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

Hong Kong, 27 November 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has assigned first-time long-term credit rating of A_g to Bank of Nanjing Co., Ltd. ("NJBK" or the "Bank"), with stable outlook.

The A_g long-term credit rating of NJBK is underpinned by the Bank's (1) strong market position as one of the five largest city commercial banks in China by assets and its status as a domestic systemically important bank, benefiting from the well-developed economy of Jiangsu Province and Nanjing City; (2) distinctive franchise in financial markets and interbank business; (3) relatively low and stable non-performing loan ratio and high level of loan loss coverage; and (4) adequate liquidity.

However, the rating is constrained by the Bank's (1) relatively high reliance on market-based wholesale funding compared with larger state-owned commercial bank peers; (2) moderate capital buffers amid rapid asset expansion; and (3) asset quality and earnings pressure arising from fast loan growth, rising retail and real estate exposures, and the market risk embedded in its sizeable investment portfolio.

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

Corporate Profile

Established in 1996 and headquartered in Nanjing City, Jiangsu Province, NJBK is one of the five largest city commercial banks in China by total assets. The Bank was listed on the Shanghai Stock Exchange (Stock code: 601009.SH) in 2007. As of 31 December 2025, NJBK operated 17 branches with 289 outlets, together with subsidiaries covering wealth management, fund management, consumer finance and rural banking. The Bank has been designated as a domestic systemically important bank ("D-SIB") by the People's Bank of China ("PBoC") and the National Financial Regulatory Administration ("NFRA"). NJBK has no controlling shareholder or actual controller. As of 30 September 2026, the top ten shareholders held an aggregate 72.2% of total shares, and BNP Paribas remained the largest shareholder with an 18.4% stake.

Rating Rationale

Credit Strengths

Leading city commercial bank in Jiangsu Province and Nanjing City. 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 a D-SIB and one of the five largest city commercial

banks in China, NJBK operates with a dominant footprint in Jiangsu Province, where it maintains a leading market share, and has extended its business to the rest of the Yangtze River Delta and other economically developed regions such as Beijing. As of end-2025, the Bank's outstanding loans in Jiangsu Province accounted for 83.8% of its total loans, of which 25.1% were in Nanjing City, the provincial capital where the Bank is headquartered, while the rest of the Yangtze River Delta and other regions accounted for 10.8% and 5.4%, respectively.

Low NPL ratio and high loan loss coverage. NJBK maintains solid asset quality, evidenced by a low and stable non-performing loan ("NPL") ratio and high loan loss coverage level. As of 30 September 2026, the Bank's NPL ratio stood at 0.83%, unchanged from end-2025 and down from 0.90% at end-2023. The Bank's problem loan coverage ratio (allowance for impairment losses to problem loans) rose to 321.2% as of 30 September 2026, providing a substantial buffer against potential deterioration in asset quality.

Adequate liquidity supported by high-quality liquid assets. NJBK has adequate liquidity resources. Its liquidity coverage ratio was 154.3% as of 30 September 2026, and its net stable funding ratio was 106.7%. High liquid assets accounted for around 39.7% of total assets at end-2025, supported by a build-up of government bonds, policy bank bonds and negotiable certificates of deposit. 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.

High likelihood to receive government support in times of need. We expect that the Bank is likely to receive extraordinary support from the Chinese government, as well as the Jiangsu Provincial Government and the Nanjing Municipal Government, in times of need, given its (1) status as a domestic systemically important bank and one of the five largest city commercial banks in China; (2) systemic importance to the financial system of Jiangsu Province and Nanjing City, one of the most economically significant regions in China; and (3) significant state ownership.

Credit Challenges

Moderate capitalization constrained by rapid asset growth. NJBK's capital position is moderate and has been constrained by rapid asset expansion. During 2023 to 30 September 2026, the total capital adequacy ratio declined to 12.9% from 13.5%. The core Tier 1 capital adequacy ratio was 9.5% as of 30 September 2026, compared with 9.4% at end-2023 and end-2025, as capital generation broadly kept pace with the growth of risk-weighted assets. The Bank's capitalization remains below that of large state-owned and joint-stock commercial banks, reflecting its riskier asset mix, its significant investment portfolio and its rapid balance sheet growth.

Asset quality under pressure from rapid loan growth. The Bank's loan book grew by 13.4% in 2025 and by a further 10.1% in the first nine months of 2026, faster than the industry average. The formation of new NPLs and the migration of special-mention loans therefore warrant close monitoring, particularly given the slowing macroeconomic growth and the ongoing adjustment in the property sector.

Relatively high reliance on market-based wholesale funding. The Bank has a relatively high reliance on market funding, with the market funding/total assets ratio rising to 35.7% at 30 September 2026. Its market funding is primarily debt securities issued, which accounted for 37.2% of market funding at 30 September 2026, followed by deposits from banks and other financial institutions (31.8%), borrowings from the central bank (14.2%), repurchase agreements (8.3%) and interbank borrowing (8.4%). Market funding is a less stable funding source in stress scenarios and is adversely impacted by the level of market funding usage from other financial institutions.

Rating Outlook

The stable outlook on NJBK'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 market position and stable 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 sustained improvement in its capitalization and a lower reliance on market-based funding.

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, material deterioration in asset quality following rapid loan growth, a further decline in capitalization, or a significant increase in reliance on market-based funding.

Rating Methodology

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

Regulatory Disclosures

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