

JCR's Rating Results for 2022

1 Resident Long-term Rating

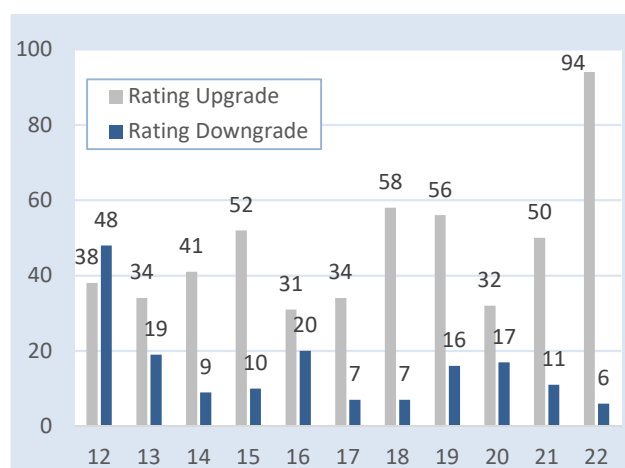
The number of JCR's long-term rating changes for residents in 2022 resulted in 94 (50 in 2021) rating upgrades and 6 (11 in 2021) rating downgrades, with the number of upgrades exceeding the number of downgrades for the 10th consecutive year (Chart 1). Compared to 2021, the number of issuers upgraded has almost doubled and is considerably higher level than 58 in 2018 and 56 in 2019 before the impact of the COVID-19 pandemic. The number of issuers downgraded was 6, compared to 17 in 2020 and 11 in 2021, indicating a downward trend. The level of the number of downgraded issuers was even considerably less than that before the occurrence of COVID-19 pandemic. Looking at the rating outlook (outlook) without change of ratings, it shows that the trend of upward revision in the previous year is continuing. The number of outlook revisions from Stable to Positive remained on an upward trend at 61 (36 in 2019, 13 in 2020, and 57 in 2021). The number of outlook revisions from Negative to Stable was 7, down from 18 in the previous year. The main reason for this is considered to be the fact that the number of issuers with Negative outlook had been decreasing. The number of outlook revisions from Stable to Negative remained low at 6 (38 in 2020 and 7 in 2021).

As mentioned above, the underlying tone in 2022 was an increase in the number of issuers with their ratings and outlooks changed upward, even compared to the previous year. This is largely believed due to the fact that the impact of the COVID-19 pandemic has been reduced and the economy is returning to a normal state. Some of the upgrades in the financial sector were due to the revision of JCR's rating methodology.

In the manufacturing sector, the number of issuers upgraded remained higher than the number of downgraded issuers, with 21 upgraded (compared to 7 in 2021) and 1 downgraded (compared to 3 in 2021), continuing the trend from the previous year. While the

number of downgraded issuers remained at a low level, following the previous year, the number of upgraded issuers significantly increased. By industry sector, the issuers that were upgraded were distributed across a wide range of industries, with 6 Electric Appliances and 3 Machinery issuers standing out. The number of outlook revisions from Stable to Positive was 14 (18 in 2021), while the number of outlook revisions from Stable to Negative was 5 (1 in 2021), and the number of the two revisions combined was at about the same level as the previous year. By industry sector, Chemicals stood out with 5 issuers with the reasons including that accumulation of equity capital is expected to progress due to high value-added products and diversification of business, followed by Machinery with 4 issuers, from Stable to Positive. On the other hand, there were only 2 issuers in Foods from Stable to Negative as the largest number. The reason given is that demand is declining due to the COVID-19 pandemic impact.

Chart 1 Rating Changes (Resident Long-term Rating)



Notes

- 1: An issuer whose rating was changed multiple times during the year is counted as one.
- 2: The counted issuers are resident issuers including investment corporations, to which JCR assigned the long-term ratings. Japan, guaranteed bonds of issuers except holding companies and structured finance are all excluded from the counts.

Source: JCR

Chart 2 Rating Change by Industry

Industry	2018		2019		2020		2021		2022	
	Upgrade	Downgrade	Upgrade	Downgrade	Upgrade	Downgrade	Upgrade	Downgrade	Upgrade	Downgrade
Foods	3		2						1	
Textiles & Apparels										
Pulp & Paper							1		1	
Chemicals	2		5		1	1	1	1	2	
Pharmaceutical					1				1	
Oil & Coal Products	2		2				1		1	
Rubber Products					1	1			1	1
Glass & Ceramics Products	2		1		1					
Iron & Steel	1		1	1		1			1	
Nonferrous Metals	1					1	1		2	
Metal Products				1					1	
Machinery	1		3	1	1	1			3	
Electric Appliances	2	1	4			2	3		6	
Transportation Equipment	2	1		3		1		2		
Precision Instruments			1							
Other Products	4								1	
Total for Manufacturing Industry	20	2	19	6	5	8	7	3	21	1
Construction	5		3		3		1		2	
Electric Power & Gas			1		3		1			
Land Transportation			2				2			
Marine Transportation				2					3	
Air Transportation								1		
Warehousing & Harbor Transportation					1				1	
Information & Communication			2				2		3	
Wholesale Trade	3		3		1	1	2		10	
Retail Trade	3		3		4	1	3	5	2	
Banks	13	5	4	4	1	3	10	1	13	2
Securities & Commodity Futures	1						2		1	
Insurance	6		1		2		4		5	
Other Financing Business	5		10	2	7	1	4		16	
Real Estate	2		8	1	1	1	9		17	2
Services				1	1	2	3	1		1
Total for Non-manufacturing Industry	38	5	37	10	24	10	43	8	73	5
Public					3					
Total	58	7	56	16	32	17	50	11	94	6

Notes1: An issuer whose rating was changed multiple times during the year is counted as one.

2: Investment corporations are allocated to Real Estate or Electric Power & Gas.

3: Educational Institutions and Medical Institution are counted as Services.

Source: JCR

As in the previous year, the industry with the highest number of issuers upgraded in the manufacturing sector was Electric Appliances, with 6 issuers upgraded (compared to 3 issuers in 2021). There were also 2 (5 in 2021) issuers with their outlooks revised from Stable to Positive. This is because, as the impact of the COVID-19 pandemic subsides, the industry is expected to continue to perform well and accumulate equity capital against the backdrop of rising demand for semiconductors and other products and an expansion in demand associated with recovery in private-sector capital investment.

The trend in the Machinery significantly changed in 2022, with 3 issuers upgraded and 4 issuers with their

outlooks revised from Stable to Positive, compared to zero upgraded or downgraded in 2021. The upgrade was due to the success of their efforts to expand business base and strengthen competitiveness. The upward revision for outlook was mainly due to the strengthened earnings power on the back of increased demand.

In the manufacturing sector, the rating downgrade was only for 1 Rubber Products issuer (zero in 2021). This is due to the fact that while profit margin has been stagnant due to upfront investment and deteriorating productivity since before the occurrence of COVID-19 pandemic, rising raw material prices, delays in improving the profit of the acquired subsidiary, etc. are putting downward pressure

on the business performance. This downgrade was due to the individual factors rather than industry factors. There was 1 issuer whose rating was upgraded (zero in 2021). There was no issuer with the outlook revised.

In the non-manufacturing sector, 73 issuers were upgraded (43 in 2021) and 5 were downgraded (8 in 2021), showing a decrease in downgrades and a significant increase in upgrades compared to the previous year. The notable upgrades were 17 issuers for Real Estate (including investment corporations) (9 in 2021), 16 issuers for Other Financing Business (4 in 2021), 13 issuers for Banks (10 in 2021), and 10 issuers for Wholesale Trade (2 in 2021). In the non-manufacturing sector, 47 issuers' outlooks were revised from Stable to Positive, while 3 issuers' outlooks were revised from Negative to Stable.

In the Real Estate, there was a significant increase in the number of rating upgrades, with 17 issuers upgraded (9 in 2021) and 2 issuers downgraded (zero in 2021). Investment corporations accounted for a large portion of the 17 issuers upgraded, at 14 (7 in 2021). The main reasons for the upgrade of investment corporations are the stabilization of cash flows backed by the strengthened relationships with sponsors and solid management, as well as the maintenance of financial soundness through leverage control. The outlook revised from Stable to Positive were for 6 issuers and there was no issuer with the outlook revised from Negative to Stable. Considering that 13 issuers were upgraded from Stable to Positive in the previous year, it is highly likely that the momentum of upgrade will slow down somewhat in the future.

In the Wholesale Trade, 10 issuers were upgraded (2 in 2021) and there was no issuer downgraded (zero in 2021). Of the 10 issuers upgraded, 3 issuers were so-called general trading companies and 7 issuers were specialized trading companies. The reason for the rating upgrades of general trading companies was improved financial condition, while their earnings power has been improved and strengthened due to the effects of investments for future growth and rising commodity prices. The main reasons for the upgrade of the rating of the specialized trading companies were that their profitability has been strengthened by recovery in demand and the realization of effects of investments, including M&A, and that they

are expected to continue accumulating equity capital. The outlook was revised from Stable to Positive for 6 issuers and it was revised from Negative to Stable for 1 issuer.

Banks with the highest number of upgrades in 2021 at 10, maintained the same level of upgrades as the previous year with 13 upgrades in 2022 (including 6 upgrades from 2 groups). The number of downgrades was 2 (1 in 2021). Nine of the 10 upgrades were regional banks, 1 issuer due to the impact of the revision of JCR's rating methodology in 2021, which relaxed the treatment of public funds as limited in terms of equity content, and 2 issuers due to the relationship with the parent company, but the majority were related to JCR's evaluation of the accumulation of retained earnings resulting from improved profitability. The outlook was revised from Stable to Positive for 9 issuers and there was 1 issuer with the outlook revised from Negative to Stable. Regarding the upward revision for outlook, the difference is that in 2021, all 10 issuers were regional financial institutions, while in 2022, 6 issuers from 2 major banking groups were included. In addition, there were 2 issuers with the outlook revised downward.

In the Other Financing Business, 16 issuers were upgraded (4 in 2021) and there was no issuer downgraded (zero in 2021). This industry received the most support from the revision of JCR's rating methodologies. Two issuers upgraded were due to the revisions of the rating methodology by sector, Rating Methodology for "Credit Cards and Credit Sales," in June and 8 issuers were due to the revisions of the "Rating Methodology for Group Companies of Corporate Group" and "Rating Methodology for Financial Groups' Holding Companies and Group Companies." In addition, 3 issuers were upgraded to reflect their relationships with their parent companies, and 3 issuers were upgraded because of their business performance. The outlook was revised from Stable to Positive for 9 issuers (including 6 issuers from 2 groups) and there was no issuer with the outlook revised from Negative to Stable. The reasons for the upward revision for outlook were favorable business performance, except 1 issuer reflecting the creditworthiness of the parent company and 3 issuers from 1 group with their relationships with the parent company strongly incorporated into their ratings.

2 Non-resident Long-term Rating (excluding Japanese corporations)

(1) Sovereign

In 2022, there were 4 issuers upgraded (zero in 2021) and 1 issuer downgraded (zero in 2021). The downgrade was Russian Federation mainly due to economic and other sanctions imposed by other countries following the invasion of Ukraine (the rating withdrawn in April 2022). On the other hand, many of the reasons for the upgrades were based on the belief that government debt can be controlled as economic growth strengthens their fiscal foundation. There was 1 issuer with the outlook revised from Negative to Stable. There were 2 issuers with the outlook revised from Stable to Negative. The outlook for Republic of Turkey was revised from Stable to Negative, because a continued depreciation of the currency and an unabated rise of inflation could have negative impacts on the economy, such as an economic downturn and increased debt repayment burdens. The outlook for the Slovak Republic has been revised downward, due to the country's very high dependence on Russia for energy amid the prospect of continued low economic growth, and concerns that the economy may significantly deteriorate if alternative sources cannot be secured.

(2) Other

In 2022, there were 8 issuers upgraded (1 issuer in 2021) and 1 issuer downgraded (zero in 2021). As for the reasons for the rating upgrades, 3 Korean issuers upgraded were influenced by Korea's sovereign rating upgrade. Malayan Banking Berhad, which has also been constrained by the country's sovereign rating, was upgraded with Malaysia's sovereign rating upgrade. The upgrade of Deutsche Bank AG was based on JCR's belief that it will retain solid earnings in the medium term. Corporación Andina de Fomento was upgraded, because it reduces risks by diversifying funding sources while adhering to conservative financial policies amid an increase in its authorized capital. The reasons for the upgrade of America Movil, S.A.B. de C.V. are that its profitability has strengthened on an expanded business base and its financial position has also significantly improved.

Charts 3 Details of Rating Changes in 2022

► Resident Rating

<Rating Upgrades>

Release Date	Issuer	Before Change	After Change
Jan. 7	Kenedix Residential Next Investment Corporation	A+	AA-
Jan. 13	YAMAZEN CORPORATION	A-	A
Jan. 14	THE DAIDO FIRE & MARINE INSURANCE Co., Ltd.	BBB+	A-
Jan. 18	Nippon Yusen Kabushiki Kaisha	A-	A
Jan. 18	Mitsui O.S.K. Lines, Ltd	A-	A
Jan. 18	Kawasaki Kisen Kaisha, Ltd.	BBB-	BBB
Jan. 21	ORIX CORPORATION	AA-	AA
Jan. 21	LaSalle LOGIPORT REIT	AA-	AA
Jan. 21	KANEMATSU CORPORATION	BBB+	A-
Jan. 27	UCS CO., LTD.	A	A+
Feb. 15	Oji Holdings Corporation	A+p	AA-p
Feb. 16	Japan Pulp & Paper Co., Ltd.	A-	A
Feb. 17	SOSILA Logistics REIT, Inc.	A+	AA-
Feb. 18	Nissan Chemical Corporation	A+	AA-
Feb. 24	MEIDENSHA CORPORATION	BBB+	A-
Mar. 1	FUJI CO., LTD.	#BBB+/Positive	A-
Mar. 1	THE TOHOKU BANK, LTD.	BBB	BBB+
Mar. 9	Kenedix Office Investment Corporation	AA-	AA
Mar. 18	SCREEN Holdings Co., Ltd.	BBB+	A-
Mar. 29	Mitsui DM Sugar Holdings Co., Ltd.	A-	A
Apr. 13	ARATA CORPORATION	BBB+	A-
Apr. 25	Samty Residential Investment Corporation	A-	A
Apr. 26	JSF Trust and Banking Co., Ltd.	A+	AA-
May 2	One REIT, Inc.	A	A+
May 9	Hulic Co., Ltd.	A+	AA-
May 9	Bank of The Ryukyus, Limited	A	A+
May 27	SHINNIHON CORPORATION	BBB+	A-
June 2	CRE Logistics REIT, Inc.	A	A+
June 2	Marubeni Corporation	A+	AA-
June 6	Takara Leben Real Estate Investment Corporation	A-	A
June 17	HEIWA REAL ESTATE REIT, Inc.	A+	AA-
June 24	Orient Corporation	A-	A
June 24	JACCS CO., LTD.	A-	A
June 27	Healthcare & Medical Investment Corporation	A	A+
June 28	Makino Milling Machine Co., Ltd.	BBB+	A-
July 12	Daiei Real Estate & Development Co., Ltd.	BBB	BBB+
July 14	SBI SECURITIES Co., Ltd.	A-	A
July 14	SBI FinTech Solutions Co., Ltd.	BBB	BBB+
July 21	UACJ Corporation	BBB	BBB+
July 22	MITSUI-SOKO HOLDINGS Co., Ltd.	A-	A
July 27	ITOCHU Corporation	AA	AA+
July 29	TOMONY Holdings, Inc.	A-	A
July 29	POCKET CARD CO., LTD.	A	A+
Aug. 1	ITOCHU ENEX CO., LTD.	A+	AA-
Aug. 2	Nippon Prologis REIT, Inc.	AA	AA+
Aug. 3	Ferrotec Holdings Corporation	BBB-	BBB
Aug. 12	Kawasaki Kisen Kaisha, Ltd. (2nd time)	BBB	BBB+
Aug. 19	TOHO HOLDINGS CO., LTD.	A-	A

Aug. 23	Nippon Yakin Kogyo Co., Ltd.	BBB	BBB+
Aug. 24	DAIKEN CORPORATION	BBB+	A-
Aug. 26	GS Yuasa Corporation	A-	A
Aug. 30	Starts Proceed Investment Corporation	A-	A
Aug. 31	Mitsubishi Estate Logistics REIT Investment Corporation	AA-	AA
Sept. 12	ES-CON JAPAN Ltd.	A	A+
Sept. 16	DAIICHI JITSUGYO CO., LTD.	BBB+	A-
Sept. 28	POCKET CARD CO., LTD. (2nd time)	A+	AA-
Sept. 29	NEC Capital Solutions Limited	A-	A
Sept. 30	Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	A+	AA-
Sept. 30	Idemitsu Credit Co., Ltd.	A-	A+
Oct. 3	The Chukyo Bank, Limited	#A-/Positive	A
Oct. 3	Takeda Pharmaceutical Company Limited	A+	AA-
Oct. 4	Showa Denko K.K.	A-	A
Oct. 6	KYUSHU LEASING SERVICE CO., LTD.	#BBB/Positive	A-
Oct. 7	SONY GROUP CORPORATION	AA-	AA
Oct. 7	FURUKAWA CO., LTD.	BBB	BBB+
Oct. 7	Sumitomo Mitsui Trust Loan & Finance Co., Ltd.	A+	AA-
Oct. 17	Toyo Tire Corporation	A-	A
Oct. 17	Ichigo Office REIT Investment Corporation	A	A+
Oct. 27	IDEC CORPORATION	BBB+	A-
Oct. 27	AIRTECH JAPAN, LTD.	BBB-	BBB
Oct. 28	NTT TC Leasing Co., Ltd.	AA+	AAA
Oct. 31	Fukuoka Financial Group, Inc.	A	A+
Oct. 31	THE BANK OF FUKUOKA, LTD.	A+	AA-
Oct. 31	The Kumamoto Bank, Ltd.	A+	AA-
Oct. 31	The Juhachi-Shinwa Bank, Ltd.	A+	AA-
Nov. 15	TIS Inc.	A	A+
Nov. 15	INTEC INC.	A	A+
Nov. 15	Nabtesco Corporation	A	A+
Nov. 16	SUMCO CORPORATION	A-	A
Nov. 21	MIRAIT ONE Corporation	A	A+
Nov. 22	AIFUL CORPORATION	BBB	BBB+
Nov. 24	KAGA ELECTRONICS CO., LTD.	A-	A
Nov. 28	North Pacific Bank, Ltd.	A	A+
Dec. 2	Nishi-Nippon Financial Holdings, Inc.	A	A+
Dec. 2	THE NISHI-NIPPON CITY BANK, LTD.	A	A+
Dec. 2	KYUSHU LEASING SERVICE CO., LTD.(2nd time)	A-	A
Dec. 5	T&D Holdings, Inc.	AA-	AA
Dec. 5	DAIDO LIFE INSURANCE COMPANY	AA-	AA
Dec. 5	TAIYO LIFE INSURANCE COMPANY	AA-	AA
Dec. 5	T&D FINANCIAL LIFE INSURANCE COMPANY	AA-	AA
Dec. 8	The Shinkin Guarantee Fund	A+	AA-
Dec. 19	FamilyMart Co., Ltd.	AA-	AA+
Dec. 20	Orient Corporation (2nd time)	A	A+
Dec. 20	JACCS CO., LTD. (2nd time)	A	A+
Dec. 21	HIKARI TSUSHIN, INC.	A	A+
Dec. 22	JA MITSUI LEASING, LTD.	A	A+
Dec. 22	COSMO ENERGY HOLDINGS COMPANY, LIMITED	BBB+	A-
Dec. 23	ARUHI Corporation	A-	A
Dec. 29	Shinhan Bank Japan	A	AA-

<Rating Downgrades>

Release Date	Issuer	Before Change	After Change
Jan. 17	UNIZO Holdings Company, Limited	#BB+/Negative	#BB/Negative
Feb. 1	Invincible Investment Corporation	A+	A
Feb. 9	Sumitomo Riko Company Limited	A+	A
July 12	UNIZO Holdings Company, Limited (2nd time)	#BB/Negative	#B+/Negative
July 28	H.I.S. Co., Ltd.	BB+	BB-
Dec. 27	Jimoto Holdings, Inc.	BBB	BBB-
Dec. 27	THE SENDAI BANK LTD.	BBB	BBB-
Dec. 28	UNIZO Holdings Company, Limited (3rd time)	#B+/Negative	#B-/Negative

► Non-Resident Rating

<Rating Upgrades>

Release Date	Issuer	Before Change	After Change
Jan. 11	KKR & Co. Inc.	A+	AA-
Mar. 23	America Movil, S.A.B. de C.V.*	A	A+
Jul. 15	The Province of Quebec*	AA+	AAA
Aug. 26	Deutsche Bank AG*	A-p	Ap
Sept. 12	Malaysia*	A	A+
Sept. 20	Corporación Andina de Fomento	AA	AA+
Sept. 30	Republic of Korea*	AA-	AA
Oct. 7	Shinhan Bank*	AA-	AA
Oct. 17	Korea Electric Power Corporation*	AA-	AA
Oct. 25	The Korea Development Bank*	AA-p	AAp
Nov. 11	Kingdom of Thailand*	A-	A
Dec. 22	Malayan Banking Berhad*	A	A+

<Rating Downgrades>

Release Date	Issuer	Before Change	After Change
Mar. 4	Russian Federation*	#BBB/Negative	#B+/Negative
Mar. 18	Russian Federation*(2nd time)	#B+/Negative	#CCC/Negative
Mar. 31	Crédito Real, S.A.B. de C.V., SOFOM, E.N.R.*	BBB-	LD
Apr. 6	Russian Federation* (3rd time)	#CCC/Negative	#C/Negative
Apr. 14	Russian Federation*(4th time)	#C/Negative	LD

Notes1: In principle, the ratings are Long-term Issuer Ratings, * denotes Foreign Currency Long-term Issuer Rating.
2: Company names used as of publication.

Source: JCR

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