

Explanation Regarding Unregistered Credit Ratings

In order to ensure fairness and transparency in the market, a registration system for credit rating agencies has been introduced in Japan under the amended Financial Instruments and Exchange Law (“FIEL”).

Accordingly, when soliciting their customers using credit ratings issued by unregistered rating agencies, financial instruments firms are required by the FIEL to inform their customers of the fact that such credit ratings are the unregistered credit ratings and to provide other related information.

➤ Significance of the Registration

Registered credit rating agencies are subject to the following regulations: (1) duty of integrity, (2) duty to develop the business management system for the prevention of conflict of interests / securing of the fairness of the rating process, (3) prohibition of assignment of rating in cases where the agency holds the securities to be rated, (4) duty to disclose information such as preparation and release of the rating policy and to make explanatory documents available to the public. Such rating agencies are also subject to supervision by the Financial Services Agency such as requirement of reports, on-site inspection, or business improvement orders. Unregistered rating agencies, however, are not subject to the above-mentioned restrictions or supervision.

Although the below-mentioned information was prepared from information sources which we believe to be reliable as of 11 October, 2019. We do not guarantee its accuracy or completeness. Please see the respective homepages of each credit rating agency for details.

➤ Names of the rating agency groups or rating agencies

Name of a rating agency group: S&P Global Ratings (“S&P”)

Name of the credit rating agency in the group and the registration No.: S&P Global Ratings Japan Inc. (Financial Services Agency Commissioner (Rating) No. 5)

How to obtain information regarding the outline of the policy and methods used to assign credit ratings

Posted on the “Unregistered Rating Information”

(<http://www.standardandpoors.co.jp/unregistered>) in the “Libraries/Regulations ” section on Japanese homepage of S&P Global Ratings Japan Inc.

(<http://www.standardandpoors.co.jp>)

Premises, Significance and Limitations of Credit Ratings

Credit ratings assigned by S&P are opinions of the future credit quality of specific issuers or issues as of the date they are expressed and it is not an index which shows the probability of the occurrence of the failure to pay by the issuer or a particular debt and do not guarantee creditworthiness. Credit ratings are not a recommendation to purchase, sell or hold any securities, or a statement of market liquidity or prices in the secondary market of any issues.

Credit ratings may change depending on various factors, including issuers' performance, changes in external environment, performance of underlying assets, creditworthiness of counterparties and others. S&P conducts rating analysis based on information it believes to be provided by the reliable source in terms of quality and quantity. However, S&P does not perform an audit, due diligence or independent verification of any information it receives from the issuer or a third party, or guarantees its accuracy, completeness or timeliness of the results gained from the information. Moreover it needs to be noted that it may incur a potential risk due to the limitation of the historical data that are available for use depending on the rating.

➤ Names of the rating agency groups or rating agencies

Name of a rating agency group: Moody's Investors Service ("Moody's")

Name of the credit rating agency in the group and the registration No.: Moody's Japan K.K. (Financial Services Agency Commissioner (Rating) No. 2)

How to obtain information regarding the outline of the policy and methods used to assign credit ratings

Posted in "Explanation on Unregistered Ratings" in "Use of Ratings by Unregistered Agencies" on the homepage of Moody's Japan K.K. (the page which is shown after clicking "Credit Rating Business" on Moody's homepage in Japanese (https://www.moodys.com/pages/default_ja.aspx)).

Premises, Significance and Limitations of Credit Ratings

Credit ratings are Moody's Investors Service ("MIS") current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. MIS defines credit risk as the risk that an entity may not meet its contractual, financial obligations as they come due and any estimated financial loss in the event of default.

Credit ratings do not address any other risk, including but not limited to: liquidity risk, market value risk, or price volatility. Credit ratings do not constitute investment or financial advice, and credit ratings are not recommendations to purchase, sell, or hold particular securities. No warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such rating or other opinion or information is given or made by MIS in any form or manner whatsoever.

➤ **Names of the rating agency groups or rating agencies**

Name of a rating agency group: Fitch Ratings (“Fitch”)

Name of the credit rating agency in the group and the registration No.: Fitch Ratings Japan Ltd. (Financial Services Agency Commissioner (Rating) No. 7)

How to obtain information regarding the outline of the policy and methods used to assign credit ratings

Posted in “Outline of the Rating Policy” in the “Regulations-Related” section on homepage of Fitch Ratings Japan Ltd. (<https://www.fitchratings.com/site/japan>).

Premises, Significance and Limitations of Credit Ratings

Ratings assigned by Fitch are opinions based on established criteria and methodologies. Ratings are not facts, and therefore cannot be described as being “accurate” or “inaccurate”. Credit ratings do not directly address any risk other than credit risk. Credit ratings do not comment on the adequacy of market price or market liquidity for rated instruments. Ratings are relative measures of risk; as a result, the assignment of ratings in the same category to entities and obligations may not fully reflect small differences in the degrees of risk. Credit ratings, as opinions on relative ranking of vulnerability to default, do not imply or convey a specific statistical probability of default.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The assignment of a rating to any issuer or any security should not be viewed as a guarantee of the accuracy, completeness, or timeliness of the information relied on in connection with the rating or the results

obtained from the use of such information. If any such information should turn out to contain misrepresentations or to be otherwise misleading, the rating associated with that information may not be appropriate. Despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.