

## Jimoto HD Announces Downward Revision of Earnings Forecasts—No Impact on Ratings

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on Jimoto Holdings, Inc. (security code: 7161)'s announcements on the revisions of earnings forecasts, the start of discussions with the government regarding the repayment of public funds, and others.

- (1) On April 26, 2024, Jimoto Holdings, Inc. (the "Company") revised its consolidated earnings forecasts for the fiscal year ending March 2024, announcing that it will post a net loss of 23.4 billion yen (previous forecast was an income of 1.7 billion yen) for the second consecutive year. The main reasons for the revision are an additional allowance for loan losses, losses from the restructuring of securities portfolio, and impairment losses on branches and other assets at Kirayaka Bank, Ltd. (the "Bank"). In conjunction with the revision of the earnings forecasts, the Company and the Bank have decided to begin discussions with the government on repayment of public funds related to the earthquake special exemptions amounting to 20 billion yen scheduled for September 2024, including a review of the timing of repayment of the public funds.
- (2) The ratings of the Company and the Bank reflect the creditworthiness of the entire group, including THE SENDAI BANK LTD. JCR has long been incorporating the issues of improving the quality of the loan assets and eliminating unrealized losses on the securities into the creditworthiness of the Group, and believes that the majority of the additional losses are incurred as a result of efforts to resolve these issues ahead of schedule. Although the negative impact on the capital base due to the large amount of losses will not be small, the core capital ratio has a certain margin relative to the required regulatory level, and the margin will be maintained if the timing of the repayment of public funds (the earthquake special exemptions) is revised. Therefore, JCR believes that there is no need to immediately revise the Group's rating due to the revisions to its earnings forecasts and others this time. JCR will focus on its efforts to improve its performance and future handling of public funds.

Atsushi Kato, Michiya Kidani

### <Reference>

Issuer: Jimoto Holdings, Inc.

Long-term Issuer Rating: BBB- Outlook: Stable

Issuer: Kirayaka Bank, Ltd.

Long-term Issuer Rating: BBB- Outlook: Stable

Issuer: THE SENDAI BANK LTD.

Long-term Issuer Rating: BBB- Outlook: Stable

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