26-D-0682
September 17, 2026

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

THE SEIBU SHINKIN BANK (security code: -)

<Affirmation>

Long-term Issuer Rating:	A+
Outlook:	Stable

Rationale

(1) THE SEIBU SHINKIN BANK (the "Bank") is a shinkin bank headquartered in Nakano Ward, Tokyo, with a total fund of 2.2 trillion yen. It has a certain business base in Tokyo's wards and Tama area. Factors reflected in the long-term issuer rating include the relatively favorable earnings capacity and capital adequacy, as well as well-covered loan assets. Although outstanding loans and deposits may remain somewhat weak, JCR has retained the Stable rating outlook in expectation that profits will stay solid for the time being.

(2) Basic earnings capacity is relatively good. ROA (based on core net business income excluding gains and losses on cancellation of investment trusts) for the fiscal year ended March 2026 (FY2025) was a bit below 0.5%. Core net business income improved by more than 10% from the previous year thanks to growth in net interest income from deposits/loans and interest income on deposits, driven by interest rate hikes. Given that early repayments associated with property sales stay at a high level for loans to the real estate leasing industry because of surging real estate prices, loans outstanding may remain weak for a while longer. Moreover, a rise in system and personnel expenses will likely weigh on profits. That said, as floating-rate loans and deposits account for a large part of assets under management and improvements in yields on both loans and surplus fund management will underpin net interest income, JCR assumes that the current level of earnings capacity can be maintained.

(3) A certain level of soundness is maintained for loan assets. Non-performing loans ratio under the Financial Reconstruction Act as of the end of FY2025 was low in the mid-1% range. Credit costs remain low and were reversed for four consecutive years up to FY2025. Even though loans to the real estate leasing industry, which account for a high ratio in the loan portfolio, include many claims requiring caution, these claims are well-covered by real estate collateral. As regards other borrowers requiring caution and potentially bankrupt borrowers, the Bank conservatively sets aside loan loss reserves for relatively high-risk borrowers. Given the status of claims coverage and the diversification of claims into small amounts, credit costs are not likely to rise sharply even in the future.

(4) Risks associated with securities investment are small. Not only did securities-to-deposit ratio stand very low at 6% in FY2025, but also the duration of the bonds is relatively short. Hence, interest rate risk associated with securities holdings is minimal. Price fluctuation risk from equities and other assets is also kept in check relative to capital. The Bank does not intend to engage in aggressive risk-taking in securities investment for a while longer, and thus market risks will probably be controlled appropriately going forward.

(5) Capital adequacy is high restive to the rating. Consolidated core capital ratio adjusted for loan loss allowance, etc. as of the end of FY2025 was in the lower 13% range. While an increase in risk assets has been curbed by a decline in loans outstanding and other factors, retained earnings are steadily building up, which suggest in JCR's opinion that the actual capital level will keep improving into the near future.

Akira Minamisawa, Shuntaro Takasawa

Rating

Issuer: THE SEIBU SHINKIN BANK

<Affirmation>

Long-term Issuer Rating: A+ Outlook: Stable

Rating Assignment Date: September 14, 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) 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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