

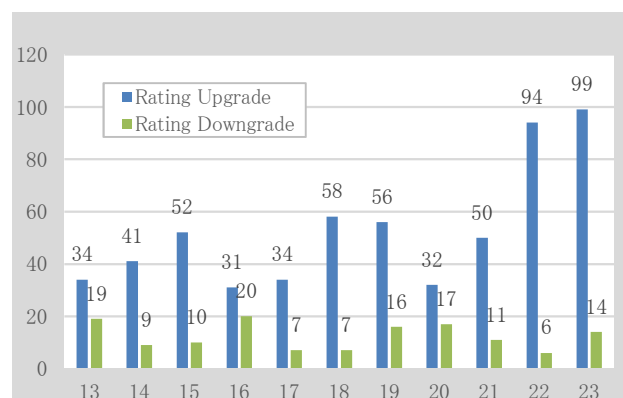
JCR's Rating Results for 2023

1 Resident Long-term Rating

The number of JCR's long-term rating changes for residents in 2023 resulted in 99 (94 in 2022) rating upgrades and 14 (6 in 2022) rating downgrades, with the number of upgrades exceeding the number of downgrades for the 11th consecutive year (Chart 1). The number of upgraded issuers increased further from 2022, when there was a significant increase in the number of upgraded issuers compared to the previous year. The number of downgraded issuers, on the other hand, has turned to increase, although the number of downgrades is still small, after two consecutive years of decline until the previous year. Looking at the rating outlook (outlook) without change of ratings, it can be said that the trend of more upward revisions than downward revisions in the previous year has been maintained. The number of outlook revisions from Stable to Positive stood at 37, down from the number in the previous year and the second preceding year (61 in 2022 and 57 in 2021), but still high compared with 13 in 2020. The number of outlook revisions from Negative to Stable was 11, a slight increase from 7 in 2022. In addition, there was 1 issuer whose outlook was revised from Negative to Positive. On the other hand, the downward revision of outlook remained low at 6 from Stable to Negative, as in the previous year and the second preceding year (6 in 2022 and 7 in 2021).

As described above, the upward trend in upgrades continued in 2023, and the momentum of upward revisions in outlook weakened somewhat but remained at a high level. As seen in the Bank of Japan's December 2022 Tankan Survey, business confidence in the large manufacturing sector improved for the third consecutive quarter, while business confidence in the non-manufacturing sector also improved to its highest level in 32 years, showing that business confidence is improving in a wide range of industries, which was one of the reasons for the upward trend in rating changes.

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

In the manufacturing sector, the number of upgrades remained at the same level as in the previous year, with 21 issuers upgraded (7 in 2021 and 21 in 2022). The number of downgrades increased slightly year-on-year to 7 (3 in 2021 and one in 2022). As a result, the number of upgraded issuers continues to outnumber the number of downgraded issuers. Looking at the industries of the upgraded issuers, 18 issuers were in five sectors: 4 issuers in Chemicals, Iron & Steel and Electric Appliances, and 3 in Foods and Machinery, with a concentration of industries, which is a major difference from the previous year when a wide range of industries were upgraded. The number of downgraded issuers increased to 7, compared with 1 in the previous year. Looking at the industries of the downgraded issuers, 4 downgraded issuers in the Electric Appliances sector stand out. Three of them were downgraded for various reasons, but the common reason given was that their equity capital had been damaged due to net losses.

Chart 2 Rating Change by Industry

Industry	2019		2020		2021		2022		2023	
	Upgrade	Downgrade	Upgrade	Downgrade	Upgrade	Downgrade	Upgrade	Downgrade	Upgrade	Downgrade
Foods	2						1		3	
Textiles & Apparels										
Pulp & Paper					1		1			1
Chemicals	5		1	1	1	1	2		4	1
Pharmaceutical			1				1			
Oil & Coal Products	2				1		1			
Rubber Products			1	1			1	1		
Glass & Ceramics Products	1		1						1	
Iron & Steel	1	1		1			1		4	
Nonferrous Metals				1	1		2			1
Metal Products		1					1			
Machinery	3	1	1	1			3		3	
Electric Appliances	4			2	3		6		4	4
Transportation Equipment		3		1		2				
Precision Instruments	1									
Other Products							1		2	
Total for Manufacturing Industry	19	6	5	8	7	3	21	1	21	7
Construction	3		3		1		2		2	1
Electric Power & Gas	1		3		1				1	
Land Transportation	2				2				1	
Marine Transportation		2					3		3	
Air Transportation						1				
Warehousing & Harbor Transportation			1				1			
Information & Communication	2				2		3		4	
Wholesale Trade	3		1	1	2		10		7	
Retail Trade	3		4	1	3	5	2		3	
Banks	4	4	1	3	10	1	13	2	16	1
Securities & Commodity Futures					2		1		2	1
Insurance	1		2		4		5		9	1
Other Financing Business	10	2	7	1	4		16		20	1
Real Estate	8	1	1	1	9		17	2	8	1
Services		1	1	2	3	1		1	2	1
Total for Non-manufacturing Industry	37	10	24	10	43	8	73	5	78	7
The 3 issuers whose outlook revised			3							
Total	56	16	32	17	50	11	94	6	99	14

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

The number of outlook revisions was 9 (14 in 2022) from Stable to Positive, while that from Negative to Stable was 2 (5 in 2022), a decrease compared with the previous year. By industry sector, the number of issuers revised from Stable to Positive was dispersed across a wide range of industries with 1 issuer for each industry, except for 2 issuers in the Chemicals sector. The number of downward revisions of outlook from Stable to Negative also decreased, compared to the previous year, to 3 (5 in 2022). The 3 issuers whose outlook revised downward were one issuer each from the Foods, Chemicals and Electric Appliances (Note that the 1 Chemicals issuer was subsequently downgraded).

It is interesting that issuers in the materials industry

such as 4 Chemicals and Iron & Steel issuers with a large number of upgrades were included in the manufacturing sector. The number of upgrades in the Chemicals sector doubled year-on-year (2 in 2022). JCR revised the outlook from Stable to Positive as many as 2 issuers. It is characterized by the fact that there were many issuers upgraded mainly because they have strengthened their business areas of strength and increased profits as a result of increased sales volume and successful M&A strategies, leading to the strengthening of their financial base.

In the materials industry, the Iron & Steel issuers were upgraded by the same number of issuers as the Chemicals issuers, with the number of 4 (1 in 2022), but 2 issuers

were linked to the upgrades of their parent companies, so there were actually 2 groups of issuers upgraded. The 2 major Iron & Steel companies were upgraded because of their improved earnings power and also financials on the strength of the improved earnings power in a difficult business environment, with their crude steel production remaining at a lower level than in the past. There were no Iron & Steel issuers whose outlook was revised.

It is noteworthy that the number of issuers upgraded in the Electric Appliances sector was reduced to 4 (6 in 2022), while 4 issuers were downgraded (zero in 2022). The outlook revisions were 1 issuer from Stable to Positive and 1 issuer that was subsequently downgraded (from Stable to Negative). All of the issuers that were upgraded were semiconductor-related companies, with improved profitability cited as the reason for their upgrades. For downgraded issuers, it was judged that it would take time to improve damaged equity capital due to significant impairment of goodwill, fixed assets and losses related to legal violations.

In the non-manufacturing sector, the number of issuers upgraded was 78 (73 in 2022) and the number of issuers downgraded was 7 (5 in 2022). Both the number of upgrades and downgrades were almost at the same level as the previous year. By industry sector for the upgraded, financial sector stands out with 20 (16 in 2022) Other Financing Business, 16 (13 in 2022) Banks and 9 (5 in 2022) Insurance issuers upgraded. Following these financial sector issuers are 8 Real Estate (including investment corporations, 17 in 2022) and 7 Wholesale Trade (10 in 2022), but the number of issuers upgraded in both sectors has decreased compared to the previous year. As for the downgrades, it is characteristic that all 7 downgrades were in different industries. As for outlook revisions, the number of revisions from Stable to Positive was 28 (47 in 2022), that from Negative to Stable was 9 (3 in 2022), and that from Negative to Positive was 1 (zero in 2022), a slight decrease in the number of upward revisions of outlook compared to the previous year.

In the Other Financing Business, 20 issuers were upgraded and 1 was downgraded (zero in 2022). The downgrade was linked to the downgrade of the parent company. Four of the upgrades were due to the “Rating

Methodology for Group Companies of Corporate Group” and “Rating Methodology for Financial Groups’ Holding Companies and Group Companies,” which were revised in September 2022. In addition, 3 issuers were upgraded due to a change in the rating level of their parent companies. There was 1 other issuer, where JCR judged that it is possible to more strongly factor in the probability of support from the parent company. Most of the others were upgraded on the assumption that their earnings power will improve and they will accumulate more equity capital. The number of outlook revisions from Stable to Positive was 3, a significant decrease from 9 in the previous year, suggesting that the number of issuers upgraded by more than double digits, which has continued for two years, is expected to settle down. The number of outlook revisions from Negative to Stable was 1, while the number of downward revisions of outlook was zero.

In the Banks sector, 16 issuers were upgraded and one was downgraded (2 in 2022). The downgrades, as in the case of the Other Financing Business, were linked to the downgrades of the parent companies. Three of the upgrades were bank holding companies of megabank groups, where JCR judged that the need to reflect structural subordination had diminished. There were 3 issuers, including in relation to integration, where JCR raised their ratings to the same level as the parent companies. The remainder were mainly due to steady capital accumulation and other factors. This includes 6 issuers in two groups. Only 3 regional financial institutions were upgraded due to reasons other than parent company factors. There were no upward revisions of the outlook (10 in 2022), but 3 issuers (2 in 2022) were revised from Stable to Negative, and 1 issuer was revised from Positive to stable. All of these outlook revisions were regional financial institutions, and it appears that downward pressure is being exerted on this sector.

In the Real Estate sector, 8 issuers were upgraded, halving the number of issuers upgraded compared to the previous year. There was 1 downgrade (2 in 2022). The majority of the upgrades, were investment corporations, which accounted for 5 (14 in 2022). There were many issuers that were upgraded mainly due to the increased

stability of their cash flows. It is characteristic that the general corporate upgrades were due to the relationship with the parent company group for 2 issuers. The number of outlook revisions remained at a high level, from Negative to Stable standing at 1 (1 in 2022) and from Stable to Positive standing at 8 (6 in 2022) (the majority were investment corporations). In view of this, it is expected that a reasonable number of issuers will be upgraded in the future. There were no issuers whose outlook was revised downward.

In the Wholesale Trade sector, while 7 issuers were upgraded, there were no issuers downgraded, which was the same as the previous year. In the 7 issuers upgraded, 1 was a general trading company (3 in 2022) and 6 were specialized trading companies (7 in 2022). It is characteristic that 5 out of these 6 issuers were specialized trading companies in the Iron & Steel. There were 2 issuers, which have the aforementioned upgraded major Iron & Steel companies as their parent companies. The other 3 issuers were rated high in terms of their improving earnings power. The number of outlook revisions was 1 from Stable to Positive (6 in 2022), a significant decrease compared to the previous year. The downward revision of the outlook continued to be zero.

1 issuer is CPF (Thailand), which had been constrained by Thailand's sovereign rating, but reflects the upgrade of Thailand in 2022. The number of rating revisions was 3 from Negative to Stable and 2 from Stable to Positive. In addition, there were 2 issuers whose outlook revised from Stable to Negative.

2

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

(1) Sovereign

In 2023, there was no movement in either upgrades or downgrades for sovereigns, despite the global rise in prices and interest rates amid the ongoing Russian aggression in Ukraine and rising tensions due to the conflict between Israel and Palestine. The number of outlook revisions was only 1 issuer from Negative to Stable.

(2) Other

In 2023, there were 4 upgrades (8 in 2022) and there were no downgrades (1 in 2022). The upgrades include 3 issuers of NatWest Group. This reflects the fact that the Group's restructuring is largely complete and litigation and restructuring-related costs have been reduced and that cost-cutting and other factors have helped improve profitability and maintain resilient performance. The other

Charts 3 Details of Rating Changes in 2023

► Resident Rating

<Rating Upgrades>

Release Date	Issuer	Before Change	After Change
Jan. 12	BOT Lease Co., Ltd.	A	A+
Jan. 16	au Kabucom Securities Co., Ltd.	A+	AA-
Jan. 16	SQUARE ENIX HOLDINGS CO., LTD.	A	A+
Jan. 17	TAKARA HOLDINGS INC.	A	A+
Jan. 17	SCSK Corporation	A	A+
Jan. 19	Maruzen Showa Unyu Co., Ltd.	A-	A
Jan. 23	Dai-ichi Life Holdings, Inc.	A+	AA-
Jan. 23	The Dai-ichi Life Insurance Company, Limited	AA-	AA
Jan. 23	Meiji Yasuda Life Insurance Company	AA-	AA
Jan. 23	SUMITOMO LIFE INSURANCE COMPANY	AA-	AA
Jan. 30	Fukoku Mutual Life Insurance Company	AA-p	AAp
Jan. 30	Fukokushinrai Life Insurance Company, Limited	AA-	AA
Feb. 1	ZENKOKU HOSHO Co., Ltd.	A-	A
Feb. 7	Kyodo Housing Loan Co., Ltd.	A+	AA-
Feb. 8	THE SANKEI BUILDING CO., LTD.	A	A+
Feb. 15	Hoshino Resorts REIT, Inc.	A	A+
Feb. 17	PayPay Bank Corporation	A+	AA-
Feb. 22	Nippon Yusen Kabushiki Kaisha	A	A+
Feb. 22	Mitsui O.S.K. Lines, Ltd.	A	A+
Feb. 22	Kawasaki Kisen Kaisha, Ltd.	BBB+	A-
Feb. 28	AEON KYUSHU CO., LTD.	A-	A
Feb. 28	AEON Product Finance Co., Ltd.	A-	A
Feb. 28	AEON Housing Loan Service Co., Ltd.	A-	A
Feb. 28	FUJI CO., LTD.	A-	A
Mar. 2	DAIBIRU CORPORATION	A	A+
Mar. 7	Asahi Mutual Life Insurance Company	BBB+	A-
Mar. 17	SCREEN Holdings Co., Ltd.	A-	A
Mar. 17	NTT DATA CORPORATION	AA+	AAA
Mar. 20	Sony Bank Incorporated	AA-	AA
Mar. 27	JK Holdings Co., Ltd.	BBB	BBB+
Apr. 14	NIPPON STEEL TRADING CORPORATION	#A+/Positive	AA-
Apr. 18	SECOM GENERAL INSURANCE CO., LTD.	AA	AA+
Apr. 21	HOKKAIDO GAS CO., LTD.	A	A+
Apr. 24	Comforia Residential REIT, Inc.	AA-	AA
May 18	The Hiroshimashi Credit Cooperative	A	A+
May 29	Shin-Etsu Chemical Co., Ltd.	AA+p	AAAp
May 30	TOMY COMPANY, LTD.	BBB	BBB+
June 1	THE NAGANOBANK, LTD.	#BBB/Positive	AA
June 12	JCB Co., Ltd.	AA-	AA
June 26	AEON REIT Investment Corporation	AA-	AA
June 28	MS&AD Insurance Group Holdings, Inc.	AA	AA+
June 29	Tokyo Century Corporation	AA-	AA
June 29	NIPPON CAR SOLUTIONS CO., LTD.	AA-	AA
June 29	FLCS Co., Ltd.	AA-	AA
June 29	IHI Finance Support Corporation	A+	AA-
June 30	JINUSHI PRIVATE REIT, INC.	A	A+
June 30	AIR WATER INC.	A+	AA-
June 30	GEO HOLDINGS CORPORATION	BBB+	A-

July 4	Suntory Holdings Limited	AA-	AA
July 4	Suntory Beverage & Food Limited	AA-	AA
July 11	PERSOL HOLDINGS CO., LTD.	A	A+
July 13	SBI Shinsei Bank, Limited	A-	A
July 13	Showa Leasing Co., Ltd.	A-	A
July 18	Ueda Yagi Tanshi Co., Ltd.	A-	A
July 18	Central Tanshi Co., Ltd.	A-	A
July 18	The Tokyo Tanshi Co., Ltd.	A-	A
July 19	DAIKIN INDUSTRIES, LTD.	AA	AA+
July 24	ISHIHARA SANGYO KAISHA, LTD.	BBB	BBB+
July 26	Sojitz Corporation	A-	A
Aug. 9	The Shikoku Bank, Ltd.	A-	A
Aug. 9	Nomura Real Estate Holdings, Inc.	A	A+
Aug. 14	KUREHA CORPORATION	A	A+
Aug. 23	Ferrotec Holdings Corporation	BBB	BBB+
Aug. 24	Japan Medical Alliance	BBB+	A-
Aug. 25	Central Tanshi FX Co., Ltd.	BBB	BBB+
Aug. 31	Sanken Electric Co., Ltd.	BBB	BBB+
Aug. 31	Yanmar Holdings Co., Ltd.	BBB+	A-
Sept. 5	IWATANI CORPORATION	A	A+
Sept. 14	JCOM Co., Ltd.	A+	AA-
Sept. 15	Hitachi Zosen Corporation	BBB+	A-
Sept. 20	Marubeni-Itochu Steel Inc.	A	A+
Oct. 6	Sumitomo Mitsui Trust Holdings, Inc.	AA-	AA
Oct. 6	Sumitomo Mitsui Trust Bank, Limited	AA-	AA
Oct. 6	Sumitomo Mitsui Trust Loan & Finance Co., Ltd.	AA-	AA
Oct. 6	Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	AA-	AA
Oct. 10	NIPPON STEEL CORPORATION	AA-	AA
Oct. 10	Kobe Steel, Ltd.	A-	A
Oct. 11	Mizuho Leasing Company, Limited	A+	AA-
Oct. 11	Mizuho-Toshiba Leasing Company, Limited	A+	AA-
Oct. 11	Mizuho Marubeni Leasing Corporation	A+	AA-
Oct. 11	DAIKEN CORPORATION	A-	A+
Oct. 12	Marubeni Private Real Estate Investment Trust	AA-	AA
Oct. 13	HANWA CO., LTD.	A-	A
Oct. 13	Sanyo Special Steel Co., Ltd.	A	A+
Oct. 24	Resona Bank, Limited	AA-	AA
Oct. 24	Saitama Resona Bank, Limited	AA-	AA
Oct. 24	Kansai Mirai Bank, Limited	AA-	AA
Oct. 24	THE MINATO BANK, LTD.	AA-	AA
Nov. 6	Mitsubishi UFJ Financial Group, Inc.	AA-	AA
Nov. 6	Mizuho Financial Group, Inc.	AA-	AA
Nov. 6	Sumitomo Mitsui Financial Group, Inc.	AA-	AA
Nov. 15	NIPPON STEEL ENGINEERING CO., LTD.	A+	AA-
Nov. 15	NIPPON STEEL TRADING CORPORATION	AA-	AA
Nov. 15	KROSAKI HARIMA CORPORATION	A-	A
Nov. 15	OSAKA STEEL CO., LTD.	A	A+
Nov. 16	IKAI CO., LTD.	BB+	BBB-
Nov. 20	NIPPON STEEL TEXENG. CO., LTD.	A+	AA-
Nov. 22	Shinsho Corporation	BBB-	BBB
Dec. 26	AIFUL CORPORATION	BBB+	A-
Dec. 27	The Kiyo Bank, Ltd.	A	A+
Dec. 28	FUJI ELECTRIC CO., LTD.	A	A+

<Rating Downgrades>

Release Date	Issuer	Before Change	After Change
Mar. 8	Nippon Paper Industries Co., Ltd.	A	A-
Mar. 28	UNIZO Holdings Company, Limited	#B-/Negative	#CC/Negative
Apr. 27	UNIZO Holdings Company, Limited (2nd time)	#CC/Negative	D
May 30	KONICA MINOLTA, INC.	A+	A
May 31	Sumitomo Mitsui Construction Co., Ltd.	#A-/Negative	BBB+
June 9	Sharp Corporation	#BB+/Negative	BB
June 21	Rakuten Group, Inc	#A/Negative	A-
June 21	Rakuten Card Co., Ltd.	#A/Negative	A-
June 21	Rakuten Bank, Ltd.	#A/Negative	A-
June 21	Rakuten Securities, Inc	#A/Negative	A-
June 21	Rakuten General Insurance Co., Ltd.	#A/Negative	A-
Aug. 4	NIPPON CHEMI-CON CORPORATION	BBB	BBB-
Sept. 21	TOSHIBA CORPORATION	#BBB+/Negative	#BBB/Negative
Nov. 21	Toho Zinc Co., Ltd.	#BBB-/Negative	BB+
Dec. 26	ARAKAWA CHEMICAL INDUSTRIES, LTD.	A-	BBB+

► Non-Resident Rating

<Rating Upgrades>

Release Date	Issuer	Before Change	After Change
Feb. 28	AEON Thana Sinsap (Thailand) Public Company Limited*	A-	A
July 27	CPF (Thailand) Public Company Limited	A-	A
Sept. 22	NatWest Group plc	A	A+
Sept. 22	National Westminster Bank Plc	A+	AA-
Sept. 22	NatWest Markets Plc	A	AA-

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

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 herein has been obtained by JCR from the issuers and other sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error as well as other factors, JCR makes no representation or warranty, express or implied, as to accuracy, results, adequacy, timeliness, completeness or merchantability, or fitness for any particular purpose, with respect to any such information, and is not responsible for any errors or omissions, or for results obtained from the use of such information. Under no circumstances will JCR be liable for any special, indirect, incidental or consequential damages of any kind caused by the use of any such information, including but not limited to, lost opportunity or lost money, whether in contract, tort, strict liability or otherwise, and whether such damages are foreseeable or unforeseeable. JCR's ratings and credit assessments are statements of JCR's current and comprehensive opinion regarding redemption possibility, etc. of financial obligations assumed by the issuers or financial products, and not statements of opinion regarding any risk other than credit risk, such as market liquidity risk or price fluctuation risk. JCR's ratings and credit assessments are statements of opinion, and not statements of fact as to credit risk decisions or recommendations regarding decisions to purchase, sell or hold any securities such as individual bonds or commercial paper. The ratings and credit assessments may be changed, suspended or withdrawn as a result of changes in or unavailability of information as well as other factors. JCR receives a rating fee paid by issuers for conducting rating services in principle. JCR retains all rights pertaining to this document, including JCR's rating data. Any reproduction, adaptation, alteration, etc. of this document, including such rating data, is prohibited, whether or not wholly or partly, without prior consent of JCR.

JCR is registered as a "Nationally Recognized Statistical Rating Organization" with the U.S. Securities and Exchange Commission with respect to the following four classes. (1) Financial institutions, brokers and dealers, (2) Insurance Companies, (3) Corporate Issuers, (4) Issuers of government securities, municipal securities and foreign government securities.

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.)

Copyright © Japan Credit Rating Agency, Ltd. All rights reserved.