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

Hong Kong, 25 November 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has assigned first-time long-term credit rating of A_g+ to Tianfu Bond Insurance Co., Ltd. ("TBIC" or the "Company"), with stable outlook.

The A_g+ long-term credit rating of TBIC is underpinned by the Company's (1) strategic position as the first credit enhancement institution in Sichuan Province with leading market shares in the province; and (2) sound profitability and solid capital adequacy. However, the rating is constrained by the Company's (1) relatively high geographic and client concentration; and (2) tightening liquidity buffer.

The rating also incorporates our expectation that the Company has a high likelihood of receiving government and parental support, given its (1) indirect ownership and ultimate control by the Sichuan Provincial Department of Finance; (2) high strategic importance in the economic development of Sichuan Province; and (3) solid track record of business support.

Corporate Profile

Founded in August 2017, TBIC serves as the first and leading credit enhancement institution in Sichuan Province. It is primarily engaged in bond credit enhancement and investment operations. As of 30 June 2026, its registered capital and paid-in capital were both RMB4.0 billion, total assets amounted to RMB10.4 billion, net assets to RMB8.3 billion, and its outstanding credit enhancement balance to RMB74.6 billion. Sichuan Financial Holding Group Co., Ltd. ("SCFH") is the controlling shareholder, holding a 40% equity stake; the remaining shares are dispersed among other state-owned enterprises in Sichuan Province. The ultimate controlling entity of the Company is the Department of Finance of Sichuan Province.

Rating Rationale

Credit Strengths

Strategic position as the first and leading credit enhancement institution in Sichuan Province, with leading market shares in the province. Established in 2017 as the first credit enhancement institution in Sichuan Province, TBIC plays an important role in the provincial financial system by providing credit support for the direct financing of local SOEs. As of 30 June 2026, TBIC ranked first among Sichuan-based credit enhancement and guarantee institutions by bond credit enhancement scale, with outstanding balance increasing from RMB70.0 billion at end-2023 to RMB74.6 billion at mid-2026. The Company has maintained an excellent record of zero cumulative claims since inception, with total risk reserves reaching RMB2.0 billion.

Sound profitability and solid capital adequacy. TBIC's profitability remains sound despite a moderating growth profile. Operating revenue reached RMB1.2 billion in 2025 and RMB552.3 million in 2026H1. Net profit declined from RMB820.6 million in 2023 to RMB590.1 million in 2025, with return on equity decreasing from 11.3% to 6.8%. TBIC's capital adequacy ratio

remains robust, with net assets reaching RMB8.3 billion and credit enhancement leverage ratio at 7.5x, well within the 10.0x regulatory limit. The risk reserve coverage ratio stands at 3.2%, alongside a 0.0% accumulated claim ratio.

High likelihood to receive government and parental support when necessary. We expect that TBIC is likely to receive support from the Sichuan Provincial Government and its parent company, when necessary, which is based on the Company's (1) indirect ownership and ultimate control by Sichuan Provincial Department of Finance; (2) high strategic importance in the economic development of Sichuan Province; and (3) solid track record of receiving business support.

Credit Challenges

Relatively high geographic and client concentration. As of 30 June 2026, over 85% of TBIC's business was located in Sichuan Province, with Chengdu alone accounting for 33.9% of the total credit enhancement balance. LIIFCs still dominated the portfolio at 77.0% at mid-2026. Concentration risk is amplified by a high correlation between credit enhancement and investment operations, with investment assets totaling RMB8.7 billion (83.7% of total assets) at mid-2026. Concentration risk has been mitigated through counter-guarantees, post-investment monitoring, and corporate risk management.

Tightening liquidity buffer, alleviated by adequate funding access. The liquidity ratio declined from 32.0% at end-2023 to 20.6% at mid-2026, with high-liquid assets at RMB2.15 billion. Nonetheless, the Company has adequate funding access, such as bank loans and bond issuance.

Rating Outlook

The stable outlook on TBIC's rating reflects our expectation that, for the next 12 to 18 months, the willingness and ability of the Sichuan Provincial Government to provide support is unlikely to change, and the Company will sustain its strategic position and solid financial profile.

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 a further increase in risk reserve coverage and liquid assets buffer.

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 Sichuan 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).

Regulatory Disclosures

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