

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 the three money market brokers in Japan. It was formed in April 2001 through the merger of Nagoya Tanshi Co., Ltd., Nihon Tanshi Co., Ltd. and Yamane Tanshi Co., Ltd. The rating reflects the importance of a money market broker to the financial system as a whole, as well as the high stress tolerance based on its stability of profits and financial soundness. JCR believes that the Company will secure a certain level of profit and maintain financial soundness by diversifying revenue sources and maintaining appropriate cost control and risk management.
- (2) Money market brokers play an important role as the node in the call market where the excess or shortage of funds of financial institutions is adjusted. They also have a strong presence in the transactions of products in the open market through their intermediary function. The Company has a large share in the uncollateralized call transactions and a broad customer base in the short-term money market, including CP underwriting and bond repo transactions.
- (3) The earnings are highly stable. The Company has built a solid business foundation in each of its businesses, reducing downward fluctuations in earnings compared with other money market brokers. It carefully responded to fund management and financing needs and accumulated revenues through bond repo and CP transactions, and secured a high level of net operating revenues for the fiscal years ended March 2023 and 2024. Since the review of the monetary policy, the Company's performance has also been firm. It secures well-balanced revenues from each of the short-term money markets that are interbank and open markets. The management of group companies has also been enhanced, increasing the profit level.
- (4) Although the total assets are large, the quality of assets is sound, with the majority of assets being extremely short-term, highly liquid, and safe assets such as government bonds, or assets collateralized by cash, government bonds, or other high quality collateral. The net assets were 115.4 billion yen at the end of March 2024, a level sufficient to absorb any downside risks to profits. Given the expanding positions in the CP transactions, credit risk management and liquidity management are important, but the Company is controlling risk appropriately. Compared to other companies, the Company is more prudent in risk-taking, and the amount of risk relative to capital is under control.

Hidekazu Sakai, Kota Matsuzawa, and Naoki Shimura

Rating

Issuer: Central Tanshi Co., Ltd.

<Affirmation>

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

Rating Assignment Date: July 10, 2024

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" (February 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.



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

Information herein has been obtained by JCR from the issuers and other sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error as well as other factors, JCR makes no representation or warranty, express or implied, as to accuracy, results, adequacy, timeliness, completeness or merchantability, or fitness for any particular purpose, with respect to any such information, and is not responsible for any errors or omissions, or for results obtained from the use of such information. Under no circumstances will JCR be liable for any special, indirect, incidental or consequential damages of any kind caused by the use of any such information, including but not limited to, lost opportunity or lost money, whether in contract, tort, strict liability or otherwise, and whether such damages are foreseeable or unforeseeable. JCR's ratings and credit assessments are statements of JCR's current and comprehensive opinion regarding redemption possibility, etc. of financial obligations assumed by the issuers or financial products, and not statements of opinion regarding any risk other than credit risk, such as market liquidity risk or price fluctuation risk. JCR's ratings and credit assessments are statements of opinion, and not statements of fact as to credit risk decisions or recommendations regarding decisions to purchase, sell or hold any securities such as individual bonds or commercial paper. The ratings and credit assessments may be changed, suspended or withdrawn as a result of changes in or unavailability of information as well as other factors. JCR receives a rating fee paid by issuers for conducting rating services in principle. JCR retains all rights pertaining to this document, including JCR's rating data. Any reproduction, adaptation, alteration, etc. of this document, including such rating data, is prohibited, whether or not wholly or partly, without prior consent of JCR.

JCR is registered as a "Nationally Recognized Statistical Rating Organization" with the U.S. Securities and Exchange Commission with respect to the following four classes. (1) Financial institutions, brokers and dealers, (2) Insurance Companies, (3) Corporate Issuers, (4) Issuers of government securities, municipal securities and foreign government securities.

JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)
