CCXAP assigns A_g-1 to USD Certificate of Deposit of Bank of Communications Co., Ltd. Macau Branch.

Hong Kong, 22 July 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has assigned a short-term deposit rating of A_g-1 to USD200 million Certificate of Deposit ("CD") to be issued by Bank of Communications Co., Ltd., Macau Branch ("BOCOM Macau Branch"). The CD is issued under BOCOM Macau Branch's USD5 billion CD Programme.

The CD issued under the CD Programme will constitute direct, unconditional, unsubordinated and unsecured obligations of BOCOM Macau Branch, which shall at all times rank pari passu with all other present and future unsecured and unsubordinated obligations.

Corporate Profile

Founded in November 2007, BOCOM Macau Branch is the 7th overseas branch of Bank of Communications Co., Ltd. ("BOCOM" or the "Bank", AA_g+/Stable). Under the regulation of the Monetary Authority of Macao, it mainly engages in wholesale banking business and provides cross-border services for corporate clients in Mainland China and overseas. As of end-2025, BOCOM Macau Branch's total assets reached MOP120.5 billion, with loans of MOP53.0 billion and deposits of MOP59.8 billion.

Headquartered in Shanghai, BOCOM is the first state-owned commercial bank in China. The Bank was listed dually in the Shanghai Stock Exchange and the Hong Kong Exchanges and Clearing (Stock code: 601328.SH & 3328.HK). As of 31 December 2025, BOCOM operated over 2,800 domestic outlets and 24 overseas branches, subsidiaries, and representative offices, providing comprehensive financial services to 3.1 million corporate clients and 205 million retail clients. These services encompass deposits and loans, supply chain finance, cash management, international settlement and trade finance, investment banking, asset custody, wealth management, bank cards, private banking, and treasury operations. The Bank is recognized as a global systemically important bank ("G-SIB") by the Financial Stability Board ("FSB"); a domestic systemically important bank ("D-SIB") by the People's Bank of China ("PBoC") and the National Financial Regulatory Administration ("NFRA"). As of 31 December 2025, BOCOM was 35.02% owned by the Ministry of Finance of the People's Republic of China ("MoF").

Rating Rationale

The A_g-1 short-term rating of the CD reflects BOCOM's AA_g+ long-term credit rating, which is consistent with our mapping of long-term to short-term ratings. This is underpinned by the structure of the CD issuance and the fact that BOCOM Macau Branch is a branch of BOCOM and forms part of the same legal entity as BOCOM. We believe that government support will flow through the Bank given BOCOM's designation as one of a global and domestic systemically important bank for the Chinese government, thereby mitigating any differences in an expected loss that could result from structural subordination.

The AA_g+ long-term credit rating of BOCOM is underpinned by the Bank's (1) systemic importance in China's financial system as a designated Global and Domestic Systemically Important Bank; (2) solid asset quality supported by structural diversification and a conservative investment portfolio; and (3) robust funding profile anchored by an expansive core deposit base. However, the rating is constrained by the Bank's (1) profitability strained by a decline in net interest margin ("NIM"); and (2) higher reliance on market-based wholesale funding relative to its larger state-owned commercial bank peers.

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

Rating Sensitivities

As the rating of BOCOM Macau Branch are in line with that of BOCOM, any changes in BOCOM's rating will lead to a corresponding rating action on the rating of the CD.

Rating Outlook

The stable outlook on BOCOM'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.

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 finance profile improves, such as increase in profitability and stability, and better coverage in both problem loans and special-mention loans.

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 finance profile deteriorates, such as hindered profitability, material deterioration in asset quality, and unexpected decline in liquidity.

Rating Methodology

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

Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:
http://www.ccxap.com/en/rating_services/category/6/

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The rating has been disclosed to the rated entity or its related party prior to publication, and issued with no amendment resulting from that disclosure.

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