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S&P Global

China Ratings

S&P Global (China) Ratings Provides Market Benchmark with First Release of Unsolicited Ratings

February 24, 2022

S&P Global (China) Ratings today published unsolicited rating reports on 25 Chinese issuers, aiming to bring more transparency into the local market by expanding our coverage and presenting more granular credit risk differentiation.

A commentary "Unsolicited Benchmark Ratings FAQ" has also been released to respond to questions market participants may have regarding this initiative.

The entities covered span more than 10 industries, including but not limited to real estate, transportation infrastructure (including local government financing vehicles), banks, insurance, securities firms, building materials and commodity chemicals. It consists of 19 corporates and 6 financial institutions. These entities are either benchmark credits in their respective sectors, or have business and financial risk profiles that are typical of their respective sectors. The entities were chosen to better demonstrate how S&P Global (China) Ratings' methodologies are applied in different industries, and the analysis of these entities is expected to provide the market with the benchmark for assessing credit risk.

The rating results cover almost every rating from $B_{spc(u)}$ to $AAA_{spc(u)}$, demonstrating different levels of credit risk across the rating spectrum from S&P Global (China) Ratings. Amid ongoing regulatory efforts to promote the high-quality development of the domestic rating industry, the benchmark ratings have been released with the aim of contributing to the improvement of rating quality and credit risk differentiation in the industry.

S&P Global (China) Ratings is a wholly-owned subsidiary of S&P Global. Its rating methodologies are broadly based on S&P Global Ratings' frameworks but have been modified and tailored for local application in China to provide a better reflection of the credit differentiation among issuers. These unsolicited ratings are based on publicly available information. Our unsolicited rating process does not include any interaction with the management of the issuer or any site inspections or meetings. Other than that, the rating methodology and procedure used in unsolicited ratings are consistent with those used for engaged ratings. We always adhere to our principle of rating consistency, and are consistent in our application of our rating scales and methodologies for the same issuer or issuance or surveillance.

S&P Global (China) Ratings previously conducted a desktop analysis of the indicative issuer credit quality of nearly 1,700 corporates and 500 financial institutions. As you can see from the chart below, our credit opinions are generally in line with the secondary market spreads of these issuers. The resulting credit quality distributions are shown on the charts below and include the positions of the 25 unsolicited issuers.

ANALYSTS

May Zhong, CFA

Beijing

May.Zhong@spgchinaratings.cn

Ying Li, CFA, FRM

Beijing

Ying.Li@spgchinaratings.cn

Xiaoliang Liu, CFA

Beijing

Xiaoliang.Liu@spgchinaratings.cn

MEDIA CONTACT

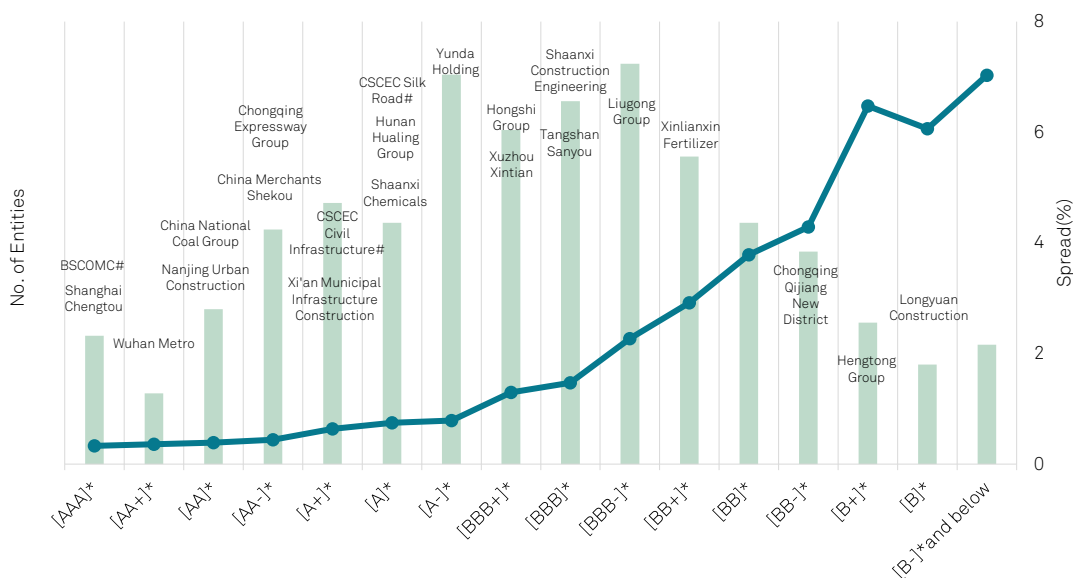
Sharon Tang

Beijing

Sharon.Tang@spgchinaratings.cn

Chart 1

Distribution of Indicative Issuer Credit Quality of 1700 Major Domestic Corporates



Note 1: Entities marked with “#” are engaged rating results; other entities are unsolicited ratings.

Note 2: The curve plotted on the right axis shows the spreads for 1,700 sampled entities with different indicative issuer credit quality, on December 1, 2021.

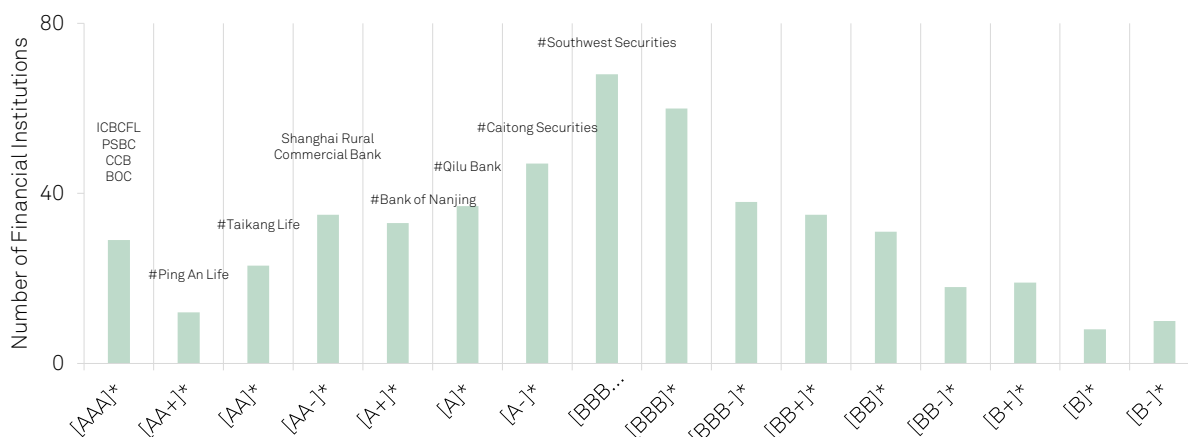
Note 3*: The indicative credit quality distributions expressed in this report are only our indicative views of credit quality derived from a desktop analysis based on public information without interactive review with any particular institution or the full credit rating process such as a rating committee (except for a few cases where we have already assigned public ratings on a company). The opinions expressed herein are not and should not be represented as a credit rating and should not be taken as an indication of a final credit rating of any particular institution.

Source: S&P Global (China) Ratings, Chinabond Pricing Center.

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Chart 2

Distribution of Indicative Issuer Credit Quality of 500 Major Domestic Financial Institutions



Note 1*: The indicative credit quality distributions expressed in this report are only our indicative views of credit quality derived from a desktop analysis based on public information without interactive review with any particular institution or the full credit rating process such as a rating

committee (except for a few cases where we have already assigned public ratings on a company). The opinions expressed herein are not and should not be represented as a credit rating and should not be taken as an indication of a final credit rating of any particular institution.

Note 2#: Issuers with credit ratings “AAA_{spc}” and “AA_{spc}-” are both engaged rating results, and the rest are unsolicited ratings.

Source: S&P Global (China) Ratings.

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Appendix: Summary of S&P Global (China) Ratings Benchmark Ratings (including engaged ratings)

Entity Name	Abbreviated Name	Rating Type	Industry	Stand-alone Credit Profile	External Support Notching	Issuer Credit Rating
ICBC Financial Leasing Co., Ltd.	ICBCFL	Engaged rating	Financial company	a _{spc} +	+4	AAA _{spc}
Postal Savings Bank of China Co., Ltd.	PSBC	Engaged rating	Commercial bank	aa _{spc}	+2	AAA _{spc}
China Construction Bank Corporation	CCB	Engaged rating	Commercial bank	aa _{spc}	+2	AAA _{spc}
Bank of China Limited	BOC	Engaged rating	Commercial bank	aa _{spc}	+2	AAA _{spc}
Beijing State-owned Capital Operation and Management Company Limited	BSCOMC	Engaged rating	Investment holding company	aa _{spc} -	+3	AAA _{spc}
Shanghai Chengtou (Group) Co., Ltd.	Shanghai Chengtou	Unsolicited rating	Transportation infrastructure	a _{spc(u)}	+5	AAA _{spc(u)}
Ping An Life Insurance Company of China, Ltd	Ping An Life	Unsolicited rating	Life insurance	aa _{spc(u)} +	0	AA _{spc(u)} +
Wuhan Metro Group Co., Ltd.	Wuhan Metro	Unsolicited rating	Transportation infrastructure	bbb _{spc(u)} -	+8	AA _{spc(u)} +
Taikang Life Insurance Co., Ltd.	Taikang Life	Unsolicited rating	Life insurance	aa _{spc(u)}	0	AA _{spc(u)}
Nanjing Urban Construction Investment Holding (Group) Co., Ltd	NUCIH	Unsolicited rating	Transportation infrastructure	bbb _{spc(u)} +	+5	AA _{spc(u)}
China National Coal Group Corporation	China Coal Group	Unsolicited rating	Mining	a _{spc(u)} -	+4	AA _{spc(u)}
Shanghai Rural Commercial Bank Co., Ltd.	SRCB	Engaged rating	Commercial bank	a _{spc}	+2	AA _{spc} -
China Merchants Shekou Industrial Zone Holding Co., Ltd	CMSK	Unsolicited rating	Real estate	bbb _{spc(u)} +	+4	AA _{spc(u)} -
Chongqing Expressway Group Co., Ltd	Chongqing Expressway Group	Unsolicited rating	Transportation infrastructure	bbb _{spc(u)} -	+6	AA _{spc(u)} -
Bank of Nanjing Co., Ltd.	Bank of Nanjing	Unsolicited rating	Commercial bank	a _{spc(u)}	+1	A _{spc(u)} +
China Construction Civil Infrastructure Corp. Ltd	CSCEC Civil Infrastructure	Engaged rating	Transportation infrastructure	bb _{spc} +	+6	A _{spc} +
Xi'an Municipal Infrastructure Construction Investment Group Corporation, Ltd.	XICI	Unsolicited rating	Transportation infrastructure	bbb _{spc(u)} -	+5	A _{spc(u)} +

Qilu Bank Co., Ltd.	Qilu Bank	Unsolicited rating	Commercial bank	a _{spc(u)} -	+1	A _{spc(u)}
China State Construction SilkRoad Construction Investment Group Co. Ltd.	CSCEC Silk Road	Engaged rating	Transportation infrastructure	bb _{spc}	+6	A _{spc}
Hunan Valin Group Co., Ltd	Valin Group	Unsolicited rating	Metals and mining downstream	bbb _{spc(u)} +	+2	A _{spc(u)}
Shaanxi Coal and Chemical Industry Group Co., Ltd.	Shaanxi Coal and Chemical Group	Unsolicited rating	Mining	bb _{spc(u)}	+6	A _{spc(u)}
Caitong Securities Co., Ltd.	Caitong Securities	Unsolicited rating	Securities firms	bbb _{spc(u)} +	+1	A _{spc(u)} -
Yunda Holding Co., Ltd.	Yunda	Unsolicited rating	Railroads and package express	a _{spc(u)} -	Not applicable	A _{spc(u)} -
Southwest Securities Co., Ltd.	Southwest Securities	Unsolicited rating	Securities firms	bbb _{spc(u)}	+1	BBB _{spc(u)} +
Hongshi Group Co., Ltd	Hongshi Group	Unsolicited rating	Building materials	bbb _{spc(u)} +	Not applicable	BBB _{spc(u)} +
Xuzhou Xintian Investment and Development Co., Ltd	Xintian Investment	Unsolicited rating	Transportation infrastructure	bb _{spc(u)} -	+5	BBB _{spc(u)} +
Shaanxi Construction Engineering Holding Group Co., Ltd.	Shaanxi Construction Engineering	Unsolicited rating	Engineering and construction	bb _{spc(u)} -	+4	BBB _{spc(u)}
Tangshan Sanyou Chemical Industry Co., Ltd	Sanyou Chemical	Unsolicited rating	Commodity chemicals	bbb _{spc(u)}	0	BBB _{spc(u)}
Guangxi Liugong Group Co., Ltd.	Liugong Group	Unsolicited rating	Capital goods	bb _{spc(u)} -	+3	BBB _{spc(u)} -
China Xinlianxin Fertilizer Co., Ltd	China Xinlianxin	Unsolicited rating	Commodity chemicals	bb _{spc(u)} +	Not applicable	BB _{spc(u)} +
Chongqing Qijiang East New Town Development and Construction Co., Ltd.	QJDC	Unsolicited rating	Transportation infrastructure	b _{spc(u)}	+2	BB _{spc(u)} -
Hengtong Group Co., Ltd	Hengtong Group	Unsolicited rating	Technology Hardware and Semiconductors	b _{spc(u)} +	Not applicable	B _{spc(u)} +
Longyuan Construction Group Co., Ltd	Longyuan Construction	Unsolicited rating	Engineering and construction	b _{spc(u)}	Not applicable	B _{spc(u)}

Note: S&P Global (China) Ratings' outstanding ratings on foreign entities are not included in its benchmark list.

Source: S&P Global (China) Ratings.

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