

May 16, 2025

**BSE Limited**  
P. J. Towers,  
Dalal Street, Fort,  
Mumbai – 400 001  
Scrip Code: 511218

**National Stock Exchange of India Limited**  
Listing Department  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot no. C/1, G- Block,  
Bandra-Kurla Complex,  
Mumbai – 400 051  
NSE Symbol: SHRIRAMFIN

Dear Sir/Madam,

**Sub.: Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') – International Credit Rating by Japan Credit Rating Agency, Ltd.**

Pursuant to Regulation 30(6) read with Schedule III of the Listing Regulations, this is to inform you that the Japan Credit Rating Agency, Ltd. ("JCR"), a Credit Rating Agency has assigned on May 15, 2025 first-time Foreign Currency Long-term Issuer Rating "BBB+" to the Company with "Stable" outlook vide its news release dated May 16, 2025, a copy of the same is enclosed.

The above information will also be available on the website of the Company at [www.shriramfinance.in](http://www.shriramfinance.in)

This is in compliance with Regulation 30 of the Listing Regulations and other applicable provisions of Listing Regulations, if any.

We request you to take the same on record.

Thanking you,  
Yours faithfully,

**For Shriram Finance Limited**



**U Balasundararao**  
**Company Secretary & Compliance Officer**  
Encl.a/a

**Shriram Finance Limited**

**Corporate Office:** Wockhardt Towers, Level -III, West Wing, C-2, G-Block, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra. Ph: +91 22 4095 9595

**Registered Office:** Sri Towers, Plot No.14A, South Phase, Industrial Estate, Guindy, Chennai – 600 032, Tamil Nadu, India. Tel: +91 44 2499 0356

Website: [www.shriramfinance.in](http://www.shriramfinance.in) | Corporate Identity Number (CIN) — L65191TN1979PLC007874

# PRIVATE RATING

May 15, 2025

## Shriram Finance Limited (security code: -)

Japan Credit Rating Agency, Ltd. (“JCR”) has assigned the following Private Rating.

### [Assignment]

Foreign Currency Long-term Issuer Rating	BBB+
Rating Outlook	Stable

### Rationale (Summary)

- (1) Shriram Finance Limited (SFL) is a leading private non-banking financial company (NBFC). Listed on two stock exchanges of NSE and BSE, it boasts the second largest AUM in India among non-mortgage retail NBFCs. SFL provides business financing secured by vehicles primarily to self-employed business operators in India. SFL has strengths in commercial vehicle loans, particularly those secured with used trucks. The rating reflects the company's strong customer base across India, dominant position and competitiveness in the vehicle-secured loan market, good profitability, and solid capital adequacy. On the other hand, JCR holds that the rating is constrained by the fact that the quality of most part of loans which are supported by the market conditions for used trucks and the income of self-employed business owners is vulnerable to the impact of changes in the macroeconomic environment.
- (2) SFL was established in 1979 as Shriram Transport Finance Company Limited (STFC). In India, truck service by self-employed operators accounts for a large proportion of domestic land transportation. STFC has expanded its business by elaborately responding to the need for truck purchases by such operators and has grown into a major NBFC with its own hubs across the country. SFL came into being in 2022 when STFC reorganized its operations by taking over Shriram City Union Finance Limited and part of Shriram Capital Limited, which had been engaged in lending to small and medium-sized enterprises (SMEs), two-wheeler loans, gold loans and personal loans.
- (3) The Indian economy has been recording high real GDP growth rates averaging more than 6% per year since 2000, becoming the world's fifth-largest economy in 2023. The country surpassed Japan in new car sales in FY2022. Its sales totaled 5.2 million units in FY2024. India's automobile market, now the third largest in the world after those in China and the United States, is expected to continue expanding in the future.
- (4) SFL's loan portfolio by product as of the end of December 2024 is classified into commercial vehicles (45.5% of total loans), passenger vehicles (20.4%), SMEs (13.6%), construction and agricultural machinery (8.9%), and others (11.6%). SFL has 3,196 branches across the country, covering all of India. Its outstanding loan balance totaled INR 2,545 billion (approximately JPY 4.73 trillion) as of the same date. Its customers numbered 9.44 million, and its credits were in small amounts and well diversified. Most (91%) of its loans were secured by movable property such as commercial vehicles, assuring a high rate of protection. SFL controls credit risk for commercial vehicle loans with fixed rates by setting LTV of approximately 60-80% as the upper limits and keeping each loan amount within the extent determined as repayable with the borrower's cash flow. However, it is important to note that the value of movable securities and cash flows of borrowers who are primarily self-employed operators are easily affected by macroeconomic factors such as

Please note that prior written confidentiality documentation from each recipient to JCR is required for disclosure of this report.



the domestic economy and trends of fuel prices. The company's nonperforming loan ratio stood at 5.4% in gross terms and 2.7% in net terms at the end of December 2024, which were lower than those in the past few years.

- (5) SFL's profitability continues to be healthy. In the first three quarters of FY2025, its income and after-tax profit excluding the impact of gains from the sale of subsidiary shares totaled INR 304 billion and INR 61.3 billion, up 19% and 17% respectively from the year before, on an increased loan balance. Its net interest margin, which has been in the 8% range since the merger, stayed sufficient at 8.7% at the end of December 2024. With this trend expected to continue, JCR believes that the company's business performance will stay stable in FY2026.
- (6) SFL's funding is diversified, with deposits, bank loans, and bonds well balanced. Most of its liabilities carry fixed interest rates which match loan assets, and exchange rate risks related to foreign currency-denominated fund procurement are appropriately hedged by currency swaps, etc. Its capital adequacy ratio stood at 21.0% at the end of December 2024, well above the domestic mandatory minimum of 15%.

### *Rationale (Detailed)*

- (1) Shriram Finance Limited (SFL) is a leading private non-banking financial company (NBFC). Listed on two stock exchanges of NSE and BSE, it boasts the second largest assets in India among non-mortgage retail NBFCs. SFL provides business financing secured by vehicles primarily to self-employed business operators in India. SFL is the market leader in used commercial vehicle (CV) financing. With presence of over four decades in the pre-owned CV financing business, SFL has created a strong and sustainable competitive advantage through deep understanding of the borrower profile and their credit behavior. The rating reflects the company's strong customer base across India, dominant position and competitiveness in the vehicle-secured loan market, good profitability, and solid capital adequacy. On the other hand, JCR holds that the rating is constrained by the fact that the quality of most part of loans which are supported by the market conditions for used trucks and the income of self-employed business owners is vulnerable to the impact of changes in the macroeconomic environment.
- (2) The origin of SFL is traced back to the Chit Funds in which its founder began engaging in 1974. A chit fund is a mutual aid system in which multiple individuals contribute money under a contract and the contributors can borrow from the saved funds. Widespread in southern India, it is similar to Japan's "Mujin". After starting its financial business through chit funds, Shriram Transport Finance Company Limited (STFC), the predecessor of SFL, was founded in 1979 to enter the commercial vehicle loan sector. In India, truck service by self-employed operators accounts for a large proportion of domestic land transportation, and STFC has expanded its business by elaborately responding to the need for truck purchases by such operators and has grown into a major NBFC with a presence across India. SFL came into being in 2022 when STFC reorganized its operations by taking over Shriram City Union Finance Limited and part of Shriram Capital Limited, which had been engaged in lending to small and medium-sized enterprises (SMEs) and two-wheeler loans, gold loans and personal loans.
- (3) The Indian economy has been posting high real GDP growth rates averaging more than 6% per year since 2000, becoming the world's fifth-largest economy in 2023. As demand for funds by MSMEs was strong, loans to MSMEs from NBFCs and commercial banks in FY2024 recorded high growth rates of 33.5% and 20.6%, respectively, compared to the previous year. The Reserve Bank of India (central bank) tightened its regulations in November 2023 by raising the risk weighting for commercial bank's loans to NBFCs from 100% to 125%. However, due to slowing loan growth in the second half of 2024, the risk weight for commercial bank lending to NBFCs was restored to 100% from April 2025. India overtook Japan in new car sales in FY2022, with its sales totaling 5.2 million units in FY2024. India's automobile market, now the third largest in the world after those in China and the United States, is expected to continue expanding in the future,

given the rising income of the middle class and the extension of government subsidies for EVs until the end of March 2026.

- (4) In India, the proportion of land transportation is higher than railway or ship transportation. Many of the land transportation service providers are self-employed operators or small family-run businesses. When it comes to new commercial vehicle sales, the proportion of small cars is higher than those of medium-sized and large-sized cars. Although the construction of expressways is progressing, there are still problems about their connectivity with ports, and many roads remain undeveloped, causing truck breakdowns. Daytime road restrictions are put in place in major cities and traffic jams occur frequently. Moreover, transportation between major cities often takes a long time as it has to go through many checkpoints and travel times cannot be accurately determined in advance. As a result, the truck utilization rate in India is low compared to other countries, putting limitations on the stability of income for truck transporters.
- (5) SFL's loan portfolio by product as of the end of December 2024 is classified into commercial vehicles (45.5% of total loans), passenger vehicles (20.4%), SMEs (13.6%), construction and agricultural machinery (8.9%), two-wheeled vehicles (6.1%), persons (3.4%) and gold (2.2%). Its outstanding loan balance stood at INR 2,545 billion (approximately JPY 4.73 trillion) as of the same date. Its customers numbered 9.44 million, and its credits were in small amounts and well diversified. Most (91%) of its loans were secured by movable property such as commercial vehicles, assuring a high rate of protection. SFL controls credit risk for commercial vehicle loans with fixed rates by setting LTV of approximately 60-80% as the upper limits and keeping each loan amount within the extent determined as repayable with the borrower's cash flow. However, it is important to note that the value of movable securities and cash flows of borrowers who are primarily self-employed operators are easily affected by macroeconomic factors such as the domestic economy and trends of fuel prices. SFL's nonperforming loan ratio stood at 5.4% in gross terms and 2.7% in net terms at the end of December 2024, which were higher than the averages for all NBFCs in India but lower than those of the company in the past few years. SFL has 3,196 branches across the country, covering all of India. Of its all branches, 53% are located in rural areas. In addition, it has set up 650 rural centers, contributing to financial inclusion in the country. As various languages are spoken in each state in India, each branch office secures staff who can speak the language spoken in the region it covers to improve customer service capabilities. Loan agreements are prepared in two versions, English and the local language, mitigating language barriers when disposing of collateral, etc. The company also puts an emphasis on digitalization. It has created a system where loan applications and screening can be completed via a smartphone app and made it possible to deposit money via an app.
- (6) SFL's profitability continues to be healthy. In the first three quarters of FY2025, its income and after-tax profit totaled INR 304 billion and INR 76.2 billion, up 19% and 45% respectively from the year before, thanks to an increased loan balance. The company posted a one-time gain of INR 14.9 billion from the sale of subsidiary shares in December 2024, but even after excluding this, its net profit came to INR 61.3 billion, up 17% year-on-year. Its net interest margin, which has been in the 8% range since the merger, stayed sufficient at 8.7% at the end of December 2024. With this trend expected to continue, JCR believes that the company's business performance will stay stable in FY2026.
- (7) Various risks, including those related to interest rate and liquidity, are appropriately managed through the company's Asset-Liability Committee (ALCO). The company's funding is diversified, with deposits, bank loans, and bonds well balanced. Most of its liabilities carry fixed interest rates which match loan assets, and exchange rate risks related to foreign currency-denominated fund procurement are appropriately hedged by currency swaps, etc. Its capital adequacy ratio stood at 21.0% at the end of December 2024, well above the domestic mandatory minimum of 15%. Its liquidity coverage ratio at the same date was 265%, was higher than the 100% required by domestic regulations.

(Analysts) Kiichi Sugiura, Shintaro Ito



## Subject

Issuer: Shriram Finance Limited

## [Assignment]

Issue	Rating	Outlook
Foreign Currency Long-term Issuer Rating	BBB+	Stable

## Rating Symbols

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/>).

## Methodologies

Outline of the methodology for determination of the Private Rating is shown as "JCR's Rating Methodology" (October 1, 2024), and "Consumer Finance" (June 21, 2022), in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

---

### Important Description on This Private Rating

---

#### 1. Difference from an Act Pertaining to the Credit Rating Business

Determining a Private Credit Rating and providing it to someone are acts pertaining to the Ancillary Business conducted by Japan Credit Agency, Ltd. ("JCR"), and these acts are not acts pertaining to the Credit Rating Business.

#### 2. Difference from Credit Rating

This assessment result provided above is expressed using the same system of symbols as that used for ratings pertaining to the Credit Rating Business ("Credit Ratings"). However, the assessment result is not Credit Rating. In addition, the assessment result does not mean that JCR promises to provide or make available to the public a certain Credit Rating in the future.

#### 3. Exclusive Provision

This assessment result shall be provided exclusively to the applicant and the person(s) requesting the assessment on a confidential basis.

### 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

Information herein has been obtained by JCR from the issuers and other sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error as well as other factors, JCR makes no representation or warranty, express or implied, as to accuracy, results, adequacy, timeliness, completeness or merchantability, or fitness for any particular purpose, with respect to any such information, and is not responsible for any errors or omissions, or for results obtained from the use of such information. Under no circumstances will JCR be liable for any special, indirect, incidental or consequential damages of any kind caused by the use of any such information, including but not limited to, lost opportunity or lost money, whether in contract, tort, strict liability or otherwise, and whether such damages are foreseeable or unforeseeable. JCR's ratings and credit assessments are statements of JCR's current and comprehensive opinion regarding redemption possibility, etc. of financial obligations assumed by the issuers or financial products, and not statements of opinion regarding any risk other than credit risk, such as market liquidity risk or price fluctuation risk. JCR's ratings and credit assessments are statements of opinion, and not statements of fact as to credit risk decisions or recommendations regarding decisions to purchase, sell or hold any securities such as individual bonds or commercial paper. The ratings and credit assessments may be changed, suspended or withdrawn as a result of changes in or unavailability of information as well as other factors. JCR receives a rating fee paid by issuers for conducting rating services in principle. JCR retains all rights pertaining to this document, including JCR's rating data. Any reproduction, adaptation, alteration, etc. of this document, including such rating data, is prohibited, whether or not wholly or partly, without prior consent of JCR.

JCR is registered as a "Nationally Recognized Statistical Rating Organization" with the U.S. Securities and Exchange Commission with respect to the following four classes. (1) Financial institutions, brokers and dealers, (2) Insurance Companies, (3) Corporate Issuers, (4) Issuers of government securities, municipal securities and foreign government securities.

Copyright © Japan Credit Rating Agency, Ltd. All rights reserved.





## INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

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

Issuer:	Shriram Finance Limited
Rating Publication Date:	May 15, 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) 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.

## 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

- 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

## Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Kiichi Sugiura, 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.

杉浦輝一

Kiichi Sugiura  
General Manager of International 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