News Release

JCR

Japan Credit Rating Agency, Ltd.

26-D-0131
April 30, 2026

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

The Shoko Chukin Bank, Ltd. (security code: -)

<Affirmation>

Long-term Issuer Rating:	AA
Outlook:	Stable
Bonds (Tier 2 with loss absorption clause):	AA-
Bonds (Tier 1 with loss absorption clause):	A

Rationale

(1) Shoko Chukin Bank (the “Bank) is a special company that handles a variety of operations, such as lending, deposits, bonds, and foreign exchange, primarily for SMEs. The Bank operates businesses in all 47 prefectures, and has established its own business base to a certain extent by building customer relationships nationwide. Its long-term issuer rating factors in the possibility of special government support, in addition to the standalone creditworthiness equivalent to “AA-.” The standalone creditworthiness is assessed based on its strong market position and competitiveness, reasonable earning capacity, and capital adequacy relative to risks, among others. Regarding special government support, JCR is considering the possibility of policy-based support based on measures funded by the Crisis Response Reserve.

(2) Fundamental earning capacity is relatively high. Backed by a high loan-to-deposit ratio, interest income from loans accounts for a large share of gross operating profit, and core net business income is relatively stable. However, credit costs tend to arise, causing greater volatility in net income. Although core net business income in the first half of the fiscal year ended March 2026 (FY2025) declined slightly year on year, ROA (based on core net business income) remained in the mid-0.4% range, a favorable level compared with regional financial institutions. Increased funding costs and system-related expenses served as downside factors to income, but these were basically offset by higher interest income from loans and securities. These expense strains are expected to increase for the time being, but core net business income will remain firm when considering the effects of higher lending revenue tied to market interest rates and yield improvements from rebalancing the securities portfolio, in JCR’s view.

(3) Lending assets maintain a certain level of soundness. Due in part to conservative debtor classification and the Bank’s role as a public body supporting SMEs, the nonperforming loan ratio is somewhat high and the balance of loans requiring caution is large. In recent years, credit costs have become large, amounting to 40-50% of core net business income. In the first half of FY2025, the credit costs increased by 50% year on year, the largest scale for a first half in the past five years. Because the bulk of lendings is to SMEs with well-diversified small lots loans, JCR expects it to remain within a controllable range relative to core business net income for the time being. However, JCR will closely monitor developments because a harsh environment for SMEs, such as inflation and higher interest rates, continues.

(4) Risks in securities investment management are being restrained. Securities holdings are small, about 10% of total assets. Government bonds and municipal bonds account for 80% of the total, and both interest-rate risk and price fluctuation risk are limited relative to capital. Going forward, as the investment banking function is strengthened, equity investments are on an upward trend. That said, JCR sees that excessive risk-taking, such as significantly increasing investment balances in the short term or investing in specific counterparties, is not anticipated, and market risk will be appropriately controlled.

(5) The Bank’s capital adequacy is considered to be a level consistent with the AA rating category. The adjusted Tier 1 ratio, after deducting items such as accumulated other comprehensive income, was slightly under 10% at the end of September 2025. When disposing of government-held shares, the Bank acquired treasury shares, which lowered the ratio by about 1.5 percentage points from the end of March 2025. Nevertheless, taking into account the effectiveness of the recovery scenario, including the accumulation of retained earnings, risk asset control, and capital procurement (AT1 bonds), JCR regards it as reasonably likely that the adjusted Tier 1 ratio will recover to a level commensurate with the AA rating category over FY2027 through FY2028.

Tomohiro Miyao, Akira Minamisawa

Rating

Issuer: The Shoko Chukin Bank, Ltd.

<Affirmation>

Long-term Issuer Rating: AA Outlook: Stable

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
Callable Bonds no. 5* (Tier 2 with loss absorption clause) (sustainability bonds)					
	JPY 10	Feb. 21, 2023	Feb. 21, 2033	(Note 1)	AA-
Bonds no. 2 (Tier 1 with loss absorption clause)					
	JPY 20	Feb. 29, 2024	No Maturity	(Note 2)	A
Bonds no. 3 (Tier 1 with loss absorption clause)					
	JPY 20	Oct. 17, 2025	No Maturity	(Note 3)	A
Bonds no. 4 (Tier 1 with loss absorption clause)					
	JPY 20	Feb. 27, 2026	No Maturity	(Note 4)	A

* For qualified institutional investor only, private placement

Notes:

1. 1.45% until and including February 21, 2028. 6M Yen TIBOR + 0.81% after that date.
2. 2.162% until and including May 9, 2029. 6M Yen TIBOR + 1.492% after that date.
3. 2.520% till and including November 9, 2030. 6M Yen TIBOR + 1.050% after that date.
4. 2.780% till and including May 9, 2031. 6M Yen TIBOR + 0.590% after that date.

Rating Assignment Date: April 24, 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), "FILP Agencies, etc." (May 29, 2020), "Banks" (October 1, 2021) and "Rating Methodology for Financial Institutions' Capital and TLAC Instruments" (April 1, 2026) 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.

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

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

Issuer:	The Shoko Chukin Bank ,Ltd.
Rating Publication Date:	April 30, 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 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 ratings 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) 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.

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

The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	April 13, 2007	AA+	Stable
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	June 17, 2008	AA+	Stable
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	September 29, 2009	AA+	Stable
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	October 21, 2010	AA+	Stable
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	November 9, 2011	AA+	Stable
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	November 28, 2012	AA+	Stable
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	November 28, 2013	AA+	Stable
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	December 18, 2014	AA+	Stable
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	March 4, 2016	AA+	Stable
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	July 15, 2016	AA+	Negative
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	February 6, 2017	AA+	Negative
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	February 9, 2018	AA+	Negative
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	February 20, 2019	AA+	Negative
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	February 17, 2020	AA+	Negative
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	February 25, 2021	AA+	Stable
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	March 18, 2022	AA+	Stable
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	June 26, 2023	AA+	Negative
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	April 25, 2024	AA+	Negative
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	April 23, 2025	AA+	Negative
The Shoko Chukin Bank, Ltd.	Issuer(Long-term)	May 12, 2025	AA	Stable
The Shoko Chukin Bank, Ltd.	Bonds no.5(subordinated)	February 15, 2023	AA	
The Shoko Chukin Bank, Ltd.	Bonds no.5(subordinated)	June 26, 2023	AA	
The Shoko Chukin Bank, Ltd.	Bonds no.5(subordinated)	April 25, 2024	AA	
The Shoko Chukin Bank, Ltd.	Bonds no.5(subordinated)	April 23, 2025	AA	
The Shoko Chukin Bank, Ltd.	Bonds no.5(subordinated)	May 12, 2025	AA-	
The Shoko Chukin Bank, Ltd.	Bonds	February 22, 2024	A+	
The Shoko Chukin Bank, Ltd.	Bonds	April 25, 2024	A+	
The Shoko Chukin Bank, Ltd.	Bonds	April 23, 2025	A+	
The Shoko Chukin Bank, Ltd.	Bonds	May 12, 2025	A	
The Shoko Chukin Bank, Ltd.	Bonds	October 10, 2025	A	
The Shoko Chukin Bank, Ltd.	Bonds	February 20, 2026	A	

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

Tomohiro Miyao
General Manager of Financial Institution Rating 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