Xiamen International Bank Co., Ltd.

Lianhe Global has affirmed 'A-' global scale Long-term Issuer Credit Rating of Xiamen International Bank Co., Ltd. ("XIB"); Outlook Stable

Summary	
Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Banking
Date	14 July 2026

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Applicable Criteria
Banking Rating Criteria
(20 March 2023)

Summary

The Issuer Rating reflects XIB's established network in economically advanced regions in mainland China, Hong Kong and Macao, stable funding structure and adequate Liquidity. It is an important state-owned financial institution under the administration of the People's Government of Fujian Province ("the Fujian government"). We believe there is a high possibility that the bank would receive extraordinary government support if needed, given its strategic importance in serving the real economy by providing financial services in Fujian Province. The rating also considers XIB's asset quality, profitability and capital adequacy profile.

The Stable Outlook reflects our expectation that XIB will maintain its established market position, strategic importance in local financial system and its linkage with the Fujian government.

Rating Rationale

Strong Linkage with Fujian Government and High Strategic Importance: We expect XIB to receive strong extraordinary government support if needed, given its high strategic importance in Fujian. As Fujian's largest city commercial bank by asset size, XIB plays a critical role in promoting sustained regional economic development, strengthening the resilience of regional financial system, and safeguarding regional financial stability. The bank actively channels credit resources towards the real economy while expanding its exposure to local corporate clients, with the proportion of its loan portfolio allocated to Fujian steadily rising from 26.74% at end-2021 to 31.49% at end-2025.

Furthermore, XIB is a key financial institution under the Fujian government's administration. By end-March 2026, the Fujian government holds a collective 34.64% stake in XIB through local SOEs. XIB's management appointments are subject to consent from the Organization Department of the Fujian Provincial Party Committee, followed by internal corporate governance procedures and regulatory qualification approval. Major strategic decisions are submitted to the Fujian government for review before internal approval. In the first quarter of 2026, its largest shareholder, Fujian Futu Investment Co., Ltd. ("FFIC") injected capital of RMB2 billion into the bank, enhancing its capital base.

Entrenched Regional Franchise with a Focus on Cross-border and Overseas Chinese Finance: XIB maintains a solid regional franchise as the largest city commercial bank in Fujian. Its total assets grew modestly by 1.4% to RMB 1.16 trillion at end-2025, owing to proactive tightening of its credit risk appetite and sluggish domestic credit demand led to a contraction in its loan portfolio. XIB's business profile is also underpinned by its distinctive cross-border network, operating through its subsidiaries in Hong Kong (Chiyu Bank) and Macao (Luso International Bank). Leveraging its unique advantages, the bank strategically aims to establish a market-leading position in serving overseas Chinese communities. In 2025, XIB injected HKD2.17 billion into its offshore subsidiary holding company, Xiamen International Investment Limited ("XIIL", 'A-'/Stable) to further strengthen its offshore entities.

Stabilized Loan Quality: XIB's asset quality exhibited signs of stabilization in 2025. The bank's non-performing loan ("NPL") ratio improved marginally to 2.01% at end-2025 from 2.12% at end-2024 and remained broadly stable at 2.09% in the first quarter of 2026. This stabilization was primarily driven by the bank's gradual clearance of legacy credit risks while maintaining a robust asset quality for newly originated loans. By end-2025, the parent bank's NPL ratio for newly issued loans after 2023 was 0.26%. Despite these positive developments, the bank's NPL ratio and provision coverage ratio remained below industry averages.

Profitability Recovery with Revenue Structure Improvement: XIB's net profit recovered significantly by 7.8% to RMB1,621 million in 2025 from RMB1,504 million in 2024. This bottom-line growth was largely driven by a significant decrease in the bank's credit impairment charges in 2025. Furthermore, XIB's core earnings structure improved in 2025. While the bank's total operating revenue declined in 2025, primarily due to the normalization of investment income following a high base of bond realization gains in 2024, its net interest income rebounded robustly, growing by 15.2% year-on-year to RMB7.54 billion. This recovery was underpinned by a proactive liability management strategy. However, XIB's net interest margin ("NIM") and ROE, standing at 0.71% and 1.85% respectively in 2025, remain relatively low compared to its peers.

Capital Adequacy Supported by Injection with Continued Replenishment Needs: XIB's capital adequacy exhibited a notable rebound in the first quarter of 2026. Benefiting from a RMB2 billion capital injection, the bank's core Tier-1 capital adequacy ratio improved to 8.63% at end-March 2026 from 8.46% at end-2025. However, its endogenous capital generation remains relatively weak due to subdued profitability. We expect the bank to continue pursuing external capital replenishment encompassing both the issuance of capital instruments and further equity raising, to sustain its business expansion and manage upcoming capital instrument maturities.

Stable Funding Structure and Adequate Liquidity: XIB's funding sources remain largely stable. Customer deposits contributed majority of the bank's total funding, accounting for 66.55% of total funding at end-March 2026. Yet the proportion of retail deposits remains relatively low. XIB's liquidity is adequate, given that the bank maintains a sizeable amount of highly liquid assets such as government and financial bonds. Its liquidity coverage ratio stood strong at 222.82% at end-March 2026, well above regulatory requirements.

Rating Sensitivities

We would consider downgrading XIB's rating if there is (1) a significant decrease in its capital adequacy and liquidity, or (2) a notable deterioration in its asset quality and profitability, or (3) a perceived weakening linkage between the Fujian government and XIB.

We would consider upgrading XIB's rating if it were to (1) improve its capital adequacy and asset quality significantly, and (2) improve its profitability, and (3) improve the diversification of business and loan portfolio.

Company Profile

Headquartered in Xiamen, Fujian, XIB was established in 1985 as China's first Sino-foreign joint venture bank since the founding of PRC. In 2013, the bank was restructured into a Chinese-funded city commercial bank, positioning it as an important state-owned financial institution under the administration of the Fujian Provincial Government. In the first quarter of 2026, it received a RMB2 billion capital injection from FFIC. By end-March 2026, four of

XIB's top ten shareholders were state-owned enterprises under the Fujian government, collectively holding a 29.94% stake, while two were under the Xiamen municipal government, with a combined shareholding of 7.45%.

The bank operates an established branch network across economically advanced regions in mainland China, including Fujian and Guangdong provinces, as well as the Yangtze River Delta and Bohai Rim areas. Uniquely, XIB owns two offshore subsidiaries: Chiyu Bank in Hong Kong, which boasts a deep-rooted history of over 80 years, and Luso International Bank, a major commercial bank in Macao. These subsidiaries enable XIB to deliver comprehensive cross-border financial solutions, thereby reinforcing its international strategic positioning and driving synergies between its onshore and offshore operations.

XIB's Summary Financials and Key Ratios

(RMB million)	2023	2024	2025	2026.3
Total Assets	**1,120,420**	**1,141,073**	**1,157,168**	**1,117,885**
- Loans and advances to customers	618,349	585,217	572,208	579,098
- Financial investments	374,038	391,556	433,459	391,150
Total Liabilities	**1,034,135**	**1,053,737**	**1,069,287**	**1,028,416**
- Customers deposit	726,614	707,353	701,248	647,870
- Market fundings	249,852	277,011	254,948	247,612
- Borrowings from the central bank	45,320	59,925	96,324	91,617
Operating Revenue	**12,513**	**15,579**	**12,656**	**2,959**
- Net interest income	7,715	6,544	7,537	2,235
- Net fee and commission incomes	1,327	1,023	1,198	397
- Investment income	4,624	6,484	2,934	196
- Fair value changes	-1,344	1,510	579	-1
Operating expense	**13,451**	**14,558**	**12,022**	**2,589**
- SG&A	5,844	5,826	5,960	1,448
- Credit impairment charges	7,281	8,343	5,761	1,073
Net Profit	**972**	**1,504**	**1,621**	**455**
Profitability				
Net interest margin (%)	0.78	0.64	0.71	0.86
ROA (%)	0.09	0.13	0.14	-
ROE (%)	1.13	1.73	1.85	-
Capital Adequacy				
Capital adequacy ratio (%)	12.78	12.97	12.52	12.55
Core tier-1 capital adequacy ratio (%)	8.83	8.81	8.46	8.63
Loan Quality				
Non-performing loans (%)	1.96	2.12	2.01	2.09
Provision coverage ratio (%)	116.18	105.47	103.72	105.80
Liquidity and Funding				
Gross loans and advances to customer deposits (%)*	88.12	85.71	84.62	88.93
Customer deposits to total funding (%)	71.11	67.74	66.63	66.55
Liquidity coverage ratio (%)	180.43	255.76	303.97	222.82

Source: XIB and Lianhe's calculations

**Restated*

Appendix I: XIB's Shareholder Structure at end-March 2026

	Shareholder	%
1	福建省福投投资有限责任公司 Fujian Futu Investment Co., Ltd.	14.44
2	闽信集团有限公司 Minxin Group Co., Ltd.	8.43
3	珠海铧创投资控股有限公司 Zhuhai Huachuang Investment Holdings Co., Ltd.	4.82
4	中国工商银行股份有限公司 Industrial and Commercial Bank of China Limited	4.13
5	福建投资企业集团公司 Fujian Investment Enterprise Group Co.	4.00
6	厦门国贸控股集团有限公司 Xiamen ITG Holding Group Co., Ltd.	3.73
7	厦门建发集团有限公司 Xiamen C&D Group Co., Ltd.	3.72
8	福建发展高速公路股份有限公司 Fujian Expressway Development Co., Ltd.	3.07
9	苏州苏高新科技产业发展有限公司 Suzhou New District High-Tech Industrial Co., Ltd.	2.90
10	华丽家族股份有限公司 Deluxe Family Co.,Ltd.	2.78

Source: XIB

Appendix II: XIB's Rating Factors

Rating Factors	Weight	Initial Rating
I. Operating Environment	**20%**	**a-**
II. Business Profile	**15%**	**bbb-**
III. Governance and Management	**10%**	**bbb-**
IV. Risk Management and Exposures	**20%**	**bb+**
V. Financial Profile	**35%**	**bbb-**
Stand-Alone Creditworthiness		**bbb-**
VI. External Support		
Government Support		Moderately Strong
Issuer Credit Rating		**A-**

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