

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

Kyushu University (security code: -)

<Affirmation>

Long-term Issuer Rating: AAA

Outlook: Stable

Rationale

- (1) Kyushu University (the “University”) is one of Japan’s leading universities. It has a strong ability to recruit students both domestically and internationally, and its faculty’s research ability ranks among the top in Japan. The University has 12 undergraduate schools and 18 graduate schools with approximately 18,600 students and approximately 7,900 faculty and staff members in total. In November 2021, the University was selected as a Designated National University Corporation, and at the same time, it published Kyushu University VISION 2030, which indicates the University’s future direction. In order to realize “a university that drives social change with integrative knowledge,” the University is working on the integrated promotion from research strategy to social implementation with two driving forces, the Future Society Design Headquarters and the Data-Driven Innovation Promotion Headquarters, both established in April 2022.
- (2) Continuity and stability of the national university corporations system remain unchanged. Additionally, the University is steadily seizing opportunities to obtain funding from the government and the private sector, and its financial base is strong among national university corporations. Based on its own management structure, the University is promoting initiatives under the vision, and the cycle of improving its educational/research standards will likely continue while making efforts to expand financial resources for operation. As large investments have come to an end, a reduction in interest-bearing debts can be expected. JCR evaluates the rating on a national university corporation in a comprehensive manner reflecting the effect of credit enhancement by the national government and others, in addition to individual conditions. Taking the above into consideration, JCR has affirmed the rating on the University with Stable outlook.
- (3) The University’s ability to obtain external funding is high in Japan, with stable track records. On the other hand, there is room to further increase the external funding ratio compared to other Designated National University Corporations. The University is expected to vitalize education/research, and expand the ability to obtain funding mainly in the three characteristic areas of “Decarbonization,” “Medicine and Health” and “Environment and Food.” Furthermore, the government plans to carry out governance/regulatory reforms for national university corporations, and JCR will confirm the University’s response and its impact on the University, in conjunction with the University for International Research Excellence Program.
- (4) The integration and relocation to Ito Campus was completed in the academic year 2018. However, as a result of this, the University has incurred a large amount of interest-bearing debts, and it plans to use proceeds from the sale of Hakozaki Campus to repay the debts. The public solicitation of a land user, which had been postponed due to the impact of the COVID-19 pandemic, began in April 2023. After a series of procedures, the land is scheduled to be delivered in stages in academic year 2025 and onward, and JCR will keep an eye on the progress.
- (5) The university hospitals (the “Hospitals”) maintain stable management situation on the back of the high positions in the medical districts and capabilities to respond to the medical policies. The business environment continues to be difficult, affected by the COVID-19 and rising prices. However, partly thanks to the support of subsidies, the Hospitals have ensured business profits. Going forward, there is little concern that the Hospitals’ management situation will worsen, as improvement in clinical indicators and necessary financial support are expected. Debts equivalent to the amount of hospital redevelopment project have been steadily repaid.

Shigenobu Tonomura, Masaki Abe

Rating

Issuer: Kyushu University

<Affirmation>

Long-term Issuer Rating: AAA Outlook: Stable

Rating Assignment Date: March 19, 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 “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.

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Information herein has been obtained by JCR from the issuers and other sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error as well as other factors, JCR makes no representation or warranty, express or implied, as to accuracy, results, adequacy, timeliness, completeness or merchantability, or fitness for any particular purpose, with respect to any such information, and is not responsible for any errors or omissions, or for results obtained from the use of such information. Under no circumstances will JCR be liable for any special, indirect, incidental or consequential damages of any kind caused by the use of any such information, including but not limited to, lost opportunity or lost money, whether in contract, tort, strict liability or otherwise, and whether such damages are foreseeable or unforeseeable. JCR’s ratings and credit assessments are statements of JCR’s current and comprehensive opinion regarding redemption possibility, etc. of financial obligations assumed by the issuers or financial products, and not statements of opinion regarding any risk other than credit risk, such as market liquidity risk or price fluctuation risk. JCR’s ratings and credit assessments are statements of opinion, and not statements of fact as to credit risk decisions or recommendations regarding decisions to purchase, sell or hold any securities such as individual bonds or commercial paper. The ratings and credit assessments may be changed, suspended or withdrawn as a result of changes in or unavailability of information as well as other factors. JCR receives a rating fee paid by issuers for conducting rating services in principle. JCR retains all rights pertaining to this document, including JCR’s rating data. Any reproduction, adaptation, alteration, etc. of this document, including such rating data, is prohibited, whether or not wholly or partly, without prior consent of JCR.

JCR is registered as a “Nationally Recognized Statistical Rating Organization” with the U.S. Securities and Exchange Commission with respect to the following four classes. (1) Financial institutions, brokers and dealers, (2) Insurance Companies, (3) Corporate Issuers, (4) Issuers of government securities, municipal securities and foreign government securities.

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.)
