

CCXAP affirms Sichuan Jinyu Financing Guarantee Co., Ltd.'s long-term credit rating at A_g+, with stable outlook

Hong Kong, 16 October 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Sichuan Jinyu Financing Guarantee Co., Ltd. (“JYFG” or the “Company”) at A_g+, with stable outlook.

The A_g+ long-term credit rating of JYFG is underpinned by the Company's (1) solid market position in bond guarantee business in Sichuan Province; (2) sufficient capital adequacy supported by its state-owned enterprise (“SOE”) background; and (3) high level of liquidity resources.

However, the rating is constrained by the Company's (1) industry and geographic concentration of guarantee portfolio; (2) relatively large historical claims with long recovery period; and (3) business growth and profitability pressure due to intensive market competition and lowering interest rate.

The rating also incorporates our expectation that the Company has a high likelihood of support from the local government and its parent company, given its (1) ultimate control by the Sichuan Provincial Government; (2) strategic importance in further optimizing financial environment in Sichuan Province; and (3) solid track record of business and financial support.

Corporate Profile

Founded in 2007, JYFG is one of the major guarantee companies in Sichuan Province. It has an important role in facilitating the development of regional direct finance, enhancing the financing abilities of local enterprises, and optimizing the financial environment of Sichuan Province. JYFG mainly provides traditional guarantee services to standardized bond market products, such as Medium-term Notes (MTNs) and Corporate Bonds. The Company also offers loan financing and non-financing guarantee services. As of 30 June 2025, the Company had a total asset of RMB7.2 billion and a net asset of RMB5.5 billion.

JYFG is 60% owned by Sichuan Energy Investment Jinding Industrial Finance Holding Group Co., Ltd. (“Jinding Group”) and 40% owned by China Agricultural Development Key Construction Fund Co., Ltd. (“Agricultural Development Fund”). Pursuant to the approval of the State-owned Assets Supervision and Administration Commission of Sichuan Provincial Government (“Sichuan SASAC”), Sichuan Investment Group Co., Ltd. consolidated with Sichuan Energy Investment Group Co., Ltd. to establish Sichuan Energy Development Group Co., Ltd. (“SCED”) in February 2025, a provincial-level state-owned capital investment company. Jinding Group, the Company's holding shareholder, is the financial arm of SCED, which is ultimately controlled by Sichuan SASAC.

Rating Rationale

Credit Strengths

Solid market position in guarantee business in Sichuan Province. JYFG has a solid market position in Sichuan Province as one of the top provincial guarantee companies. It dedicates to support the development of regional financial market, enhance the financing abilities of local enterprises, and optimize the financial environment of Sichuan Province. It also has a policy role in assisting the government to build a risk sharing mechanism in the province and broaden financing channels for local enterprises with lowering funding costs.

Sufficient capital adequacy and high level of liquidity resources. JYFG's relatively strong capital profile is supported by strong shareholder background and manageable guarantee exposure, which provides the Company with a healthy loss-absorption buffer against unexpected market volatilities. JYFG has received ongoing capital support, with a registered and paid-in capital of RMB5.0 billion as of 31 December 2024. In addition, the Company has relatively high level of liquidity recourses, which offer sufficient buffers to a financial guarantor to meet its unexpected liabilities. With JYFG's good risk management ability and prudent business development strategy, we expect that the Company's existing liquid assets can cover the possible claims in the following 12-18 months.

High likelihood of support from the Sichuan Provincial Government and the parent company. We expect a high likelihood of government support from the Sichuan Provincial Government and parent support in times of need. This expectation is based on our considerations of the Company's (1) ultimate control by the Sichuan Provincial Government; (2) strategic importance in further optimizing financial environment in Sichuan Province; and (3) solid track record of business and financial support.

Credit Challenges

Industry and geographic concentration of guarantee portfolio. The Company has demonstrated geographical and sector concentration in its guarantee asset portfolio, which may expose JYFG to the risk of economic and policy changes in a single sector or region. It has concentrated guarantee exposure in Sichuan Province and in local SOEs, which is subject to higher policy and regulatory risk, especially during the increasing downward pressure on China's economy and the tightening financing environment on some of the local SOEs.

Relatively large historical claims with long recovery period. JYFG's asset quality is moderate as seen by its relatively high cumulative claim ratio of 2.0% as of 31 December 2024. This mainly arose from the loan guarantees provided to private-owned small and medium enterprises ("SMEs") in the early stage of the Company's development, which experienced claims because of the financial distress on some SMEs, particularly in manufacturing and construction sectors. With the expiration of the risky projects, the annual new claim amount has been decreasing.

Business growth and profitability pressure due to intensive market competition and

lowering interest rate. JYFG's business development and profitability are closely linked with local economic and policy changes. Guarantors face increasing competition under the lowering interest environment and the sufficient market liquidity in China, which in turn compress their guarantee fee rate.

Rating Outlook

The stable outlook on JYFG's rating reflects our expectation that the willingness and ability of Sichuan Provincial Government to provide support is unlikely to change. We also expect the Company to sustain its competitive market position and solid financial profile in the next 12 to 18 months.

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of receiving government or parental support increases such as higher policy roles or greater strategic importance in Sichuan Province; and (2) the Company's institution profile has significantly strengthened such as improved profitability or asset quality.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of receiving government or parental support decreases such as weakened strategic importance in Sichuan Province; or (2) the Company's institution profile deteriorates, such as lower coverage in potential claims or a sharp decrease in liquid assets.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [Financial Guarantors \(January 2022\)](#).

Regulatory Disclosures

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