News Release

Japan Credit Rating Agency, Ltd.

25-D-0751
September 9, 2025

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

TOMONY Holdings, Inc. (security code: 8600)

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

THE TOKUSHIMA TAISHO BANK, LTD. (security code: -)

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

THE KAGAWA BANK, LTD. (security code: -)

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

Rationale

(1) The TOMONY Holdings Group (the “Group”) is a regional financial group having THE TOKUSHIMA TAISHO BANK, LTD. (“TOKUSHIMA TAISHO BANK”) in Tokushima Prefecture and THE KAGAWA BANK, LTD. (“KAGAWA BANK”) in Kagawa Prefecture (the “Two Banks”) under the umbrella of TOMONY Holdings, Inc. (“TOMONY HD”) as the holding company. The Two Banks have an extensive branch network covering Tokyo, Osaka, Kyoto and seven other prefectures and have been strengthening sales activities in the Osaka and Tokyo regions, thereby expanding their business. The fund volume of the Two Banks combined is 4.5 trillion yen. JCR deems the Group’s creditworthiness to be equivalent to the rating of A in light of the good earnings capacity, decent loan asset quality and capital adequacy. Thanks to the successful strategy to boost SME lending while improving management efficiency, the Group is steadily increasing its earnings capacity. Assuming that its creditworthiness will increase if improvement in capital adequacy through the accumulation of retained earnings continues, JCR will keep an eye on future developments.

(2) The Group ranks high among those in JCR’s A rating category in terms of earnings capacity. Core net business income (excluding gains/losses on cancellation of investment trusts; hereinafter the same) of the Two Banks combined, which accounts for a majority of the Group’s total, has been on an uptrend since the fiscal year ended March 2021 (FY2020). It improved nearly 20% from the previous year in FY2024 as not only growth in interest on loans offset an increase in financing costs and other expenses, but also there were other positive factors including improved profitability on securities and steady growth in net fees and commissions. With ROA (based on core net business income; hereinafter the same) in the mid-0.5% range and RORA (based on risk assets; hereinafter the same) of around 0.9%, the Group ranks high among regional banks in JCR’s A rating category. Even though financing costs and personnel expenses are expected to keep growing, JCR assumes that the Group will be able to maintain the high earnings capacity, on the grounds that the loan balance remains on an uptrend and yields on loans and securities will likely improve on the back of market interest hikes.

(3) JCR finds no particular concerns about loan asset quality. The non-performing loans ratio under the Financial Reconstruction Act of the Two Banks combined is kept low. There are a somewhat large number of other assets requiring caution partly because of a high ratio of SME lending in total loans, they are well-covered, and the ratio of categorized assets is at a reasonable level. Credit costs have long been leveling off. While changes in the business conditions of borrowers due to inflation and interest rate hikes require attention, so does the potential impact of a downturn in the real estate market because of the high proportion of loans to the real estate industry, JCR considers that, given the degree of credit diversification, coverage status and so forth, credit costs are not likely to grow sharply.

(4) Risks in the market division are kept low. The securities-to-deposit ratio of the Two Banks combined is low in the upper 10% range. As regards the bonds, which account for a majority of the portfolio, interest rate risk is contained. Given that the Group is cautious about risk-taking and intends to maintain the conservative investment stance into the future, JCR assumes that the amount of risks in the market division will continue to be controlled at a low level.

(5) Capital adequacy is at the medium level among regional banks in JCR's A rating category. The Group's consolidated core capital ratio adjusted for allowance for loan losses, etc. stood at just below 9% as of March 31, 2025. The capital level is tending to improve thanks to the accumulation of retained earnings, the public offering made in December 2023 and so forth. As regards the future capital policy, the Group seeks to balance growth investments, profit distribution and retained earnings. Whether it can further improve capital adequacy through the accumulation of retained earnings, backed by strong performance, at a time when risk assets are expected to keep growing, will be closely watched.

Issuer: TOMONY Holdings, Inc.

TOMONY HD is the Group's holding company. Its rating is deemed to be at the same level as the Group's creditworthiness. Double leverage ratio remains below a certain level, and, given also the financial management policy and other factors, the stability of cash flow balance will likely be maintained into the future. Therefore, the structural subordination of the holding company is not reflected in the rating.

Issuer: THE TOKUSHIMA TAISHO BANK, LTD.

(1) TOKUSHIMA TAISHO BANK is a regional bank II based mainly in Tokushima Prefecture with a fund volume of 2.4 trillion yen. It was created in January 2020 through a merger between then The Tokushima Bank, Ltd. and The Taisho Bank, Ltd. in Osaka in the Group. Its market share for both deposits (excluding Japan Post Bank) and loans in the prefecture remains stable at around 20%. Earnings capacity is high, and there are no particular concerns about loan asset quality. JCR deems TOKUSHIMA TAISHO BANK's rating to be at the same level as the Group's creditworthiness in light of factors including TOKUSHIMA TAISHO BANK's core position in the Group.

(2) Core net business income grew for five years in a row in FY2024 thanks to progress in post-merger optimization and steady loan balance. ROA is in the mid-0.5% range, and RORA a bit below 0.9%.

(3) JCR finds no particular concerns about loan asset quality. Non-performing loans ratio under the Financial Reconstruction Act is low in the upper 1% range. In terms of the loan portfolio, SME lending accounts for just over 70%, and housing loans a bit over 10%, which indicates that the portfolio is basically well-diversified into small amounts. Partly because of a high ratio of loans to the real estate industry by former Taisho Bank, the ratio stands high at 30% for TOKUSHIMA TAISHO BANK, too. Given that large borrowers are mostly real estate and marine transportation companies, a certain level of attention should be paid to changes in market conditions. Credit costs have long been leveling off.

Issuer: THE KAGAWA BANK, LTD.

(1) KAGAWA BANK is a regional bank II based mainly in Kagawa Prefecture with a fund volume of 2.1 trillion yen. Its market share for both deposits and loans in the prefecture remains stable at around 15%. Earnings capacity is high, and there are no particular concerns about loan asset quality. Capital adequacy is also at a decent level. JCR deems KAGAWA BANK's rating to be at the same level as the Group's creditworthiness in light of factors including KAGAWA BANK's core position in the Group.

(2) Core net business income grew for five years in a row in FY2024 thanks to an increase in interest on loans with steady growth in loans, as well as to other factors including the enhanced non-interest businesses. ROA is in the mid-0.5% range, and RORA in the mid-0.9% range.

(3) JCR finds no particular concerns about loan asset quality. Non-performing loans ratio under the Financial Reconstruction Act is low in the 2% range. In terms of the loan portfolio, SME lending accounts for just over 60%, and housing loans 20%, which indicates that the portfolio is basically well-diversified into small amounts. There is no extreme concentration in specific industries in the loan portfolio, but, given that large borrowers are mostly real estate and marine transportation companies, a certain level of attention should be paid to changes in market conditions. Credit costs have long been leveling off.

Hidekazu Sakai, Kei Aoki

Rating
Issuer: TOMONY Holdings, Inc.

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

Issuer: THE TOKUSHIMA TAISHO BANK, LTD.

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

Issuer: THE KAGAWA BANK, LTD.

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

Rating Assignment Date: September 4, 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.

Japan Credit Rating Agency, Ltd.
Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

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

Issuer:	TOMONY Holdings, Inc.
Issuer:	THE TOKUSHIMA TAISHO BANK, LTD.
Issuer:	THE KAGAWA BANK, LTD.
Rating Publication Date:	September 9, 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) 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 received in the last fiscal year in the past payment of compensation from THE TOKUSHIMA TAISHO BANK, LTD. for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.
- JCR did not receive in the last fiscal year in the past payment of compensation from TOMONY Holdings, Inc. and THE KAGAWA BANK, LTD. 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) 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.

E) 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.

F) 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) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract
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 order of seniority in repayment of interests and principal. JCR assumes the resultant change of the credit rating is most likely by a notch. The change could be as much as a few notches if the issuer's financial structure differs so much and thereby the balance between debts shifted so greatly. Rating change is also possible in case of the financial products for which non-payment of interest/ principal is contractually permissible, if and when the assumptions made at the time of its determination turns out to be inaccurate. The change of the credit rating is assumed to be by a notch but often as much as a few notches.

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.

Japan Credit Rating Agency, Ltd.
Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
TOMONY Holdings, Inc.	Issuer(Long-term)	April 22, 2011	A-	Stable
TOMONY Holdings, Inc.	Issuer(Long-term)	May 30, 2012	A-	Stable
TOMONY Holdings, Inc.	Issuer(Long-term)	July 4, 2013	A-	Stable
TOMONY Holdings, Inc.	Issuer(Long-term)	July 10, 2014	A-	Stable
TOMONY Holdings, Inc.	Issuer(Long-term)	July 8, 2015	A-	Stable
TOMONY Holdings, Inc.	Issuer(Long-term)	September 8, 2016	A-	Stable
TOMONY Holdings, Inc.	Issuer(Long-term)	September 5, 2017	A-	Stable
TOMONY Holdings, Inc.	Issuer(Long-term)	September 5, 2018	A-	Stable
TOMONY Holdings, Inc.	Issuer(Long-term)	August 8, 2019	A-	Stable
TOMONY Holdings, Inc.	Issuer(Long-term)	August 25, 2020	A-	Stable
TOMONY Holdings, Inc.	Issuer(Long-term)	August 19, 2021	A-	Positive
TOMONY Holdings, Inc.	Issuer(Long-term)	July 29, 2022	A	Stable
TOMONY Holdings, Inc.	Issuer(Long-term)	August 15, 2023	A	Stable
TOMONY Holdings, Inc.	Issuer(Long-term)	August 23, 2024	A	Stable

The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
THE TOKUSHIMA TAISHO BANK, LTD.	Issuer(Long-term)	April 1, 2024	A	Stable
THE TOKUSHIMA TAISHO BANK, LTD.	Issuer(Long-term)	August 23, 2024	A	Stable

The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
THE KAGAWA BANK, LTD.	Issuer(Long-term)	April 1, 2024	A	Stable
THE KAGAWA BANK, LTD.	Issuer(Long-term)	August 23, 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

Tomohiro Miyao
General Manager of Financial Institution Rating Department

Japan Credit Rating Agency, Ltd.
Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026