

Jun 07, 2016

R&I Changes Rating Outlooks for 22 Government Agencies to Negative Following the Rating Outlook Revision for Japan's Sovereign

Rating and Investment Information, Inc. (R&I) has announced the following:

- ISSUER:** Japan Finance Corp.
Issuer Rating: AA+
Rating Outlook: Negative, Changed from Stable
- ISSUER:** The Okinawa Development Finance Corp.
Issuer Rating: AA+
Rating Outlook: Negative, Changed from Stable
- ISSUER:** Japan Bank for International Cooperation
Issuer Rating: AA+
Rating Outlook: Negative, Changed from Stable
- ISSUER:** Japan International Cooperation Agency
Issuer Rating: AA+
Rating Outlook: Negative, Changed from Stable
- ISSUER:** Japan Housing Finance Agency
Issuer Rating: AA+
Rating Outlook: Negative, Changed from Stable
- ISSUER:** Japan Finance Organization for Municipalities
Issuer Rating: AA+
Rating Outlook: Negative, Changed from Stable
- ISSUER:** Japan Expressway Holding and Debt Repayment Agency
Issuer Rating: AA+
Rating Outlook: Negative, Changed from Stable
- ISSUER:** Central Nippon Expressway Co., Ltd.
Issuer Rating: AA+
Rating Outlook: Negative, Changed from Stable
- ISSUER:** East Nippon Expressway Co., Ltd.
Issuer Rating: AA+
Rating Outlook: Negative, Changed from Stable
- ISSUER:** West Nippon Expressway Co., Ltd.
Issuer Rating: AA+
Rating Outlook: Negative, Changed from Stable
- ISSUER:** Metropolitan Expressway Co., Ltd.
Issuer Rating: AA+
Rating Outlook: Negative, Changed from Stable

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Rating and Investment Information, Inc. Nihonbashi 1-chome Mitsui Bldg., 1-4-1, Nihonbashi, Chuo-ku, Tokyo 103-0027, Japan <http://www.r-i.co.jp>

Credit ratings are R&I's opinions on an issuer's general capacity to fulfill its financial obligations and the certainty of the fulfillment of its individual obligations as promised (creditworthiness) and are not statements of fact. Further, R&I does not state its opinions about any risks other than credit risk, give advice regarding investment decisions or financial matters, or endorse the merits of any investment. R&I does not undertake any independent verification of the accuracy or other aspects of the related information when issuing a credit rating and makes no related representations or warranties. R&I is not liable in any way for any damage arising in relation to credit ratings (including amendment or withdrawal thereof). As a general rule, R&I issues a credit rating for a fee paid by the issuer. For details, please refer to <http://www.r-i.co.jp/eng/policy/policy.html>.

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- ISSUER:** Hanshin Expressway Co., Ltd.
Issuer Rating: AA+
Rating Outlook: Negative, Changed from Stable
- ISSUER:** Environmental Restoration and Conservation Agency
Issuer Rating: AA
Rating Outlook: Negative, Changed from Stable
- ISSUER:** Forestry and Forest Products Research Institute
Issuer Rating: AA
Rating Outlook: Negative, Changed from Stable
- ISSUER:** National Institution for Academic Degrees and Quality Enhancement of Higher Education
Issuer Rating: AA
Rating Outlook: Negative, Changed from Stable
- ISSUER:** Japan Railway Construction, Transport and Technology Agency
Issuer Rating: AA
Rating Outlook: Negative, Changed from Stable
- ISSUER:** Urban Renaissance Agency
Issuer Rating: AA
Rating Outlook: Negative, Changed from Stable
- ISSUER:** Japan Student Services Organization
Issuer Rating: AA
Rating Outlook: Negative, Changed from Stable
- ISSUER:** The Promotion and Mutual Aid Corp. for Private Schools of Japan
Issuer Rating: AA
Rating Outlook: Negative, Changed from Stable
- ISSUER:** Development Bank of Japan Inc.
Issuer Rating: AA
Rating Outlook: Negative, Changed from Stable
- ISSUER:** Welfare and Medical Service Agency
Issuer Rating: AA
Rating Outlook: Negative, Changed from Stable
- ISSUER:** Japan Water Agency
Issuer Rating: AA
Rating Outlook: Negative, Changed from Stable

RATIONALE:

On June 6, R&I changed the Rating Outlook for Japan's sovereign to Negative from Stable. As a result of this rating action, R&I has also changed the Rating Outlooks for the 22 government agencies listed above to Negative from Stable.

When rating government agencies, R&I makes comprehensive assessment by evaluating "the

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likelihood of the government providing required assistance", and then factoring in "the corporation's standalone creditworthiness". The ratings are therefore affected by the sovereign creditworthiness.

R&I incorporates "the likelihood of the government providing required assistance" to a great extent into the creditworthiness of the government agencies that have strong characteristics of policy implementation organizations due, for example, to their engagement in policy finance that is difficult for the private sector to undertake or in the construction and management of infrastructure. From this point of view, the Rating Outlooks have been changed for the 22 government agencies rated AA+ or AA, whose creditworthiness is the same as or very close to the sovereign creditworthiness.

Note that the Rating Outlooks have not been changed for the government agencies, etc. that have a certain level of operating base and for which standalone assessment has more weight, because these agencies are not easily affected by a decline in the government's capability to provide assistance.

The primary rating methodologies applied to this rating are provided at "R&I's Analytical Approach to Government Agencies", "R&I's Basic Methodology for Corporate Credit Ratings" and "Shared Rating Approach for Financial Institutions, etc." The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

<http://www.r-i.co.jp/eng/cfp/about/methodology/index.html>

R&I RATINGS:

ISSUER: Japan Finance Corp.
Issuer Rating
RATING: AA+
RATING OUTLOOK: Negative, Changed from Stable

ISSUER: The Okinawa Development Finance Corp.
Issuer Rating
RATING: AA+
RATING OUTLOOK: Negative, Changed from Stable

ISSUER: Japan Bank for International Cooperation
Issuer Rating
RATING: AA+
RATING OUTLOOK: Negative, Changed from Stable

ISSUER: Japan International Cooperation Agency
Issuer Rating
RATING: AA+
RATING OUTLOOK: Negative, Changed from Stable

ISSUER: Japan Housing Finance Agency
Issuer Rating
RATING: AA+
RATING OUTLOOK: Negative, Changed from Stable

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NEWS RELEASE

ISSUER:	Japan Finance Organization for Municipalities Issuer Rating
RATING:	AA+
RATING OUTLOOK:	Negative, Changed from Stable
ISSUER:	Japan Expressway Holding and Debt Repayment Agency Issuer Rating
RATING:	AA+
RATING OUTLOOK:	Negative, Changed from Stable
ISSUER:	Central Nippon Expressway Co., Ltd. Issuer Rating
RATING:	AA+
RATING OUTLOOK:	Negative, Changed from Stable
ISSUER:	East Nippon Expressway Co., Ltd. Issuer Rating
RATING:	AA+
RATING OUTLOOK:	Negative, Changed from Stable
ISSUER:	West Nippon Expressway Co., Ltd. Issuer Rating
RATING:	AA+
RATING OUTLOOK:	Negative, Changed from Stable
ISSUER:	Metropolitan Expressway Co., Ltd. Issuer Rating
RATING:	AA+
RATING OUTLOOK:	Negative, Changed from Stable
ISSUER:	Hanshin Expressway Co., Ltd. Issuer Rating
RATING:	AA+
RATING OUTLOOK:	Negative, Changed from Stable
ISSUER:	Environmental Restoration and Conservation Agency Issuer Rating
RATING:	AA
RATING OUTLOOK:	Negative, Changed from Stable

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ISSUER:	Forestry and Forest Products Research Institute Issuer Rating
RATING:	AA
RATING OUTLOOK:	Negative, Changed from Stable
ISSUER:	National Institution for Academic Degrees and Quality Enhancement of Higher Education Issuer Rating
RATING:	AA
RATING OUTLOOK:	Negative, Changed from Stable
ISSUER:	Japan Railway Construction, Transport and Technology Agency Issuer Rating
RATING:	AA
RATING OUTLOOK:	Negative, Changed from Stable
ISSUER:	Urban Renaissance Agency Issuer Rating
RATING:	AA
RATING OUTLOOK:	Negative, Changed from Stable
ISSUER:	Japan Student Services Organization Issuer Rating
RATING:	AA
RATING OUTLOOK:	Negative, Changed from Stable
ISSUER:	The Promotion and Mutual Aid Corp. for Private Schools of Japan Issuer Rating
RATING:	AA
RATING OUTLOOK:	Negative, Changed from Stable
ISSUER:	Development Bank of Japan Inc. Issuer Rating
RATING:	AA
RATING OUTLOOK:	Negative, Changed from Stable
ISSUER:	Welfare and Medical Service Agency Issuer Rating
RATING:	AA
RATING OUTLOOK:	Negative, Changed from Stable

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NEWS RELEASE

ISSUER: Japan Water Agency
Issuer Rating

RATING: AA

RATING OUTLOOK: Negative, Changed from Stable

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