

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

<Asset Securitization Products> Montgomery Asset Holding DAC Series 2024-04

<Assignment>

Pass Through Securities: BBB

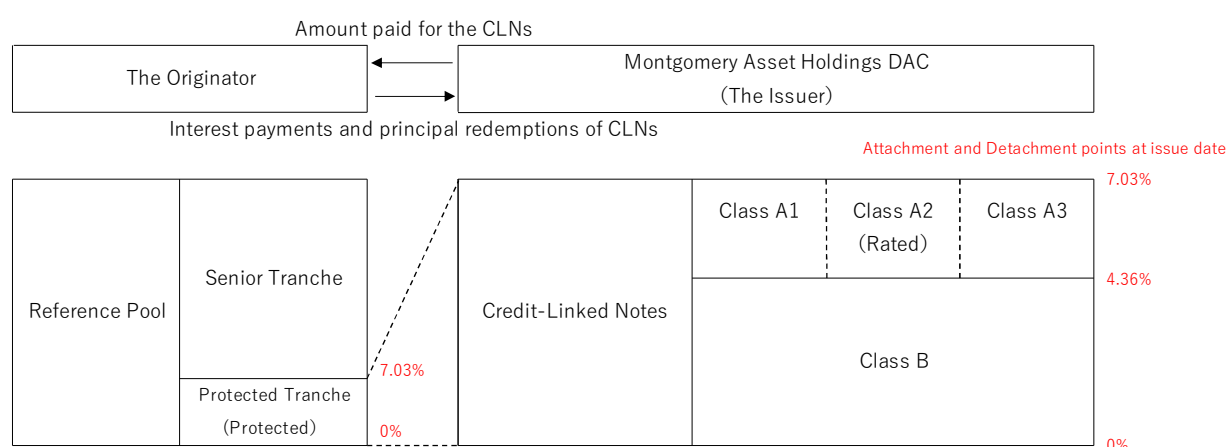
Rationale

1 Overview

(1) Securities Subject to Rating and Structure Overview

The securities subject to rating in this case is the Class A2 tranche (the Notes) issued by Montgomery Asset Holding DAC (the Issuer), an Ireland-registered company, with Christofferson, Robb & Company, LLC (CRC) as the arranger. On August 19, 2024, the Issuer issued the Class A and Class B tranches and used the proceeds to invest in credit-linked notes (the CLNs) issued by a bank based in Europe (the Originator). Subsequently, in September 2025, it issued the Notes and the Class A3 tranche, increased the amount of Class B tranche, and used the proceeds to invest in additional CLNs issued by the Originator. The original Class A tranche was renamed as the Class A1 tranche. Through its holdings of CLNs, the Issuer assumes losses arising from a group of reference obligations of corporate loans (Reference Pool) held by the Originator, up to a certain extent of the total principal amount of the Reference Pool (the Protected Tranche). Losses exceeding this threshold are borne by the Originator (the Senior Tranche). The scheduled maturity date of the CLNs is at the end of November 2032. The Issuer uses the cash flows from the CLNs to make principal and interest payments on each tranche. In the event of losses in the Reference Pool, the order of loss absorption is Class B followed by Class A. Based on the credit enhancement effect provided by Class B, the subordination ratio for Class A is 4.36%.

<Structure diagram>



(2) Reference Pool

The characteristics of the Reference Pool at the time of the additional issuance of CLNs are as follows:

- The lender is the Originator, all debt is denominated in euros, and the total debt amount is 5.39 billion euros.
- The number of debts is approximately 10,400. The largest credit exposure to a single obligor is 0.50%; to the top 10 and top 30 obligors, 5.0% and 14.4%, respectively.

- Based on the NACE classification, the largest industry exposures are to Manufacturing (28.7%), Professional, scientific and technical activities (26.2%), and Wholesale and retail trade; repair of motor vehicles and motorcycles (18.4%).
- 72.8% of the loans have a defined maturity date, while the remaining 27.2% are loans without a fixed maturity date (UFN loans).
- The weighted average remaining maturity, based on the principal repayment schedule, is approximately 1.95 years.

This transaction has a two-year Replenishment period during which the Originator may add loans that meet certain eligibility criteria to the Reference Pool, up to the amount of repaid principal. Replenishment will be suspended if any of the following conditions are met: (i) cumulative losses exceed thresholds set according to the number of months elapsed; (ii) Replenishment does not occur for a prescribed number of consecutive periods; or (iii) the regulatory weighted average probability of default (PD) of the Reference Pool exceeds a specified level.

The Reference Pool includes UFN loans, which are loans without a contractually defined maturity date. For these loans, borrowers are not obligated to make repayments unless notified by the lender. However, in this transaction, the maturity of UFN loans is treated as the last business day of the month following the inclusion date, and such loans are excluded from the Reference Pool after one month. During the Replenishment period, only loans that meet the eligibility criteria may be added to the Reference Pool. Once the Replenishment period ends, UFN loans can no longer be added, resulting in a non-linear reduction of the Reference Pool. Under the eligibility criteria, delinquent loans cannot be included in the Reference Pool. Furthermore, under the contractual terms of the CLNs, a credit event due to delinquency requires a payment delay of 90 days or more. This mechanism ensures that UFN loans are recognized as credit events only in cases where a borrower transitions from a sound condition—having met the eligibility criteria and been deemed creditworthy as of the end of the previous month—to bankruptcy or restructuring in just one month. As a result, the risk of losses arising from UFN loans is effectively mitigated.

2 Key Risks and Mitigating Factors

(1) Credit Risk and Recovery Risk

If losses from the Reference Pool exceed the detachment point of the Class B tranche, the principal of the Class A tranche will be impaired. To address these risks, loans included in the Reference Pool must have an internal rating of at least 6, which means that the quality of the assets is better than that of CLOs, where their managers can invest in CCC rated loans that are generally assumed to have high PD in their asset pools. The granularity of the Reference Pool is also much finer than that of CLOs, reducing concentration risk. Although a certain portion of the loans in the Reference Pool are structured with bullet repayments at maturity, maturity is reasonably laddered. Therefore, once UFN loans drop out of the Reference Pool following the end of the Replenishment period, principal repayments are expected to proceed at a steady pace across the pool. This structure helps mitigate risks compared to asset pools with repayments concentrated near maturity. The mechanism that prevents LBO loans from being included in the Reference Pool is also a qualitatively supportive element. The fact that this transaction was arranged by the CRC Group, which has been involved in SRT as its core business for a long time, is also considered to reduce the risk of unexpected adverse factors lurking in the Reference Pool.

(2) Risk Arising from Changes in the Reference Pool

In this transaction, there is a risk that there will be a change in the Reference Pool and a deterioration in the quality of the pool, as there is a Replenishment period of up to two years from the time of the upsized issuance. To mitigate this risk, detailed eligibility criteria, including a minimum internal rating of 6, have been set for loans that can be added to the pool. In addition, a mechanism has been put in place to cap the weighted average probability of default (PD) of the Reference Pool at 1.80%, and to limit the aggregate amount of loans rated 5+ or lower to 30% of the total principal amount of the pool. There are also restrictions to limit the maximum credit exposure to any single borrower or to industry, to prevent deterioration in the quality of the pool. It should be noted that any

loans newly added to the Reference Pool at the time of the upsized issuance must also satisfy the eligibility criteria as of July 31, 2025.

As mentioned above, the Reference Pool includes UFN loans. However, since these loans are required to meet the eligibility criteria on a monthly basis, JCR views them as a factor that contributes to increasing the soundness of the Reference Pool in this transaction. According to the portfolio guidelines, during the Replenishment period, these loans must account for at least 23% of the total principal amount of the Reference Pool.

(3) Risk Related to the Credit Assessment and Loan Protection Expertise of the Originator

While there is a risk that the loan originator's ability to assess the creditworthiness and the servicer's ability to manage and recover loans may affect the securities subject to rating, JCR believes that the following factors mitigate such risk.

- The loans in the Reference Pool were originated by a bank with a solid business foundation and a long history of lending operations.
- Credit assessments on the loans in the Reference Pool are conducted based on an internal rating system subject to regulatory oversight.
- The Originator was reviewed by the CRC Group, which has been working on SRT for many years and the Reference Pool was extracted with the involvement of the Group.
- The loans included in the Reference Pool are expected to receive follow-up services comparable to those for other loans held by the Originator.

(4) Counterparty Risk

The main sources of cash flow for this transaction are principal repayment of CLNs paid by the Originator (principal repayment on the Reference Pool). Therefore, if a credit event or similar events were to occur to the Originator, there is a risk that this transaction would also be adversely affected. On this point, JCR believes that the creditworthiness of the Originator is at a higher level than the fundamental creditworthiness of the securities subject to rating, and therefore the rating is not adversely affected by the counterparty risk. If the Originator's external credit rating falls below investment grade, the Originator is required to deposit cash or eligible securities in an amount exceeding the outstanding balance of the CLNs as collateral with a custodian rated A- or higher. This makes it less likely for the principal of the rated securities to be impaired even if the creditworthiness of the Originator deteriorates in the future.

3 Key Points of Analysis

(1) Analysis Approach

JCR conducted Monte Carlo simulations that take into account (i) the expected default rate corresponding to the internal ratings, (ii) default correlation within the industry, (iii) macroeconomic default correlation, and (iv) LGD, to determine the distribution of losses (risk curve) that may occur in the Reference Pool. In doing so, we reflected, to the extent possible, the repayment schedule of loans and the extension of the remaining maturity of the Reference Pool due to the existence of a Replenishment period. We did not take into account the call options, and instead considered the default and recovery risks up to maturity of the CLNs. In the simulation, consideration was also given to the exclusion of UFN loans from the Reference Pool following the end of the Replenishment period, as well as the potential adverse impact on the Reference Pool resulting from Replenishment or deterioration in the economic environment.

(2) Results of Quantitative Analysis

JCR confirmed, based on the results of the Monte Carlo simulations mentioned above, that the likelihood of the Notes meeting their payment obligations is commensurate with a BBB rating.

(3) Sensitivity Analysis

As part of its sensitivity analysis, JCR examined a scenario assuming a deterioration in the internal ratings of the Reference Pool. The result indicated that if the entire Reference Pool is downgraded

in parallel by one to two notches, there could be downward pressure of approximately one to two notches on the rating of the Notes.

Tomohiko Iwasaki, Kengo Umezawa

Rating

<Assignment>

Instrument Name	Amount	Initial Subordination Ratio	Legal Maturity	Coupon Type	Rating
Series 2024-04 Class A2	EUR 27,000,000	4.36%	December 31, 2033	Floating	BBB

<Information on Outline of Issue>

Issue Date: September 29, 2025

Redemption Method: Monthly redemptions based on cash flows from the CLNs

* If a Subordination Event under the agreement for the CLNs occurs, redemption of the CLNs and the rated securities will be suspended until the Senior tranche is fully repaid.

Credit Enhancement & Liquidity Facility: Senior-subordinated structure

* Initial subordination ratio: 4.36% (Class B / Initial Reference Pool)

Disclosure Requirements for Securitization Transaction Ratings with respect to Basel II have been met.

<Information on Structure and Stakeholders>

Secured Limited Recourse Debt Issuance Programme: Montgomery Asset Holding DAC

Arranger: Christofferson, Robb & Company, LLC

Originator, etc.: A large bank in Europe

<Information on Underlying Assets>

Outline of Underlying Assets: The CLNs issued by the Originator pursuant to the relevant agreements.

Rating Assignment Date: September 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 "Synthetic CDOs" (September 24, 2019) 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.

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

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