21-D-1174
January 18, 2022

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

JCR's Rating Review of 3 Major Shipping Companies

Issuer	Code	Long-Term Issuer Rating		Outlook
Nippon Yusen Kabushiki Kaisha	9101	<Rating Change>	from A- to A	from Stable to Positive
Mitsui O.S.K. Lines, Ltd.	9104	<Rating Change>	from A- to A	Stable
Kawasaki Kisen Kaisha, Ltd.	9107	<Rating Change>	from BBB- to BBB	from Stable to Positive

Issuer	Code	CP	
Mitsui O.S.K. Lines, Ltd.	9104	<Affirmation>	J-1
Kawasaki Kisen Kaisha, Ltd.	9107	<Affirmation>	J-2

(See page 4 and beyond for details about ratings on individual bonds, etc.)

Rating Viewpoints

(1) Japan Credit Rating Agency (JCR) reviewed the ratings of the three major shipping companies (collectively, the “Companies”) and upgraded their long-term issuer ratings by one notch each. As for the rating outlook, JCR changed it to Positive for Nippon Yusen Kabushiki Kaisha (“NYK”) and Kawasaki Kisen Kaisha, Ltd. (“‘K’ LINE”) while retaining Stable for Mitsui O.S.K. Lines, Ltd. (“MOL”).

(2) The Companies have dramatically improved their financial structure thanks to sharp growth in performance. They have all previously faced the challenge of improving their financial structure as their capital have been impaired due to the reporting of net loss several times during the ten years from the fiscal year ended March 2010 (FY2009) to FY2019. For FY2021, however, they are expected to see a boost in their performance, far exceeding their record-high profits, as containership freight rates remained high and the profits of Ocean Network Express Pte. Ltd. (“ONE”), which was established through the integration of their container liner business, have improved significantly. JCR upgraded the Companies’ long-term credit ratings in light of the prospect of an increase in equity capital with the reporting of large net income, resulting in a better financial position. JCR also changed the rating outlook to Positive for NYK and “K” LINE, for which the financial structure has improved significantly.

(3) ONE’s profits have a major impact on the Companies’ performance. The freight market for container ships has reached the highest level ever thanks to growth in container transportation volume and supply-side constraints associated with vessel clogging, the lack of containers, etc. As a result, ONE’s after-tax profits have surged, and the Companies’ equity in earnings of affiliates has increased, contributing to business growth. While it is difficult to expect the current level of freight rates for containerships to persist over the long term, when logistics functions will normalize and freight rates will stabilize is unpredictable; therefore, if the freight market remains strong, the Companies’ performance will be further boosted.

(4) Thanks to the steady accumulation of medium- to long-term contracts for LNG carriers, combined with effective business structural reforms implemented in the previous year, businesses other than containerships have also become more profitable. Profits are expected to improve in FY2021 for dry bulk carriers and car carriers, which were affected by the COVID crisis in FY2020, with a turnaround in transportation volume, increase in freight rates, etc. That said, future growth in the domestic production of major shippers, such as steelmakers and automakers, cannot be expected, and competition is tending to intensify even for LNG carriers. JCR will continue watching whether

the Companies can secure stable profits over the medium to long term and constrain downside risks to earnings at a time when the outlook for the business environment cannot be optimistic.

(5) As the movement of decarbonization is gaining momentum worldwide, addressing greenhouse gas issues is an unavoidable major challenge for shipping companies that use fossil fuels to operate their ships. The Companies are implementing various measures aimed at achieving carbon neutrality by 2050 and intend to accelerate the introduction of LNG-fueled carriers as an alternative and the development of zero emission carriers. However, because these ships powered by next-generation fuels are more expensive than existing ones, additional costs need to be appropriately shared with shippers.

(6) Financial concerns are abating. In addition to an increase in equity capital, interest-bearing debt is also declining with cash flow improvement. On the other hand, better financial structure may cause the Companies to change their financial management policies, including investment and shareholder returns. Given that the industry is intrinsically highly volatile in terms of business performance and requires investments to respond to environmental regulations and those in growth and other areas on top of the expenditures to replace vessels, it is vital for the Companies to maintain a certain level of financial soundness into the future.

Rationale

Issuer: Nippon Yusen Kabushiki Kaisha

<Rating Change>

Long-term Issuer Rating:	from A- to A
Outlook:	from Stable to Positive
Bonds:	from A- to A

(1) NYK is a diversified ocean shipping company boasting one of the world's largest fleets. With a large number of prime customers at home and abroad backed by its own long business history, NYK has stable business bases. In addition to marine transportation by various types of vessels, it also operates land transportation and air transportation businesses. In the NYK Group ESG Story released in February 2021, it sets the target of increasing medium- to long-term competitiveness and expanding business opportunities by accelerating ESG management.

(2) Against the backdrop of global logistics disruptions, NYK has achieved a sharp profit growth not only in the liner trade business but also in air transportation and logistics businesses. In the dry bulk business, the degree of profit growth has expanded thanks to the effective business structural reforms implemented in the previous year as well as to the rise in the freight market. The accumulation of medium- to long-term contracts centered on LNG carriers and an upturn in the car transportation business have also contributed to profit growth. While attention should be paid to the sustainability of the freight market for containerships and dry bulk carriers, higher profits than before are projected for the time being. Moreover, as a result of improvement in net income, equity capital has increased by a greater amount than previous impairment, and interest-bearing debt is also declining. Financial structure has improved significantly and could become stronger if the favorable business environment continues. Based on the above, JCR upgraded the ratings on NYK by one notch and changed the outlook to Positive.

(3) Ordinary income for FY2021 is forecast at 710 billion yen, growing 3.3 times larger from the previous year and marking a new high for the second consecutive year. It is expected to increase in almost all major businesses including liner trade. For FY2022 and beyond, although probability is high that it will drop from FY2021, a business downturn is unlikely for a while as NYK is successfully securing stable-freight-rate business.

(4) Equity ratio as of September 30, 2021 was 43.1%, improving sharply from 29.4% as at the end of FY2020. Equity capital is building up faster than before thanks to the expansion of net income. Moreover, free cash flow has been positive since FY2019, and interest-bearing debt has started to decline. Going forward, while investments and shareholder returns are expected to expand, NYK intends to curb increases in interest-bearing debt, and JCR thus assumes that financial soundness will be maintained.

Issuer: Mitsui O.S.K. Lines, Ltd.

<Rating Change>

Long-term Issuer Rating:	from A- to A
Outlook:	Stable
Bonds:	from A- to A
Bonds (Dated subordinated bonds):	from BBB to BBB+
Subordinated Loan:	from BBB to BBB+

<Affirmation>

CP:	J-1

(1) MOL boasts one of the world's largest fleets with various types of vessels, centering on those for energy and natural resources. With prime customers at home and abroad, it has robust business bases. Recently, it has been accumulating medium- to long-term contracts for LNG carriers and also expanding its offshore business, including FPSO (Floating Production, Storage & Offloading System for offshore oil and gas) and FSRU (Floating Storage Regasification Unit for storing and regasifying LNG). Moreover, it intends to make Daibiru Corporation (51.91% ownership as of September 30, 2021), a consolidated subsidiary engaged in the real estate leasing business, a wholly owned subsidiary.

(2) MOL is expected to see substantial business improvement. Profits from the containership business have expanded with the improvement of ONE's earnings. For dry bulk carriers, profit stabilization with a reduction in market exposure and a rise in freight rates have helped boost total profits. Highly stable profits from LNG carriers, etc. have accumulated, and profits have improved also for car carriers, which had been struggling, thanks partly to a reduction the number of vessels and rationalization of vessel allocation. While attention should be paid to the sustainability of the freight market for containerships and dry bulk carriers, higher profits than before are projected for the time being. Moreover, although the pace of the decline in interest-bearing debt is slow, financial structure is improving with an increase in equity capital. Based on the above, JCR upgraded the long-term ratings on MOL by one notch while retaining the Stable outlook.

(3) Ordinary income for FY2021 is forecast at 480 billion yen, growing 3.6 times larger from the previous year and reaching the highest level in 14 years. While it will likely decline for the tanker business because of sluggish freight rates, it is expected to increase in other major businesses including containerships. For FY2022 and beyond, although probability is high that it will drop from FY2021, overall results will probably remain firm for the time being as earnings capacity is improving for businesses other than containerships.

(4) Equity ratio (after the assessment of the equity content of subordinated bonds and subordinated loans totaling 100 billion yen) as of September 30, 2021 was 38.2%, growing further from a bit over 30% as at the end of FY2020. Moreover, free cash flow turned positive in FY2020 after five years, making interest-bearing debt begin to decline. Going forward, while investments and shareholder returns are expected to expand, MOL will probably maintain a certain level of financial discipline.

Issuer: Mitsui O.S.K. Lines, Ltd.
Euromol B.V.

<Rating Change>

EMTN Program:	from A- to A

This Program was established jointly by MOL and Euromol B.V. ("Euromol"). Being indirectly wholly owned by MOL and managed concurrently by MOL's officers and directors, Euromol is under control of MOL, and the two are deemed to be substantively united. Euromol's note redemption capacity is assessed as equivalent to the MOL's based on an effective guarantee contract entered into between them. Having reviewed the ratings on MOL, JCR reflected the results in the rating on this Program.

Issuer: Kawasaki Kisen Kaisha, Ltd.

<Rating Change>

Long-term Issuer Rating:	from BBB- to BBB
Outlook:	from Stable to Positive
Bonds:	from BBB- to BBB
Subordinated Loan:	from BB to BB+

<Affirmation>

CP:	J-2

(1) With prime customers for car carriers and dry bulk carriers, “K” LINE boasts one of the world’s leading fleets. Recently, it has been rebuilding its portfolio strategy, as part of which it sold the heavy lifter business in FY2017 and integrated the mainstay containership business with two other major Japanese shipping companies in FY2018. Moreover, it withdrew from the product tanker business and reorganized the domestic harbor transportation business in FY2019; sold the subsidiary operating container terminals on the North America west coast in FY2020; and withdrew from the overseas offshore support vessel business in FY2021.

(2) “K” LINE has addressed the restoration of equity capital, achieving rapid growth to bring it to the record-high level. Financial indicators have improved substantially, and financial risks have been constrained compared to the past. If the favorable business environment continues, this could result in further financial improvement. Earnings have improved also for car carriers and dry bulk carriers thanks mainly to ONE’s profit growth, which has helped spike up “K” LINE’s profit level. While attention should be paid to the sustainability of the freight market for containerships and dry bulk carriers, higher profits than before are projected for the time being as “K” LINE plans to reduce the provision for losses related to containerships chartering. Based on the above, JCR upgraded the long-term ratings on “K” LINE by one notch and changed the outlook to Positive.

(3) Ordinary income for FY2021 is forecast at 390 billion yen, growing 4.4 times larger from the previous year to mark a new high. Income growth is projected for almost all major businesses including containerships. For FY2022 and beyond, although probability is high that it will drop from FY2021, JCR assumes that “K” LINE will keep faring well for a while as its earnings capacity is increasing thanks to business structural reforms, optimization of the fleet size, etc.

(4) Equity ratio (after the assessment of equity content of subordinated loans) as of September 30, 2021 was 42.0%, improving sharply from 26.2% as at the end of FY2020. Moreover, free cash flow turned positive in FY2020 after five years, making interest-bearing debt begin to decline. Going forward, while investments and shareholder returns are expected to expand, “K” LINE intends to stringently select investment projects based on risk-return management that has been sophisticated and will probably maintain financial discipline.

Hiroyuki Chikusa, Masayoshi Mizukawa

Rating

Issuer: Nippon Yusen Kabushiki Kaisha

<Rating Change>

Long-term Issuer Rating: A Outlook: Positive

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
Bonds no. 23	JPY 10	June 9, 2004	June 7, 2024	2.36%	A
Bonds no. 25	JPY 10	June 22, 2006	June 22, 2026	2.65%	A
Bonds no. 32	JPY 10	Sept. 9, 2011	Sept. 9, 2031	2.130%	A
Bonds no. 35	JPY 10	June 18, 2012	June 17, 2022	1.177%	A
Bonds no. 38	JPY 20	May 31, 2017	May 31, 2022	0.390%	A
Bonds no. 39	JPY 10	May 31, 2017	May 31, 2024	0.530%	A
Bonds no. 40	JPY 10	May 24, 2018	May 24, 2023	0.290%	A
Bonds no. 41	JPY 13	Aug. 29, 2019	Aug. 29, 2024	0.290%	A
Bonds no. 42	JPY 14	Aug. 29, 2019	Aug. 29, 2029	0.650%	A
Bonds no. 43 (transition bonds)	JPY 10	July 29, 2021	July 29, 2026	0.260%	A
Bonds no. 44 (transition bonds)	JPY 10	July 29, 2021	July 28, 2028	0.380%	A

Issuer: Mitsui O.S.K. Lines, Ltd.

<Rating Change>

Long-term Issuer Rating: A Outlook: Stable

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
Bonds no. 18	JPY 10.0	July 12, 2012	July 12, 2022	1.139%	A
Bonds no. 19	JPY 29.6	June 19, 2014	June 19, 2024	0.97%	A
Bonds no. 20	JPY 5.0	Aug. 30, 2018	Aug. 30, 2023	0.420%	A
Bonds no. 21	JPY 5.0	Sept. 10, 2018	Sept. 8, 2023	0.420%	A
Bonds no. 22	JPY 5.0	July 19, 2019	July 19, 2023	0.320%	A
Bonds no. 23	JPY 5.0	July 19, 2019	July 18, 2025	0.490%	A
Bonds no. 24	JPY 10.0	July 29, 2019	July 29, 2025	0.490%	A
1st Series Deferrable Interest and Callable Unsecured Subordinated Bonds	JPY 50.0	Apr. 27, 2021	Apr. 27, 2056	(Note)	BBB+

Note: 1.60% on interest payment dates from April 28, 2021 to and including April 27, 2026. 6M Euroyen LIBOR as of the interest rate reference date + 2.60% on interest payment dates after that date.

Issue	Amount (bn)	Execution Date	Repayment Date	Int. Rate	Rating
Subordinated Loan	JPY 50.0	Oct. 7, 2021	Oct. 9, 2056	(Note)	BBB+

Note: Base interest rate + initial spread from the Execution Date to and including October 7, 2026. Base interest rate + initial spread + 1.00% after that date.

<Affirmation>

CP: J-1

Maximum: JPY 100 billion

Issuer: Mitsui O.S.K. Lines, Ltd.
Euromol B.V.

<Rating Change>

Program Name:	Euro Medium Term Note Programme
Maximum Issue Amount:	Equivalent of USD 1 billion
Date of Program Established:	November 20, 1996
Status:	Unsecured and unsubordinated debts ranking pari passu with other unsecured and unsubordinated debts
Credit Enhancement, etc.:	Euromol B.V. has a guarantee contract with Mitsui O.S.K. Lines, Ltd.
Covenants:	Negative Pledge and Cross Default Clauses
Rating:	A

Issuer: Kawasaki Kisen Kaisha, Ltd.

<Rating Change>

Long-term Issuer Rating: BBB Outlook: Positive

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
Bonds no. 13	JPY 7	Aug. 31, 2015	Aug. 31, 2022	1.05%	BBB

Issue	Amount (bn)	Execution Date	Repayment Date	Int. Rate	Rating
Subordinated Loan	JPY 45	Apr. 5, 2019	Mar. 31, 2054	(Note 1)	BB+
Subordinated Loan	JPY 30	Sept. 23, 2020	Sept. 23, 2057	(Note 2)	BB+

Notes:

1. 3M Yen TIBOR + initial spread from the Execution Date to but excluding the interest payment date in March 2024. 3M Yen TIBOR + initial spread + 1.0% step-up interest rate on and after said interest payment date.
2. 3M Yen TIBOR + initial spread from the Execution Date to but excluding the interest payment date in September 2027. 3M Yen TIBOR + initial spread + 1.0% step-up interest rate on and after said interest payment date.

<Affirmation>

CP: J-2

Maximum: JPY 60 billion

Rating Assignment Date: January 13, 2022

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 "JCR's Rating Methodology" (November 7, 2014), "Marine Transportation" (December 7, 2011) and "Ratings of Hybrid Securities" (September 10, 2012) in Information about JCR Ratings on JCR's website (https://www.jcr.co.jp/en/).

A program rating is assigned to evaluate the creditworthiness of a program. The credit standing of an individual note issued under the program may be regarded as the same as that of the rated program. However, JCR does not consider the credit standing of the individual note as the same as that of the program, in the cases where the principal and interest payments of the individual note rely on the credit standing of a third party rather than the issuer of the program and notes (e.g. credit linked notes and exchangeable notes). JCR usually does not assign a rating to the individual note issued under the program, unless the issuer solicits a rating.

Japan Credit Rating Agency, Ltd.
Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

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

Issuer:	Nippon Yusen Kabushiki Kaisha
Rating Publication Date:	January 18, 2022

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) 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.

B) 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.

C) 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).

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as parent company, subsidiary, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

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 Rule17g-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 warranty made by the issuer, 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) 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.

B) 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.

C) 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.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's parent company or subsidiary, guarantor or other provider of credit enhancement, or the government of the issuer's business domicile, or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

F) Rise and Fall in General Economy and Markets

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

G) 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) 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.

B) 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.

C) 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.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

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 parent company or subsidiaries, guarantor or other providers of credit enhancement, the government of the issuer's business domicile or other related parties' status and stance of support/ assistance for the issuer. 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 there is a major change on the part of related parties, such as replacement, disappearance, some drastic improvement/ deterioration of financial grounds/ balances, etc.

E) Rise and Fall in General Economy and Markets

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 prospects of general economy and markets. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

14 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.

Japan Credit Rating Agency, Ltd.
Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	November 24, 2005	AA	Stable
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	November 22, 2006	AA	Stable
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	January 7, 2008	AA	Stable
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	January 23, 2009	AA	Negative
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	February 17, 2010	AA-	Stable
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	January 24, 2011	AA-	Stable
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	December 22, 2011	A+	Stable
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	February 15, 2013	A+	Negative
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	November 22, 2013	A+	Stable
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	November 27, 2014	A+	Stable
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	November 12, 2015	A+	Stable
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	July 29, 2016	A+	Negative
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	October 7, 2016	#A+	Negative
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	November 11, 2016	A	Negative
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	February 8, 2018	A	Negative
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	February 13, 2019	A-	Stable
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	February 12, 2020	A-	Stable
Nippon Yusen Kabushiki Kaisha	Issuer(Long-term)	February 17, 2021	A-	Stable
Nippon Yusen Kabushiki Kaisha	Bonds no.23	May 27, 2004	AA-	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	November 24, 2004	AA	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	November 24, 2005	AA	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	November 22, 2006	AA	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	January 7, 2008	AA	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	January 23, 2009	AA	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	February 17, 2010	AA-	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	January 24, 2011	AA-	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	December 22, 2011	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	February 15, 2013	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	November 22, 2013	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	November 27, 2014	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	November 12, 2015	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	July 29, 2016	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	October 7, 2016	#A+	Negative
Nippon Yusen Kabushiki Kaisha	Bonds no.23	November 11, 2016	A	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	February 8, 2018	A	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	February 13, 2019	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	February 12, 2020	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.23	February 17, 2021	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	June 13, 2006	AA	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	November 22, 2006	AA	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	January 7, 2008	AA	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	January 23, 2009	AA	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	February 17, 2010	AA-	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	January 24, 2011	AA-	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	December 22, 2011	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	February 15, 2013	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	November 22, 2013	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	November 27, 2014	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	November 12, 2015	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	July 29, 2016	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	October 7, 2016	#A+	Negative
Nippon Yusen Kabushiki Kaisha	Bonds no.25	November 11, 2016	A	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	February 8, 2018	A	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	February 13, 2019	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	February 12, 2020	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.25	February 17, 2021	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.32	August 30, 2011	AA-	
Nippon Yusen Kabushiki Kaisha	Bonds no.32	December 22, 2011	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.32	February 15, 2013	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.32	November 22, 2013	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.32	November 27, 2014	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.32	November 12, 2015	A+	

The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Nippon Yusen Kabushiki Kaisha	Bonds no.32	July 29, 2016	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.32	October 7, 2016	#A+	Negative
Nippon Yusen Kabushiki Kaisha	Bonds no.32	November 11, 2016	A	
Nippon Yusen Kabushiki Kaisha	Bonds no.32	February 8, 2018	A	
Nippon Yusen Kabushiki Kaisha	Bonds no.32	February 13, 2019	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.32	February 12, 2020	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.32	February 17, 2021	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.35	June 12, 2012	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.35	February 15, 2013	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.35	November 22, 2013	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.35	November 27, 2014	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.35	November 12, 2015	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.35	July 29, 2016	A+	
Nippon Yusen Kabushiki Kaisha	Bonds no.35	October 7, 2016	#A+	Negative
Nippon Yusen Kabushiki Kaisha	Bonds no.35	November 11, 2016	A	
Nippon Yusen Kabushiki Kaisha	Bonds no.35	February 8, 2018	A	
Nippon Yusen Kabushiki Kaisha	Bonds no.35	February 13, 2019	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.35	February 12, 2020	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.35	February 17, 2021	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.38	May 25, 2017	A	
Nippon Yusen Kabushiki Kaisha	Bonds no.38	February 8, 2018	A	
Nippon Yusen Kabushiki Kaisha	Bonds no.38	February 13, 2019	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.38	February 12, 2020	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.38	February 17, 2021	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.39	May 25, 2017	A	
Nippon Yusen Kabushiki Kaisha	Bonds no.39	February 8, 2018	A	
Nippon Yusen Kabushiki Kaisha	Bonds no.39	February 13, 2019	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.39	February 12, 2020	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.39	February 17, 2021	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.40	May 18, 2018	A	
Nippon Yusen Kabushiki Kaisha	Bonds no.40	February 13, 2019	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.40	February 12, 2020	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.40	February 17, 2021	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.41	August 23, 2019	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.41	February 12, 2020	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.41	February 17, 2021	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.42	August 23, 2019	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.42	February 12, 2020	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.42	February 17, 2021	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.43	July 21, 2021	A-	
Nippon Yusen Kabushiki Kaisha	Bonds no.44	July 21, 2021	A-	

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

I, Shigenobu Tonomura, 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.

殿村成信

Shigenobu Tonomura
General Manager of Corporate Rating Department II

Japan Credit Rating Agency, Ltd.
Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Information Disclosure Form

Japan Credit Rating Agency, Ltd.

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

Issuer	Mitsui O.S.K. Lines, Ltd.
Rating Publication Date	January 18, 2022

1 The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories Notches and, the Identity of the Obligor or the Identity and a Description of the Security or I 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 Requ 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 Metho 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 JLYHQ GHEW SD\PHQW LQ OLJKW RI LWV LVVXHU¶V FRQGLWLR 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) Business Bases

The likelihood of a given debt payment is highly conditional upon how the WR LWV LVVXHU¶V EXVLQHVV can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

B) Financial Grounds and Asset Quality

7KH OLNHOLKRRG RI GHEW SD\PHQW LV KLJKO\ GHSHQGHQW R absorption capacity in terms of equity capital. Also to be noted 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.

C) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's XHU¶V FDVK DQG RW sources of repayment (liquidity positions).