25-D-1261
December 10, 2025

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

Shinkin Central Bank (security code: 8421)

<Affirmation>

Long-term Issuer Rating:	AA
Outlook:	Stable

Rationale

(1) Shinkin Central Bank ("SCB") is the shinkin industry's central financial institution working to maintain and raise the industry's creditworthiness by supporting shinkin banks in surplus fund management, complementing their business functions, making capital injections and so forth and is also one of Japan's largest institutional investors. Factors reflected in the rating include SCB's sound assets, high capital adequacy and disciplined stance in supporting the member shinkin banks.

(2) SCB's profitability against the asset size is low, but stability of profits is high. Since the credit portfolio includes large amounts of deposits with the Bank of Japan, JGBs, loans to the central government and large listed companies and so forth, a profit margin of the fund management business as the core revenue source is small. That said, expense ratio relative to the fund volume is extremely low. Risk of increasing credit cost is small, and market division's risk has also been appropriately controlled. It is expanding loans to operating companies and bond investment and the level of net income has risen. JCR predicts that SCB will be able to keep securing a certain amount of net income in the future as well supported by rising domestic interest rates and others.

(3) Risk held by the market division's is large. While accepting surplus funds from shinkin banks is an important function expected to play by SCB. On the other hand, this has become one of the factors that causes an increase in the size of investments and loans allowing a growth of the risks of interest rate, price fluctuations, etc. The sizes of yen-denominated bondholding and foreign currency-denominated bondholding are large for both, and the impact entailing from rising interest rate is larger than that of general commercial banks. Due to this, by using asset swap instruments or raising the weight of assets with floating interest rate, the effective duration is shortened to the low 2-year range. In investing in fund, it restrains expansion of price fluctuation risk by diversifying investment targets and purchase timing.

(4) Capital adequacy is high. Through utilization of the risk appetite framework, SCB is continuing prudent credit management and core capital ratio adjusted for valuation losses on available-for-sale securities, etc. has been at a relatively high level. Currently, a pace of expanding the asset size is slowing due to a decrease in the amount of deposits from sinkin banks. Full implementation of the Basell Finalization will be the factor pushing up risk-weighted assets, but JCR assumes that the competitive capital level will be maintained.

(5) SCB's business is affected by business trends in the shinkin industry. The industry as a whole, a reasonable level of earning capacity has been secured as indicated that core net business income is in a trend toward increase. In addition to an increase in the loan balance, steady revenue is supported by the fact that a profit margin of total funds is in an improvement trend and other factors. Soundness of loan assets and favorable capital level are also maintained. On the other hand, there are some shinkin banks with expansion of valuation loss on bondholding and the size is excessive against the capital. JCR believes it is necessary to be cautious about the possibility that the number of shinkin banks requiring financial support may increase due to changes in the interest rate environment and other factors.

(6) SCB has been extending capital support to individual shinkin banks partly through the Management Reinforcement System, the industry's own support system. For the shinkin industry, keeping SCB's financial soundness is extremely important from the point of view of maintaining the confidence in the industry's financial intermediary/clearing functions through SCB and the entire industry. There is an upper ceiling on the total amount of the support, and it is tending to decrease over the long-term. JCR assumes that SCB will continue supporting shinkin banks under certain discipline going forward.

Tomohiro Miyao, Michiya Kidani

Rating
Issuer: Shinkin Central Bank

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

Rating Assignment Date: December 5, 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) and "Banks" (October 1, 2021) 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

INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

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

Issuer:	Shinkin Central Bank
Rating Publication Date:	December 10, 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 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 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

- 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) 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
Shinkin Central Bank	Issuer(Long-term)	February 18, 2002	AAA	
Shinkin Central Bank	Issuer(Long-term)	March 17, 2003	AAA	
Shinkin Central Bank	Issuer(Long-term)	March 23, 2004	AAA	
Shinkin Central Bank	Issuer(Long-term)	March 9, 2005	AAA	
Shinkin Central Bank	Issuer(Long-term)	March 29, 2006	AAA	Negative
Shinkin Central Bank	Issuer(Long-term)	August 29, 2006	AAA	Stable
Shinkin Central Bank	Issuer(Long-term)	March 16, 2007	AAA	Stable
Shinkin Central Bank	Issuer(Long-term)	March 12, 2008	AAA	Stable
Shinkin Central Bank	Issuer(Long-term)	November 21, 2008	AAA	Negative
Shinkin Central Bank	Issuer(Long-term)	February 9, 2009	AA+	Negative
Shinkin Central Bank	Issuer(Long-term)	June 1, 2009	AA	Stable
Shinkin Central Bank	Issuer(Long-term)	May 24, 2010	AA	Stable
Shinkin Central Bank	Issuer(Long-term)	June 15, 2011	AA	Stable
Shinkin Central Bank	Issuer(Long-term)	May 31, 2012	AA	Stable
Shinkin Central Bank	Issuer(Long-term)	June 13, 2013	AA	Stable
Shinkin Central Bank	Issuer(Long-term)	June 13, 2014	AA	Stable
Shinkin Central Bank	Issuer(Long-term)	June 11, 2015	AA	Stable
Shinkin Central Bank	Issuer(Long-term)	May 27, 2016	AA	Stable
Shinkin Central Bank	Issuer(Long-term)	June 8, 2017	AA	Stable
Shinkin Central Bank	Issuer(Long-term)	June 1, 2018	AA	Stable
Shinkin Central Bank	Issuer(Long-term)	June 6, 2019	AA	Stable
Shinkin Central Bank	Issuer(Long-term)	November 17, 2020	AA	Stable
Shinkin Central Bank	Issuer(Long-term)	November 26, 2021	AA	Stable
Shinkin Central Bank	Issuer(Long-term)	October 3, 2022	AA	Stable
Shinkin Central Bank	Issuer(Long-term)	January 22, 2024	AA	Stable
Shinkin Central Bank	Issuer(Long-term)	November 22, 2024	AA	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

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