Emergency Economic Countermeasures for Future Growth and Security include loans to the subsidiaries of Japanese financial institutions in developing countries.

Note: Figures in the brackets are cumulative totals since the commencement of the relevant measures.

► Support for Stabilizing the International Financial System

Support for Facilitating Trade Finance in Developing Countries

JBIC signed six loan agreements worth a total of approximately US\$760 million with financial institutions in developing countries under the Trade Finance Initiative announced by the Japanese government in February and April of 2009. (The US\$1.5 billion trade finance facility over a two-year period was launched to increase total trade financing to US\$6.0 billion.)

Support for Fund Raising by Developing Countries with Guarantees for Their Samurai Bond Issues

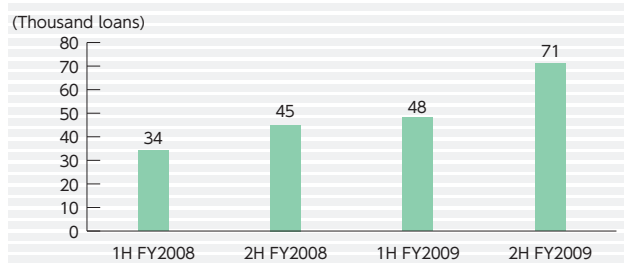
JBIC provided guarantees for yen-denominated bonds issued in Japan (Samurai bonds) issued by the Governments of Indonesia and the Philippines. The provision of these guarantees is part of the Market Access Support Facility (MASF) for Asian countries, which was announced by the Japanese government in May 2009. Under the MASF, JBIC will provide guarantees up to 500.0 billion yen for Samurai bond issues. JBIC also signed framework agreements for providing guarantees to Samurai bond issues with Central and South American countries. JBIC guaranteed a total of four such issues worth 330.0 billion yen, including those in Asian countries.

Relaxation of Repayment Terms and Conditions

As a policy finance institution, JFC responded flexibly to meet the needs of customers that are facing cash flow difficulties and relaxed repayment terms of existing loans, such as by extending repayment periods and reducing installment payment amounts.

In FY2009, JFC modified approximately 120,000 loans to reflect the intent of the SME Financing Facilitation Act.

Loan Modifications



Implementation of Operations to Facilitate Crisis Responses

At the time of occurrence of crises certified by the competent ministers such as domestic or international financial disorder, large-scale natural disasters and other similar events, JFC implements specified provisions of credit to financial institutions designated by the competent ministers. Since a business's credit risk generally increases at the time of a crisis, it is assumed that private financial institutions would be unable to provide a satisfactory amount of funds. In order to counter this situation, JFC supplied credit to designated financial institutions to encourage those institutions to smoothly provide funds to businesses.

► Loans (two-step loans)

JFC lends fiscal loan funds, etc., to designated financial institutions.

► Partial risk complementation (loss compensation transaction)

JFC collects compensation premiums from designated financial institutions, and makes up for a certain proportion of losses incurred through loans, etc. (including equity participation based on the Act on Special Measures for Industrial Revitalization) carried out by the designated financial institutions.

► Interest subsidies

JFC provides interest subsidies to designated financial institutions for loans, etc., made by those institutions through loans and partial risk complementation by JFC.

Efforts to Maximize Integration Effects (Business-matching Service through Collaboration between Business Units)

JFC is working to improve its customer service through collaboration between individual JFC units and JBIC by mutually utilizing their expertise and knowledge, thereby providing a match-making service for businesses, as well as useful information, that could lead to developing new sales channels and new products.

Specifically, JFC matched a total of 498 pairs of businesses in FY2009 through collaboration between JFC units. This is a result of providing its services through such national business fairs as the Agri-Food Expo and holding regional seminars where companies from different industries had an opportunity to meet one another. This figure, which includes loans made through collaborations between JFC units, was a significant increase over 75 matches made in the previous year.

Integration of Specialized Financing Know-how on Loans, etc.

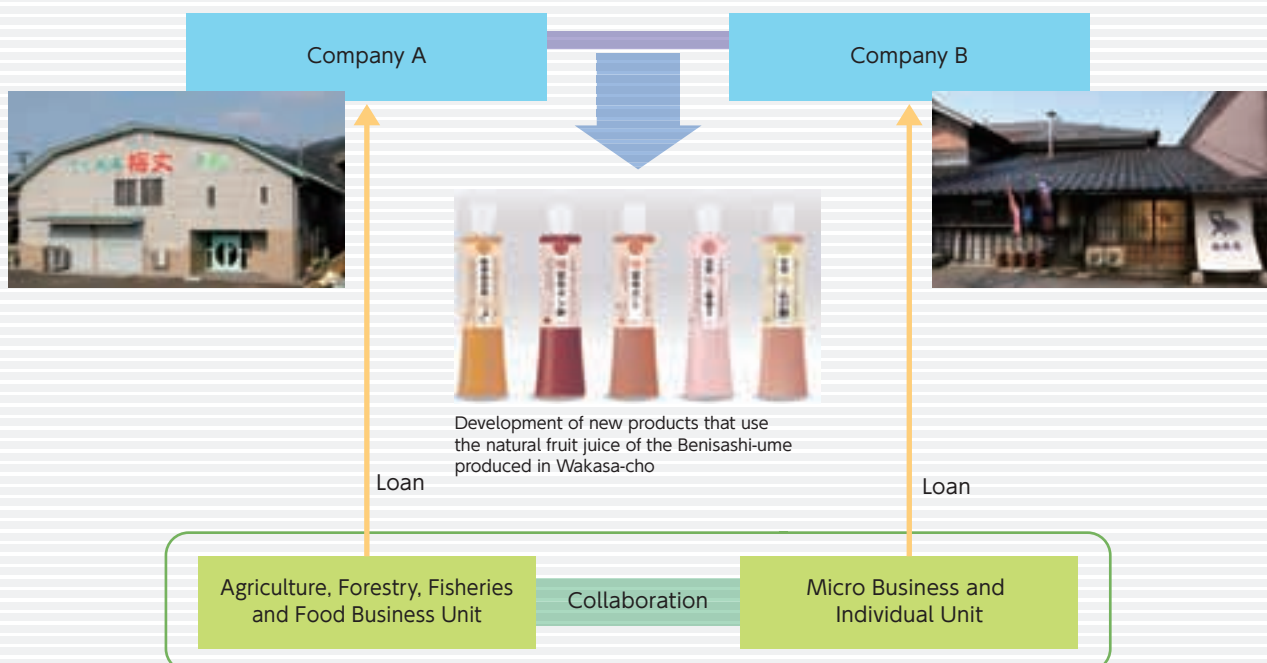
By bringing together the specialized know-how in each of JFC's units and JBIC, JFC finances new business initiatives that span across industrial and operational boundaries.

Examples of Business-Matching (Business Collaboration in Agriculture, Commerce and Industry)

- In Wakasa-cho, Fukui Prefecture, an agricultural corporation (Company A) that grows Japanese specialty apricots called "Benisashi-ume," established a collaborative relationship with a long-standing sake maker (Company B). The two companies jointly worked on developing new products that use the locally produced apricots by building a production facility that employs what is called "low-temperature oxygen decomposition" technology, whereby fruit juice is extracted without damaging the natural flavor of Benisashi-ume. As a result, the companies succeeded in launching such products as Japanese apricot juice, vinegar flavored with Japanese apricot and kelp, and a soup base made from Japanese apricot and kelp.
- The two companies received approval under the Agriculture, Commerce and Industry Collaboration Plan, which is based on the Act to Promote Collaboration between Agriculture, Commerce and Industry. The Takefu Branch of the Micro Business and Individual Unit provided a loan to the sake manufacturer under the Program for Supporting Collaboration between Agriculture, Commerce and Industry. (The program is called the Loans to Promote New Business Activities (for Agriculture, Commerce and Industry Collaboration).) In addition, the Fukui Branch of the Agriculture, Forestry, Fisheries and Food Business Unit provided a loan to Company A to produce Japanese apricots. Through collaboration between its different business units, JFC supported the two companies' business operations, which will lead to increased local employment and revitalization of the local economy.






Scheme of Operations

Business plan for collaboration among agriculture, commerce, and manufacturing industries



Network Integration

Prior to integration, business discussions, seminars and other events were held by the separate institutions. Following integration, these events have been held jointly by various JFC units and JBC. Participants enjoy expanded business opportunities by traversing among the networks of all JFC units.

	Title	Event date	Event details	Collaboration
Overseas	A Business Network Meeting in China 	December 11, 2009	Networking seminar for Japanese SMEs locally incorporated in the Shanghai area; attended by 109 people from 82 corporate clients of the SME Unit	Sponsored by the SME Unit; customers of the Micro Business and Individual Unit also attended.
Nationwide	Nationwide business discussion meeting (held in the city of Yokohama) 	October 21, 2009	The largest business conference in Japan designed for SMEs and sponsored by a financial institution; restricted to JFC clients. Attended by 716 companies from a wide variety of industries from all over Japan.	Sponsored by the SME Unit; customers of the Micro Business and Individual Unit and those of the Agriculture, Forestry, Fisheries and Food Business Unit also attended.
	Agri-Food EXPO Fourth Agri-Food Expo 2009 (Tokyo) 	August 25 and 26, 2009	Exhibit and business conference for Japanese-produced agricultural products Products exhibited by 529 companies from all over Japan; attended by 12,676 visitors, with 44,173 business negotiations held.	Sponsored by the Agriculture, Forestry, Fisheries and Food Business Unit; customers of the Micro Business and Individual Unit and those of the Small and Medium Enterprise (SME) Unit also attended.
	Agri-Food Expo 2010 Osaka (held in the city of Osaka) 	February 16 and 17, 2010	Products exhibited by 301 companies from all over Japan; attended by 11,359 visitors, an increase of approximately 30% over the previous year, with 17,824 business negotiations held.	
Regional	JFC Nagasaki Agriculture, Commerce, and Manufacturing Industry Consulting Conference (held in the city of Nagasaki) 	January 21 and 22, 2010	A total of 36 agricultural, fishery, and food companies from Nagasaki Prefecture held business discussions with co-operatives from Tokyo, Osaka and Hiroshima on products made in Nagasaki Prefecture, resulting in 47 business inquiries.	Sponsored jointly by the Micro Business and Individual Unit, the Agriculture, Forestry, Fisheries and Food Business Unit, and the Small and Medium Enterprise (SME) Unit; introduced customers of the three Units to one another.

Operation of Internet Match-making Sites

Site name	Details
Business Matching Gate (Micro Business and Individual Unit) http://match.k.jfc.go.jp/	By presenting business opportunities on national scale via Internet, this site helps businesses find buyers and suppliers.
Agri-Food EXPO Internet Matching (Agriculture, Forestry, Fisheries and Food Business Unit) http://www.afc.jfc.go.jp/matching	To those who strive to sell domestically produced brands by creating attractive products (producers in agriculture, forestry, and fisheries industries) and those who manufacture wide variety of gourmet foods that utilize locally produced goods (food makers), this site provides opportunities to expand sales channels throughout Japan via Internet.

Overview of Operations in FY2009, and Outline of Financial Statements

Overview of Operations in FY2009

In FY2009, the Japanese economy showed signs of improvement, due to increases in exports and production, driven by the recovery in foreign economies, and the bolstering of domestic demand by various economic stimulus measures. However, the level of domestic economic activity remained low and the pressure to reduce production capacity and employment persisted against the backdrop of ongoing deflation, making it unlikely that the Japanese economy could recover on its own.

As a policy-based financial institution, JFC performed its function to provide safety-net by promoting Safety-net Loans; expanding the scale of its operations in response to the raised guarantee limit of the Emergency Guarantee System; implementing Operations to Facilitate Crisis Responses and emergency Japanese overseas business support operations and strengthening its consultation system to respond promptly and precisely to inquiries about financing from

SMEs, micro-enterprises, and agricultural, forestry, and fishery business owners. In addition, following enforcement of the Act concerning Measures to Facilitate Financing for Small and Medium-Sized Enterprises, JFC provided financial support to SMEs by relaxing repayment terms for existing loans.

Furthermore, JFC strove to provide a wide range of services by capitalizing on the synergy achieved through the integration of various JFC programs, such as business matching, the promotion of collaboration between agriculture, commerce and industry, and the support for corporations' globalization efforts.

Additionally, JFC developed business management policy and business management plan for FY2010 and beyond in order to flexibly implement policy-based financing and achieve transparent and highly efficient business operations, aiming to be a more autonomous organization.

Outline of Financial Statements for FY2009

1. Profit and Loss

Ordinary losses amounted to 1,118.7 billion yen in FY2009.

Although JBIC reported an ordinary profit of 27.8 billion yen, this was more than offset by ordinary expenses, consisting of the followings: (1) 869.5 billion yen of expenses on insurance claims was disbursed by credit insurance programs as the result of high levels of subrogated payments by CGCs, and 421.6 billion yen was posted as a provision of reserve for insurance policy liabilities; (2) in the loan programs, 149.1 billion yen was posted as a provision of allowance for loan losses due to deterioration of loan assets, resulting from declining performance of borrowers; and (3) in the operations to facilitate crisis responses, 84.3 billion yen was posted as a provision of reserve for compensation losses due in part to an increase in the balance of loss compensation underwriting.

Profit and Loss Statement

(FY2008: from October 1, 2008 to March 31, 2009/FY2009: from April 1, 2009 to March 31, 2010)

(Unit: billion yen)

	Ordinary income		Ordinary expenses		Ordinary profit (losses)		Net income (Net loss)		
	FY ended March 31, 2009	FY ended March 31, 2010	FY ended March 31, 2009	FY ended March 31, 2010	FY ended March 31, 2009	FY ended March 31, 2010	FY ended March 31, 2009	FY ended March 31, 2010	
JFC (consolidated)	381.7	751.0	1,045.8	1,869.8	(664.0)	(1,118.7)	(655.4)	(1,112.8)	
Micro Business and Individual Unit (Account for Micro Business and Individual Operations)	87.2	169.0	106.2	218.2	(19.0)	(49.2)	(18.7)	(50.0)	
Agriculture, Forestry, Fisheries and Food Business Unit (Account for Agriculture, Forestry, Fisheries and Food Business Operations)	39.3	72.2	40.6	74.1	(1.3)	(1.8)	0	0	
SME Unit	Account for SME Loan Programs and Securitization Support Programs (Guarantee-type Operations)	64.5	125.3	91.5	135.3	(27.0)	(10.0)	(26.9)	(10.2)
	Account for Securitization Support Programs (Purchase-type Operations)	0.3	0.4	0.5	1.6	(0.2)	(1.1)	(0.2)	(1.1)
	Account for Credit Insurance Programs	91.8	159.9	724.7	1,158.7	(632.8)	(998.8)	(632.8)	(999.0)
Japan Bank for International Corporation (Account for JBIC Operations)	97.7	191.1	77.8	163.3	19.9	27.8	26.8	33.2	
Operations to Facilitate Crisis Responses (Account for Operations to Facilitate Crisis Responses)	0.9	33.3	4.3	118.8	(3.4)	(85.5)	(3.4)	(85.5)	

2. Assets

Total assets were 35,634.2 billion yen, the majority of which were loans and bills discounted.

Total net assets stood at 4,574.6 billion yen, due in part to the capital contributions in the amount of 2,851.2 billion yen from the Japanese government, in spite of a net loss of 1,112.8 billion yen,

Balance Sheet

(as of Mar. 31, 2010)

(Unit: billion yen)

Assets			Liabilities and net assets		
Item	Amount		Item	Amount	
	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010		Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Cash and deposits	1,617.2	3,734.7	Borrowed money	15,990.5	21,220.6
Receivables under resale agreement	11.4	22.9	Short-term bonds payable	299.8	—
Securities	49.6	76.7	Corporate bonds	5,772.6	5,949.5
Loans and bills discounted	24,004.9	29,178.5	Trust funds	36.7	37.2
Other assets	749.3	771.2	Reserve for insurance payments	1,017.8	1,439.4
Property, plant and equipment	284.6	282.0	Other liabilities	102.7	121.6
Intangible assets	10.5	12.4	Provision for bonuses	5.8	5.3
Customers' guaranteed liabilities	1,692.0	1,993.9	Provision for directors' bonuses	0	0
Allowance for loan losses	(417.8)	(438.6)	Provision for retirement benefits	200.2	204.3
			Provision for directors' retirement benefits	0	0
			Provision for loss compensation	3.0	87.3
			Guaranteed liabilities	1,692.0	1,993.9
			Total liabilities	25,121.5	31,059.5
			Capital stock	2,452.1	3,251.7
			Capital surplus	1,472.6	2,405.1
			Retained earnings	(1,215.2)	(1,222.3)
			Total valuation and translation adjustments	170.9	140.1
			Total net assets	2,880.5	4,574.6
Total assets	28,002.0	35,634.2	Total liabilities and net assets	28,002.0	35,634.2

(Unit: billion yen)

	At end of previous fiscal year (March 31, 2009)	At end of current fiscal year (March 31, 2010)	Change
Total assets	28,002.0	35,634.2	7,632.1
Total liabilities	25,121.5	31,059.5	5,938.0
Total net assets	2,880.5	4,574.6	1,694.0