

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

Central Tanshi Co., Ltd. (security code: -)

<Affirmation>

Long-term Issuer Rating: A
Outlook: Stable
Short-term Issuer Rating: J-1

Rationale

- (1) Central Tanshi Co., Ltd. (the "Company") is one of Japan's three money market brokers. It was formed in April 2001 through the merger of Nagoya Tanshi Co., Ltd., Nihon Tanshi Co., Ltd. and Yamane Tanshi Co., Ltd. Factors reflected in the rating include the importance of money market brokers in the overall financial system, the stability of profits and high stress tolerance backed by financial soundness. JCR assumes that the Company will secure a certain level of profits and retain financial soundness by, for instance, diversifying revenue sources and maintaining appropriate cost control and risk management systems.
- (2) Money market brokers play an important role as a node in the call market, where fund surpluses or shortages of financial institutions are adjusted. They also have strong presence in the trading of products in the open market through their intermediary function. The Company on its part boasts a large share in the uncollateralized call transactions and has a broad customer base in the short-term money market, including CP underwriting and bond repo transactions.
- (3) Earnings are highly stable. The Company has a certain business base in each of its businesses, thereby curbing downward fluctuations in earnings compared with the other two money market brokers. By meticulously responding to investment and financing needs and accumulating bond repo, CP and other transactions, it secured a high level of earnings in the fiscal years ended March 2023 and 2024. Even in the fiscal year ended March 2025, when negative interest rates ended, it maintained the high earnings level by seizing opportunities for arbitrage transactions in the volatile interest rate environment and so forth. It secures revenues from each of the short-term money market products in the interbank and open markets in a good balance. The management of group companies has also been enhanced, pushing up the profit level.
- (4) Although the outstanding balance of total assets is huge, asset quality is sound as most of such assets are extremely short-term, highly liquid and safe assets such as JGBs, or assets collateralized by cash, government bonds or other high-quality instruments. Net assets as of the end of March 2025 came to 120.8 billion yen, a level sufficient to absorb any downward fluctuations in profits and losses. While credit risk management and liquidity management will be important partly because of the expansion of position in the CP transactions, the Company is controlling risks appropriately. Being more cautious about risk-taking than other companies, it contains the amount of risks relative to capital.

Hidekazu Sakai, Naoki Shimura

Rating

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<Affirmation>

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Rating Assignment Date: July 10, 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) 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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