

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

<Asset Securitization Products> Narasaki Stax Accounts Receivable ABL 20-03

<Assignment>
ABL: J-3

Rationale

Narasaki Stax securitizes its accounts receivable from the customers. Against the default risk of debtors, the payment of a portion of the purchase price equivalent to the required subordination ratio is deferred based on the creditworthiness of debtors of the receivables subject to assignment. However, because of the commingling risk and dilution risk, the ceiling of the rating is the creditworthiness of the originator. There are no concerns about capabilities of parties to the structure to carry out their administrative duties. As discussed above, risk with respect to principal repayment and interest payment is evaluated at a level consistent with J-3 rating.

Hideyuki Shoji, Yusuke Koguchi

Rating

<Assignment>
Instrument Name: ABL 20-03 Class B ABL-1 (Narasaki Stax)
ABL Execution Amount: JPY 248,021,613
Subordination Ratio: 14.47%
Final Maturity Date: July 31, 2020
Coupon Type: Fixed
Rating: J-3

Instrument Name: ABL 20-03 Class B ABL-2 (Narasaki Stax)
ABL Execution Amount: JPY 168,954,578
Subordination Ratio: 14.47%
Final Maturity Date: August 31, 2020
Coupon Type: Fixed
Rating: J-3

<Information on Outline of Issue>
ABL Execution Date: March 24, 2020
Repayment Method: Bullet Repayment
Credit Enhancement & Liquidity Facility:
- Senior-subordinated structure (Subordination Ratio: 14.47%)
- Three-month tail period
- Subordination Ratio: Payment Retention Price / Total Amount of Receivables
Disclosure Requirements for Securitization Transaction Ratings with respect to Basel II have been met.

<Information on Structure and Stakeholders>
Originator: Narasaki Stax Co., Ltd.
SPC: Progress Funding Corporation
Arranger: North Pacific Bank, Ltd.

<Information on Underlying Assets>
Outline of Underlying Assets: Yen-denominated money claim (accounts receivable) generated by originator's validated domestic transaction

Rating Assignment Date: March 19, 2020



The criteria used for identifying matters which serve as assumptions for the assessment of the credit status, and the criteria used for setting of grades indicating the results of the assessments of the credit status 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 methodology for determination of the credit rating is shown as "Notes and Accounts Receivables" (June 2, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>). Rating methodologies for other ancillary points such as eligible deposit accounts and bankruptcy remoteness are also shown within the same page.

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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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