

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

## **Tokyo Kiraboshi Financial Group, Inc. (security code: 7173)**

<Affirmation>

Long-term Issuer Rating: A-  
Outlook: Stable

## **Kiraboshi Bank, Ltd. (security code: -)**

<Affirmation>

Long-term Issuer Rating: A-  
Outlook: Stable

### *Rationale*

- (1) The Tokyo Kiraboshi Financial Group (the “Group”) is a regional financial group having Kiraboshi Bank, Ltd. (“Kiraboshi Bank”), UI Bank Co., Ltd. (“UI Bank”) and others under the umbrella of holding company Tokyo Kiraboshi Financial Group, Inc. (“TKFG”). The Group, through its numerous subsidiaries, operates the financial business, as well as a wide range of other businesses including consulting and fintech services. Given that, while earnings capacity is favorable, risks in investment and financing operations are large and that capital adequacy needs to be improved, JCR deems the Group’s creditworthiness to be equivalent to the rating of A-. Attention will be paid to see whether the Group can improve capital adequacy relative to risks while appropriately controlling investment and financing risks.
- (2) The Group has good earnings capacity. ROA (based on core net business income) is high at 0.7% for Kiraboshi Bank, which accounts for a large part of the Group’s earnings, and core net business income (excluding gains/losses on cancellation of investment trusts) is growing steadily, rising for two years in a row in the fiscal year ended March 2026 (FY2025). In FY2025, growth in loan interest income, PE fund income, etc. more than offset base pay increases, system investments and higher expenses including outsourcing costs associated with the group strategy. The Group will likely maintain good earnings capacity into the future by, for instance, promoting main banking relationship and LBO loans. Even though profit contribution from group companies except Kiraboshi Bank is insignificant as of now, the profit level is rising gradually thanks in part to UI Bank’s digital business returning to profitability, which in JCR’s view will underpin the Group’s overall earnings.
- (3) While the quality of loan assets require some attention, risks are being controlled appropriately as of now. Although the Group holds a substantial amount of LBO loans, which inherently involve complex business risks, it is not incurring any significant losses as it carefully evaluates the performance of the acquisition targets. Non-performing loans ratio under the Financial Reconstruction Act dropped to 1.7% as of the end of FY2025, and the ratio of categorized loans is controlled at a generally low level, which show that the soundness of assets is also maintained. Credit cost ratio remains low, staying within 10 bps for four consecutive years through FY2025. Yet, given ongoing inflation, rising interest rates and so forth, whether the Group can keep controlling credit costs going forward, too, needs to be monitored.
- (4) In the market division, attention should be paid to the fact that the Group has invested large amounts in PE funds, which entail liquidity risk, and is expanding investment commitments to such funds. Looking ahead, the size of individual investments may become large partly because of hands-on support. It should also be noted that, while interest rate risk associated with bond holdings is limited for both yen- and foreign currency-denominated bonds, securities holdings carry unrealized losses even after hedging effects are reflected.
- (5) Capital adequacy needs to be improved. The ratio of adjusted consolidated core capital JCR assesses as essential has risen, coming close to 8%, and has reached the average level of institutions in JCR’s A- rating category. The negative impact of the repayment of 40 billion yen in Class II preferred shares and conversion of 15 billion yen in Class I preferred shares into common stock, which were executed in May 2026, on the capital level has also been absorbed by the accumulation of retained earnings, control of risk assets and other measures. However, given the

size of risks associated with investment and financing operations, JCR considers that the Group faces the challenge of further improving the capital level. Because risk assets are expected to increase fairly rapidly due to loan growth at Kiraboshi Bank and UI Bank, the finalization of the Basel III framework, etc., changes in the capital level will be monitored.

Issuer: Tokyo Kiraboshi Financial Group, Inc.

TKFG is the Group's financial holding company. JCR deems its long-term issuer rating to be equivalent to the Group's creditworthiness. Double leverage ratio is trending upward because capital injections into UI Bank, Kiraboshi Tech, Inc. and others have been financed through borrowings, but TKFG controls it below a certain level by, for instance, receiving dividends from Kiraboshi Bank. Given also the stable cash flow balance, JCR does not reflect the structural subordination of a holding company in the rating. That said, as business expansion by group companies and measures to address capital regulations, etc. are factors that could push up double leverage ratio, JCR will keep an eye on the financial management policy and so forth.

Issuer: Kiraboshi Bank Ltd.

Kiraboshi Bank as the Group's core bank is a regional bank headquartered in Tokyo with a fund volume of 5.8 trillion yen. JCR deems its long-term issuer rating to be equivalent to the Group's creditworthiness in light of such factors as Kiraboshi Bank's central position within the Group. Having branches in Tokyo and three surrounding prefectures, Kiraboshi Bank boasts the largest branch network among regional financial institutions in Tokyo and demonstrates its strength in start-up loans and loans to medical institutions. It is not only deepening ties with other group companies by, for instance, referring retail customers to UI Bank but also reviewing target customers while consolidating sales offices to promote efficient personnel deployment.

Atsushi Kato, Michiya Kidani

### Rating

Issuer: Tokyo Kiraboshi Financial Group, Inc.

<Affirmation>

Long-term Issuer Rating: A- Outlook: Stable

Issuer: Kiraboshi Bank, Ltd.

<Affirmation>

Long-term Issuer Rating: A- Outlook: Stable

Rating Assignment Date: July 3, 2026

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.

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)



INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

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

Issuer:	Tokyo Kiraboshi Financial Group, Inc.
Issuer:	Kiraboshi Bank, Ltd.
Rating Publication Date:	July 8, 2026

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) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as parent company, subsidiary, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) 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 Rule 17g-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 did not receive in the last fiscal year in the past payment of compensation from the same party 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) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's parent company or subsidiary, guarantor or other provider of credit enhancement, or the government of the issuer's business domicile, or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

### E) 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.

### F) 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.

### G) 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.

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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/>

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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) Related Parties' Status and Stance of Support/ Assistance for the Issuer**

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 parent company or subsidiaries, guarantor or other providers of credit enhancement, the government of the issuer's business domicile or other related parties' status and stance of support/ assistance for the issuer. 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 there is a major change on the part of related parties, such as replacement, disappearance, some drastic improvement/ deterioration of financial grounds/ balances, etc.

**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.

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## The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Tokyo Kiraboshi Financial Group,	Issuer(Long-term)	October 1, 2014	BBB+	Stable
Tokyo Kiraboshi Financial Group,	Issuer(Long-term)	December 29, 2015	BBB+	Stable
Tokyo Kiraboshi Financial Group,	Issuer(Long-term)	April 27, 2017	BBB+	Positive
Tokyo Kiraboshi Financial Group,	Issuer(Long-term)	April 25, 2018	A-	Stable
Tokyo Kiraboshi Financial Group,	Issuer(Long-term)	March 7, 2019	A-	Stable
Tokyo Kiraboshi Financial Group,	Issuer(Long-term)	February 4, 2020	A-	Stable
Tokyo Kiraboshi Financial Group,	Issuer(Long-term)	March 19, 2021	A-	Stable
Tokyo Kiraboshi Financial Group,	Issuer(Long-term)	March 30, 2022	A-	Stable
Tokyo Kiraboshi Financial Group,	Issuer(Long-term)	April 4, 2023	A-	Stable
Tokyo Kiraboshi Financial Group,	Issuer(Long-term)	April 16, 2024	A-	Stable
Tokyo Kiraboshi Financial Group,	Issuer(Long-term)	April 15, 2025	A-	Stable

## The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Kiraboshi Bank, Ltd.	Issuer(Long-term)	August 13, 2007	A-	Stable
Kiraboshi Bank, Ltd.	Issuer(Long-term)	September 19, 2008	A-	Negative
Kiraboshi Bank, Ltd.	Issuer(Long-term)	December 25, 2009	BBB+	Stable
Kiraboshi Bank, Ltd.	Issuer(Long-term)	December 7, 2010	BBB+	Stable
Kiraboshi Bank, Ltd.	Issuer(Long-term)	January 17, 2012	BBB+	Stable
Kiraboshi Bank, Ltd.	Issuer(Long-term)	December 25, 2012	BBB+	Stable
Kiraboshi Bank, Ltd.	Issuer(Long-term)	November 27, 2013	BBB+	Stable
Kiraboshi Bank, Ltd.	Issuer(Long-term)	October 1, 2014	BBB+	Stable
Kiraboshi Bank, Ltd.	Issuer(Long-term)	December 29, 2015	BBB+	Stable
Kiraboshi Bank, Ltd.	Issuer(Long-term)	April 27, 2017	BBB+	Positive
Kiraboshi Bank, Ltd.	Issuer(Long-term)	April 25, 2018	A-	Stable
Kiraboshi Bank, Ltd.	Issuer(Long-term)	March 7, 2019	A-	Stable
Kiraboshi Bank, Ltd.	Issuer(Long-term)	February 4, 2020	A-	Stable
Kiraboshi Bank, Ltd.	Issuer(Long-term)	March 19, 2021	A-	Stable
Kiraboshi Bank, Ltd.	Issuer(Long-term)	March 30, 2022	A-	Stable
Kiraboshi Bank, Ltd.	Issuer(Long-term)	April 4, 2023	A-	Stable
Kiraboshi Bank, Ltd.	Issuer(Long-term)	April 16, 2024	A-	Stable
Kiraboshi Bank, Ltd.	Issuer(Long-term)	April 15, 2025	A-	Stable

## 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

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