

Aichi Bank to Integrate Management with Chukyo Bank—No Immediate Impact on Rating; JCR Will Pay Attention to Progress in Integration, etc.

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the management integration between The Aichi Bank, Ltd (security code: 8527) and The Chukyo Bank, Limited (security code: 8530).

- (1) The Aichi Bank, Ltd. (the "Bank") and The Chukyo Bank, Limited ("Chukyo Bank") today have reached a basic agreement to proceed with discussions and considers regarding the establishment of a holding company through a joint share transfer and the future merger of the two banks under the holding company. The basic policy is to establish the holding company that will have the two banks as wholly-owned subsidiaries under its umbrella around at October 3, 2022, and to merge them approximately two years after the share transfer. As of the end of September 2021, the Bank has consolidated total asset of approximately 4.0 trillion yen and Chukyo Bank has approximately 2.3 trillion yen. Both two banks have their main operation bases in Aichi Prefecture, and the marketing share in the prefecture based on the total deposits and loans will be the largest among regional banks.
- (2) Under the joint holding company, the two banks plan to promote business operations on a group-wide basis with an eye to future merger. Given the strong links between the two banks in terms of management, JCR will reflect the creditworthiness of the new financial group created by the management integration in the ratings of the two banks. JCR believes that the profitability indicators and financial structure of the new financial group will deteriorate compared to that of the Bank on a non-consolidated basis, but the extent of the deterioration will be limited at this point. In addition to the progress of the management integration going forward, JCR will focus on impact of the integration on the both banks' performance and financials, etc. JCR today placed the rating on the Chukyo Bank under the Credit Monitor with Positive direction. (For the details, please refer to JCR's press release 21-D-1075)

Michiya Kidani, Kei Aoki

<Reference>

Issuer: The Aichi Bank, Ltd.

Long-term Issuer Rating: A Outlook: Stable

Issuer: The Chukyo Bank, Limited

Long-term Issuer Rating: #A-/Positive

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