

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

## **Fukuoka Financial Group, Inc. (security code: 8354)**

<Rating Change>

Long-term Issuer Rating: from A to A+  
Outlook: from Positive to Stable

<Affirmation>

CP: J-1

## **THE BANK OF FUKUOKA, LTD. (security code: -)**

<Rating Change>

Long-term Issuer Rating: from A+ to AA-  
Outlook: from Positive to Stable

## **The Kumamoto Bank, Ltd. (security code: -)**

<Rating Change>

Long-term Issuer Rating: from A+ to AA-  
Outlook: from Positive to Stable

## **The Juhachi-Shinwa Bank, Ltd. (security code: -)**

<Rating Change>

Long-term Issuer Rating: from A+ to AA-  
Outlook: from Positive to Stable

### *Rationale*

- (1) The Fukuoka Financial Group (the “Group”) is a regional financial group having THE BANK OF FUKUOKA, LTD. (“FUKUOKA BANK”), The Kumamoto Bank, Ltd. (“Kumamoto Bank”), The Juhachi-Shinwa Bank, Ltd. (“Juhachi-Shinwa Bank”) and others under the umbrella of Fukuoka Financial Group, Inc. (“FFG”) as the holding company. It operates widely in Kyushu, and its total fund volume of roughly 20 trillion yen is largest in the industry. While the three subsidiary banks maintain their own brands in the respective service areas, functions like the planning of management strategies and risk management are concentrated to FFG under the leadership of FUKUOKA BANK. The Group as a whole is improving efficiency by utilizing the common infrastructure. Meanwhile, Minna Bank Ltd. (“Minna Bank”) offers such services as asset management and consumer loans that can be completed on smartphones. Given, among others, that basic earnings capacity has increased thanks in part to post-merger synergies realized by Juhachi-Shinwa Bank and that the capital level has improved with the accumulation of retained earnings, JCR has raised the evaluation of the Group’s creditworthiness to be equivalent to AA-. Accordingly, JCR upgraded the long-term rating on FFG and the three subsidiary banks by one notch each.
- (2) Core net business income (excluding gains on cancellation of investment trusts) of the three banks combined came to 97.5 billion yen in the fiscal year ended March 2022 (FY2021), as opposed to the previous year’s 79.6 billion yen, and 28.4 billion yen in the first quarter of FY2022, versus 22.6 billion yen for the same period a year before. Basic earnings capacity has increased thanks partly to a boost in non-interest income and cost reductions. Looking ahead, growth in foreign currency funding costs due to a rise in U.S. interest rates and upfront investments in Minna Bank and digitalization will exert downward pressure on profits. However, given, among others, that SME loans outstanding have been steadily increasing even after COVID-related loans have run their course, that the sales force will be strengthened through the reallocation of excess personnel created by operational streamlining and that Juhachi-Shinwa Bank’s merger is expected to help further reduce expenses, JCR assumes it unlikely that basic earnings will drop sharply.

- (3) Non-performing loans ratio disclosed under the Financial Reconstruction Act of the three banks combined is low at around 1.8%. Credit cost ratio is kept extremely low, being 0 bps in FY2020 and 1 bps in FY2021. While attention must be paid to the impacts of the COVID crisis and soaring raw material prices, JCR expects that factors like the thorough credit management system, sufficient reserves based on the DCF method and the provision method based on future economic forecasts will help restrain a sharp rise in credit costs. In the market division, the Group has been working to diversify investment targets and methods, and assets other than domestic and foreign interest rates, such as stocks and credit products, are now tending to increase. The Group responds to varying risks by utilizing interest rate swaps in accordance with market conditions, diversifying investment targets, regularly reviewing position limits in light of market conditions and so forth.
- (4) The ratio of adjusted consolidated core capital of FFG, which JCR assesses as essential, improved to as much as 10% as of March 31, 2022. Looking ahead, JCR assumes that the capital level commensurate with the rating will be maintained with the accumulation of retained earnings backed by good earnings capacity, even while risk assets will increase.

Issuer: Fukuoka Financial Group, Inc.

FFG is the financial holding company of the Group. It was established through the joint stock transfer by FUKUOKA BANK and Kumamoto Bank in April 2007. It made THE SHINWA BANK LTD a consolidated subsidiary in October 2017 and The Eighteenth Bank Limited in April 2019, and these two subsidiaries merged in October 2020 to become Juhachi-Shinwa Bank. The Issuer rating on FFG is one notch below the Group's creditworthiness in light of somewhat high double leverage ratio, etc.

Issuer: THE BANK OF FUKUOKA, LTD.

- (1) FUKUOKA BANK is a regional bank headquartered in Fukuoka City with a fund volume of 13.3 trillion yen. It has a solid business base as a leading bank in the prefecture with a bit over 30% share for deposits and loans. As the core of the Group, it is working to build a business model centered on fees that is not biased towards lending, diversify investment targets and methods in the market division and so forth. Its issuer rating is equivalent to the Group's creditworthiness in light of such factors as FUKUOKA BANK's core position in the Group.
- (2) Core net business income came to 76.4 billion yen in FY2021, as opposed to the previous year's 64.7 billion yen, and 22.0 billion yen in the first quarter of FY2022, versus 18.1 billion yen for the same period a year before; and ROA was a bit below 0.4% for FY 2021. Profitability is relatively high for a regional bank in JCR's AA rating category. Looking ahead, growth in foreign currency funding costs and expenditures for upgrading the core system and expanding digital channels will exert downward pressure on profits. However, JCR assumes that high profitability will still be maintained, backed by interest income on SME loans, which have been steady even after COVID-related loans have run their course, and earnings contribution from the non-interest income business, which is constantly becoming stronger.
- (3) Non-performing loans ratio disclosed under the Financial Reconstruction Act is kept low at around 1.6%. While it must be noted that there are not a few claims with unique risks, such as real estate non-recourse loans and Ship Finance, FUKUOKA BANK conducts disciplined credit management under the strict screening system. Factors like sufficient reserves based on the DCF method and the provision method based on future economic forecasts are expected to help restrain a sharp rise in credit costs. Risk-taking in the market division is not excessive, either. Although the risk of price fluctuations is somewhat large, FUKUOKA BANK manages risks by diversifying investment targets and also by regularly reviewing position limits while watching changes in the market environment. Adjusted consolidated core capital ratio was a bit below 9% as of March 31, 2022, leaving some room for improvement, but the capital level is rising thanks to the accumulation of retained earnings, even while risk assets are increasing.

Issuer: The Kumamoto Bank, Ltd.

- (1) Kumamoto Bank is a regional bank II headquartered in Kumamoto City with a fund volume of 1.6 trillion yen. With a bit over 20% share for deposits in the prefecture, it ranks second in its locality. Amid the constant decline in loan yields, it ensures a reasonable earning capacity by, for instance, building up SME loans and housing loans, strengthening the non-interest business and reducing costs through branch consolidation. Given that the Group's unity is strong and Kumamoto Bank is extremely important for the Group, JCR deems the issuer rating to be equivalent to the Group's creditworthiness.

- (2) Core net business income came to 6.6 billion yen in FY2021, as opposed to the previous year's 5.6 billion yen, and 1.8 billion yen in the first quarter of FY2022, versus 1.4 billion yen for the same period a year before; and ROA remained flat from the previous year at a bit over 0.2% for FY 2021. While loan yields continue to decline, interest on loans has been firm as housing loans outstanding have been robust and SME loans outstanding stay at a high level even after COVID-related loans have run their course. Basic earnings are picking up, helped by branch consolidation that was carried out by FY2020, cost reductions partly through attrition on workforce and so forth. Recently, Kumamoto Bank is taking measures to support the activities of branch offices through the head office and strengthen the non-interest business by reallocating personnel.
- (3) Non-performing loans ratio disclosed under the Financial Reconstruction Act is decent at a bit below 2%. While it must be noted that there are some ailing borrowers who are left with large uncovered claims relative to earnings and that the amount of outstanding loans to the real estate industry is somewhat large, the well-developed credit management system, sufficient reserves based on the DCF method and the provision method based on future economic forecasts are expected to help restrain a sharp rise in credit costs. Risk-taking in the market division is limited. Partly because of the low securities-to-deposit ratio, both interest rate risk and price fluctuation risk are small. Adjusted non-consolidated core capital ratio stood at around 8.5% as of March 31, 2022, and JCR assumes it to remain stable into the future.

Issuer: The Juhachi- Shinwa Bank, Ltd.

- (1) Juhachi-Shinwa Bank is a regional bank headquartered in Nagasaki City with a fund volume of 5.6 trillion yen. It was created in October 2020 through an absorption-type merger with formerly The Shinwa Bank, Ltd. (Sasebo City) as the surviving company and formerly The Eighteenth Bank, Ltd. (Nagasaki City) as the dissolving company. It has an overwhelming presence in the prefecture with the share of around 70% for loans. Basic earnings capacity has improved significantly thanks to the realization of cost synergies from the management integration and so forth. Given that the Group's unity is strong and Juhachi-Shinwa Bank is extremely important for the Group, JCR deems the issuer rating to be equivalent to the Group's creditworthiness.
- (2) Core net business income came to 14.4 billion yen in FY2021, as opposed to the previous year's 9.2 billion yen, and 4.5 billion yen in the first quarter of FY2022, versus 3.0 billion yen for the same period a year before; and ROA improved to a bit over 0.2% in FY2021 from the mid-1.0% range for the previous year. While growth in SME loans has been stagnant and interest on loans is tending to decrease due to lower yields, non-interest income is strong, especially for commissions from investment trust sales. Helped also by a drastic cut in expenses through a reduction in the number of branches by nearly 40% in FY2021, the profit level is picking up fast. Looking ahead, as further cost reductions thanks to integration synergies are projected, JCR assumes that basic earnings will remain firm.
- (3) Non-performing loans ratio disclosed under the Financial Reconstruction Act is decent in the lower 2% range. Although there are some ailing borrowers who are left with large uncovered claims relative to earnings, the well-developed credit management system, sufficient reserves based on the DCF method and the provision method based on future economic forecasts are expected to help restrain a sharp rise in credit costs. In the market division, interest rate risk is somewhat high, but risks are controlled by interest rate swaps and such. Adjusted non-consolidated core capital ratio as of March 31, 2022 was in the lower 8% range, falling slightly from a year before due to an increase in risk assets. Looking ahead, JCR predicts that the capital level will rise as the accumulation of retained earnings will accelerate with the improvement of earnings capacity.

Kengo Sakaguchi, Kei Aoki

### Rating

Issuer: Fukuoka Financial Group, Inc.

<Rating Change>

Long-term Issuer Rating: A+      Outlook: Stable

<Affirmation>

CP: J-1

Maximum: JPY 100 billion

Issuer: THE BANK OF FUKUOKA, LTD.

<Rating Change>

Long-term Issuer Rating: AA-      Outlook: Stable

Issuer: The Kumamoto Bank, Ltd.

<Rating Change>

Long-term Issuer Rating: AA- Outlook: Stable

Issuer: The Juhachi-Shinwa Bank, Ltd.

<Rating Change>

Long-term Issuer Rating: AA- Outlook: Stable

**Rating Assignment Date: October 26, 2022**

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" (November 7, 2014), "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/>).

## **Japan Credit Rating Agency, Ltd.**

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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.)

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INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

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

Issuer:	Fukuoka Financial Group, Inc.
Issuer:	THE BANK OF FUKUOKA, LTD.
Issuer:	The Kumamoto Bank, Ltd.
Issuer:	The Juhachi-Shinwa Bank, Ltd.
Rating Publication Date:	October 31, 2022

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 for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from and THE BANK OF FUKUOKA, LTD., The Kumamoto Bank, Ltd., and The Juhachi-Shinwa 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 received in the last fiscal year in the past payment of compensation from Fukuoka Financial Group, Inc. for any kind of JCR's service other than the determination of 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.

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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/>



# 13

## 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.

# 14

## 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.

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## The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Fukuoka Financial Group, Inc.	Issuer(Long-term)	September 7, 2007	A	Stable
Fukuoka Financial Group, Inc.	Issuer(Long-term)	March 4, 2009	A	Stable
Fukuoka Financial Group, Inc.	Issuer(Long-term)	December 29, 2009	A	Stable
Fukuoka Financial Group, Inc.	Issuer(Long-term)	January 28, 2011	A	Stable
Fukuoka Financial Group, Inc.	Issuer(Long-term)	January 25, 2012	A	Stable
Fukuoka Financial Group, Inc.	Issuer(Long-term)	February 1, 2013	A	Stable
Fukuoka Financial Group, Inc.	Issuer(Long-term)	January 31, 2014	A	Stable
Fukuoka Financial Group, Inc.	Issuer(Long-term)	February 25, 2015	A	Stable
Fukuoka Financial Group, Inc.	Issuer(Long-term)	April 19, 2016	A	Stable
Fukuoka Financial Group, Inc.	Issuer(Long-term)	June 12, 2017	A	Stable
Fukuoka Financial Group, Inc.	Issuer(Long-term)	August 27, 2018	A	Stable
Fukuoka Financial Group, Inc.	Issuer(Long-term)	November 1, 2019	A	Stable
Fukuoka Financial Group, Inc.	Issuer(Long-term)	October 1, 2020	A	Stable
Fukuoka Financial Group, Inc.	Issuer(Long-term)	October 14, 2021	A	Positive
Fukuoka Financial Group, Inc.	CP	September 7, 2007	J-1	
Fukuoka Financial Group, Inc.	CP	March 4, 2009	J-1	
Fukuoka Financial Group, Inc.	CP	December 29, 2009	J-1	
Fukuoka Financial Group, Inc.	CP	January 28, 2011	J-1	
Fukuoka Financial Group, Inc.	CP	January 25, 2012	J-1	
Fukuoka Financial Group, Inc.	CP	February 1, 2013	J-1	
Fukuoka Financial Group, Inc.	CP	January 31, 2014	J-1	
Fukuoka Financial Group, Inc.	CP	February 25, 2015	J-1	
Fukuoka Financial Group, Inc.	CP	April 19, 2016	J-1	
Fukuoka Financial Group, Inc.	CP	June 12, 2017	J-1	
Fukuoka Financial Group, Inc.	CP	August 27, 2018	J-1	
Fukuoka Financial Group, Inc.	CP	November 1, 2019	J-1	
Fukuoka Financial Group, Inc.	CP	October 1, 2020	J-1	
Fukuoka Financial Group, Inc.	CP	October 14, 2021	J-1	

## The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
THE BANK OF FUKUOKA,	Issuer(Long-term)	August 26, 1996	AA	
THE BANK OF FUKUOKA,	Issuer(Long-term)	June 10, 1998	AA-	
THE BANK OF FUKUOKA,	Issuer(Long-term)	March 7, 2001	AA-	
THE BANK OF FUKUOKA,	Issuer(Long-term)	March 29, 2001	#AA-	
THE BANK OF FUKUOKA,	Issuer(Long-term)	July 12, 2001	AA-	
THE BANK OF FUKUOKA,	Issuer(Long-term)	September 17, 2002	AA-	
THE BANK OF FUKUOKA,	Issuer(Long-term)	February 2, 2004	AA-	
THE BANK OF FUKUOKA,	Issuer(Long-term)	March 15, 2005	AA-	
THE BANK OF FUKUOKA,	Issuer(Long-term)	September 6, 2006	AA-	Stable
THE BANK OF FUKUOKA,	Issuer(Long-term)	May 2, 2007	#AA-	Negative
THE BANK OF FUKUOKA,	Issuer(Long-term)	September 7, 2007	A+	Stable
THE BANK OF FUKUOKA,	Issuer(Long-term)	March 4, 2009	A+	Stable
THE BANK OF FUKUOKA,	Issuer(Long-term)	December 29, 2009	A+	Stable
THE BANK OF FUKUOKA,	Issuer(Long-term)	January 28, 2011	A+	Stable
THE BANK OF FUKUOKA,	Issuer(Long-term)	January 25, 2012	A+	Stable
THE BANK OF FUKUOKA,	Issuer(Long-term)	February 1, 2013	A+	Stable
THE BANK OF FUKUOKA,	Issuer(Long-term)	January 31, 2014	A+	Stable
THE BANK OF FUKUOKA,	Issuer(Long-term)	February 25, 2015	A+	Stable
THE BANK OF FUKUOKA,	Issuer(Long-term)	April 19, 2016	A+	Stable
THE BANK OF FUKUOKA,	Issuer(Long-term)	June 12, 2017	A+	Stable
THE BANK OF FUKUOKA,	Issuer(Long-term)	August 27, 2018	A+	Stable
THE BANK OF FUKUOKA,	Issuer(Long-term)	November 1, 2019	A+	Stable
THE BANK OF FUKUOKA,	Issuer(Long-term)	October 1, 2020	A+	Stable
THE BANK OF FUKUOKA,	Issuer(Long-term)	October 14, 2021	A+	Positive

## The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
The Kumamoto Bank, Ltd.	Issuer(Long-term)	February 10, 2006	BBB	Stable
The Kumamoto Bank, Ltd.	Issuer(Long-term)	February 9, 2007	A	Stable
The Kumamoto Bank, Ltd.	Issuer(Long-term)	September 7, 2007	A	Stable
The Kumamoto Bank, Ltd.	Issuer(Long-term)	March 4, 2009	A	Stable
The Kumamoto Bank, Ltd.	Issuer(Long-term)	December 29, 2009	A	Stable
The Kumamoto Bank, Ltd.	Issuer(Long-term)	January 28, 2011	A	Stable
The Kumamoto Bank, Ltd.	Issuer(Long-term)	January 25, 2012	A	Stable
The Kumamoto Bank, Ltd.	Issuer(Long-term)	February 1, 2013	A	Stable
The Kumamoto Bank, Ltd.	Issuer(Long-term)	January 31, 2014	A	Stable
The Kumamoto Bank, Ltd.	Issuer(Long-term)	February 25, 2015	A	Stable
The Kumamoto Bank, Ltd.	Issuer(Long-term)	April 19, 2016	A	Stable
The Kumamoto Bank, Ltd.	Issuer(Long-term)	June 12, 2017	A	Stable
The Kumamoto Bank, Ltd.	Issuer(Long-term)	August 27, 2018	A	Stable
The Kumamoto Bank, Ltd.	Issuer(Long-term)	November 1, 2019	A+	Stable
The Kumamoto Bank, Ltd.	Issuer(Long-term)	October 1, 2020	A+	Stable
The Kumamoto Bank, Ltd.	Issuer(Long-term)	October 14, 2021	A+	Positive

## The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	February 6, 2002	A-	
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	April 1, 2003	BBB+	
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	March 19, 2004	BBB	
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	May 30, 2005	BBB-	
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	May 2, 2007	#BBB-	Positive
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	September 7, 2007	A	Stable
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	March 4, 2009	A	Stable
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	December 29, 2009	A	Stable
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	January 28, 2011	A	Stable
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	January 25, 2012	A	Stable
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	February 1, 2013	A	Stable
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	January 31, 2014	A	Stable
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	February 25, 2015	A	Stable
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	April 19, 2016	A	Stable
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	June 12, 2017	A	Stable
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	August 27, 2018	A	Stable
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	November 1, 2019	A+	Stable
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	October 1, 2020	A+	Stable
The Juhachi-Shinwa Bank, Ltd.	Issuer(Long-term)	October 14, 2021	A+	Positive

## 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.

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