

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

## The Tokyo Tanshi Co., Ltd. (security code: -)

### <Affirmation>

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

### Rationale

- (1) Established in 1909, The Tokyo Tanshi Co., Ltd. (the "Company") is the core company of the Totan Group (the "Group") and one of Japan's three money market brokers. 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 enjoys a certain share in the uncollateralized call transactions and has strength in open market operations such as bond repo transactions.
- (3) Earnings are stable. Having accumulated revenues from bond repo, CP and other transactions by meticulously responding to investment and financing needs, the Company attained a relatively high level of earnings in money market brokerage operations in the fiscal years ended November 2022 and 2023. Even in the fiscal year ended November 2024, when negative interest rates ended, it pushed up the 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. Its subsidiaries engage in wide-ranging operations. Earnings are generally strong and are expected to help boost the profits of the Group as a whole.
- (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 November 2024 came to 88.5 billion yen, a level sufficient to absorb any downward fluctuations in profits and losses. While credit risk management and liquidity management will be important because of the large position in the CP transactions, the Company is controlling risks appropriately.

Hidekazu Sakai, Naoki Shimura

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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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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.)

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