

JA MITSUI LEASING's U.S. Subsidiary Holds Substantial Factoring Receivables Related to Bankrupt Company—No Impact on Rating, but JCR Will Watch Future Developments

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the fact that Katsumi Global, LLC (KG), a U.S. subsidiary of JA MITSUI LEASING, LTD. (security code: -), holds substantial factoring receivables related to a bankrupt company.

- (1) On October 10, JA MITSUI LEASING, LTD.(the Company) announced that its U.S. subsidiary, KG, holds factoring receivables worth USD 1.75 billion (approximately JPY 260 billion) related to First Brands Group, LLC, a U.S. auto parts manufacturer, and some of its affiliates (FBG), which voluntarily filed for Chapter 11 bankruptcy protection. FBG manufactures and sells auto parts to major automakers and auto parts retailers. Its factoring receivables (accounts receivable) are primarily owed by General Motors Co., Ford Motor Company, Stellantis N.V., Amazon.com Inc., Walmart Inc., and others. KG acquired the accounts receivable held by FBG through the factoring transactions. The relationship between KG and FBG is derived from factoring transactions based on a genuine buying and selling transaction, and it is not a scheme based on FBG's exposure. Court proceedings are currently underway, and the Company said that it would closely monitor the progress of the court's examination.
- (2) The Company is an equity-method affiliate of The Norinchukin Bank and MITSUI & CO., and its strength lies in its position to take advantage of the broad operating bases and management resources of the two shareholder groups. For the Company's issuer rating, JCR assesses it based on both its standalone creditworthiness and based on the evaluation considering Norinchukin Bank's involvement with the Company as well as the Company's managerial importance in the Norinchukin Group at "A+." Given the scale of the factoring receivables involved in this matter is significant relative to the Company's ordinary income (48.3 billion yen for the fiscal year ended March 2025) and equity capital (330.7 billion as of the fiscal year end), JCR thinks that if doubts arise regarding the premise of the genuine buying and selling transaction, this could impact the Company's standalone creditworthiness. Given that there is no change in the likelihood of support from Norinchukin Bank, on the other hand, JCR believes that that Norinchukin Bank would underpin the Company's rating even if significant losses were incurred. JCR will continue to closely watch future developments, including the progress of court proceedings and their impact on the Company's earnings and financial position.

Tsuyoshi Ohishi, Kei Aoki

<Reference>

Issuer: JA MITSUI LEASING, LTD.

Long-term Issuer Rating: A+ Outlook: Stable

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