

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

The Hachijuni Bank, Ltd. (security code: 8359)

<Affirmation>

Long-term Issuer Rating: AA
Outlook: Stable

THE NAGANOBANK, LTD. (security code: -)

<Affirmation>

Long-term Issuer Rating: AA
Outlook: Stable

Rationale

- (1) The Hachijuni Bank, Ltd. ("Hachijuni Bank") is a regional bank headquartered in Nagano City, Nagano Prefecture, and THE NAGANOBANK, LTD. ("NAGANOBANK") a regional bank II headquartered in Matsumoto City of the same prefecture (the "Banks"). The Banks will merge on January 1, 2026, under the new corporate name Hachijuni Nagano Bank, Ltd. Their combined fund volume amounts to approximately 9.6 trillion yen, with a local market share of around 50% for both deposits and loans (excluding JAPAN POST BANK Co., Ltd.), indicating a solid business foundation. The Banks have a broad branch network covering Kanto and other regions and make a large number of loan transactions with major companies. They also provide funding and support for market development to customers expanding overseas through their branches in Singapore and other locations.
- (2) Hachijuni Bank's rating is AA, reflecting its good earning capacity based on a broad business base, sound asset quality, and sufficient capital in light of various risks. NAGANOBANK's rating is the same as that of Hachijuni Bank, taking into account the strength of Hachijuni Bank's involvement. As part of their synergy measures in preparation for the merger, they are working on initiatives such as utilizing human resources, sharing know-how, consolidating branches, and standardizing systems. The key points for the ratings are whether the Banks can continue to enhance their earning capacity while appropriately controlling investment and lending risks, and whether they can maintain a high level of capital going forward.
- (3) Earning capacity is good. Core net business income (excluding gains/losses on cancellation of investment trusts; combined total of the Banks) has been on an upward trend since hitting the bottom in the fiscal year ended March 2019 (FY2018). In FY2024, profit increased by just under 20% year on year to 48.1 billion yen, as increased expenses due to higher wages and system investments were offset by expanded interest income and service income. The outstanding balances of SME financing and housing loans have remained strong, pushing up loan interest income, while investment income from departments engaging in market transactions is expanding with rising domestic interest rates. The Banks are also working to increase its assets under custody and promote structured financing. Although merger-related expenses are expected to grow going forward, JCR sees that the Banks will be able to maintain a high level of profit.
- (4) The soundness of loan assets is high. The ratio of disclosed claims under the Financial Reconstruction Act (combined total of the Banks) is at a reasonable level of the 2% range, and the classification rate is low due to the small number of loans to borrowers requiring caution. For some borrowers with weak business performance, conservative provisions using the DCF method and CF deduction method are adopted. Credit costs (combined total of the Banks) remain low. Although it is necessary to pay close attention to the impact that trends in U.S. tariff policy and other factors will have on borrowers, given the strong asset soundness and strict credit management, the Banks are unlikely to record large credit costs in the future.
- (5) Various risks in the departments engaging in market transactions are being appropriately managed through the continuation of diversified investments and the utilization of ample valuation gains on stock holdings. In bond investment, interest rate risk is contained by utilizing asset swaps for both yen-denominated and foreign currency-denominated bonds. For low-liquidity assets such as PE

funds and private REITs, the Banks select projects under a certain investment limit based on strict management criteria.

- (6) Capital adequacy is high. Hachijuni Bank's consolidated Tier 1 ratio was 16.2% as of the end of FY2024, the highest level in the industry. Even on a basis excluding accumulated other comprehensive income including valuation gains on securities, a level consistent with the AA rating category is maintained. Going forward, in addition to the accumulation of the balance of outstanding investments and loans, the expanded risk-weighted assets with the full implementation of the finalization of Basel III standards may push down capital levels. However, it has indicated a policy to control risk-weighted assets by maintaining a minimum common equity Tier 1 ratio of 15.0%. In addition to the realization of merger synergies, the reduction in cross-shareholdings is expected to significantly contribute to profit growth, and the advantage in capital level is highly likely to be maintained going forward.

Hidekazu Sakai, Michiya Kidani

Rating

Issuer: The Hachijuni Bank, Ltd.

<Affirmation>

Long-term Issuer Rating: AA Outlook: Stable

Issuer: THE NAGANOBANK, LTD.

<Affirmation>

Long-term Issuer Rating: AA Outlook: Stable

Rating Assignment Date: May 30, 2025

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "JCR's Rating Methodology" (October 1, 2024), "Banks" (October 1, 2021) and "Rating Methodology for Financial Groups' Holding Companies and Group Companies" (September 1, 2022) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

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.)



INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	The Hachijuni Bank, Ltd.
Issuer:	THE NAGANOBANK, LTD.
Rating Publication Date:	June 4, 2025

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

B) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

C) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as parent company, subsidiary, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.
- A) Audited financial statements presented by the rating stakeholders
- B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the warranty made by the issuer, the publication by the issuer, some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation from The Hachijuni Bank, Ltd. for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR does not receive payment of compensation from THE NAGANOBANK, LTD. for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR received in the last fiscal year in the past payment of compensation from The Hachijuni Bank, Ltd. for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.
- JCR did not receive in the last fiscal year in the past payment of compensation from THE NAGANOBANK, LTD. for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

B) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

C) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's parent company or subsidiary, guarantor or other provider of credit enhancement, or the government of the issuer's business domicile, or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

F) Rise and Fall in General Economy and Markets

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

G) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

12

Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Business Bases

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

B) Financial Grounds and Asset Quality

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

C) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's parent company or subsidiaries, guarantor or other providers of credit enhancement, the government of the issuer's business domicile or other related parties' status and stance of support/ assistance for the issuer. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if there is a major change on the part of related parties, such as replacement, disappearance, some drastic improvement/ deterioration of financial grounds/ balances, etc.

E) Rise and Fall in General Economy and Markets

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of general economy and markets. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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

The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
The Hachijuni Bank, Ltd.	Issuer(Long-term)	April 24, 2019	AA	Stable
The Hachijuni Bank, Ltd.	Issuer(Long-term)	May 22, 2020	AA	Stable
The Hachijuni Bank, Ltd.	Issuer(Long-term)	May 21, 2021	AA	Stable
The Hachijuni Bank, Ltd.	Issuer(Long-term)	May 30, 2022	AA	Stable
The Hachijuni Bank, Ltd.	Issuer(Long-term)	June 1, 2023	AA	Stable
The Hachijuni Bank, Ltd.	Issuer(Long-term)	May 22, 2024	AA	Stable

The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
THE NAGANOBANK, LTD.	Issuer(Long-term)	February 8, 2008	BBB+	Stable
THE NAGANOBANK, LTD.	Issuer(Long-term)	March 12, 2009	BBB+	Stable
THE NAGANOBANK, LTD.	Issuer(Long-term)	February 9, 2010	BBB+	Negative
THE NAGANOBANK, LTD.	Issuer(Long-term)	March 3, 2011	BBB+	Stable
THE NAGANOBANK, LTD.	Issuer(Long-term)	April 16, 2012	BBB+	Stable
THE NAGANOBANK, LTD.	Issuer(Long-term)	April 1, 2013	BBB+	Stable
THE NAGANOBANK, LTD.	Issuer(Long-term)	February 20, 2014	BBB+	Stable
THE NAGANOBANK, LTD.	Issuer(Long-term)	April 16, 2015	BBB+	Stable
THE NAGANOBANK, LTD.	Issuer(Long-term)	March 22, 2016	BBB+	Stable
THE NAGANOBANK, LTD.	Issuer(Long-term)	June 26, 2017	BBB+	Negative
THE NAGANOBANK, LTD.	Issuer(Long-term)	August 22, 2018	BBB	Stable
THE NAGANOBANK, LTD.	Issuer(Long-term)	September 3, 2019	BBB	Stable
THE NAGANOBANK, LTD.	Issuer(Long-term)	July 3, 2020	BBB	Stable
THE NAGANOBANK, LTD.	Issuer(Long-term)	June 25, 2021	BBB	Stable
THE NAGANOBANK, LTD.	Issuer(Long-term)	June 28, 2022	BBB	Stable
THE NAGANOBANK, LTD.	Issuer(Long-term)	September 29, 2022	#BBB	Positive
THE NAGANOBANK, LTD.	Issuer(Long-term)	June 1, 2023	AA	Stable
THE NAGANOBANK, LTD.	Issuer(Long-term)	May 22, 2024	AA	Stable

Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Tomohiro Miyao, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

宮尾 知浩

Tomohiro Miyao

General Manager of Financial Institution Rating Department

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