

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

National University Corporation Kobe University (security code: -)

<Assignment>

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 College of Commerce built in 1902, the University was established in 1949, and integrated with the Kobe University of Mercantile Marine in 2003. As a rare university that has training ships, it is characterized by ocean research, and boasts high research ability mainly in the fields of bioengineering, life sciences and membrane engineering. Under a long-term vision aiming to be “a global hub for the multidisciplinary co-creation of research and education that cultivates profound knowledge and outstanding innovators,” the University is focusing on the creation of flagship research, as exemplified by the fusion of medical science and engineering. The University and graduate school’s abilities to acquire students and to produce human resources for society are strong, and the ability to obtain external funds is also in a high level among Japanese peers.
- (2) National university corporations are directly responsible for the higher education policies of Japan. Their political importance is high, and continuity and stability are recognized in the corporation system. However, with the competition principle strengthened in the government’s fiscal measures, their business environment is severe. The University is highly efficient in management with limited operational subsidies, and its cash flow generation capacity is at a high level among national university corporations. In addition, it has potential to capture numerous business opportunities, through its past research achievements, a wide range of academic fields, and multidisciplinary co-creation/collaboration leveraging regional characteristics. Going forward, the University will likely continue to secure the stability and growth in revenues. The credit rating is determined comprehensively by incorporating not only the individual corporation’s circumstances but also the effect of the credit enhancement by the government, among others. Based on the above, JCR has assigned the rating of AAA to the University with Stable outlook.
- (3) Its strategic planning office, headed by the president of the University, was established to carry out planning and comprehensively coordinate strategies for the University as a whole. It also formulates medium-term financial plans, organizes strategic investments and financing, and thereby develops a mechanism for reallocating funds and personnel based on business evaluations. Under this management structure, the University aims to speed up decision-making and optimize resource allocation, leading to enhancement of its business base and improvement of its cash flow generation capacity. Although operational subsidies to the University are not large in amount, compared to large-scale, top universities, the ratio of external funds to operational subsidies is one of the highest among domestic peers, which suggests that the efficient management is considered to be its strength.
- (4) The University ranks high in Japan, in terms of the ability to obtain competitive funds by the Ministry of Education, Culture, Sports, Science and Technology, etc. and joint research funds with companies, etc. Thanks to the effects of long-year focusing on interdisciplinary integration and other areas, it is steadily expanding the track record of obtaining external funds. In recent years, the University has built the base of flagship research groups in KOBE Biomedical Innovation Cluster (KBIC) as the Digital Bio & Life Science Research Park. It has also strengthened its industry-government-academia collaboration function by utilizing external corporations and others, advancing initiatives to revitalize research and social implementation. With expansion of government support for regional core universities as a tailwind, the University’s ability to obtain external funds is expected to be enhanced.
- (5) Regarding affiliate hospitals, in addition to the main Kobe University Hospital (the “Hospital”), the University is operating the International Clinical Cancer Research Center (ICCRC) established in April 2017. The Hospital plays an important role as an advanced treatment hospital and a doctor training institution, and was approved as a core hospital for clinical research in April 2021. While maintaining

an upward trend in revenues from affiliated hospitals backed by the ability to respond to medical policies, development as research hospitals are expected. With regard to the impact of the COVID-19 pandemic, the stability of management has not been shaken, partly thanks to financial support from the national government, etc. The University will likely be able to secure stable earnings going forward, as a result of improvements in such factors as the hospital bed occupancy rates and the average number of hospital days. In order to cope with the aging of facilities and the lack of hospital space, its movements for Kusunoki district redevelopment through the relaxation of the floor-area ratio will be an attention point in a medium-to long period.

Shigenobu Tonomura, Masaki Abe

Rating

Issuer: National University Corporation Kobe University

<Assignment>

Long-term Issuer Rating: AAA Outlook: Stable

Rating Assignment Date: October 12, 2022

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/>).

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