News Release

Japan Credit Rating Agency, Ltd.

26-D-0864
October 29, 2026

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

The Amagasaki Shinkin Bank (security code: -)

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

Rationale

(1) The Amagasaki Shinkin Bank (the "Bank") is a large shinkin bank headquartered in Amagasaki City, Hyogo Prefecture, with a fund volume of 2.9 trillion yen. It holds the largest deposit and loan shares in Amagasaki City and has many branches in Osaka Prefecture. The rating reflects a solid business base in the local area, the quality of loan assets with effective protection and diversification, and ample capital adequacy relative to risks. The deposit and loan balances have been stable, and earning capacity is on an improving trend. On the other hand, the risks held in its market departments are significant, and valuation losses on its bond holdings are expanding. Since risk-weighted assets are also increasing, JCR will continue to closely monitor whether the Bank can maintain the favorable capital adequacy level.

(2) The improvement of its earning capacity is an issue to address, but it is on an improvement trend. Although ROA (based on core net business income) is at 0.3%, which is low for a regional financial institution in the "A" rating category, it is trending upward due to the widening interest margin from rising domestic interest rates. Core net business income (excluding gains or losses on cancelation of investment trusts) is also on an increasing trend. Although interest on deposits and expenses increased in the fiscal year ended March 2026 (FY2025), they are offset by the increased interest on loans and improved surplus fund management income. Looking ahead, since the loan-to-deposit ratio is low and the improvement in the spread between deposit and loan rates is small, it is expected to take time for net interest income from loans and deposits to turn around and increase. Expenses will increase due to the raising of personnel costs and system investments, but the expansion of surplus fund management income will support the increase in profit levels and profitability, in JCR's view.

(3) The quality of loan assets maintains a certain level of soundness. The ratio of disclosed claims under the Financial Reconstruction Act was in the mid-5% range at the end of FY2025, which, even considering the high proportion of business loans, remains at a somewhat high level exceeding the average for shinkin banks. However, using credit guarantee corporation-backed loans, the coverage ratio of disclosed claims exceeds 90%. The classified loans ratio remains relatively low, and concerns about the risk of credit concentration to large borrowers are also low. Credit costs are on a growing trend, but have been suppressed relative to loans outstanding and are unlikely to become large in the future.

(4) The security-deposit ratio is high at around 40%, indicating significant risk held in the market departments. The duration of yen-denominated bonds is becoming shorter, but the volume of interest rate risk relative to capital remains somewhat large. In the management of investment trusts, the Bank has made investments with consideration for asset correlations by diversifying investment targets and utilizing bear funds, but because the balance of investment trusts held is large, price fluctuation risk is significant. Valuation losses on yen-denominated bonds have expanded, resulting in relatively large valuation losses on available-for-sale securities overall.

(5) The capital adequacy is high. The adjusted consolidated core capital ratio, which JCR evaluates as a core indicator, is in the 11% range, maintaining a favorable level for a regional financial institution in the "A" rating category. However, despite capital accumulation, risk-weighted assets are expanding at a faster pace, and the adjusted capital level is therefore trending downward. Going forward, risk-weighted assets will be pushed up toward the full implementation of the finalization of Basel III, and it is also necessary to be mindful of the possibility that valuation losses on bonds may expand.

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Rating

Issuer: The Amagasaki Shinkin Bank

<Affirmation>

Long-term Issuer Rating: A Outlook: Stable

Rating Assignment Date: October 26, 2026

October 29, 2026The 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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