中誠信亞太 CCXAP

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

Hong Kong, 9 September 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has assigned first-time long-term credit rating of A_g+ to Bank of Jiangsu Co., Ltd. ("BOJS" or the "Bank"), with stable outlook.

The A_g+ long-term credit rating of BOJS 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.

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.

Rating Rationale

Credit Strengths

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 the second largest province in China by gross regional product ("GRP"), after Guangdong Province. 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 deposits and loans accounted for around 9.4% and 8.7%, respectively, of Jiangsu Province's total RMB deposits and loans.

Good profitability. Supported by its solid competitive positioning, BOJS's profitability stands in the front tier of Chinese city commercial banks, driven 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%, respectively. Furthermore, the Bank's cost-to-income ratio remains at a relatively low level compared with peers, providing a comfortable earnings buffer.

Solid asset quality underpinned by a low NPL ratio and a conservative investment portfolio. BOJS maintains solid asset quality, underpinned by a low NPL ratio of 0.81% as of 30 June 2026, driven by its prudent risk appetite and intensified recovery efforts. 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. While credit asset quality faces pressure from slowing macroeconomic growth, the Bank maintains strong loss-absorption capacity, with a problem loan coverage ratio of 304.8%. Beyond its loan book, BOJS maintains a low-risk appetite for its investment business, with financial investment assets of RMB2,302.4 billion favoring low-risk interest rate bonds and high-rating institutional bonds. Overall, the investment portfolio exhibits strong safety and liquidity profiles with minimal impairment risk.

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. 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.

Very high likelihood to receive government support in times of need. We expect that BOJS 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.

Credit Challenges

Net interest margin compression. BOJS's earnings capacity faces headwinds from persistent net interest margin (NIM) compression and elevated credit costs. The Bank's NIM narrowed from 1.90% in 2023 to 1.72% in 2025. Concurrently, asset impairment losses increased by 20.3% YoY to RMB22.1 billion, representing 34.9% of pre-provision operating profit. Consequently, the Bank's pre-provision operating profit to average risk-weighted asset ratio weakened to 2.3% in 2025 from 2.6% in 2023, putting future profitability under pressure.

Declining capital adequacy ratios amid rapid asset growth. BOJS's capital position has shown a declining trend amid rapid asset expansion, with its core Tier 1 and total capital adequacy ratios falling to 8.7% and 12.4% as of 30 June 2026, respectively. Nevertheless, the Bank has demonstrated effective capital management through the issuance of capital instruments, retained earnings, and asset composition optimization. However, continued rapid asset growth may continue to 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 driven by a solid deposit base, with deposits accounting for around 53.9% of total funding as of 30 June 2026. Deposit quality is underpinned by a dominant proportion of time deposits, representing a stable funding source. However, the Bank maintains a relatively high reliance on market funding—accounting for around 36.7% of total assets—which serves as a less stable funding source in stress scenarios.

Rating Outlook

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.

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.

Rating Methodology

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

Regulatory Disclosures

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