

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

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

<Affirmation>

Long-term Issuer Rating: AAA

Outlook: Stable

### *Rationale*

- (1) National University Corporation Hokkaido University (the “University”) is one of Japan’s leading universities. It sets out the basic philosophies of “Frontier Spirit,” “Global Perspectives,” “All-round Education” and “Practical Learning”. Originated from Sapporo Agricultural College founded in 1876 with Dr. Clark as the first vice president, the University has been established as what it is today through the Agricultural College of Tohoku Imperial University, Hokkaido Imperial University, and so on. While possessing favorable field resources, it has major bases in Hokkaido Prefecture, a forerunner-region of social issues. In addition to the Sapporo and Hakodate campuses, the University has research forests and coastal research laboratories, making it one of the universities with the largest campuses in the world. Having strengths in researches related to SDGs due to the historical/regional characteristic, it is highly contributing to resolving global issues. Abilities of the university and graduate school to acquire students and to produce human resources for society are strong, and the ability to acquire external funds is also among the top in Japan.
- (2) There are no changes in continuity and stability of the national university corporations system. The University’s ability to acquire external fund is at a high level among all the national university corporations. As a leading research university and a core university in the region, the University has abundant distinctive management resources. In addition to its excellence in education and research, it has a great potential of capturing many business opportunities through developing the abilities to apply to the society. Going forward, the University will likely continue to secure stability and growth potential of the revenues. JCR determines the credit rating comprehensively by incorporating the credit enhancement effects of the national government, etc., in addition to the conditions of each corporation. Given the above, JCR has affirmed the rating on the University with Stable outlook.
- (3) Under “HU VISION 2030” formulated in July 2023, the University aims to be a university that create a significant social impact from resolving global issues through a virtuous cycle of Excellence and Extension. At the same of pursuing the initiatives in line with the medium-term vision university-wide, it discusses urgent matters at the future strategies headquarters to respond to changes in environment. The key factor will be whether the University can create a virtuous circle, in which it increases business revenue and makes strategic/focused resources allocation of the revenue to grow as a public good. Although acquiring external funds is on the trend toward improvement recently, room for increasing the ratio of external funds is still large. In addition to having the world's top-level research center, the Center for Chemical Reaction Discovery Research (ICReDD), the University has advantages in fields such as field research. In addition, the semiconductor industry is expected to be concentrated in Hokkaido in the future and this will be a positive factor. The University has been steadily preparing the system for social collaboration, and there is room for increasing opportunities of consignment and joint research initiatives centering on these as mentioned above. In addition to donations, opportunities to earn income by utilizing assets held such as research forests can also be expected.
- (4) The University’s affiliated hospital plays an important role as an advanced treatment hospital, a clinical research core hospital, and a physician training institution. It has been facing a severe operating environment affected by the impacts of COVID-19 and higher prices since the academic year 2020. However, it remains in the black for business profit and loss due partly to support of subsidies. Going forward, it will likely be able to ensure earnings commensurate with the system through improving bed occupancy rates and unit price of medical care, and other factors. Having said that, it has passed a considerable amount of time since the previous hospital redevelopment, and large-scale development will be required in the future. A further improvement in revenue/expenditure will be an issue to be addressed to secure financial sources.

Shigenobu Tonomura, Masaki Abe

## Rating

Issuer: National University Corporation Hokkaido University

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Rating Assignment Date: November 27, 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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