

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

## **National University Corporation Kobe University (security code: -)**

<Affirmation>

Long-term Issuer Rating: AAA  
Outlook: Stable

### *Rationale*

- (1) National University Corporation Kobe University (the “University”) is one of the nation’s leading universities with the tradition of “harmony between theory and reality.” It is based in Kobe, an international port city with clusters of a variety of industries including medical one. With an origin that can be traced back to Kobe Higher Commercial School established in 1902, the University was established in 1949, and integrated with the Kobe University of Mercantile Marine in 2003. As the long-term vision, the University aims to be “a global hub for the multidisciplinary co-creation of research and education that cultivates profound knowledge and outstanding innovators”. Establishing the Digital Bio·Life Science Research Park (DBLR), the University facilitates collaboration among research bases focusing on bioproduction, advanced membrane, medical engineering, and health and longevity fields, in which the University has outstanding research track records. The University’s abilities to acquire students for the university and graduate school and to produce human resources for society are strong, and the ability to obtain external funds is also at a high level among Japanese peers.
- (2) Continuity and stability of the national university corporation system remain unchanged. However, the competition principle has gained momentum in the government’s fiscal measures, and the University’s business environment is severe. Increasing the ratio of external funding relative to the operation expense subsidies consistently, the University is working on the management reforms by leveraging its high research capabilities, wide range of academic fields, and regional characteristics. Going forward, it will likely continue to secure stability and growth in revenues through focusing on co-creation in different fields. The rating is determined comprehensively by incorporating the effects of the credit enhancement by the government, among others, in addition to the individual corporation’s circumstances. Based on the above, JCR has affirmed the rating on the University with Stable outlook.
- (3) The University’s operation expense subsidies are not large in amount compared to large-scale top universities, thereby the management resources are constrained. That said, the ratio of external funds relative to the operation expense subsidies is one of the highest in Japan, and this suggests that the University’s strength lies in the efficient management. Having established a strategic planning office headed by the President, the University carries out planning and comprehensively coordinates university-wide strategies. It also caters a mechanism to reallocate management resources based on business evaluations. These systems support continuous growth by speeding up decision-making and optimizing resource allocation. Together with supports from the government for regional core universities, DBLR initiatives are expected to become more active, and the University’s ability to obtain external funds will likely be further strengthened.
- (4) Regarding affiliate hospitals, in addition to the main Kobe University Hospital (the “Hospital”), the University operates the International Clinical Cancer Research Center (ICCRC). The Hospital plays an important role as an advanced treatment hospital and a doctor training institution, and has also been recognized as a core hospital for clinical research. In addition to increased expenses entailing from inflation, the University has to work on reforms to the way doctors work going forward. Therefore, the business environment is not optimistic. That said, effects of the COVID-19 are easing and clinical indicators such as hospital bed occupancy rates are expected to improve. JCR views that the University will likely secure a stable earnings for the time being while also making use of support from the government. In order to cope with the aging of facilities and the lack of hospital space, moves of the Kusunoki district redevelopment through the relaxation of the floor-area ratio will be the key factor from a medium- to long-term perspective.

Shigenobu Tonomura, Masaki Abe

## Rating

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Rating Assignment Date: October 3, 2023

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 "FILP Agencies, etc." (May 29, 2020) and "National University Corporations" (August 1, 2022) 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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