

## Credit Opinion

23 December 2025

Ratings	
Category	Financial Institution
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A <sub>g</sub> +
Outlook	Stable

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## Henan Zhongyu Credit Promotion Co., Ltd.

### Surveillance credit rating report

**CCXAP affirms the long-term credit rating of Henan Zhongyu Credit Promotion Co., Ltd. at A<sub>g</sub>+, with stable outlook.**

### Summary

The A<sub>g</sub> long-term credit rating of Henan Zhongyu Credit Promotion Co., Ltd. ("HZCP" or the "Company") is underpinned by the Company's (1) strong market position as the first credit enhancement company in Henan Province; (2) solid capital base supported by its large state-owned enterprises ("SOEs") shareholders; and (3) good funding access.

However, the rating is constrained by the Company's (1) concentrated risk exposure in Henan Province; (2) business development and asset quality that are subject to economic and policy changes; and (3) limited operating track record.

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

The stable outlook on HZCP's rating reflects our expectation that the willingness and ability of the Henan 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.

## Rating Drivers

- Strong strategic position as the first credit enhancement company in Henan Province
- Concentrated risk exposure in Henan Province
- Business development and asset quality are subject to economic and policy changes
- Limited operating track record
- Solid capital base supported by its large SOEs shareholders
- High likelihood to receive government support, when necessary

## Rating Sensitivities

### What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of receiving government support increases such as higher policy roles or greater strategic importance in Henan Province; and (2) the Company's institution profile has significantly strengthened such as improved profitability, better coverage in potential claims or larger high-liquid asset holdings.

### What could downgrade the rating?

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

### Key Indicators

	2022FY	2023FY	2024FY	2025H1
Total Assets (RMB billion)	4.1	13.4	16.9	18.5
Total Equity (RMB billion)	4.1	12.2	12.7	12.6
Net Profit (RMB billion)	0.1	0.3	0.5	0.3
Return on Equity (%)	-	3.2	4.2	-
Accumulated Claim Ratio (%)	0.0	0.0	0.0	0.0
Risk Reserve/Outstanding Guarantees (%)	0.1	0.4	0.9	1.1
High Liquid Assets/Total Assets (%)	30.5	20.7	19.5	14.9

All ratios and figures are calculated using CCXAP's adjustments. Indicators marked with "-" are not applicable or not comparable.

Source: Company data, CCXAP research

## Corporate Profile

HZCP was the first provincial credit enhancement company in Henan Province founded under the guidance of the State-owned Assets Supervision and Administration Commission of Henan Provincial Government ("Henan SASAC") in February 2022. It has a high policy role in facilitating the development of regional direct finance, enhancing the financing abilities of local enterprises, and optimizing the financial environment of Henan Province. HZCP mainly provides traditional credit enhancement services to standardized bond market products, such as Medium-term Notes ("MTN") and Corporate Bonds. The Company also engages in investment business, mainly in fixed income products.

HZCP is owned by provincial and municipal SOEs. As of 30 September 2025, major shareholders of the Company included Henan Yuzi Urban-Rural Integration Construction & Development Group Co., Ltd. ("HYUG") (holding 17.5%) and Henan Enterprise Credit Insurance Fund (Limited Partnership) ("Henan Insurance Fund")

(12.5%) and China Pingmei Shenma Holding Group Co., Ltd. (“Pingmei Shenma”) (8.3%). The ultimate controller of the Company is Henan SASAC.

### Exhibit 1. Shareholding chart as of 30 September 2025

Henan Yuzi Urban Rural Integration Construction and Development Group Co., Ltd. 河南省豫资城乡一体化建设发展集团有限公司	17.5%	
Henan Enterprise Credit Insurance Fund (Limited Partnership) 河南省企信保基金（有限合伙）	12.5%	
China Pingmei Shenma Holding Group Co., Ltd. 中国平煤神马控股集团有限公司	8.3%	
Shangqiu Enterprise Credit Insurance Management Co., Ltd. 商丘企信保信用管理有限公司	5.4167%	Henan Zhongyu Credit Promotion Co., Ltd. 河南中豫信用增进有限公司
Kaifeng Enterprise Credit Insurance Investment Partnership (Limited Partnership) 开封市企信保投资合伙企业（有限合伙）	5.4167%	
Henan Zhongyu Asset Management Co., Ltd. 河南中豫资产管理有限公司	4.1688%	
Other state-owned enterprises in Henan Province 其他河南省国有企业	46.6978%	

Source: Company information, CCXAP research

## Rating Considerations

### Operating Environment

HZCP is domiciled in mainland China and most of its revenue is generated in Henan Province. HZCP's macro profile is **Medium**, which reflects Henan Province's (1) robust economic and stable fiscal strength, (2) good institutional strength, and (3) improving operating environment for financial guarantors. However, the macro profile is undermined by (1) low barriers to entry of China's financial guaranty sector, which drive a lower rate of underwritten premium; and (2) weakened credit condition, which may increase the industry's vulnerability.

China has strong economic fundamentals and institutional strength. China's strong institutional strength is reflected in the long-term stability of its political environment and the high efficiency of its government. In addition, it is the second-largest economy in the world, with large population and economic base, as well as stable economic growth. China demonstrated a good, albeit moderating, economic recovery since the pandemic. In 2024, China's GDP grew by 5.0% year-on-year (“YoY”) to RMB134.9 trillion, supported by its widening trade surplus and the recovery in production and domestic demand. Nevertheless, the economy remains under challenges given the still moderate domestic demand and rising risks in global trade. China's GDP growth recorded 5.2% YoY in the first three quarters of 2025.

Henan Province has a relatively stable economic growth, providing a good support for the development of the financial industry in Henan Province. It is located at the junction of the three major regions in China, including eastern, central and western regions. It has a strategic position as an important transportation and communication hub, and a material distribution center in China. With the good transportation and location advantages, Henan Province's general regional product (“GRP”) grew by 5.1% YoY in 2024 to RMB6.4 trillion, ranking 6<sup>th</sup> among all provinces in China for the year. In the first three quarters of 2025, Henan Province achieved a GRP of RMB4.9 trillion, representing a YoY increase of 5.6%. As of end-2024, the deposit balance of financial institutions in Henan Province amounted to RMB10.9 trillion, rising by 8.8% YoY, and the loan balance was RMB8.9 trillion, rising by 6.8% YoY.

The operating environment for Chinese financial guarantors is improving with a clearer regulatory framework and supportive government stance. In 2017, the State Council issued the “*Regulation on the Supervision and Administration of Financing Guarantee Companies*” (《融资担保公司监督管理条例》) and the China Banking and Insurance Regulatory Commission released the supplementary provisions in 2018 and 2019, to clearly define the responsibility of the supervisory bodies and related regulatory metrics. In September 2023, the Financial Supervision and Administration Bureau of Henan Province also released the “*Guidelines for the Supervision and Rating of Financing Guarantee Companies in Henan Province*” (《河南省融资担保公司监管评级工作指引》) to effectively strengthen the supervision of financing guarantee companies, and promote the standardized and healthy development of the financing guarantee industry in Henan Province.

However, the Chinese financial guarantee industry faces a relatively high level of competitive rivalry. This may put higher pricing pressure on premium rates and erode financial guarantors' profitability in the long run. The narrowed credit spreads in China's broad capital market, given the easing of monetary policy, also intensify competition among financial guarantors and drive down their profitability. In addition, the weakened credit condition, such as increasing default events and limited financing channels in particular industries, may increase credit costs for financial guarantors. Nevertheless, we believe that the market accumulated claim ratio will remain flat for the next 12 to 18 months, backed by China's supportive monetary policy and sufficient broad market liquidity.

## **Institutional Profile**

### **Strategic position as the first credit enhancement company in Henan Province**

HZCP is the first credit enhancement company established in Henan Province, under the guidance of the People's Bank of China, the National Association of Financial Market Institutional Investors, and the Henan Provincial Local Financial Supervision Bureau. HZCP has a high strategic role for the local government in preventing systemic financial risk and optimizing the financial environment in Henan Province. It helps assist the government to build a risk sharing mechanism in the province and broaden financing channels for local enterprises with lowering funding costs. The default of Yongcheng Coal & Electricity Holding Group Co., Ltd., a large local state-owned coal mining company in Henan province, has made a big hit to the financing market of the province in 2020, leading a substantial economic loss for Henan Province and bringing the reputation risk to the local government. HZCP is established with a strategic aim to improve the stability of capital market in Henan Province.

Since its establishment in 2022, HZCP has actively expanded its business and demonstrated a rapid growth for its credit enhancement business. As of 30 June 2025, HZCP had an outstanding credit enhancement exposure of RMB37.4 billion, increasing from RMB16.3 billion as of end-2023. More than 85% of its credit enhancement businesses were bond guarantees, and the remaining were loan guarantees with pledged time deposits. The Company has a dominate market position in Henan Province, with over 60% market share in bond guarantees provided by professional credit enhancement companies in 2024. HZCP also enjoys the ongoing growth of China's bond market in its traditional credit enhancement business in standardized bond products and is going to extend the coverage to other innovative products such as ABS, CRMA, and CRMW. HZCP's strong capital strength also supports the implementation of comprehensive risk management and hiring experts.

### **Geographic concentration of guarantee portfolio in Henan Province**

HZCP's asset quality remains moderate with geographic concentration of its guarantee portfolio mainly in Henan Province, given its strategic position in the region. It undertakes the responsibility to stabilize the local bond market and has been participated in debt resolving of local SOEs. HZCP's existing customers are mostly

constituted by municipal level SOEs, supplemented by high-quality county-level SOEs to capture business growth. It exercises caution in engaging with sectors such as overcapacity industries and real estate. We expect that HZCP's business performance is susceptible to the credit change of local enterprises.

HZCP has a moderate business scale that results in a concentrated guarantee portfolio. The largest client accounted for around 19.2% of its core capital and 6.2% of the total credit enhancement amount as of 30 June 2025. Such client concentrated risk could be partly mitigated by HZCP's high-quality client base and sufficient risk control measures. Most of the clients are SOEs that are backed by government support or favorable policy. These clients are relatively less vulnerable to the economic cycles and are more likely to receive solid government support in stressed scenarios. Apart from that, the Company undertakes necessary risk mitigation measures. Most of the clients are required to provide third-party guarantees or asset pledges to reduce the potential losses, such as land, properties, equity shares and accounts receivables with reasonable liquidity.

In addition, the Company's credit enhancement portfolio is mainly made up of credit enhancement portfolio on traditional products such as MTN and corporate bonds. Most of these products are simple and have higher information transparency that lowers the risk of misvaluation.

### **Business development and asset quality are subject to economic and policy changes**

HZCP's business development and asset quality are closely linked with local economic and policy changes. Guarantors in China face high competition that may diminish their profitability. The internal capital generation of HZCP remains weak as it has a small scale of revenue and profit. With the development of credit enhancement business, the Company's revenue increased to RMB279.4 million in 2024 from RMB145.0 million in 2023. The net profit of the Company also increased to RMB518.2 million from RMB258.5 million over the same period, contributed mainly by fixed-income investments. The Company has established a mechanism for its provision reserve to against contingent risks, including risk provision for credit enhancement liability, special risk provision and technical risk provision. The Company's risk provisions were enhancing but still small at RMB528.4 million as of 30 June 2025, given limited operating record. The provisions to outstanding credit enhancement ratio was approximately 1.1%, as of the same date.

HZCP's investment business includes fixed-income investments and equity investments, which generated supplementary income to the Company. HZCP has offered loans to the local SOEs and invested in bonds that are guaranteed by the Company in guarantee business. The amount of entrusted loans the Company offered has largely increased to RMB8.4 billion in 2024, mainly short-term loans provided to SOEs in Henan Province to control liquidity risks. It may also timely invest in bonds that are deemed to be undervalued in the secondary market, given its information advantage in local market. Most of the Company's fixed-income investments were issued by local infrastructure investment and financing companies ("LIIFCs") in Henan Province. In addition, HZCP provides support to technology innovation enterprises through equity investment. The Company is expected to invest in growing sectors in the future such as new energy, semiconductors, new materials, and high-end intelligent manufacturing industries. In November 2024, the Company disposed of all its holdings in Zhengzhou Coal & Power Co., Ltd., realizing an investment gain of RMB48.0 million. The Company's net interest income and investment gains were recorded at RMB675.3 million and RMB103.8 million in 2024 respectively, which help support its bottom-line profitability. However, the volatility of the stock market, coupled with the occurrence of credit events, will exert greater challenges to the Company's investment strategy and asset allocation.

We believe that HZCP's business scale will continue to grow over the next 12 to 18 months. It has a relatively large scale of credit enhancement project reserves in different bond products. We also expect the Company will

receive strong business support from its shareholders, given its strategic position in Henan Province.

### **Solid capital base supported by its large SOEs shareholders**

HZCP's capital profile is strong which is supported by large capital expansion from local SOEs. These provide the Company with a healthy loss-absorption buffer against unexpected market volatilities. HZCP was initially established by HYUG, and jointly invested with other five large SOEs in Henan Province, including Henan Insurance Fund, Pingmei Shenma, Henan Zhongyu Asset Management Co., Ltd., Luoyang Jinhe Investment Development Co., Ltd., and Henan Asset Management Co., Ltd., with a registered and paid-in capital of RMB4.0 billion. In September 2023, HZCP completed a substantial capital expansion of RMB8.0 billion, which was provided by some of its shareholders and other municipal SOEs in Henan Province. After the capital expansion, HZCP's paid-in capital has increased to RMB12.0 billion, enhancing its capital strength and capability to against potential credit risks and ensuring the sustainable development of the Company.

### **Declining high liquid asset level**

The liquidity risk of HZCP mainly comes from the mismatch between its on-balance sheet assets and off-balance sheet contingent liabilities. Liquid resources offer buffers to a financial guarantor to meet its unexpected liabilities. The level of liquid resources the Company possess declined over the past years due to the growth in total assets and the increase in less liquid fixed-income investments. We consider HZCP's liquid resources are moderate with a liquidity ratio (measured by high liquid assets/total assets) of approximately 14.9% as of 30 June 2025.

The relatively low liquidity ratio of HZCP could be partially offset by its reliable liquid resources as well as its good access to capital. The Company has maintained a good relationship with large domestic banks. As of 31 March 2025, the Company had obtained total bank credit facilities of RMB21.6 billion, with an unutilized amount of RMB15.5 billion. HZCP also stepped into debt capital market in 2024. From January to November 2025, the Company issued 2 tranches of corporate bonds and 1 tranche of Private Placement Notes, totally raising around RMB1.8 billion. With HZCP's good risk management ability and prudent business development strategy, we expect that the Company's existing liquid assets and available access to funding can cover the possible claims in the following 12-18 months.

### **External Support**

#### **High likelihood to receive government support when necessary**

We expect that HZCP is likely to receive support from the Henan Provincial Government when necessary. This expectation incorporates our considerations that the Company (1) is indirectly owned and controlled by the Henan Provincial Government; (2) has very high strategic importance in further optimizing financial environment in Henan Province; and (3) has solid supporting track record from the government.

HZCP has a very important position in the financial system of Henan Province. Being the first established credit enhancement company under the guidance of Henan SASAC, HZCP has a strong strategic and functional role in promoting the construction of risk sharing mechanisms and credit risk systems in capital market, which helps increase the proportion of direct financing, reduce financing costs, and enhance direct financing capabilities of enterprises, as well as promote the high-quality development of the bond market in Henan Province. A default of HZCP is expected to bring very high reputation risk to the Henan Provincial Government and material impacts on local financial market.

The Company has received solid track record of support from the Henan Provincial Government and its key shareholders in terms of capital injection and business expansion. For example, HZCP completed a capital

increase of RMB8.0 billion in September 2023, which was provided by the key SOEs in Henan Province. At the end of 2025, HZCP announced plans to increase its registered capital by RMB3.0 billion, with the raised funds primarily allocated towards business expansion and daily operations. Upon completion of the capital increase, the Company's registered capital will reach RMB15.0 billion. We expected the importance of HZCP to the stability of the economic and financial environment in Henan Province will continue to increase along with its ongoing expansion.

## Rating Methodology

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



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