

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

Japan Bank for International Cooperation (security code: -)

<Affirmation>

Long-term Issuer Rating: AAA
Outlook: Stable
Bonds: AAA

Rationale

- (1) Japan Bank for International Cooperation ("JBIC") is a special company whose shares are wholly owned by the government of Japan. It supports Japanese companies' acquisition and development of natural resource interests, export of infrastructure, overseas M&A deals and so on in line with the government's external economic policies, etc. through loans, equity participations as well as guarantees. The governing Act stipulates that, along with other provisions, the government is obliged to hold all of JBIC's shares and may make additional contributions. The funds for loans, equity participations, etc. necessary for JBIC's operations are sourced by the government budget. JBIC's ratings are supported by JBIC's close relationships with the government, as shown by JBIC's strong legislative ties with the government and extremely high political significance and importance.
- (2) In the government's policy, JBIC is a core player in supporting the development of overseas infrastructure projects by Japanese companies, and its financial support under the COVID-19 pandemic crisis underpin the overseas business activities of Japanese companies. In the future, JBIC will actively work on projects that will lead to the overseas development of high-quality infrastructure for a decarbonized society and the strengthening of overseas supply chains by Japanese companies through the Post-COVID-19 Growth Facility, which was established in response to economic measures (approved by the Cabinet in December 2020). As new socioeconomic trends such as green society and digitalization accelerate, JBIC will play an increasingly important role in building infrastructure to support the Japanese economy.
- (3) JBIC's general operations account is managed in accordance with the principles of ensuring certainty of repayment and financial soundness pursuant to the governing Act. As JBIC has been able to set appropriate interest rates for loans, taking into account credit risk and other factors, it has been able to secure a certain level of interest margin even in a low interest rate environment, and core gross business income has been stable. Credit costs tend to be volatile and account for a high proportion of net business income, but JBIC has been remaining in the black since the days of the former JBIC. In the fiscal year ended March 2021 (FY2020), its net income fell sharply mainly due to higher credit costs. However, the upturn in the income in FY2019 was largely due to a change in the method of calculating loan loss reserves, and excluding this fiscal year, net income has been relatively stable. Although the performance of special operations is gradually improving, the impact on JBIC's overall profit and financial position is limited. JCR believes that JBIC's risk-taking will be moderate, as it is required by the Act to maintain financial soundness for the entire special operations account.
- (4) As of March 31, 2021, non-performing loans ratio under the Financial Reconstruction Act rose slightly less than one percentage point from the end of the previous fiscal year to 3.2%. Although many of the sovereign loans are loans to developing countries, the risk of bad debts is limited thanks to the Paris Club, a unique international support framework for debt management for official creditors. Non-sovereign loans, on the other hand, are more prone to bad debts and credit costs due to fluctuations in the external environment, as many of the loans are for large natural resource-related projects. Asset quality may deteriorate for the time being as the global economic outlook remains uncertain due to the prolonged COVID-19 pandemic crisis. However, JBIC has sufficient capital to cover the risks associated with loans and equity participation. The common equity Tier 1 ratio (non-consolidated) was high at 20% as of March 31, 2021. JCR expects JBIC to maintain its strong financial base, as the government has been making additional investments in JBIC as appropriate based on the assessment of JBIC's risk size.

Akira Minamisawa, Tatsuya Shimizu

Rating

Issuer: Japan Bank for International Cooperation

<Affirmation>

Long-term Issuer Rating: AAA Outlook: Stable

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
Issued by former JBIC:					
Bonds no. 23	JPY 20	Mar. 14, 2006	Dec. 19, 2025	2.09%	AAA
Issued by JBIC (with general security):					
Bonds no. 3	JPY 40	Aug. 10, 2017	June 20, 2022	0.030%	AAA

Note: JBIC and Japan International Cooperation Agency are jointly and severally liable for the above bonds issued by former Japan Bank for International Cooperation.

<Reference>

Issuer: Japan Finance Corporation

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
Bonds no. 4	JPY 10	Oct. 29, 2009	Sept. 20, 2029	2.20%	AAA
Bonds no. 10	JPY 15	May 12, 2010	Mar. 19, 2030	2.167%	AAA
Bonds no. 15	JPY 10	Oct. 29, 2010	Oct. 29, 2030	1.911%	AAA
Bonds no. 18	JPY 15	May 9, 2011	May 9, 2031	2.157%	AAA
Bonds no. 22	JPY 10	Oct. 28, 2011	Oct. 28, 2031	1.853%	AAA

(all with general security)

Note: Japan Finance Corporation and JBIC are jointly and severally liable for the above bonds.

Rating Assignment Date: August 23, 2021

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "FILP Agencies, etc." (May 29, 2020) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)

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INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	Japan Bank for International Cooperation
Rating Publication Date:	August 25, 2021

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Legal Protection and Support Provided by the Government

The likelihood of a given debt payment is highly conditional to the issuer's legal protection provided by the government, personnel and capital relationship with the government, importance in the government's policy, credit enhancement, and other forms of the government's supporting policy, framework and the strength thereof.

B) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

C) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

D) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.

- A) Audited financial statements presented by the rating stakeholders
- B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the publication by the issuer, some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR received in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Legal Protection and Support Provided by the Government

The credit rating is subject to alteration if there is a change in the issuer's legal support by the government, personnel or capital relationship with the government, importance in the government's policy, credit enhancement and other forms of the government's supporting policy, framework and the strength thereof. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

B) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

C) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

D) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity

positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

E) Creditworthiness of the Government, etc. that Constitute the Framework of Credit Enhancement
The credit rating is subject to alteration if there is a change in the creditworthiness of the government, etc. that constitute the framework of credit enhancement. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change on such framework is exceptionally large.

F) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

12 Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

13 Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Legal Protection and Government Support

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's legal protection provided by the government, personnel and capital relationship with the government, importance in the government's policy, credit enhancement and other forms of the government's supporting policy, framework and the strength thereof. The resultant change of the credit rating is most likely by one notch, as JCR stipulates, but possibly as much as a few notches if the change in the government's supporting policy is significant.

B) Business Bases

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

C) Financial Grounds and Asset Quality

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

D) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

E) Creditworthiness of the Government, etc. that Constitute the Framework of Credit Enhancement

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the creditworthiness of the government, etc. that constitute the framework of credit enhancement. JCR assumes the resultant change of the credit rating is most likely by a notch. The change could be as much as a few notches should the creditworthiness of said government, etc. change so greatly.

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Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Japan Bank for International Cooperation	Issuer(Long-term)	April 2, 2012	AAA	Stable
Japan Bank for International Cooperation	Issuer(Long-term)	May 16, 2013	AAA	Stable
Japan Bank for International Cooperation	Issuer(Long-term)	May 23, 2014	AAA	Stable
Japan Bank for International Cooperation	Issuer(Long-term)	June 22, 2015	AAA	Stable
Japan Bank for International Cooperation	Issuer(Long-term)	July 15, 2016	AAA	Negative
Japan Bank for International Cooperation	Issuer(Long-term)	August 4, 2016	AAA	Negative
Japan Bank for International Cooperation	Issuer(Long-term)	July 19, 2017	AAA	Negative
Japan Bank for International Cooperation	Issuer(Long-term)	July 19, 2018	AAA	Negative
Japan Bank for International Cooperation	Issuer(Long-term)	August 10, 2018	AAA	Stable
Japan Bank for International Cooperation	Issuer(Long-term)	June 17, 2019	AAA	Stable
Japan Bank for International Cooperation	Issuer(Long-term)	August 3, 2020	AAA	Stable
Japan Bank for International Cooperation	Bonds no.23	April 2, 2012	AAA	
Japan Bank for International Cooperation	Bonds no.23	May 16, 2013	AAA	
Japan Bank for International Cooperation	Bonds no.23	May 23, 2014	AAA	
Japan Bank for International Cooperation	Bonds no.23	June 22, 2015	AAA	
Japan Bank for International Cooperation	Bonds no.23	August 4, 2016	AAA	
Japan Bank for International Cooperation	Bonds no.23	July 19, 2017	AAA	
Japan Bank for International Cooperation	Bonds no.23	July 19, 2018	AAA	
Japan Bank for International Cooperation	Bonds no.23	June 17, 2019	AAA	
Japan Bank for International Cooperation	Bonds no.23	August 3, 2020	AAA	
Japan Bank for International Cooperation	Bonds no.3	August 4, 2017	AAA	
Japan Bank for International Cooperation	Bonds no.3	July 19, 2018	AAA	
Japan Bank for International Cooperation	Bonds no.3	June 17, 2019	AAA	
Japan Bank for International Cooperation	Bonds no.3	August 3, 2020	AAA	

Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Mikiya Kubota, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

窪田 幹也

Mikiya Kubota

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