

Policy and Procedures for Providing and Publicizing Credit Ratings (The Rating Provision Policy)

January 6, 2014

Japan Credit Rating Agency (JCR) Ltd. provides and publicizes credit ratings based on the following policy.

1. JCR shall provide or publicize credit ratings without delay after assigning the credit ratings together with the last date of updating the relevant information or revising the credit rating concerned.
2. JCR shall publicize credit ratings and the rating rationale when providing and publicizing credit ratings. JCR shall also publicize statutory disclosure items under the laws and ordinances of the country to which the credit ratings are subject (hereinafter referred to as “statutory disclosure items”). Statutory disclosure under the Japanese laws and ordinances is described in the attached “Concerning Statutory Disclosure Items under Japanese Laws and Ordinances”.
3. When JCR withdraws a credit rating, it will publicize that fact without delay unless the object of the credit rating will be terminated. When JCR continues to publicize the credit rating, it will clarify the last date of update and the fact that the credit rating will not be updated hereafter.
4. JCR shall not make any representation as to the appropriateness of the results of the credit assessment if doing so may lead to a misperception that such appropriateness has been guaranteed by the Commissioner of the Financial Services Agency or any other administrative organ.
5. Credit ratings and rating rationale shall be publicized through the following means.
 - (a) Publicizing a report of a credit rating, rating rationale and statutory disclosure items together on JCR’s free website (<http://www.jcr.co.jp>); and
 - (b) The publication stated in (a) shall be executed at 3:30 p.m. each business day in principle; however, JCR may make them public at earlier or later than the normal publication time of 3:30 p.m. due to unavoidable reasons.
6. When publicizing, JCR shall announce the main rating policies and methodologies used for determining the credit rating and specify the versions of these as of when the credit rating was determined, together with the sitemap of those in the website. In the case of that the credit rating is based on several rating policies and methodologies or if investors may fail to notice certain important factors in the credit rating

owing to that JCR publicizes only the main rating policies or methodologies, then JCR shall also announce such fact when publicizing the credit rating. Furthermore, JCR will announce how different rating policies and methodologies or other important issues were taken into account in assigning the credit rating.

7. For better understanding of external third parties of the process of determining credit ratings publicized by JCR, JCR shall publicize sufficient information regarding the credit rating process, methodologies and assumptions. Such information includes the meaning of each rating symbol, definition of default or period eligible for credit ratings, etc.
8. If the establishment or revisions of the rating policies and methodologies are material, JCR shall publicize the scope of individual credit ratings on which reviews are needed according to the establishment or revisions and a timeframe for such reviews immediately after the publication of the establishment or the revisions.

Concerning Statutory Disclosure Items under Japanese Laws and Ordinances

The following statutory disclosure items are in accordance with Cabinet Office Ordinance on Financial Instruments Business, etc. (Ordinance No. 52 of 2007) related to Regulation on Credit Rating Agencies. The statutory disclosure items apply only to credit ratings, which the Cabinet Office Ordinance covers.

Statutory Disclosure Items

JCR shall show the following items in addition to credit ratings and the rating rationale when providing and publicizing the credit ratings. If the object of credit rating is an assessment of the creditworthiness of asset securitization products, JCR may, in lieu of the originator's name, announce the business type, business size and location of the originator as well as any reasons for not announcing said information:

- (1) The trade name and the registration number of JCR
- (2) The details of the supervisory measures taken against JCR in the most recent year
- (3) The year, month and date of determining the credit rating
- (4) The name of the lead rating analyst participated in the process of determining the credit rating and the name of the person who, as a representative of JCR, is responsible for determining credit ratings
- (5) The categories of objects of credit rating and detailed items thereof:
 - (a) the criteria used for identifying the matters which serve as the assumptions for the assessment of the credit status, and the criteria used for the setting of grades indicating the results of the assessments of the credit status; and
 - (b) an outline of the method for the determination of Credit Ratings
- (6) An outline of the object of the credit rating
- (7) The name of the Rating Stakeholder such as an issuer, an underwriter of bonds to be rated, etc.
- (8) In cases where the object of the credit rating is the assessment of the credit status of the Asset Securitization Products, and where the design of such products substantially deviates from the design of Asset Securitization Products that JCR determined the credit rating in the past
- (9) In cases where the credit rating was determined without any solicitation from the Rating Stakeholder, such fact, and information as to whether any undisclosed information (limited to the information which is found to have material influence on the credit rating) has been obtained from the Rating Stakeholder in the process of determining the credit rating
- (10) In cases where JCR does not intend to update the determined credit rating, such fact and the grounds thereof;
- (11) An explanation on the assumptions, significance and limitations of the determined credit rating, in accordance with the category of the object of such Credit Rating (including an explanation on the characteristics of the fluctuation of Credit Ratings; and also including an explanation on the

- limitations of the credit rating, in cases where the object of the credit rating is the assessment of the credit status of the financial instruments with limited information on the transition of the credit status);
- (12) The following matters concerning the principal information used in the course of determining the credit rating
- (a) An outline of said information
 - (b) And outline of the measures implemented for the purpose of the quality assurance of said information; and
 - (c) The provider of said information
- (13) The following matters, in cases where the object of the determined credit rating was in relation to the assessment of the credit status of the Asset Securitization Products:
- (a) Information on the analysis of loss, cash flow and sensitivity; and
 - (b) The symbols, figures or any other indication for clearly indicating that the object of the determined credit rating was the assessment of the credit status of Asset Securitization Products (including an explanation which allows investors to understand the significance and limitations of said credit rating based on such symbol)