News Release

Japan Credit Rating Agency, Ltd.
26-I-0100
November 19, 2026

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit ratings.

People's Republic of China

<Affirmation>

Foreign Currency Long-term Issuer Rating:	AA-
Outlook:	Stable
Local Currency Long-term Issuer Rating:	AA
Outlook:	Stable

Rationale

(1) The ratings primarily reflect the country's large and diversified economic base and its solid resilience to external shocks. On the other hand, the ratings take into account constraining factors such as the country's ongoing transition from export-led growth to domestic demand-driven growth and tensions with major countries over national and economic security issues. China continues to post current account surpluses, supported by high domestic savings and persistent trade surpluses, retaining its position as a net external creditor nation with the world's largest foreign exchange reserves. In recent years, the country has enhanced its international competitiveness in sectors such as AI, robotics, electric vehicles (EVs), rechargeable batteries, and decarbonization-related industries. In response to the U.S. protectionist policies, it has expanded cooperation with Global South countries while utilizing export controls on strategic materials, including rare earths, as a policy tool. Although the government has introduced measures to stimulate consumption and support private-sector activity, domestic demand remains below its potential. JCR will continue to monitor how China sustains stable economic and social development amid a changing economic security environment.

(2) The country's economic base is robust and diversified. With nominal GDP of approximately USD20 trillion, it is the world's second-largest economy after the United States, with its nominal GDP per capita standing at around USD14,000 in 2025. Population aging is advancing, and the total population of about 1.4 billion is on a declining trend. Domestic demand remains subdued amid the prolonged adjustment in the property market and cautious sentiment among households and businesses, while inflation stays low. In contrast, exports remain resilient, with net exports contributing positively to growth. While exports to the U.S. have declined amid the bilateral tensions, the impact has been mitigated by improved competitiveness in EVs, rechargeable batteries, machinery and equipment, as well as the diversification of export destinations. The country's real GDP growth reached 5.0% in 2025, meeting the government's target. Given the continued property market adjustment, population aging and a declining population, JCR expects its potential growth to gradually moderate over the medium to long term. While manufacturing upgrading and expanding AI-related investment are likely to support growth in the near term, the recovery of domestic demand and the sustainability of productivity gains will be key determinants of China's medium to long-term growth prospects.

(3) Local government finances remain under pressure due to sluggish revenues from transfer of land-use rights amid the prolonged weakness in the property market. Local government debts stay high as infrastructure investment continues to support economic activity. The government has been promoting local government financing vehicle (LGFV) reforms and refinancing programs to prevent hidden debt risks from surfacing. Nevertheless, some regional banks continue to face pressure on profitability and asset quality due to their heavy exposure to LGFVs and the property sector. The government injected public capital into four major state-owned banks in March 2025 and created a debt management department within the Ministry of Finance in November that year to stabilize the financial system and reinforce local debt management. JCR will continue to monitor progress in LGFV reforms, the reduction of hidden debt, and the effectiveness of efforts to prevent risk spillovers to regional financial institutions.

(4) China remains a net external creditor nation with the world's largest foreign exchange reserves, supported by current account surpluses stemming mainly from chronic trade surpluses. As exports continue to expand supported by the strong competitiveness in the manufacturing and renewable energy-related industries, some trading partners voice concern over their excess capacity, giving rise to new trade frictions. Inward foreign direct investment inflows into China remain generally subdued despite variations in sectors amid uncertainty stemming from geopolitical risks. With the government

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driving technological self-reliance and industrial upgrading, a transition toward domestic demand-led growth is crucial for sustaining long-term economic development. JCR expects the country's resilience to external shocks to strengthen further, supported by a recovery of consumption and private investment and progress in structural reforms.

Kiichi Sugiura, Sakura Yamamoto

Rating

Issuer: People's Republic of China

<Affirmation>

Foreign Currency Long-term Issuer Rating: AA-	Outlook: Stable
Local Currency Long-term Issuer Rating : AA	Outlook: Stable

Rating Assignment Date: November 17, 2026

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (https://www.jcr.co.jp/en/).

Outline of the rating methodology is shown as "Sovereign and Public Sector Entities" (October 1, 2021) in Information about JCR Ratings on JCR's website (https://www.jcr.co.jp/en/)

The aforementioned credit ratings are unsolicited. Except in cases of a credit rating for a sovereign, JCR indicates affix "p" after a rating symbol to distinguish it from a rating with solicitation. The undisclosed information, which has material influence on the credit rating, was not obtained from the rating stakeholder.

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)

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INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	People's Republic of China
Rating Publication Date:	November 19, 2026

1 The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2 The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3 The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Economic Base
The likelihood of a given debt payment is highly conditional to the issuing government's ability to maintain/expand the economic base into the future with maintaining soundness of financial systems.

B) Fiscal Base
The likelihood of a given debt payment is highly correlated to fiscal balance, public debt and other factors of the issuing government's fiscal condition.

C) External Positions
The likelihood of a given debt payment is highly correlated to the liquidity positions which change along with the international balance of payments and the international investment position.

D) Social and Political Bases and Economic Policy

The likelihood of a given debt payment is highly conditional to the social and political stability, effectiveness of economic and monetary policies as well as international economics.

E) Related Parties' Stance of Support/ Assistance for the Government

The likelihood of a given debt payment is affected by the stance of the credit enhancement provider and other related parties with regard to their stance of support/ assistance for the issuing government.

F) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuing government's will, and/ or its rank relative to other debts of the same government in the order of seniority in principal/ interest payment which is determined by design as financial product or by international practice, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.

A) Informational and explanatory materials published by the rating stakeholders with regard to the economy and fiscal management policy, etc. of the issuing government

B) Statistics and reports published by an independent organization with regard to the economy and fiscal status, etc. of the issuing government

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the publication by the issuer, some independent media, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR does not receive payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Economic Base

The credit rating is subject to alteration if there is an improvement or deterioration of the issuer's economy or financial systems, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

B) Fiscal Base

The credit rating is subject to alteration if the issuer increases/ decreases its fiscal deficit/ surplus and its public debt and thereby makes given debt payment liability less/ more bearable. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

C) External Positions

The credit rating is subject to alteration if there is a change in the issuer's international balance of payments and international investment position and thereby an improvement/ deterioration of its liquidity positions. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Social and Political Bases and Economic Policy

The credit rating is subject to alteration if there is a change in the issuer's social and political conditions or economic/ monetary policies, etc. and thereby an improvement/ deterioration of its economy and fiscal positions. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

E) Related Parties' Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the credit enhancement provider or other related parties with regard to their stance of support/ assistance for the issuing government and thereby an improvement/ deterioration of its economy, fiscal positions and liquidity positions. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

F) Order of Seniority in Debt Payment

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts, due to improvement/ deterioration of the issuer's fiscal condition and/or will. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

G) International Economies

The credit rating is subject to alteration if there is a change in the international economies, commodity or foreign exchange markets, etc. and thereby, through international balance of payments, an improvement/ deterioration in the issuer's fiscal balance or debt payment capacity. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

H) Various Events

The credit rating is subject to alteration on occurrence of various events, such as domestic unrest, war, natural disaster, etc. which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's economy, fiscal positions, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

12 Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

https://www.jcr.co.jp/en/service/company/regu/nrsro/

13 Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Economic Base

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's economy or financial systems, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's economy or financial systems on some drastic change in environments, etc.

B) Fiscal Base

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's fiscal conditions in terms of annual balance or public debt. The resultant change of the credit rating is most likely by a notch, as JCR

speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's fiscal condition on some drastic change in its economy.

C) External Positions

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions reflecting improvement or deterioration of the international balance of payments and the international investment position. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in the country's economic/ fiscal conditions and financing activities, etc.

D) Social and Political Bases and Economic Policies

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's social and political bases and economic/ monetary policies. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the country's situation changes drastically, making the issuer's social and political bases and economic/monetary policies significantly improved or deteriorated.

E) International Economics

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of the international economies or commodity/ foreign exchange markets, etc. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

14 Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

・ The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
People's Republic of China	Issuer(Long-term)(FC)	November 12, 2018	AA-	Stable
People's Republic of China	Issuer(Long-term)(FC)	February 21, 2020	AA-	Stable
People's Republic of China	Issuer(Long-term)(FC)	January 29, 2021	AA-	Stable
People's Republic of China	Issuer(Long-term)(FC)	July 1, 2022	AA-	Stable
People's Republic of China	Issuer(Long-term)(FC)	November 2, 2023	AA-	Stable
People's Republic of China	Issuer(Long-term)(FC)	November 26, 2024	AA-	Stable
People's Republic of China	Issuer(Long-term)(FC)	March 6, 2026	AA-	Stable
People's Republic of China	Issuer(Long-term)(LC)	November 12, 2018	AA	Stable
People's Republic of China	Issuer(Long-term)(LC)	February 21, 2020	AA	Stable
People's Republic of China	Issuer(Long-term)(LC)	January 29, 2021	AA	Stable
People's Republic of China	Issuer(Long-term)(LC)	July 1, 2022	AA	Stable
People's Republic of China	Issuer(Long-term)(LC)	November 2, 2023	AA	Stable
People's Republic of China	Issuer(Long-term)(LC)	November 26, 2024	AA	Stable
People's Republic of China	Issuer(Long-term)(LC)	March 6, 2026	AA	Stable

Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Kiichi Sugiura, have responsibility to this Rating Action and to the best of my knowledge:

A) No part of the credit rating was influenced by any other business activities.

B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.

C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

杉浦 輝一

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General Manager of International Department

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