

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

Japan Student Services Organization (security code: -)

<Assignment>

Bonds: AAA

<Affirmation>

Long-term Issuer Rating: AAA

Outlook: Stable

Bonds: AAA

Rationale

- (1) Japan Student Services Organization ("JASSO") is an independent administrative agency that offers scholarship programs, as well as implements programs for international students and student support programs. Factors reflected in its ratings include the extremely high social and political significance of JASSO's operations in the national government's education policy and the government's clear intention to extend its support to JASSO in the profit/loss and financial aspects. As the scholarship programs are becoming increasingly important to realize equal educational opportunities, JCR sees that the government will continue to provide financial resources needed for JASSO's operations, and that it is highly likely to extend timely, appropriate financial assistance in the event of emergency.
- (2) In response to the government's policy of free higher education, the New System for Education Support for Higher Education was launched in April 2020. Grant-type scholarships implemented by JASSO have been significantly expanded, and JASSO has assumed the core position for supporting students in resident tax-exempt households. Under the COVID-19 pandemic, it is working to provide scholarships, including scholarships for students whose household budgets have suddenly changed, at the request of the government. JASSO is also responsible for the payment of benefits to economically affected students, etc. In addition, the safety-net function has been strengthened by expanding the system to defer repayment deadlines and supporting the reduction of the burden on those who have difficulty returning their loan-type scholarships.
- (3) Public interest incorporated foundation Japan Educational Exchanges and Services (the "Foundation"), the guarantee institution of loan-type scholarships, has been in the red due to an increasing amount of reserves against receivables in tandem with a rise in the amount of subrogation repayments. If the financial base of the Foundation continues to be impaired, the way of the institutional guarantee system might be affected. In the fiscal year ended March 2021 (FY2020), however, JASSO secured net assets for the time being due to the recording of a surplus following the change in accounting treatment. In addition, given that the government's conference of experts indicated a direction to prioritize institutional guarantees in the future, among others, it is highly likely that measures will be taken for maintenance/development of the institutional guarantee system, so that there will be no disruption to the operation of JASSO's scholarship programs, in JCR's view.
- (4) In FY2020, the COVID-19 pandemic has only a limited amount of impact on credit management. Delinquent loans did not expand and the quality of assets did not deteriorate. The recovery rate also remained on an improvement trend due to efforts to prevent initial delinquencies. JASSO's very low equity ratio at less than 1% reflects JASSO's earnings structure in which revenue and expenses are basically balanced thanks to provision of financial resources by the government and thus does not significantly affect its creditworthiness. For the specific costs pertaining to scholarship programs, as the government is supposed to provide financial resources in later fiscal years, all of required amounts have been compensated to date. Of these, the portion corresponding to the provision of allowance for doubtful accounts was decided to be funded in installments rather than one payment in the FY2021 budget. Although there is a possibility that the method of financial resource measures will change in the national budget formulation going forward, JCR believes that the necessary financial resources for program operations will be secured, in light of the increasing importance of JASSO in the education policy and continuously improving recovery rates, among others.

Akira Minamisawa, Tatsuya Shimizu

Rating

Issuer: Japan Student Services Organization

<Assignment>

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
Bonds no. 66	JPY 30	Feb. 8, 2022	Feb. 20, 2024	0.001%	AAA

Negative Pledge: Not Attached (Bonds are covered with general security, and no financial covenants are attached.)

<Affirmation>

Long-term Issuer Rating: AAA Outlook: Stable

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
Bonds no. 58	JPY 30	Feb. 6, 2020	Feb. 18, 2022	0.001%	AAA
Bonds no. 59	JPY 30	June 9, 2020	June 20, 2022	0.001%	AAA
Bonds no. 60	JPY 30	Sept. 9, 2020	Sept. 20, 2022	0.001%	AAA
Bonds no. 61	JPY 30	Nov. 9, 2020	Nov. 18, 2022	0.001%	AAA
Bonds no. 62	JPY 30	Feb. 8, 2021	Feb. 20, 2023	0.001%	AAA
Bonds no. 63	JPY 30	June 9, 2021	June 20, 2023	0.001%	AAA
Bonds no. 64	JPY 30	Sept. 8, 2021	Sept. 20, 2023	0.001%	AAA
Bonds no. 65	JPY 30	Nov. 9, 2021	Nov. 20, 2023	0.001%	AAA

Rating Assignment Date: January 14, 2022 (Bonds no. 66)

January 11, 2022 (Other than the above)

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) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

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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.)



INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	Japan Student Services Organization
Rating Publication Date:	January 14, 2022

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Legal Protection and Support Provided by the Government

The likelihood of a given debt payment is highly conditional to the issuer's legal protection provided by the government, personnel and capital relationship with the government, importance in the government's policy, credit enhancement, and other forms of the government's supporting policy, framework and the strength thereof.

B) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

C) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

D) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.

- A) Audited financial statements presented by the rating stakeholders
- B) Explanations of business performance, management plans, etc. presented by the rating stakeholders
- C) Documentation of the rated financial product presented by the rating stakeholders

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the publication by the issuer, some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Legal Protection and Support Provided by the Government

The credit rating is subject to alteration if there is a change in the issuer's legal support by the government, personnel or capital relationship with the government, importance in the government's policy, credit enhancement and other forms of the government's supporting policy, framework and the strength thereof. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

B) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

C) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

D) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

E) Creditworthiness of the Government, etc. that Constitute the Framework of Credit Enhancement

The credit rating is subject to alteration if there is a change in the creditworthiness of the government, etc. that constitute the framework of credit enhancement. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change on such framework is exceptionally large.

F) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

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Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

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Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Legal Protection and Government Support

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's legal protection provided by the government, personnel and capital relationship with the government, importance in the government's policy, credit enhancement and other forms of the government's supporting policy, framework and the strength thereof. The resultant change of the credit rating is most likely by one notch, as JCR stipulates, but possibly as much as a few notches if the change in the government's supporting policy is significant.

B) Business Bases

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

C) Financial Grounds and Asset Quality

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

D) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

E) Creditworthiness of the Government, etc. that Constitute the Framework of Credit Enhancement

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the creditworthiness of the government, etc. that constitute the framework of credit enhancement. JCR assumes the resultant change of the credit rating is most likely by a notch. The change could be as much as a few notches should the creditworthiness of said government, etc. change so greatly.

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Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Japan Student Services	Issuer(Long-term)	April 1, 2004	AA+	
Japan Student Services	Issuer(Long-term)	October 20, 2005	AA+	
Japan Student Services	Issuer(Long-term)	June 15, 2007	AA+	Stable
Japan Student Services	Issuer(Long-term)	January 26, 2009	AA+	Stable
Japan Student Services	Issuer(Long-term)	January 20, 2010	AA+	Stable
Japan Student Services	Issuer(Long-term)	December 22, 2010	AA+	Stable
Japan Student Services	Issuer(Long-term)	January 24, 2012	AA+	Stable
Japan Student Services	Issuer(Long-term)	January 29, 2013	AA+	Stable
Japan Student Services	Issuer(Long-term)	January 22, 2014	AA+	Stable
Japan Student Services	Issuer(Long-term)	January 22, 2015	AA+	Stable
Japan Student Services	Issuer(Long-term)	December 25, 2015	AA+	Stable
Japan Student Services	Issuer(Long-term)	July 15, 2016	AA+	Negative
Japan Student Services	Issuer(Long-term)	January 16, 2017	AA+	Negative
Japan Student Services	Issuer(Long-term)	December 27, 2017	AAA	Negative
Japan Student Services	Issuer(Long-term)	August 10, 2018	AAA	Stable
Japan Student Services	Issuer(Long-term)	January 16, 2019	AAA	Stable
Japan Student Services	Issuer(Long-term)	January 16, 2020	AAA	Stable
Japan Student Services	Issuer(Long-term)	January 13, 2021	AAA	Stable
Japan Student Services	Bonds no.58	January 17, 2020	AAA	
Japan Student Services	Bonds no.58	January 13, 2021	AAA	
Japan Student Services	Bonds no.59	May 22, 2020	AAA	
Japan Student Services	Bonds no.59	January 13, 2021	AAA	
Japan Student Services	Bonds no.60	August 21, 2020	AAA	
Japan Student Services	Bonds no.60	January 13, 2021	AAA	
Japan Student Services	Bonds no.61	October 23, 2020	AAA	
Japan Student Services	Bonds no.61	January 13, 2021	AAA	
Japan Student Services	Bonds no.62	January 15, 2021	AAA	
Japan Student Services	Bonds no.63	May 21, 2021	AAA	
Japan Student Services	Bonds no.64	August 20, 2021	AAA	
Japan Student Services	Bonds no.65	October 22, 2021	AAA	

Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Mikiya Kubota, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

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