

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

## Ueda Yagi Tanshi Co., Ltd. (security code: -)

### <Affirmation>

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

### Rationale

- (1) Ueda Yagi Tanshi Co., Ltd. (the "Company") is one of the three money market brokers in Japan. It was formed in July 2001 through the merger of Ueda Tanshi Co., Ltd. and Yagi 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 certain market share in the uncollateralized call transactions and has strengths in open market operations such as stock repo transactions.
- (3) The earnings are becoming more stable. The Company is characterized by its ability to flexibly seize earning opportunities, such as new businesses, and make them a steady source of earnings. By carefully responding to fund management and financing needs, the Company has accumulated revenues from bond repo, CP, and stock repo transactions, and secured a relatively high level of earnings for the fiscal years ended February 2023 and 2024. Since the review of the monetary policy, the Company's performance has also been firm. With the diversification of revenue sources well advanced, it secures well-balanced revenues from each of the short-term money markets that are interbank and open markets.
- (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 90.2 billion yen at the end of February 2024, a level sufficient to absorb any downside risks to profits. Given the large positions in the CP transactions, credit risk management and liquidity management are important, but the Company is controlling risk appropriately.

Hidekazu Sakai, Kota Matsuzawa, and Naoki Shimura

### Rating

Issuer: Ueda Yagi Tanshi Co., Ltd.

### <Affirmation>

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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.



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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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