

Lianhe Global has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to Zhuhai Rural Commercial Bank Company Limited’s proposed CNY green bonds

HONG KONG, 15 August 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB-’ global scale Long-term Issuance Credit Rating to the senior unsecured CNY green bonds (“the Bonds”) to be issued by Zhuhai Rural Commercial Bank Company Limited (“ZRCB”; ‘BBB-/Stable).

ZRCB intends to use the net proceeds from this offering to finance eligible projects as defined in the green finance framework.

Key Rating Rationales

The Bonds are rated at the same level as ZRCB’s global scale Long-term Issuer Credit Rating of ‘BBB-’ as the Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of ZRCB. The payment obligations of ZRCB under the Bonds shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer Credit Rating reflects ZRCB’s established strong network in Zhuhai, strong capitalization after the private placement and adequate liquidity. In addition, we expect that there is a high possibility that the Zhuhai Municipal People’s Government (“the Zhuhai government”) would provide strong support to ZRCB if needed, considering their strong linkage. The rating also considers ZRCB’s limited operating scale, high concentration risks and narrowing net interest margin.

The Stable Outlook on ZRCB’s rating reflects our expectation that ZRCB will maintain its market position in Zhuhai and its linkage with the Zhuhai government while maintaining the capital adequacy ratio and liquidity ratio at the level which is commensurate with its credit profile.

Rating Sensitivities

Any rating action on ZRCB’s rating would result in a similar rating action on the Bonds.

We would consider downgrading ZRCB’s rating if there is 1) a significant decrease in its capital adequacy, or 2) a notable deterioration in its asset quality, or 3) a weakened funding structure, or 4) a perceived weakening linkage between the Zhuhai government and ZRCB.

We would consider upgrading ZRCB’s rating if it were to 1) improve its operating scale without significantly compromising its capital adequacy and asset quality, and 2) lower the concentration of its loans portfolio, and 3) improve its profitability.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development companies, 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 ZRCB's rating is Lianhe Global's Banking Rating Criteria published on 20 March 2023, 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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