

Lianhe Global has upgraded the global scale Long-term Issuer Credit Rating of Lionbridge Capital Co., Ltd. to 'BB+' from 'BB'; Issuer Rating Outlook Stable

HONG KONG, 8 November 2021 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has upgraded the global scale Long-term Issuer Credit Rating of Lionbridge Capital Co., Ltd. (“Lionbridge Capital” or “the company”) to ‘BB+’ from ‘BB’. The Outlook is Stable.

Key Rating Rationales

The Issuer Rating upgrade reflects Lionbridge Capital’s leading niche franchise market position in China’s truck leasing market, growing and adequately managed leasing assets with low delinquency and loss ratios despite the COVID-19 outbreak, limited duration mismatch between its leasing receivables and debt, as well as the increased financial flexibility in accessing the bank and capital markets as a result of the positive impact from CCB Trust Co. Ltd.’s (“CCBT”) shareholding. The rating also considers its concentrated business profile, rapid growth in its loan facilitation portfolio, secured funding comprising mainly short-term (but with limited duration mismatch between its leasing receivables and debt) and secured financing, moderately volatile profitability and relatively high financial leverage.

The Issuer Rating Outlook reflects our expectation that Lionbridge Capital will continue to grow its truck leasing and loan facilitation businesses while manage the augmented loan portfolio adequately with low delinquency and loss ratios in line with its prior loan portfolio performance. We expect Lionbridge Capital to continue to at least maintain and/or improve its access to both the bank and capital markets for fundings. We also expect the same strong support from CCBT through shareholding and credit lines.

Rating Sensitivities

We would consider downgrading Lionbridge Capital’s rating if there is (1) significant deterioration in its capital adequacy, or (2) notable increase in impaired loans which adversely impacts its business and financial profile, or (3) weakened funding structure with notable duration mismatch and tightened liquidity, or (4) a significant reduction of CCBT’s shareholding with weakened operational and financial support from CCBT, or (5) significant deterioration in the access to the bank and/or capital market financings, or (6) a material change in the regulatory framework.

We would consider upgrading Lionbridge Capital’s rating if it were to further improve its 1) franchise with bigger business scale and wider market coverage, 2) funding diversity, 3) capital buffer to support business growth and withstand economic downturn, and 4) strategic alliance with CCBT with greater business and financial linkages.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local government financing vehicles, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Rating Methodology

The principal methodology used in this Lionbridge Capital's rating is Lianhe Global's Non-Bank Financial Institutions Rating Criteria published on 16 July 2018 which can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party.

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