Credit Opinion

9 September 2026

Bank of Jiangsu Co., Ltd.

Initial credit rating report

Ratings	
Category	Financial Institution
Domicile	China
Rating Type	Unsolicited Rating
Long-Term Credit Rating	A_g+
Outlook	Stable

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

Summary

The A_g+ long-term credit rating of Bank of Jiangsu Co., Ltd. ("BOJS" or the "Bank") is underpinned by the Bank's (1) systemic importance in China's financial system as one of the largest city commercial banks by assets, benefiting from the established financial market and outstanding economic profile of Jiangsu Province; (2) good profitability, with revenue and net profit growing at high single-digit rates; (3) solid asset quality supported by a low and stable non-performing loan ratio and a conservative investment portfolio; and (4) sufficient and high-quality liquidity resources.

However, the rating is constrained by the Bank's (1) relatively high reliance on market-based wholesale funding compared with other larger state-owned commercial bank peers; and (2) declining capital adequacy ratios driven by rapid asset expansion.

The rating also incorporates our expectation that the Bank has a very high likelihood of receiving extraordinary support from the Chinese government given its (1) significant market position in China's financial system; and (2) large stake owned by the state-owned enterprises in Jiangsu Province.

The stable outlook on BOJS's rating reflects our expectation that the willingness and ability of the Chinese government to provide support is unlikely to change, and that the Bank will sustain its leading market position and solid financial profile in the next 12 to 18 months.

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Client Services

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Rating Drivers

- Strong market position and systemic importance in China's financial system
- Good profitability, albeit under pressure from net interest margin compression
- Solid asset quality underpinned by a low NPL ratio and a conservative investment portfolio
- Sufficient and high-quality liquidity resources
- Relatively high reliance on market-based wholesale funding
- Declining capital adequacy ratios amid rapid asset growth
- Very high likelihood to receive government support in times of need

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) the likelihood of receiving government support increases; (2) the Bank's macro profile strengthens, such as higher sovereign rating for China, significant improvement in corporate debt leverage, or better credit condition in China; and (3) the Bank's financial profile improves, such as improved capitalization, and improved funding structure.

What could downgrade the rating?

The rating could be downgraded if (1) the likelihood of receiving government support decreases; (2) the Bank's macro profile weakens, such as lower sovereign rating for China, heightened corporate debt level, or worsened credit condition in China; or (3) the Bank's financial profile deteriorates, such as hindered profitability, material deterioration in asset quality, and unexpected decline in liquidity.

Key Indicators

	2023FY	2024FY	2025FY	2026H1
Total Assets (RMB billion)	3,403.4	3,952.0	4,931.3	5,611.0
Total Equity (RMB billion)	259.1	313.7	349.6	363.7
Operating Income (RMB billion)	74.3	80.8	87.9	49.0
Net Profit (RMB billion)	30.0	33.3	36.3	22.8
Pre-provision Operating Profit/Average Risk-weighted Assets (%)	2.6	2.4	2.3	-
Problem Loans/Total Loans (%)	0.89	0.89	0.84	0.81
Capital Adequacy Ratio (%)	13.3	13.0	12.9	12.4
High Liquid Assets/Total Assets (%)	28.6	29.2	31.2	30.2
Market Funding/Total Assets (%)	33.9	34.8	37.4	36.7

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

Source: Bank data, CCXAP research

Corporate Profile

Established in 2007 and headquartered in Nanjing City, Jiangsu Province, BOJS is one of the largest city commercial banks in China. The Bank was listed in the Shanghai Stock Exchange (Stock code: 600919.SH) in 2016. As of 31 December 2025, BOJS operated 18 branches and 3 subsidiaries covering financial leasing, asset management, and consumer finance services. The Bank is recognized as a domestic systemically important bank ("D-SIB") by the People's Bank of China ("PBoC") and the National Financial Regulatory Administration ("NFRA"). The equity of BOJS is relatively dispersed, and it has no controlling shareholder or actual controller. As of 30 June 2026, the top ten shareholders of BOJS held an aggregate 40.7% of total shares, of which state-owned shareholders held approximately 35.3% of the total shares.

Exhibit 1. Top 10 shareholders as of 30 June 2026

Shareholder Name	Shareholding Ratio (%)
Jiangsu International Trust Corporation Limited	7.0
Jiangsu Phoenix Publishing & Media Group Co., Ltd.	6.9
Huatai Securities Co., Ltd.	5.0
Jiangsu Expressway Company Limited	3.9
Wuxi Construction and Development Investment Co., Ltd.	3.9
Hong Kong Securities Clearing Company Limited	3.1
Jiangsu Investment Management Co., Ltd.	3.0
Jiangsu Broadcasting Corporation Co., Ltd.	3.0
Jiangsu Provincial Guojin Investment Group Co., Ltd.	2.6
China Life Insurance Company Limited - Traditional - Ordinary Insurance Products - 005L-CT001 Shanghai	2.2
Total	40.7

Source: Bank information, CCXAP research

Rating Considerations

Macro Profile

BOJS has substantial footprint in China. Its macro profile is underpinned by China's (1) robust economy and fiscal strength; (2) high but stabilizing systematic financial leverage; and (3) stable and reliable financial system. China has strong economic fundamentals and institutional strength. It is the second-largest economy in the world, with a gross domestic product ("GDP") of USD19.6 trillion in 2025. China has demonstrated long-term stability in its political environment and high efficiency of government.

BOJS's macro profile also incorporates China's high but stabilizing systematic financial leverage, as measured by the domestic credit to private sector to GDP ratio of approximately 194.2% in 2024, representing an increase from 189.6% in 2023. China has a stable and effective financial system, with no material failure in the banking sector over the past 10 years. The Chinese authorities have a good track record in monitoring and regulating the banking sector. In 2022, China proposed the new Financial Stability Law （《金融稳定法》）, aiming to mitigate systemic shocks from the failure of smaller banks and curb contagion risk. In 2023, the regulator introduced the new rule on banks' asset risk classification, namely the Measures for the Classification of Financial Asset Risks of Commercial Banks （《商业银行金融资产风险分类办法》）, which is expected to strengthen banks' reporting standards and gradually reduce inconsistency in financial asset classification.

Funding conditions for Chinese banks remain favorable and have benefited from a stable deposit base and ample interbank liquidity conditions. Chinese banking assets and liabilities grew continuously in 2025, with a year-over-year ("YoY") increase of 9.2% for both. However, market competition has intensified as banks are adjusting against financial reform and innovation. The lowering interest rate environment in China also pressures banks' profitability, especially for small and medium banks like city commercial banks and rural commercial banks in China. The weighted average interest rate of newly issued corporate loans was around 3.1% in December 2025, which recorded the lowest level in history.

City commercial banks are of unique importance to the regional financial system and constitute the third tier in China's banking system, after the large state-owned and joint-stock commercial banks in terms of size. Over the past thirty years, they have emerged as the fastest-growing segment in China's banking industry, with total assets amounting to RMB66.0 trillion (14.0% share of the banking system) as of end-2025. City commercial banks play a critical role in fulfilling the policy mandate of serving urban and rural residents, SMEs, and the local economy. Nonetheless, in terms of business development, city commercial banks are facing dual challenges of continuing interest rate liberalization and intensifying competition from peers. In addition, weakened credit profile of small enterprises during the economic slowdown in China and the tightening bank regulations also increased asset quality pressure across the sector.

Financial Profile

Top-tier city commercial banks, benefiting from outstanding economic profile of Jiangsu Province

Jiangsu Province is one of the most developed provinces in China, with high aggregate economic output and established financial market. It is home to many of the world leading enterprises of electronic equipment, chemical, and textile. Jiangsu Province is the second largest province in China by gross regional product (“GRP”), after Guangdong Province. In 2025, its total GRP amounted to RMB14.2 trillion, a YoY increase of 5.3%. The per capita GRP also ranked top among all provinces in China for years. Jiangsu Province also has better credit environment compared with other provinces in China, evidenced by the low level of non-performing loan ratios and stronger profitability in general. In 2025, the outstanding balances of RMB deposits and loans held by financial institutions in Jiangsu Province grew by 9.0% and 9.4% YoY, respectively.

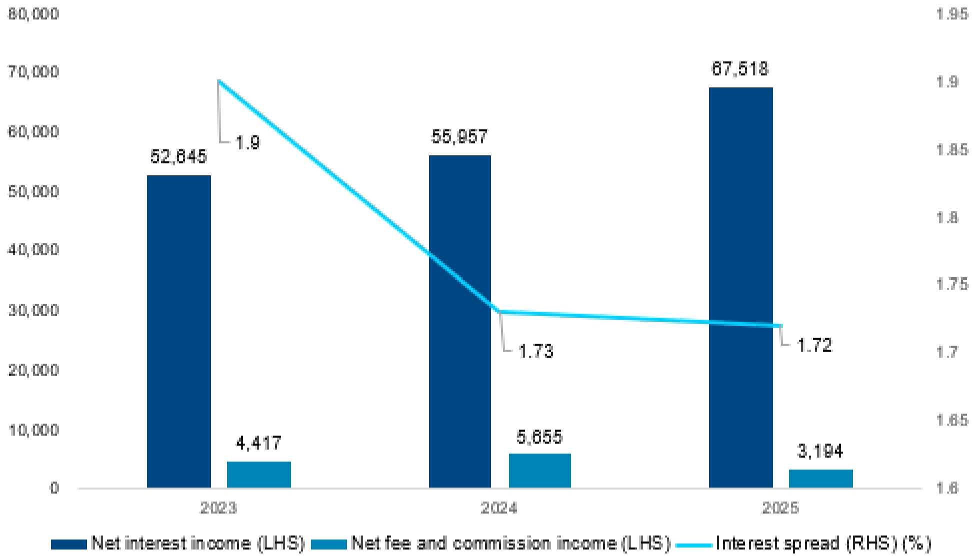
As one of the D-SIBs and the largest city commercial banks in China, BOJS operations nationwide and has a dominant footprint in Jiangsu Province and is benefited from the continuous economic growth and financial system improvement in Jiangsu Province. As of end-2025, the Bank's outstanding loans in the Jiangsu Province accounted for 83.9% of its total loans. As of the same date, the Bank’s deposits and loans accounted for around 9.4% and 8.7%, respectively, of Jiangsu Province’s total RMB deposits and loans. The Bank has continuously advanced its cross-regional operations to expand its growth potential, establishing five branches outside its home province in the economically developed cities of Shanghai, Shenzhen, Beijing, Hangzhou, and Ningbo City.

Good profitability, albeit under pressure from net interest margin compression

Supported by its solid competitive positioning in the Yangtze River Delta, BOJS’s profitability stands in the front tier of the city commercial banks in China by robust earnings growth and superior return metrics. From 2023 to 2025, total revenue and net profit expanded at CAGRs of 8.8% and 10.0%, reaching RMB87.9 billion and RMB36.3 billion, respectively. Rapid asset expansion effectively mitigated the industry-wide net interest margin (“NIM”) pressure, which narrowed from 1.90% in 2023 to 1.72% for the Bank over the same period. Meanwhile, non-interest business such as wealth management and retail banking provided a stabilizing effect on the Bank’s revenue streams, although investment income and net fair value gains were adversely affected by market interest rate fluctuations in 2025. The Bank’s cost-to-income ratio rose to 26.7% in 2025 from 24.0% in 2023, reflecting increased investment in financial technology, yet it remains at a relatively low level compared with peers, providing an earnings buffer.

However, BOJS’s earnings capacity faces headwinds from persistent NIM compression and elevated credit costs. Asset impairment losses increased by 20.3% YoY to RMB22.1 billion in 2025, representing 34.9% of pre-provision operating profit. Consequently, the Bank’s pre-provision operating profit/average risk-weighted asset ratio weakened to 2.3% in 2025 from 2.6% in 2023. In the foreseeable future, the Bank's ability to sustain its top-tier profitability will depend on its capacity to manage asset quality and optimize revenue structure under continued NIM pressure.

Exhibit 2. BOJS's revenue structure (RMB million) and NIM from 2023 to 2025



Source: Bank information, CCXAP research

Solid asset quality underpinned by a low NPL ratio and a conservative investment portfolio

BOJS maintains solid asset quality, evidenced by a relatively low and stable non-performing loan ("NPL") ratio driven by its prudent risk appetite and intensified recovery efforts for distressed assets. As of 30 June 2026, the Bank's NPL ratio decreased to 0.81%, down from 0.84% at end-2025, 0.89% at end-2024 and 0.89% at end-2023. Meanwhile, the Bank's special-mention loans increased alongside business expansion during the past three years, while the ratio to total loans fluctuated downward, declining from 1.3% at end-2023 to 1.2% at end-June 2026. Supported by its diversified operations across the Yangtze River Delta, the Greater Bay Area and the Beijing-Tianjin-Hebei region, the Bank's top five industries accounted for 53.6% of total loans as of 30 June 2026. Credit concentrations to the single largest and top ten clients stood at 1.4% and 8.8% of net capital, respectively, indicating low customer concentration risk. The Bank's combined loans to the real estate sector, construction industry and individual residential mortgage loans accounted for around 14.3% of total loans, of which individual residential mortgage loans represent 9.1% of total loans, reflecting a moderate risk exposure to the real estate sector. The Bank has proactively cleared high-risk exposures through write-offs, asset transfers and securitization, thereby strengthening its risk resolution capabilities.

Corporate loans remain the Bank's primary lending business, with loans to corporate customers accounting for 69.1% of total loans as of 30 June 2026. NPLs in the corporate segment are primarily concentrated in manufacturing, wholesale and retail trade, and real estate, which reflect ongoing adjustments in these sectors. NPLs in the personal segment have been relatively stable, supported by the Bank's continued optimization of its retail credit portfolio. Despite the Bank's robust overall risk control framework, its credit asset quality is under pressure from slowing macroeconomic growth and its rapid asset growth, as reflected in the formation of new NPLs.

The Bank maintains strong loss-absorption capacity, with its problem loan coverage ratio (allowance for impairment losses to problem loans) standing at 304.8% as of 30 June 2026. The substantial loan-loss reserve provides a comfortable buffer to mitigate potential strain on the Bank's asset quality.

Beyond its loan book, BOJS maintains a relatively low-risk appetite for its investment business, favoring a prudent portfolio. As of 30 June 2026, the Bank's financial investment assets amounted to RMB2,302.4 billion, comprising government bonds (39.7%), policy bank bonds (10.0%), other institutional bonds (16.4%), investment funds (17.8%), and asset-backed securities (4.4%). The Bank's investment in government and policy bank bonds (totaling 49.8% of its financial investments) reflects a preference for low-risk interest rate bonds. Other institutional bonds are primarily issued by state-owned enterprises in the Bank's operating regions, with high external credit ratings. Investment funds are mainly invested in interest rate bonds and commercial bank financial bonds, primarily for asset allocation and liquidity management. Asset management and trust plans, after penetration, primarily hold policy financial bonds, interbank negotiable certificates of deposit and reverse repurchase agreements. Overall, the investment portfolio exhibits strong safety and liquidity profiles, with minimal impairment risk.

Declining capital adequacy ratios amid rapid asset growth

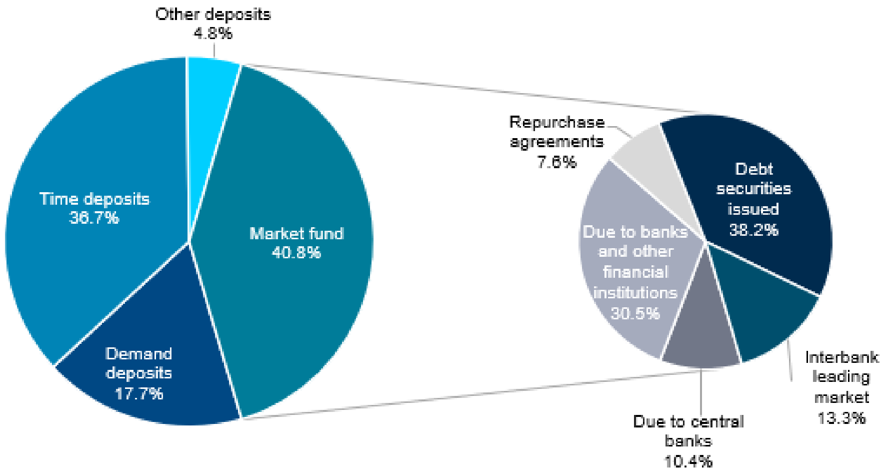
BOJS's capital position has shown a declining trend amid rapid asset expansion. The core Tier 1 capital adequacy ratio declined from 9.5% at end-2023 to 8.7% at 30 June 2026. The total capital adequacy ratio declined from 13.3% at end-2023 to 12.4% at 30 June 2026.

Nevertheless, the Bank has demonstrated effective capital management, including issuance of perpetual bonds, Tier 2 capital instruments, and retained earnings. The ratio of risk-weighted assets to total assets has shown improvement, reflecting the Bank's efforts to optimize assets composition. However, continued rapid asset growth may exert pressure on capital adequacy over the medium term.

Relatively high reliance on market funding, despite an improving deposit mix

BOJS's funding is primarily from a solid deposit base, interbank funds, and bond issuances. As of 30 June 2026, deposits accounted for around 53.9% of total funding. The Bank's deposit quality is underpinned by its dominant proportion of time deposit (around 62.0% of the total deposits), which represented for a stable funding source. Meanwhile, the Bank has a relatively high reliance on market funding, with the market funding/total assets ratio at around 36.7% at 30 June 2026. Its market funding is primarily funds due to banks and other financial institutions, debt securities issued, and interbank borrowed funds. Market funding is a less stable funding source for the Bank in stress scenarios and is adversely impacted by the level of market-fund usage from other financial institutions.

Exhibit 3. BOJS's funding structure as of 31 December 2025



Source: Bank information, CCXAP research

Sufficient and high-quality liquidity resources

BOJS has sufficient liquidity resources. Its liquidity ratio (measured by high liquid assets/total assets) improved to 31.2% as of end-2025, up from 28.6% at end-2023. In the first half of 2026, the Bank's liquidity ratio decreased to 30.2%, primarily reflecting a dilutive effect from rapid asset expansion. The Bank’s liquidity resources are considered high-quality and reliable, as most of them are liquid bond investments and reserves placed with the central bank. The vast majority of the Bank’s bond portfolio comprises debts of the government and policy banks, which enjoy very good liquidity in the market. BOJS’s status as a leading city commercial bank in China further solidifies its liquidity profile, positioning it as a net lender in the domestic interbank market and a key stabilizer of systemic liquidity during periods of market stress.

External Support

Very high likelihood to receive government support in times of need

Although BOJS has a diversified shareholder base without a single dominant shareholder, we believe the Bank is likely to receive extraordinary support from the Chinese government, as well as Jiangsu Province Government, in times of need, given its (1) status as a domestic systemically important bank and the largest city commercial bank in China; (2) systemic importance to the financial system of Jiangsu Province, one of the most economically significant provinces; and (3) public ownership characteristics as a listed bank with significant state and institutional shareholder presence.

The Bank's designation as a D-SIB reflects its importance to China's financial system. As of 30 June 2026, BOJS's total assets of RMB5.6 trillion exceed those of several national joint-stock banks, reinforcing its systemic importance. The Central Government and the Jiangsu Provincial Government have strong incentives to maintain the Bank's stability given its critical role in supporting Jiangsu's real economy. BOJS has received ongoing support from the Jiangsu Provincial Government in terms of business development and deposit placements. The local government's economic development strategy closely aligns with the Bank's lending priorities in manufacturing, technology enterprises, green finance, and infrastructure. Given its essential role in Jiangsu Province's financial system, we believe BOJS is likely to receive extraordinary support from the government in times of need in the near to medium future.

Rating Methodology

The methodology used in this rating is the Rating Methodology for Banks (November 2021).

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