

Lianhe Global has affirmed ‘BBB-’ global scale Long-term Issuer and Issuance Credit Rating of Zhuhai Rural Commercial Bank Co., Ltd.; Issuer Rating Outlook Stable

HONG KONG, 28 March 2024 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘BBB-’ global scale Long-term Issuer Credit Rating of Zhuhai Rural Commercial Bank Co., Ltd. (“ZRCB”). The Outlook is Stable.

Lianhe Global has also affirmed ‘BBB-’ global scale Long-term Issuance Credit Rating of the senior unsecured CNY green bonds issued by ZRCB at the same time. A full list of affirmed issuance rating is included in this report.

Key Rating Rationales

The Issuer Rating reflects ZRCB’s established strong network in Zhuhai, strong capitalization after the private placement in 2022. 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, relatively high concentration risks, under pressure loan quality and profitability.

The Stable Outlook reflects our expectation that ZRCB will maintain its established 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

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.

Any rating action on ZRCB’s rating would result in a similar rating action on the senior unsecured bonds.

Full List of Issuance Rating

- CNY500 million 3.5% senior unsecured green bonds due 2026 affirmed at ‘BBB-’

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.

Contact Information

Primary Analyst
Sigmund Jiang, CFA, CESGA
Analyst
(852) 3462 9587
sigmund.jiang@lhratingsglobal.com

Secondary Analyst
Roy Luo, FRM, CESGA
Associate Director
(852) 3462 9582
roy.luo@lhratingsglobal.com

Committee Chairperson
Toni Ho, CFA, FRM
Director
(852) 3462 9578
toni.ho@lhratingsglobal.com

Business Development Contact
Joyce Chi, CESGA
Managing Director
(852) 3462 9569
joyce.chi@lhratingsglobal.com

Disclaimer

Credit rating and research reports published by Lianhe Ratings Global Limited (“Lianhe Global” or “the Company” or “us”) are subject to certain terms and conditions. Please read these terms and conditions at the Company’s website: www.lhratingsglobal.com

A credit rating is an opinion which addresses the creditworthiness of an entity or security. Credit ratings are not a recommendation to buy, sell, or hold any security. Credit ratings do not address market price, marketability, and/or suitability of any security nor its tax implications or consequences. Credit ratings may be subject to upgrades or downgrades or withdrawal at any time for any reason at the sole discretion of Lianhe Global.

All credit ratings are the products of a collective effort by accredited analysts through rigorous rating processes. No individual is solely responsible for a credit rating. All credit ratings are derived by a credit committee vesting process. The individuals identified in the reports are solely for contact purpose only.

Lianhe Global conducts its credit rating services based on third-party information which we reasonably believe to be true. Lianhe Global relies on information including, but not limited to, audited financial statements, interviews, management discussion and analysis, relevant third-party reports, and publicly available data sources to conduct our analysis. Lianhe Global has not conducted any audit, investigation, verification or due diligence. Lianhe Global does not guarantee the accuracy, correctness, timeliness, and/or completeness of the information. Credit ratings may contain forward-looking opinions of Lianhe Global which may include forecasts about future events which by definition are subject to change and cannot be considered as facts.

Under no circumstances shall Lianhe Global, its directors, shareholders, employees, officers and/or representatives or any member of the group of which Lianhe Global forms part be held liable to any party for any damage, loss, liability, cost, expense or fees in connection with any use of the information published by the Company.

Lianhe Global receives compensation from issuers, underwriters, obligors, or investors for conducting credit rating services. None of the aforementioned entities nor its related parties participate in the credit rating process aside from providing information requested by Lianhe Global.

Credit ratings included in any rating report are solicited and disclosed to the rated entity (and its agents) prior to publishing. Credit rating and research reports published by Lianhe Global are not intended for distribution to, or use by, any person in any jurisdiction where such use would infringe local laws and regulations. Any user relying on information available through credit rating and research reports is responsible for consulting the relevant agencies or professionals accordingly to comply with the applicable local laws and regulations.

All published credit rating and research reports are the intellectual property of Lianhe Global. Any reproduction, redistribution, or modification, in whole or part, in any form by any means is prohibited unless such user has obtained prior written consent from us.

Lianhe Global is a subsidiary of China Lianhe Credit Rating Co., Ltd. The credit committee of Lianhe Global has the ultimate power of interpretation of any methodology or process used in the Company’s independent credit ratings and research.

Copyright © Lianhe Ratings Global Limited 2024.