25-D-1048
October 28, 2025

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

Aichi Financial Group, Inc. (security code: 7389)

<Affirmation>

Long-term Issuer Rating:	A
Outlook:	Stable

Aichi Bank, Ltd. (security code: -)

<Affirmation>

Long-term Issuer Rating:	A
Outlook:	Stable

Rationale

(1) The Aichi Financial Group (the “Group”) is a regional financial group having, along with others, Aichi Bank, Ltd. (the “Bank”) under the umbrella of holding company, Aichi Financial Group, Inc. (“Aichi FG”). In addition to the financial functions such as leasing and credit card, the Group has a large number of subsidiaries that offer non-financial functions including collection agent and research and consulting services. The Bank is a regional bank II with a fund volume of 5.9 trillion yen. It was formed on January 1, 2025, through the merger between the former The Aichi Bank, Ltd. and former The Chukyo Bank, Limited (collectively called the “Two former banks”). The Bank boasts the largest shares for deposit and loan among regional banks in Aichi Prefecture where a number of financial institutions operate.

(2) JCR deems the Group’s creditworthiness to be equivalent to the A rating based on the evaluation of the solid business base and decent earning capacity underpinned by the favorable market, and the loan asset quality that is diversified into small amounts and well secured. Progress in the efforts to improve the capital level, which is the Bank’s issue to address, will be the key factor for the future rating decisions.

(3) Fundamental earning capacity is commensurate with regional banks in the A-rating categories. ROA based on the core net business income of the Two former banks combined remains in the 0.2% range, but core net business income (excluding gains/losses on cancellation of investment trusts) has been in an uptrend except for the fiscal year ended March 2025 (FY2024) when the integration expense largely increased. The Bank has offset a decrease in spreads between lending and deposit by increased fees and commissions and interest on deposit. Going forward, fundamental revenue may become weaker over the short-term caused by a decrease in dividends of securities and an increase in expense along with active human capital and system investments. However, JCR sees it will improve over the medium-term due to realization of cost synergy by integrating the core systems and generation of the top-line synergy through sharing know-how.

(4) Certain soundness in loan asset quality has been maintained. Non-performing loans ratio disclosed under the Financial Reconstruction Act has been at a low level, in the upper 1% range. Although credits extended to borrowers requiring caution are somewhat many, the ratio of loans categorized credits with collection risk has been held down because they are well secured. Many of top borrowers in terms of credits extended are reputable companies and credit risk on a large amount of credit is limited. Credit cost has been at a suppressed level against both of the loan balance and core business income. Attention needs to be paid to the impact of the U.S. trade policy on the customers but considering the degree of diversification and security for the loan assets, risk of credit cost becoming a larger amount continues to be small.

(5) The market division’s risk exposure has been appropriately controlled. The balances of stocks and investment trusts are large against the capital, indicating that the Bank is exposed to a relatively large price fluctuation risk, but it has a comparatively sufficient valuation gain that can comfortably absorb the risk. Furthermore, since the Bank advanced disposition of losses mainly for ultra-long-term bonds in preparation for rising interest rates in FY2024, duration of yen-denominated bonds became significantly shorter and interest rate risk is now at a relatively suppressed level.

(6) Capital adequacy is somewhat low against the rating. The Group’s consolidated core capital ratio has been at a level below the industry average, in the upper 8% range, and remains in the lower 8% range on an adjusted basis after deducting credit loss allowance, which JCR evaluates the core factor. The Group intends to accumulate profits while controlling expansion of risk-weighted assets in association with an increase in loan balance and others, aiming to achieve the target of consolidated core capital ratio of around 9.5% as at the end of FY2030. JCR sees that core capital level will gradually improve as the core capital ratio rises toward achieving the target, thereby watching the future trend.

Issuer: Aichi Financial Group, Inc.

Aichi FG is the Group’s financial holding company. Its issuer rating is deemed to be at the same level as the Group’s creditworthiness and does not reflect the structural subordination of the holding company in light of such factors as double leverage ratio, which has been staying below a certain level, and stability of the cashflow balance appear to be maintained into the future considering the Group’s financial management policy.

Issuer: Aichi Bank, Ltd.

The Bank is a regional bank II headquartered in Nagoya City, Aichi Prefecture with a fund volume of 5.9 trillion yen. While mainly operating branches in Aichi Prefecture, it also operates that in Mie Prefecture. The issuer rating is deemed to be at the same level as the Group’s creditworthiness considering the Bank’s core position in the Group and so forth.

Michiya Kidani, Shuntaro Takasawa

Rating

Issuer: Aichi Financial Group, Inc.

<Affirmation>
Long-term Issuer Rating: A   Outlook: Stable

Issuer: Aichi Bank, Ltd.

<Affirmation>
Long-term Issuer Rating: A   Outlook: Stable

Rating Assignment Date: October 23, 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.

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

Issuer:	Aichi Financial Group, Inc.
Issuer:	Aichi Bank, Ltd.
Rating Publication Date:	October 28, 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 Rule17g-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 the same party 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/

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.

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The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Aichi Financial Group, Inc.	Issuer(Long-term)	October 3, 2022	A	Stable
Aichi Financial Group, Inc.	Issuer(Long-term)	November 9, 2023	A	Stable
Aichi Financial Group, Inc.	Issuer(Long-term)	October 11, 2024	A	Stable

The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Aichi Bank, Ltd.	Issuer(Long-term)	June 12, 2003	A	
Aichi Bank, Ltd.	Issuer(Long-term)	April 7, 2004	A+	
Aichi Bank, Ltd.	Issuer(Long-term)	May 20, 2005	A+	
Aichi Bank, Ltd.	Issuer(Long-term)	June 5, 2006	A+	Stable
Aichi Bank, Ltd.	Issuer(Long-term)	June 12, 2007	A+	Stable
Aichi Bank, Ltd.	Issuer(Long-term)	May 27, 2008	A+	Stable
Aichi Bank, Ltd.	Issuer(Long-term)	June 3, 2009	A+	Stable
Aichi Bank, Ltd.	Issuer(Long-term)	August 27, 2010	A+	Stable
Aichi Bank, Ltd.	Issuer(Long-term)	September 22, 2011	A+	Stable
Aichi Bank, Ltd.	Issuer(Long-term)	November 16, 2012	A+	Stable
Aichi Bank, Ltd.	Issuer(Long-term)	January 31, 2014	A+	Stable
Aichi Bank, Ltd.	Issuer(Long-term)	February 9, 2015	A+	Stable
Aichi Bank, Ltd.	Issuer(Long-term)	January 27, 2016	A+	Stable
Aichi Bank, Ltd.	Issuer(Long-term)	February 24, 2017	A+	Stable
Aichi Bank, Ltd.	Issuer(Long-term)	February 16, 2018	A+	Negative
Aichi Bank, Ltd.	Issuer(Long-term)	February 18, 2019	A+	Negative
Aichi Bank, Ltd.	Issuer(Long-term)	January 16, 2020	A	Stable
Aichi Bank, Ltd.	Issuer(Long-term)	February 25, 2021	A	Stable
Aichi Bank, Ltd.	Issuer(Long-term)	April 4, 2022	A	Stable
Aichi Bank, Ltd.	Issuer(Long-term)	October 3, 2022	A	Stable
Aichi Bank, Ltd.	Issuer(Long-term)	November 9, 2023	A	Stable
Aichi Bank, Ltd.	Issuer(Long-term)	October 11, 2024	A	Stable

Attachment

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

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