CCXAP assigns first-time long-term credit rating of A_g+ to Jinshang Bond Insurance Co., Ltd., with stable outlook.

Hong Kong, 31 October 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned first-time long-term credit rating of A_g+ to Jinshang Bond Insurance Co., Ltd., with stable outlook.

The A_g+ long-term credit rating of JSBI is underpinned by the Company’s (1) important strategic position as the only credit enhancement company in Shanxi Province; (2) sufficient capital adequacy supported by large state-owned enterprises (“SOEs”) shareholders; and (3) relatively good funding access.

However, the rating is constrained by the Company’s (1) relatively high geographic and single-client concentration risk; (2) business development and investment returns are subject to evolving policy and market conditions; and (3) relatively weak liquidity profile.

The rating also incorporates our expectation that the Company has a high likelihood of high likelihood of receiving government and parental support, given its (1) indirect ownership and ultimate control by the Shanxi Provincial Government; (2) very high strategic importance in optimizing and stabilizing the financial environment of Shanxi Province; and (3) solid track record of business support.

Corporate Profile

JSBI was established in September 2016. As the only credit enhancement company in Shanxi Province, JSBI focuses on providing a range of credit enhancement services to SOEs within the province, effectively improving the local financing environment. The Company’s credit enhancement services are divided into direct financing credit enhancement and indirect financing credit enhancement. Additionally, the Company engages in investment activities, primarily in fixed-income assets and equity assets. As of 31 March 2025, the Company’s total assets and net assets reached RMB12.6 billion and RMB7.4 billion, respectively.

As of 30 September 2025, Shanxi State-owned Capital Operation Co., Ltd. (“SSCO”) directly held 36.9% equity stake in JSBI and indirectly held the remaining shares through other SOEs in Shanxi Province. The Company’s actual controller is the State-owned Assets Supervision and Administration Commission of Shanxi Province (“Shanxi SASAC”).

Rating Rationale

Credit Strengths

Important strategic position as the only credit enhancement company in Shanxi Province. JSBI is the only credit enhancement company established in Shanxi Province under the guidance of the provincial government. As an important financial arm of SSCO, JSBI has a high strategic role for the local government in preventing systemic financial risk and optimizing the financial environment in Shanxi Province. It helps assist the government to build a risk sharing mechanism in the province and broaden financing channels for local SOEs with lowering funding costs.

Sufficient capital adequacy supported by large SOEs shareholders. JSBI maintains a strong capital profile, primarily supported by the continuous capital injections from its SOEs shareholders and the accumulation of retained earnings, which have collectively contributed to the growth of its net assets over the past three years. These provide the Company with a healthy loss-absorption buffer against unexpected market volatilities.

Relatively good funding access. The Company has relatively good access to capital. In addition to bank loan financing, the Company also raises funds in the domestic debt capital market. Besides, the majority of bonds held in the Company's investment portfolio demonstrates relatively strong secondary market liquidity and can be readily liquidated when needed.

High likelihood to receive government and parental support when necessary. JSBI has a very important position in the financial system of Shanxi Province. As the sole credit enhancement institution in Shanxi Province, a default of JSBI is expected to bring very high reputation risk to the Shanxi Provincial Government and material impacts on local financing cost. Benefiting from capital injection from its SOEs shareholder in 2023, the Company's paid-in capital and capital reserve increased by RMB2.0 billion in total.

Credit Challenges

Relatively high geographic and single-client concentration risk. JSBI's asset quality is moderate with geographic concentration of its guarantee portfolio in Shanxi Province, given its strategic position in the region. Meanwhile, the Company is exposed to relatively large single-client concentration risk. However, the Company's guarantee on the largest client has matured in October 2025, we expect the single-client concentration exposure would decrease.

Business development and investment returns are subject to evolving policy and market conditions. JSBI's business development and investment returns are linked with local market conditions and policy changes. Guarantors in China face high competition that may affect their profitability. The internal capital generation of the Company was moderate as it has a medium scale of revenue and profit. The Company's total revenue has declined for three consecutive years, driven by weakened demand from Shanxi's SOEs and tightening regulatory policies on financing guarantors

Relatively weak liquidity profile. The Company's liquidity ratio (measured by highly liquid assets/total assets) is at a relatively low level, indicating that there is room for improvement in its liquidity management. The relatively weak liquidity profile could expose the Company to potential liquidity or financing risks under stressed circumstances.

Rating Outlook

The stable outlook on JSBI's rating reflects our expectation that the willingness and ability of the Shanxi Provincial Government to provide support is unlikely to change. We also expect the

Company to sustain its strategic 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 Shanxi Province; and (2) the Company's institution profile has significantly strengthened such as improved profitability or larger high-liquid asset holdings.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of receiving government or parental support decreases such as the weakened strategic importance in Shanxi Province; or (2) the Company's institution profile deteriorates, such as a sharp decrease in capital adequacy or asset quality.

Rating Methodology

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

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The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Christy Liu

Senior Credit Analyst
+852-2860 7127
christy_liu@ccxap.com

Elle Hu
Executive Director of Credit Ratings
+852-2860 7120
elle_hu@ccxap.com

Client Services: +852-2860 7111

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China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-2860 7111

Fax: +852-2868 0656