

Explanatory Letter regarding Non-registered Credit Ratings

In order to ensure fairness and transparency in the markets, a registration rule has been introduced for credit rating agencies under the Financial Instruments and Exchange Act ("FIEA"). In accordance with this rule, when financial instruments firms solicit using a credit rating issued by a non-registered rating agency, they are required to notify the customer of the certain matters including the fact that the rating being provided is not registered and the purpose of the registration rule, etc.

Significance of registration with the FSA:

A credit rating agency registered with the FSA is subject to the followings: 1. duty of faithfulness, 2. duty to establish internal framework to prevent conflicts of interest and to manage and control fair processing when assigning ratings, 3. prohibition of assigning ratings for securities that are held by themselves, and 4. duty to establish and disclose rating guidelines, as well as requirement of responding to a reporting order, undergoing onsite inspection and relevant supervision, etc. by the FSA, while unregistered credit rating agency is not subject to such regulatory requirements and supervision.

Name of the group rating agency	Moody's Ratings	S&P Global Ratings	Fitch Ratings ("Fitch")
Registered group agency's name and it's registration number	Moody's Japan K.K. (FSA registration number 2)	S & P Global Ratings Japan Inc. (FSA registration number 5)	Fitch Ratings Japan Limited (FSA registration number 7)
How to obtain the information about its credit rating policy and method when assigning a credit rating	Please refer to "Non-registered Credit Ratings related" shown on the page after you clicked "Disclosure" under "Regulation-Related" on the Moody's Japan K.K.'s website (https://ratings.moody.com/japan/ratings-news).	Please refer to "Non-registered Credit Rating Information" section (http://www.spglobal.co.jp/unregister) under the "Library/Regulation related" tab on their website (http://www.spglobal.co.jp/ratings).	Please refer to "Overview of Credit Rating Policies" under the "Regulation Related" section on Fitch Ratings website (https://www.fitchratings.com/site/japan).
Assumptions, Significance and Limitation of Credit Ratings	<p>Credit ratings are Moody's Ratings' ("Moody's") current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. Moody's 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 Moody's in any form or manner whatsoever.</p> <p>Based on the information received from issuers or from public sources, the credit risks of the issuers or obligations are assessed. Moody's adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.</p>	<p>Credit ratings assigned by S&P Global Ratings are statements of opinion on the future credit quality of specific issuers or issues as of the date they are expressed and do not guarantee timely payments of interest or principal. 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.</p> <p>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 Global Ratings conducts rating analysis based on information it believes to be reliable in terms of quality and quantity. However, S&P Global Ratings does not perform an audit, due diligence or independent verification of any information it receives, or guarantees its accuracy, completeness or timeliness.</p> <p>Further, please take note that a potential risk may exist due to the limitation of the historical data available for the credit rating.</p>	<p>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.</p> <p>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</p>

			<p>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.</p> <p>For detailed explanation on the credit rating's assumption, purpose and limitation, please refer to the "Definition concerning Rating and Other Types of Opinions" posted on Fitch's Japanese website.</p>
--	--	--	--

This information is prepared based on information we believe to be reliable as of July 31, 2024, but it does not guarantee accuracy or completeness of the information. For avoidance of doubt, this document is an unofficial translation for the convenience of our customer. Please contact the relevant rating agency should you have any questions about the details of above matters.

BofA Securities Japan Co., Ltd.