

## PayPay Bank's Major Shareholder Changes—No Immediate Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the transfer of shares in PayPay Bank Corporation (security code: -) held by Z Financial Corporation (security code: -) to PayPay Corporation.

- (1) PayPay Corporation (PayPay), LY Corporation (Long-term Issuer Rating: AA-/Stable, LY), and Z Financial Corporation (Z Financial), which is the intermediary holding company of LY, announced that they had decided to transfer common shares and class A preferred shares of PayPay Bank Corporation (PPBK) held by Z Financial to PayPay. The transfer is scheduled to take effect on April 1, 2025, subject to the approval of the relevant authorities.
- (2) JCR believes that the transfer will not have an immediate impact on PPBK's rating. PPBK's long-term issuer rating is the same as LY's, given the degree of control and involvement of LY and the importance of PPBK's managerial importance in the LY Group. JCR believes that there will be no change in the fact that PPBK is an important subsidiary of LY after the share transfer. As LY strengthens its financial business through collaboration in services centered on PayPay, JCR believes that the strategic and functional importance of the banking functions assumed by PPBK will increase further, and JCR will pay attention to whether the strengthening of collaboration between PPBK and PayPay can lead to further increase in synergies. Meanwhile, as PayPay accelerates its growth strategy, JCR will watch whether there are any changes in the positioning of PPBK within the LY and PayPay Groups.

Tsuyoshi Ohishi, Naoki Shimura

### <Reference>

Issuer: PayPay Bank Corporation

Long-term Issuer Rating: AA-      Outlook: Stable

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