



Happy New Year!

Thank you very much for your support during the past year. We look forward to your continued support in the coming year.

While the COVID-19 pandemic continued last year, economic activity has normalized as the with-COVID-19 way of life and activity has taken hold. Even in industries that had previously experienced significant declines, there is a growing trend toward a reversal. Although there are factors for concern, such as heightened geopolitical risk and inflation across the globe, most believe that the Japanese economy will continue to recover in the new year. Looking at JCR's long-term ratings for residents in 2022, the number of rating upgrades exceeded the number of rating downgrades for the 10th consecutive year, and the number of rating upgrades and upward revisions of outlooks increased. Given the large number of issuers with a positive outlook on their ratings, similar trends are expected in the new year, and corporate performance and financial health are expected to continue improving.

In the corporate bond market in 2022, while many companies curbed their financing through corporate bonds in consideration of interest rates and other financing conditions, corporate bond issuances classified as ESG bonds were strong, indicating investors' high interest in ESG issues. JCR has responded to these needs of rating users in both credit rating and sustainable finance evaluation. In the field of credit ratings, JCR are working to enhance and disseminate the "ESG Credit Outlook," a report that explains the impact of ESG factors on credit ratings, which we began providing two years ago. In the area of sustainable finance evaluation, JCR is also continuously strengthening its evaluation of financing and loans with unspecified use of funds, including positive impact finance. JCR has also developed new evaluation methods such as Blue Finance Evaluation. In the area of globalization, as the chairman of the Association of Credit Rating Agencies in Asia (ACRAA), JCR is taking the initiative in the network of credit rating agencies in various countries and is working on exchange of information on ESG and sustainable finance.

As the pace of changes in the environments and situations in Japan and abroad is expected to accelerate, JCR will appropriately respond to such changes and conduct timely activities, including precise analysis and clear, prompt, and timely dissemination of information. JCR will continue contributing to social and economic activities through financial markets, aiming to be "the most trusted and most used" and "globally contributing" credit rating and evaluation agency.

We look forward to your continued support of JCR in the coming year.

With best wishes,

Shokichi Takagi
President and CEO