



# Shaanxi Province In Focus

**S&P Global**  
Ratings

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*This report does not constitute a rating action*

# Key Takeaways

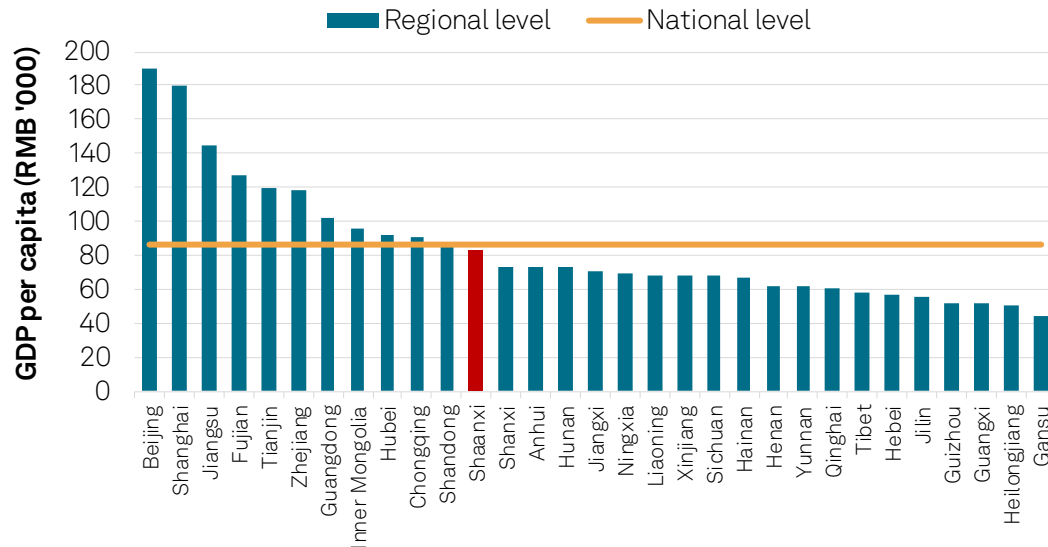
- Shaanxi's economy and fiscal performance are around average when compared with local peers, supported by the province's rich energy resources and strong base of aerospace and equipment manufacturing.
- The credit profiles of lower-tier governments are divergent across Shaanxi. Resource-rich local and regional governments (LRGs) have stronger credit profiles than peers due to their economic foundation, satisfactory fiscal stance, and lower debt burden.
- Xi'an, the capital city, has among the strongest economies in Shaanxi. The city, together with its eight functional zones, does most of the borrowing and runs larger deficits, leading to a weaker credit profile.
- LRG support for state-owned enterprises (SOEs) in the region will be selective and only applicable to those with a significant policy mandate.
- Divergence in credit quality is apparent between commodity SOEs and zone-developing local government financing vehicles (LGFVs). Slowing payments from local governments and the property downturn have weakened liquidity profiles of some LGFVs, causing sporadic credit-stress events.
- Growth in SOE debt has slowed. Meanwhile, bond market access remains comparable nationally. Bond risk premiums were the lowest in resource-rich Yulin and the highest in Yan'an, a more indebted city.
- Shaanxi's top regional banks are of average size. Ongoing consolidation of small rural institutions could put some pressure on the capital and profit of the acquiring banks. Asset quality pressure is a key risk for banks covered in this report. Pressure on net interest margin and credit costs will weigh on profitability.

# Regional Highlights

## Inter-regional analysis

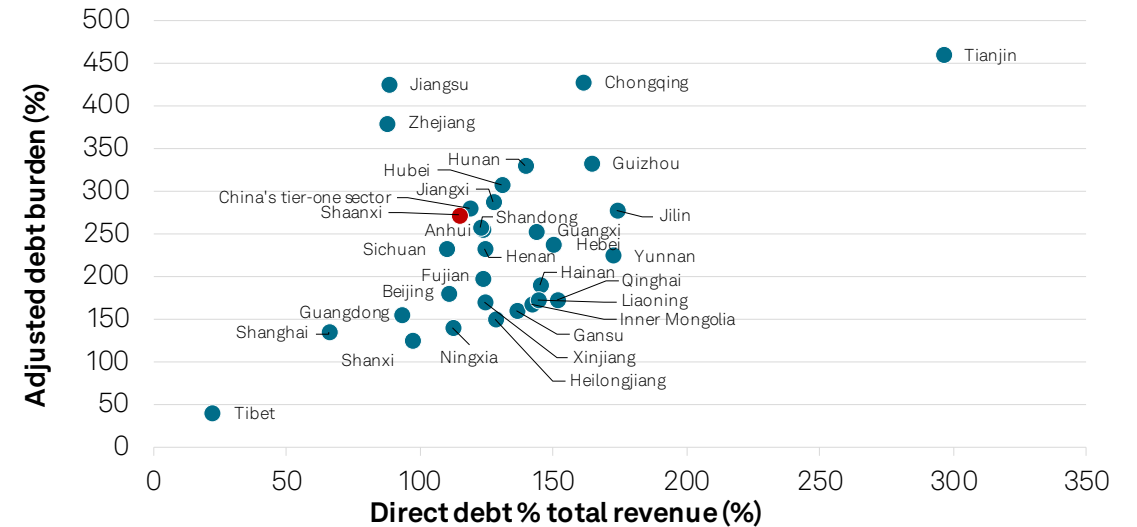
- Shaanxi maintains average income levels among peers. Its GDP of RMB3.38 trillion was 14<sup>th</sup> among China's provinces, with a real GDP growth rate of 4.3% in 2023. The GDP per capita is also close to the national average.
- Shaanxi's debt burden is on the higher side as LRGs and key SOEs borrow heavily to support local economic growth.

### Shaanxi's economy is on par with the national average



Data as of December 2022. RMB--Chinese renminbi. Sources: LRGs' bureau of statistics. S&P Global Ratings.

### Government debt burden is slightly above average



Data as of December 2022. We use whole region data to identify regional features, which may not directly lead into the credit metrics of LRGs. Please refer to our glossary for a definition of terms.

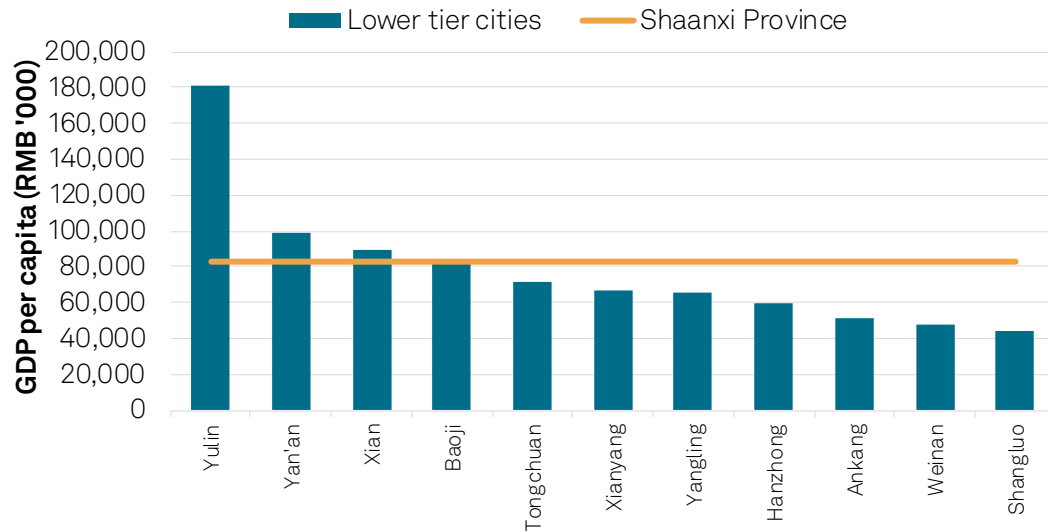
Sources: LRGs' bureau of finance. Wind. S&P Global Ratings.

# Regional Highlights

## Intra-regional analysis

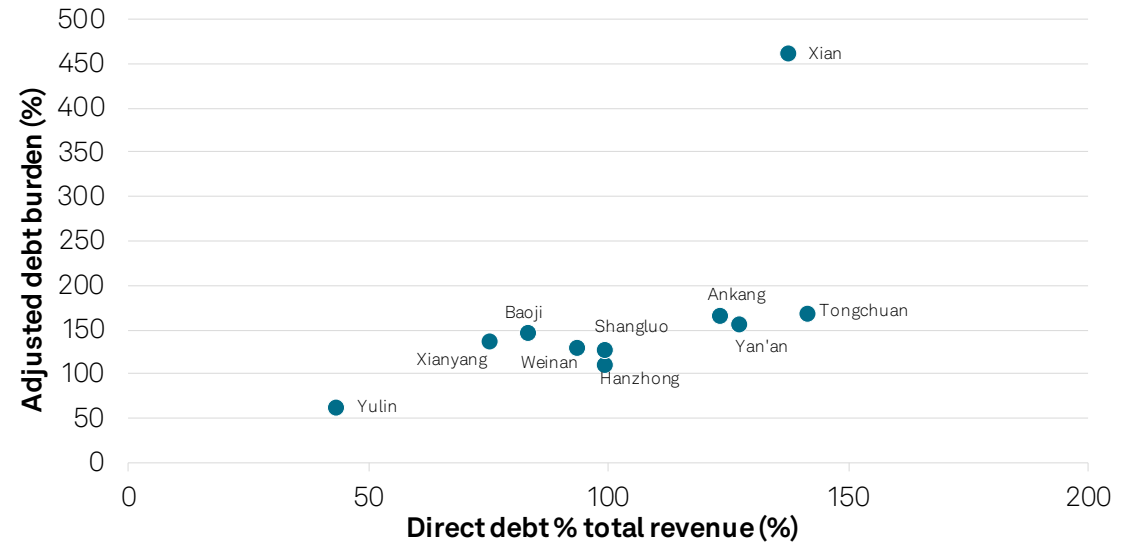
- Shaanxi has significant economic disparity. Yulin, Yan'an, and Xi'an have higher-than-average per-capita income while the other cities have weaker economic strength due to the lack of energy resources.
- Xi'an, as the capital and one of China's nine national central cities, carries more debt and more responsibilities. The city acts as an engine for regional development. There are eight functional zones within Xi'an, which account for most of its debt.

### Northern cities' economy benefit more from energy resources



Data as of December 2022. RMB--Chinese renminbi. Sources: LRGs' bureau of statistics. S&P Global Ratings.

### Capital city's debt profile is higher than the others



Data as of December 2022. We use whole city data to identify regional features, which may not directly lead into the credit metrics of LRGs. Please refer to our glossary for a definition of terms.

Sources: LRGs' bureau of finance. Wind. S&P Global Ratings.

# Our Research Scope

This is one of a series of reports on Chinese LRGs. Using publicly available information, we provide analytical opinions based on key credit metrics, allowing readers to assess the creditworthiness of each LRG. These LRGs form the backbone of the mainland economy and, together with their SOEs and LGFVs, are among China's highest-volume debt issuers. Much of this report, and the series, will analyze the distinction between "LRG level" and "whole region" data. We apply our analysis on an individual basis, which means we largely focus on LRG-level government financial statements, with the whole-region data serving as a supplement to capture risks associated with lower tiers of governments. In its simplest sense, province-level data are the primary figures under analysis. We round out our views using whole-province data, which encompass the cities, districts, and other lower-tier governments within the region.

## Measures of creditworthiness

We assess the creditworthiness of non-U.S. LRGs by combining our assessment of the institutional framework and individual credit profiles on governments to arrive at the anchor, a core element of our credit assessment on an LRG. In addition to our institutional framework analysis, we largely cover the economy, budgetary performance, and debt burden, as three of the five credit factors to assess the individual credit profile on an LRG. Our analysis of the other two factors--financial management and liquidity--typically requires substantial judgment and interpretation of limited public data, but we generally view these two factors as supporting the creditworthiness of most LRGs.

## Measures of SOE support

Our analysis largely focuses on a government's capacity to support the debt of its GREs, and not a government's capacity to pay its own debt. With the central government's increasing scrutiny of LRGs' budget plans, LRGs will not be able to spend--including to provide excessive support to government-related entities (GREs)--unless such an activity were pre-approved in the budget. We identify three measures to gauge a government's capacity to support its SOE sector: SOE size, SOE creditworthiness, and LRG control over nonbudget resources. Our metrics only refer to nonfinancial-institution SOEs. We extract SOE data mainly from data provider Wind, which covers 70%-80% of LRG-controlled SOEs, measured by aggregated assets and aggregated liabilities as stated by the Chinese government. These metrics provide a simple financial gauge. Our analysis does not encompass the wider financial resources that LRGs can control. These funding options vary widely in their form and complexity and cannot be easily captured using simple metrics.

# Shaanxi Provincial Government



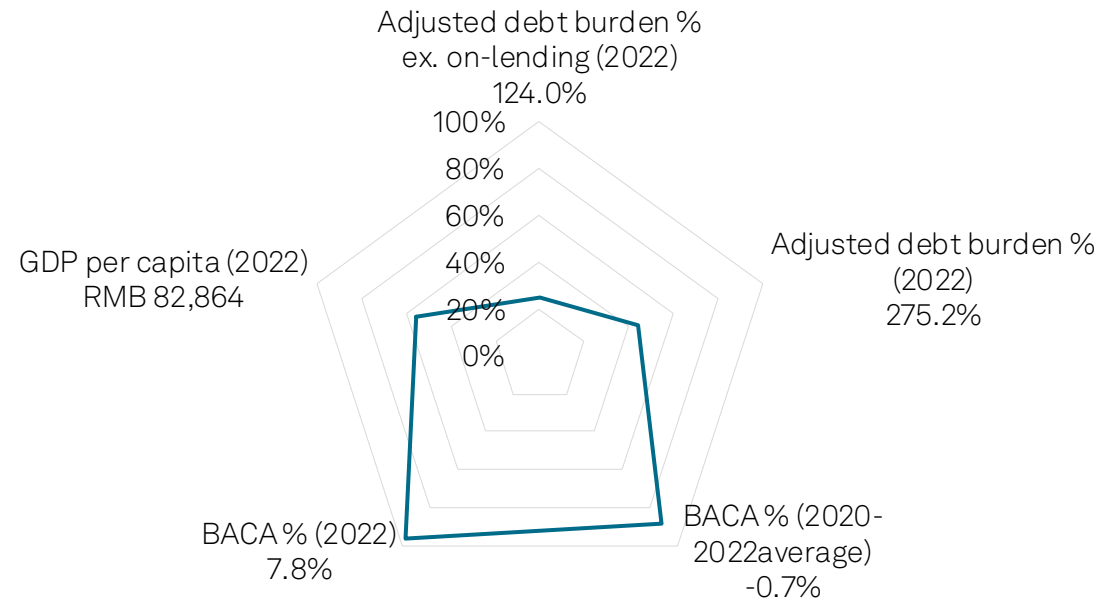
# Provincial Government

## Overview

- We categorize the Shaanxi provincial government (Shaanxi province, or Shaanxi) as a tier-one government operating within a “very predictable and well balanced” institutional framework.
- Shaanxi’s individual credit profile is average, compared with other tier-one governments in China.
- Shaanxi benefits from its abundant natural resources and manufacturing sector, which could help the province gradually address its deficits.
- The province uses its debt to support its infrastructure spending and lower-tier governments.

## Shaanxi’s individual credit profile is average among local peers

Local rank (higher % indicates stronger relative credit profile)



Rank among China’s 36 tier-one LRGs. Please refer to our glossary for a definition of terms.

Sources: LRGs’ bureau of finance and bureau of statistics. Wind. S&P Global Ratings.

# Provincial Government

## Measures of creditworthiness



### Economy

- GDP per capita in line with the national average.
- Growth partially supported by rich mineral resources, with reserves of coal and nonferrous metals ranking among the top three in the country.
- Manufacturing industry is an important pillar, contributing 48% of GDP output.



### Debt burden

- High debt burden, largely driven by borrowings for lower-tier LRGs and key SOEs.
- Manageable risk of contingent liabilities from the SOE sector, considering diversification within the sector and self-supportive credit profiles.



### Liquidity

- Satisfactory liquidity, given control of a large amount of deposits and liquid assets.
- Good access to the domestic bond market based on track record and links with a diversified pool of banks. No apparent restrictions on, or aversions to, net financing.



### Financial management

- Satisfactory as budget goals are consistently met.
- General guidance set out for financial planning.



### Budgetary performance

- Average budgetary performance supported by large central government transfers, which account for more than 75% of operating revenue.
- Fiscal deficit likely to remain volatile subject to cyclicity in the energy sector.

LRG--Local and regional government. SOE--State-owned enterprise. Source: S&P Global Ratings.



# Provincial Government

## Measures of creditworthiness

### Provincial government maintains moderate deficit

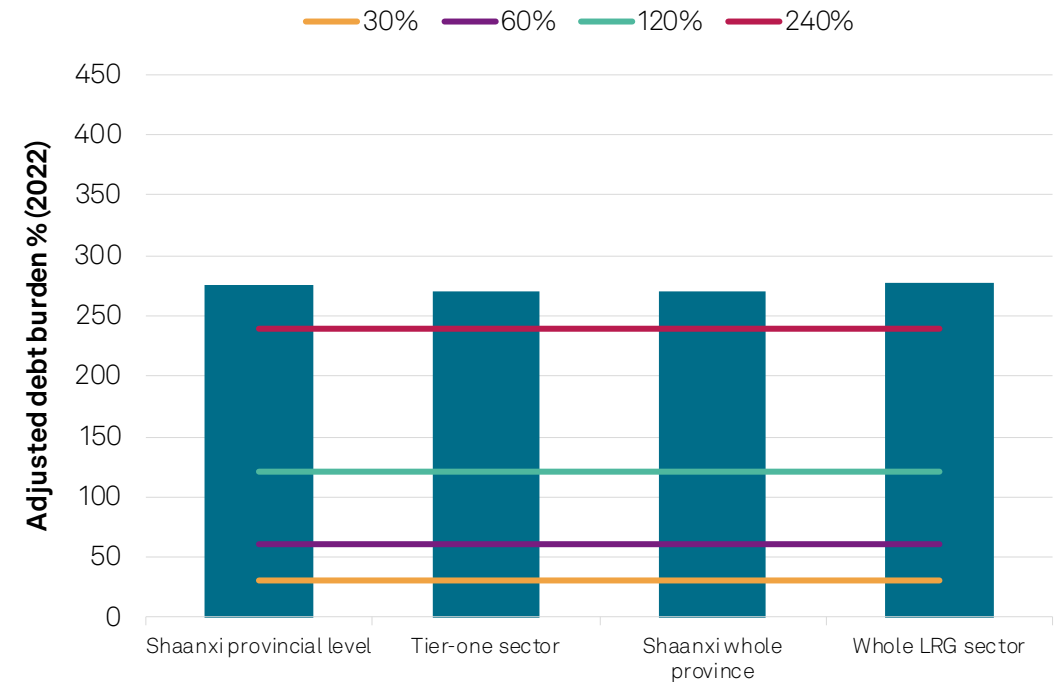
BACA % (2020-2022 average)



Thresholds are extracted from "S&P Methodology For Rating Local And Regional Governments Outside of The U.S." Please refer to our glossary for a definition of terms. Sources: LRGs' bureau of finance. Wind. S&P Global Ratings.

### Debt burden is in line with local peers

Adjusted debt burden % (2022)

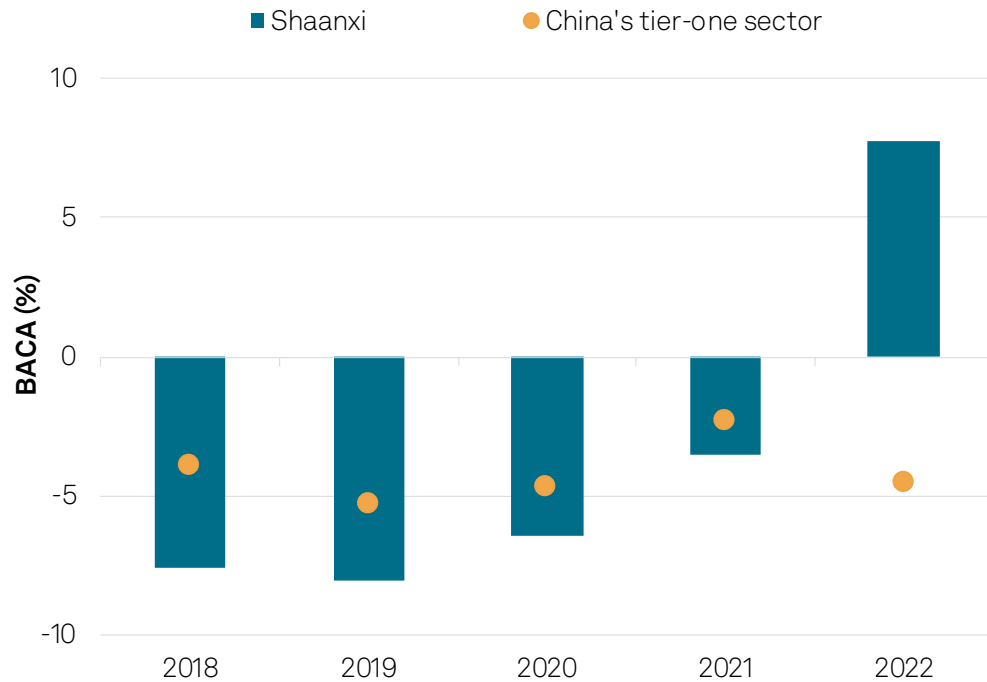


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# Provincial Government

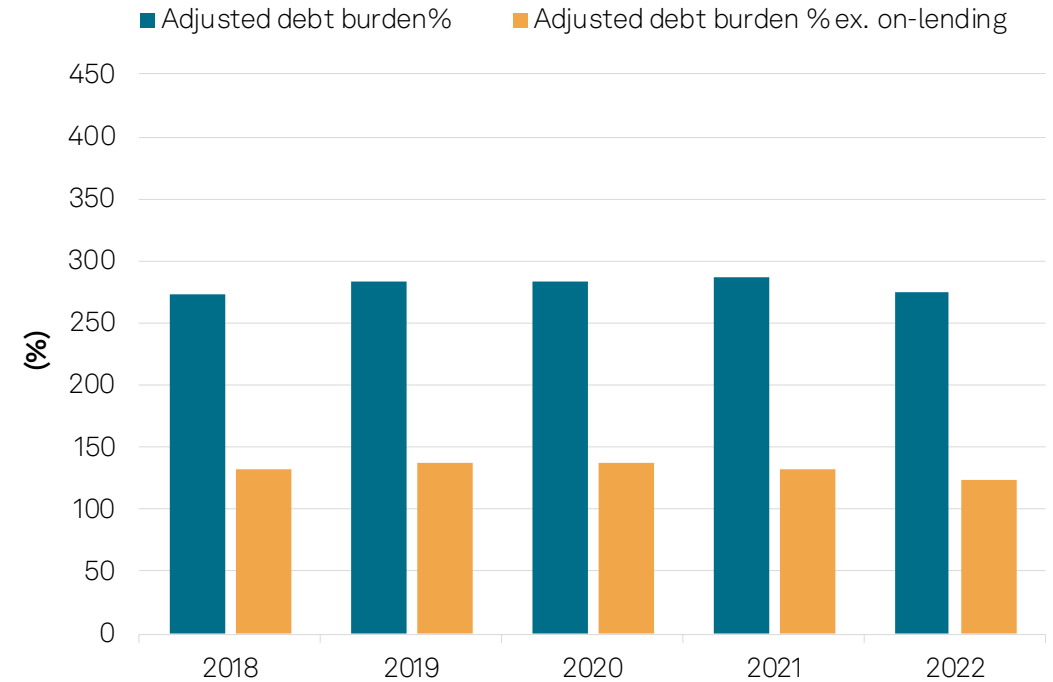
## Measures of creditworthiness

Improving fiscal performance due to energy sector rebound and capex control



Please refer to our glossary for a definition of terms. Sources: LRGs' bureau of finance. S&P Global Ratings.

## On-lending to lower-tier LRGs driving debt burden



Please refer to our glossary for a definition of terms. Sources: LRGs' bureau of finance. Wind. S&P Global Ratings.

# Provincial Government

## Measures of SOE support

- Capacity is sufficient at the provincial level to support SOEs in a scenario of modest stress. However, such support is likely to be increasingly selective.
- The provincial level SOE sector is slightly bigger than that of domestic peers because Shaanxi's SOEs are more concentrated at the provincial and city level.
- SOE sector creditworthiness, as indicated by leverage and liquidity, are about average among domestic peers.
- SOE debt at the provincial level (tier one), city level (tier two), and district level (tier three) makes up about 52%, 45%, and 3% of all SOE debt, respectively.

### Shaanxi provincial government has a large SOE sector

Local rank (higher % indicates stronger relative credit profile)



Rank among China's 36 tier-one LRGs. Higher SOE leverage % indicates higher rank and lower leverage among SOEs. Bubble size represents SOE debt % LRG total revenue. Please refer to our glossary for a definition of terms. Sources: Wind, S&P Global Ratings.

# Provincial Government

## Key features of Shaanxi SOEs



### SOE debt size

- Shaanxi has one of the largest amount of nonfinancial-institution SOE debt at the provincial level.
- The SOEs' businesses are diverse and commercially driven, spanning transportation, energy, commodities, engineering and construction (E&C), finance, and investments, etc.



### SOE creditworthiness

- Shaanxi's SOE leverage appears aggressive by international standards, but it is average among domestic peers and is mitigated by the SOEs' overall satisfactory business profiles.
- Top SOEs generally have low leverage in the energy sector due to their commercial nature, and slightly higher leverage in the infrastructure sector due to their focus on asset-heavy projects.



### Administrative capacity to support SOEs amid stress

- No defaults have been reported by SOEs controlled by the provincial government.
- Lower-tier governments, such as Xi'an, have established stabilization funds to provide liquidity support if needed.
- SOE management framework is largely aligned with central government guidelines.



### Financial resources to support SOEs

- The provincial government has capacity to support its SOEs under a stress scenario. But, in our view, this support would be highly selective and only applicable to entities with stronger policy mandates.
- Sufficient level of liquid assets exist under the government account and under SOE accounts. Shaanxi's control of sizable banking resources could provide an additional buffer.

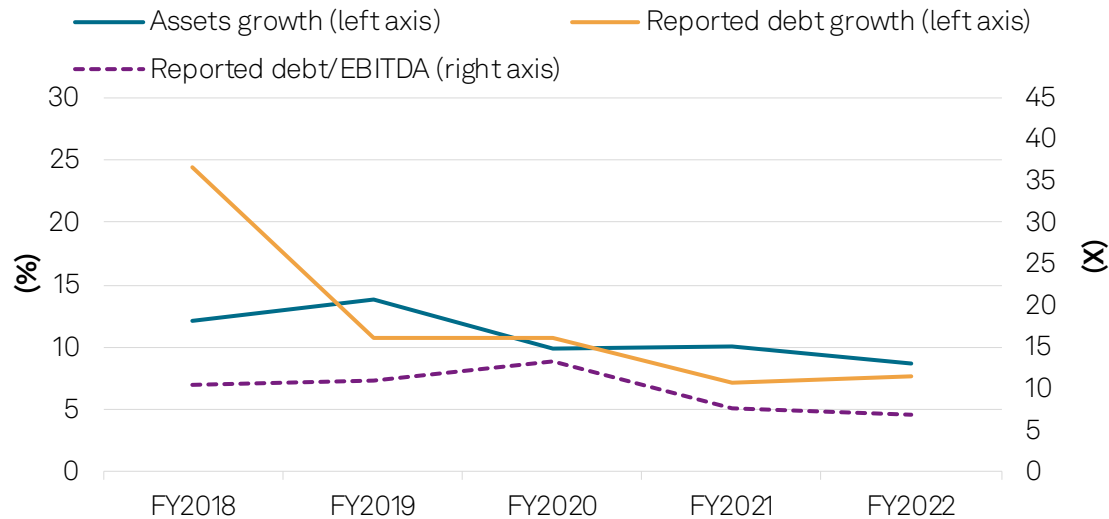
SOE--State-owned enterprise. LRG--Local and regional government. Source: S&P Global Ratings.

# SOEs of Provincial Government

## Energy commodity and transportation SOEs have self-sufficient debt servicing capability

- Provincial-level SOE leverage has declined in the past two years, benefiting from higher prices of coal, oil, and nonferrous metals. The SOEs have sound funding access that underpins continued investment.
- Cash-generating upstream assets support good interest coverage for commodity SOEs. That underpins their capacity expansion and upgrade. The largest debtor—the provincial transportation SOE—has slowed down debt growth lately.

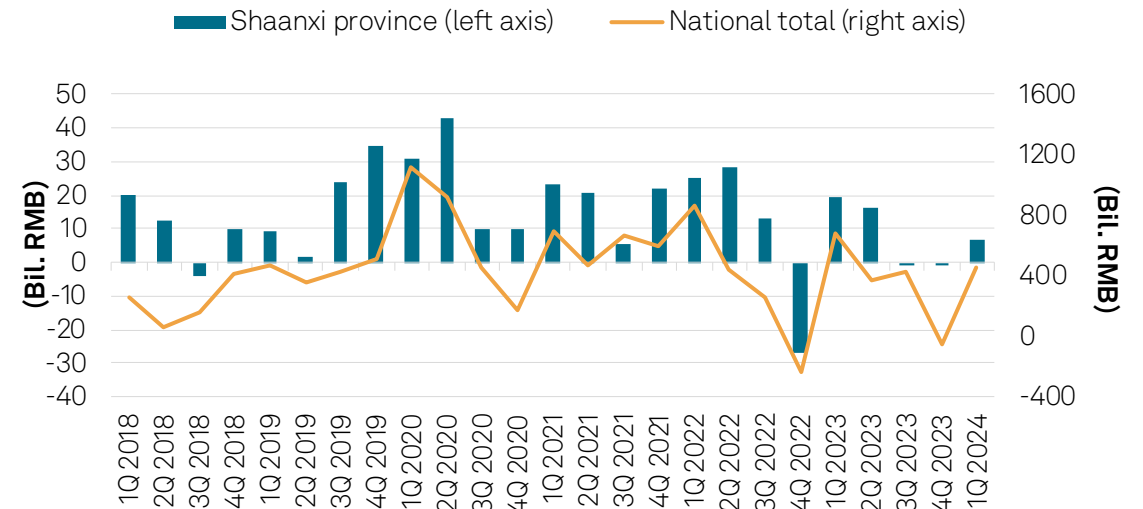
### Leverage came down on high commodity profits



Financials aggregate provincial-level SOEs only. Source: Wind, S&P Global Ratings

### Shaanxi SOEs raised less bonds yoy in 2023

Energy, commodity, and transportation SOEs issued less



Shaanxi SOE domestic bond quarterly net refinancing amount (whole province all levels)  
Source: Wind, S&P Global Ratings

# City Governments



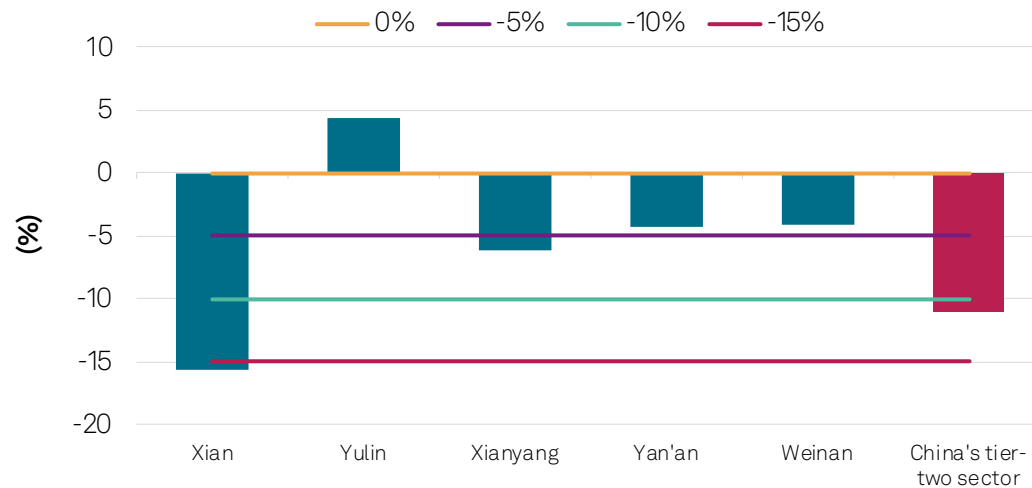
# City Governments

## Overview--Divergent credit profiles, with Yulin the strongest and Xi'an the weakest

- We categorize 10 city governments under Shaanxi as tier-two local governments, with an institutional framework of “evolving but balanced”.
- Five city governments are selected for comparison. They account for 77% of Shaanxi’s GDP.
- Yulin stands out as the strongest, with greater fiscal resources and lower debt; the city is rich in mineral resources.
- Xi’an carries more fiscal burden and more responsibilities as it acts as an engine for regional development.

### Deficits are mostly moderate compared with peers’

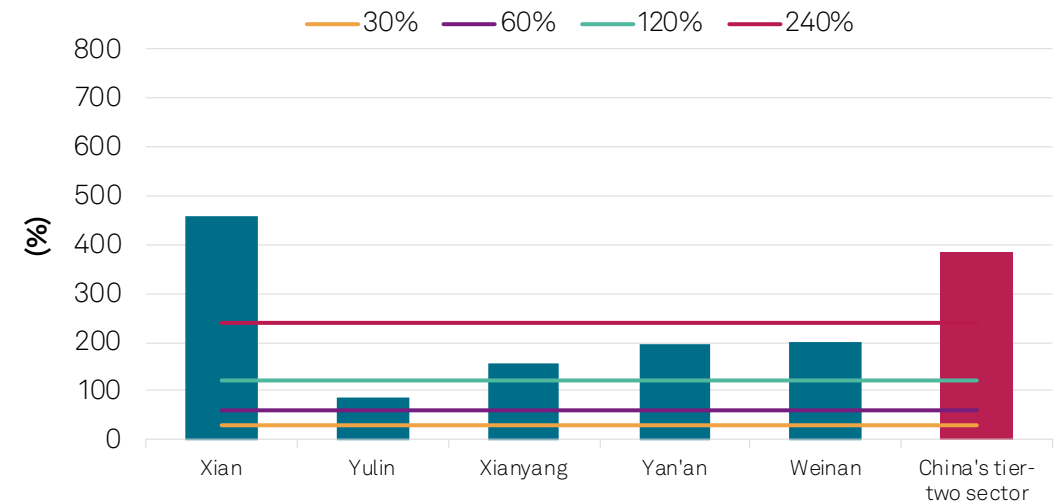
BACA % (2020-2022 average)



Thresholds are extracted from “S&P Methodology For Rating Local And Regional Governments Outside of The U.S.” Please refer to our glossary for a definition of terms. Sources: LRGs’ bureau of finance. S&P Global Ratings.

### Debt levels are very high by global standards

Adjusted debt burden % (2022)



Thresholds are extracted from “S&P Methodology For Rating Local And Regional Governments Outside of The U.S.” Please refer to our glossary for a definition of terms. Sources: LRGs’ bureau of finance. Wind. S&P Global Ratings.

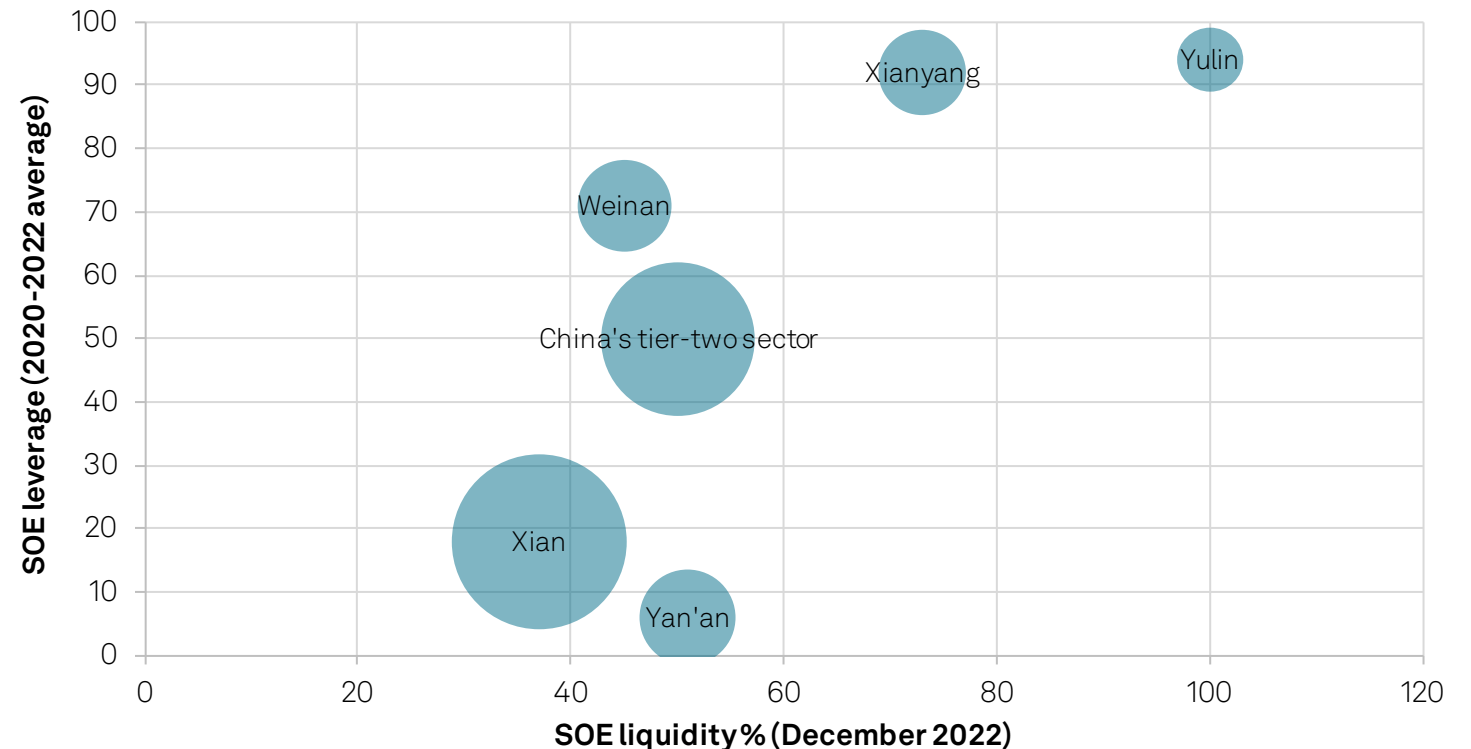
# City Governments

## Measures of SOE support

- The capacity of city governments in Shaanxi to support SOEs is generally in line with that of other Chinese tier-two LRGs, in our view.
- The Yulin city government stands out with one of the strongest financial profiles.
- Xi'an has much larger SOE debt exposure and weaker metrics due to its large investments in its functional zones.
- Sporadic credit stress has been reported at SOEs controlled by lower-tier governments such as Xi'an and Yan'an as recently as early 2024. Local governments have set up stabilization funds to provide short-term liquidity support if needed.

### SOE metrics are divergent relative to other China tier-two governments

Local rank (higher % indicates stronger relative credit profile)



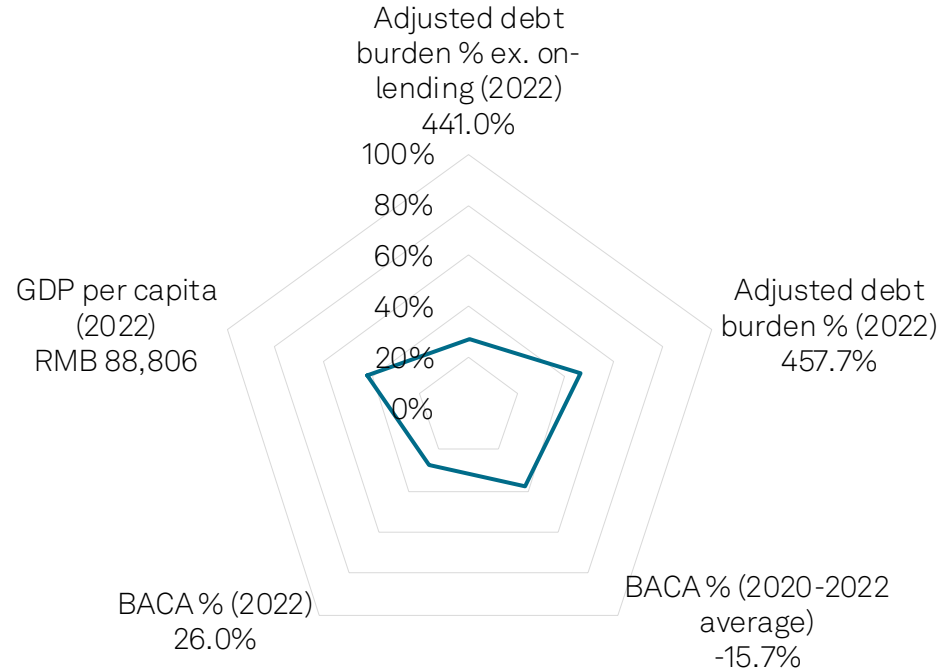
Rank among 51 Chinese tier-two LRGs. Higher SOE leverage % indicates higher rank and lower leverage among SOEs. Bubble size represents SOE debt % LRG total revenue. Please refer to our glossary for a definition of terms. Sources: Wind, S&P Global Ratings.



# City Governments | Xi'an

Credit profile is at the weaker end

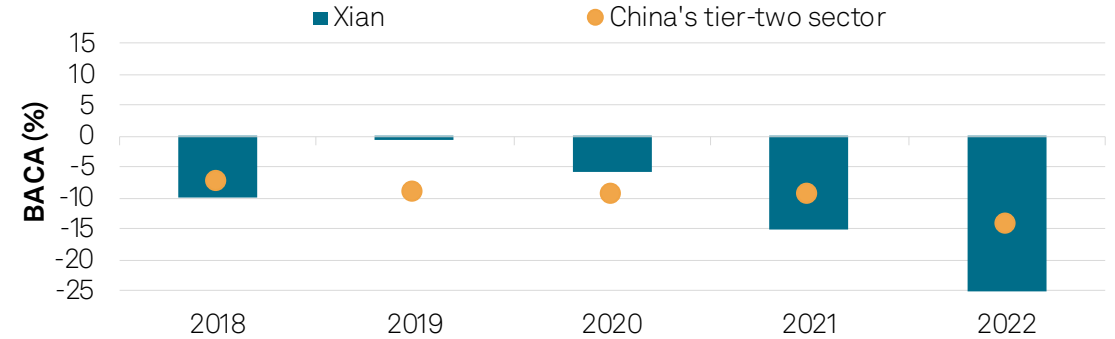
Local rank (higher % indicates stronger credit profile)



Rank among 51 Chinese tier-two LRGs. Please refer to our glossary for a definition of terms.

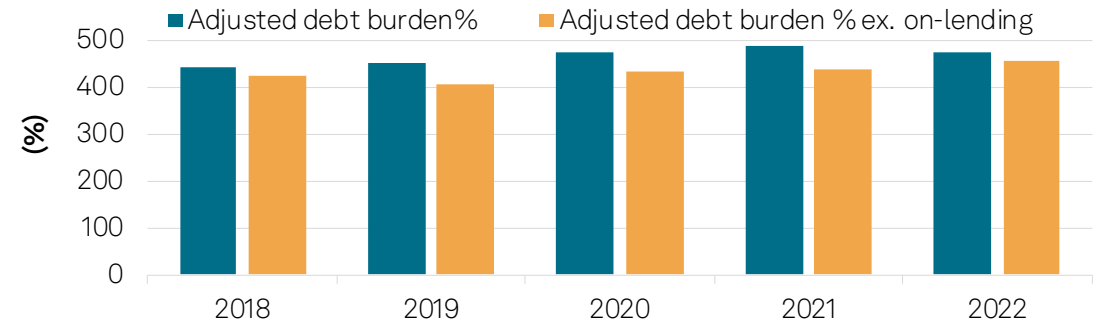
Sources: LRGs' bureau of finance. LRGs' bureau of statistics. Wind. S&P Global Ratings.

## Heavy capex spending hurts budgetary performance



Please refer to our glossary for a definition of terms. Sources: LRGs' bureau of finance. S&P Global Ratings.

## High debt driven by heavy spending at city level and at LGFVs



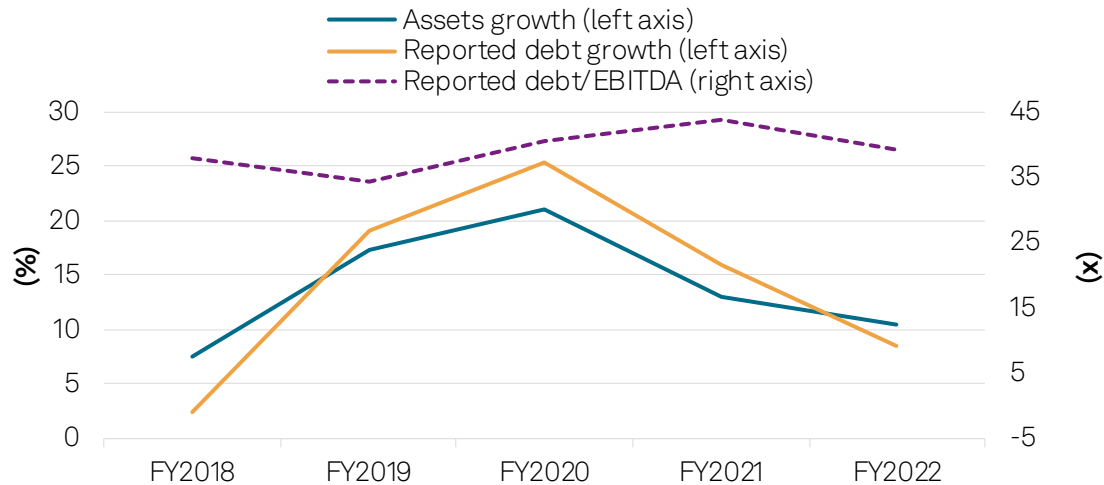
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# SOEs in Xi'an

## Highly leveraged zone developers slowing down debt growth

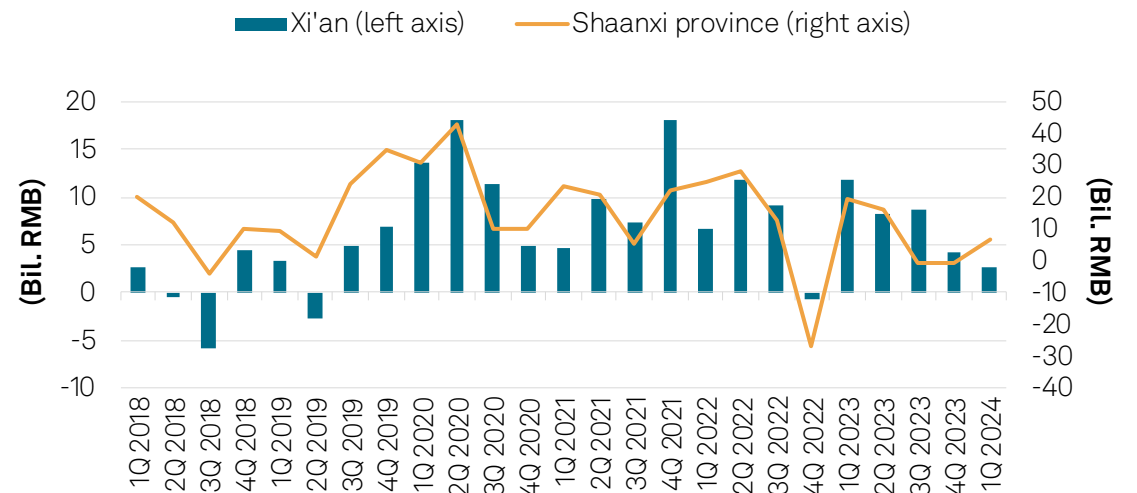
- SOE debt and growth are both skewed toward LGFVs in Xi'an High-tech Zone and Xi'an New Area. Debt growth is slowing due to limited new infrastructure and housing development, barring still-sizeable metro line construction needs.
- Slowing cash receipts from the government and low cash buffer lead SOEs to rely more on external financing to service debt.
- Net bond financing fell in the recent quarters following the national trend. Bond access by policy-content heavy SOEs is not yet materially affected by delinquencies of some SOE subsidiaries.

## Zone developers continue to have very high leverage, fueled by debt servicing and construction



Financials aggregate city-level SOEs only. Source: Wind, S&P Global Ratings

## Zone developers' net bond issuances are slowing after buoyant issuances in the past two years

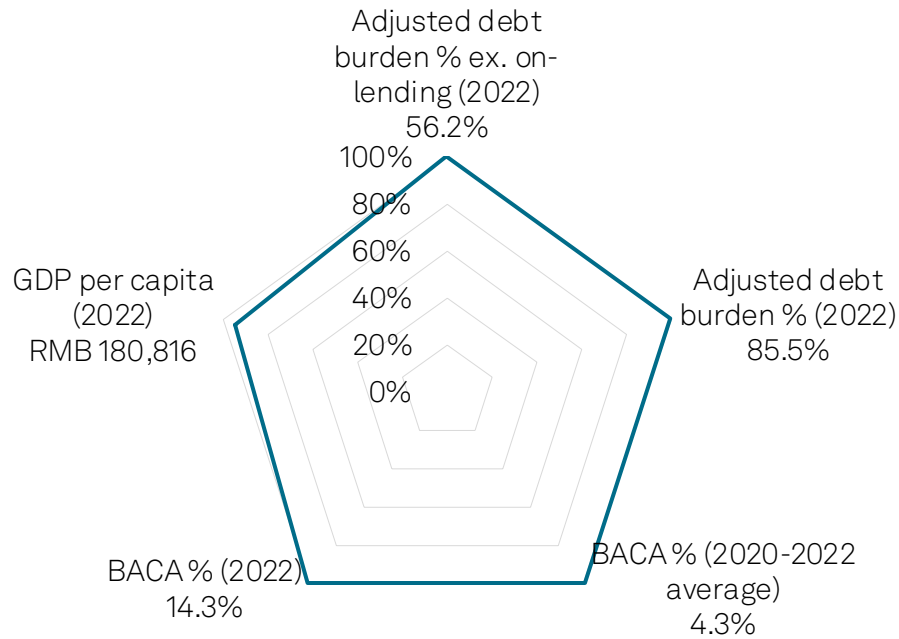


Xi'an SOE domestic bond quarterly net refinancing amount (whole city all levels)  
Source: Wind, S&P Global Ratings

# City Governments | Yulin

## A strong credit profile among peers

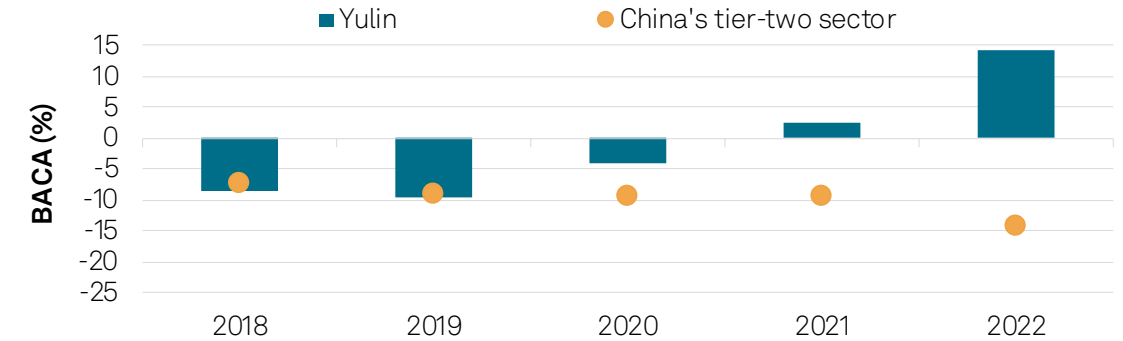
Local rank (higher % indicates stronger credit profile)



Rank among 51 Chinese tier-two LRGs. Please refer to our glossary for a definition of terms.

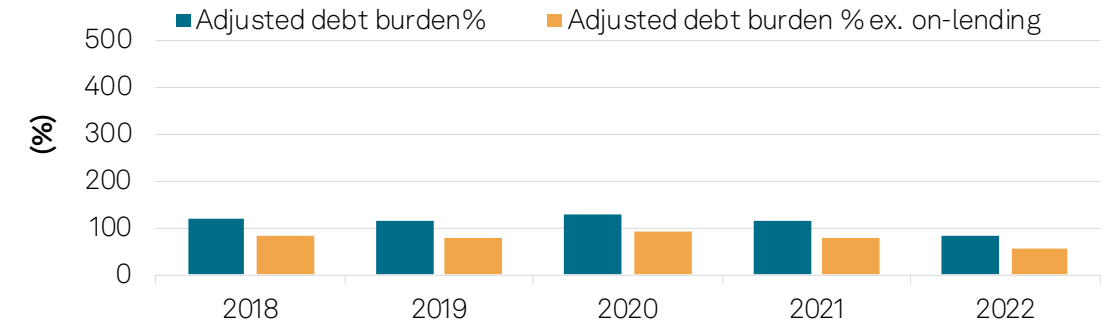
Sources: LRGs' bureau of finance. LRGs' bureau of statistics. Wind. S&P Global Ratings.

## Strong fiscal performance thanks to booming energy prices



Note: Please refer to our glossary for a definition of terms. Source: LRGs' bureau of finance, S&P Global Ratings.

## Debt burden is mitigated by strong revenue base



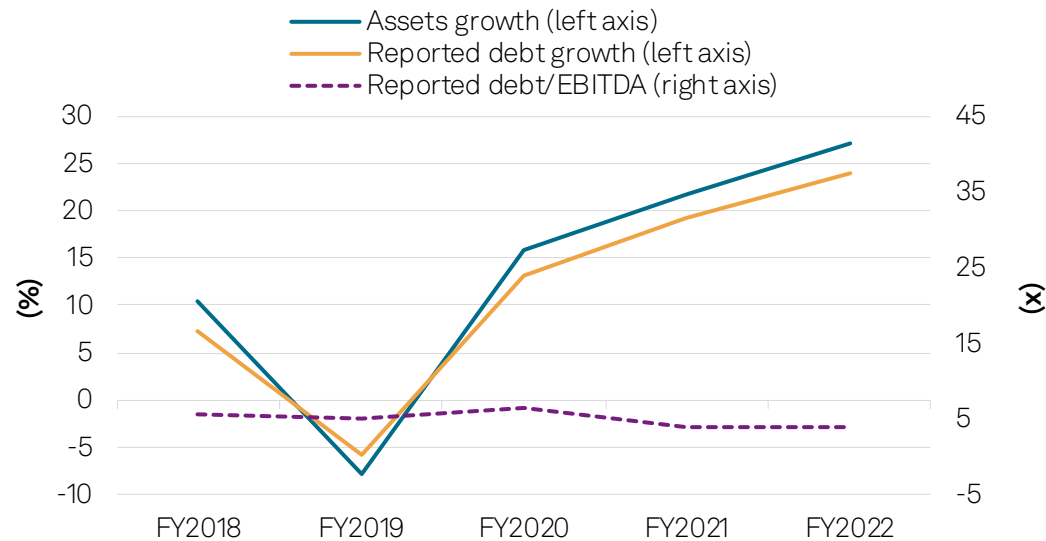
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# SOEs in Yulin

## Profitable coal SOE supports stable leverage and funding access

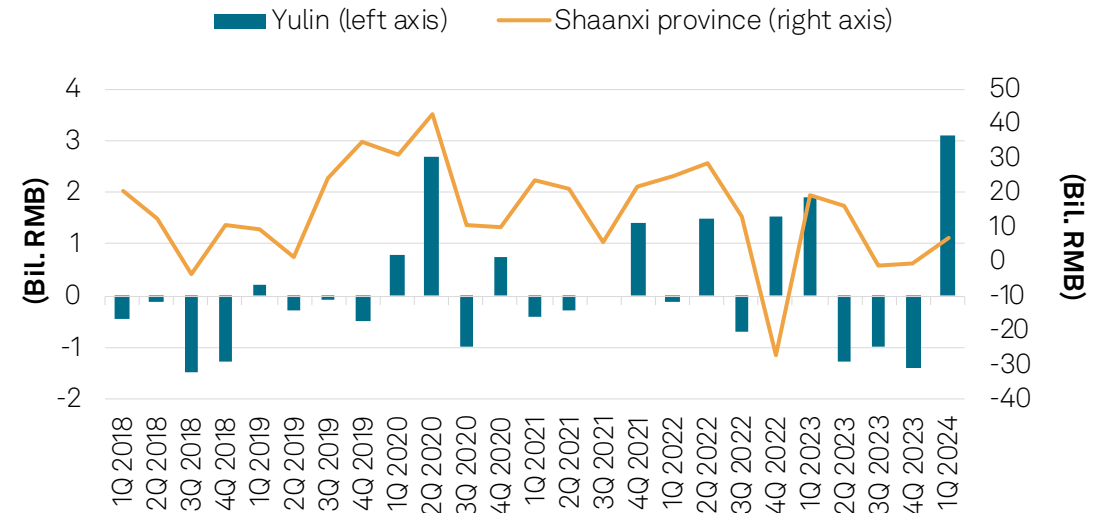
- SOEs optimized debt cost by borrowing short-term lately, riding on high coal prices' favorable impact on the city's budget and SOE profits. Debt growth is buoyant, driven by coal SOE's spending on coal and related expansion, while LGFV's spending dwindled.
- Bond risk premium in Yulin is the lowest in Shaanxi. Banking access is diversified. The SOEs have flexibility in optimizing costs between bank loans and bonds. Reliance on nonstandard debt is low.

### Leverage lowest among cities, helped by higher coal prices



Financials aggregate city-level SOEs only. Source: Wind, S&P Global Ratings

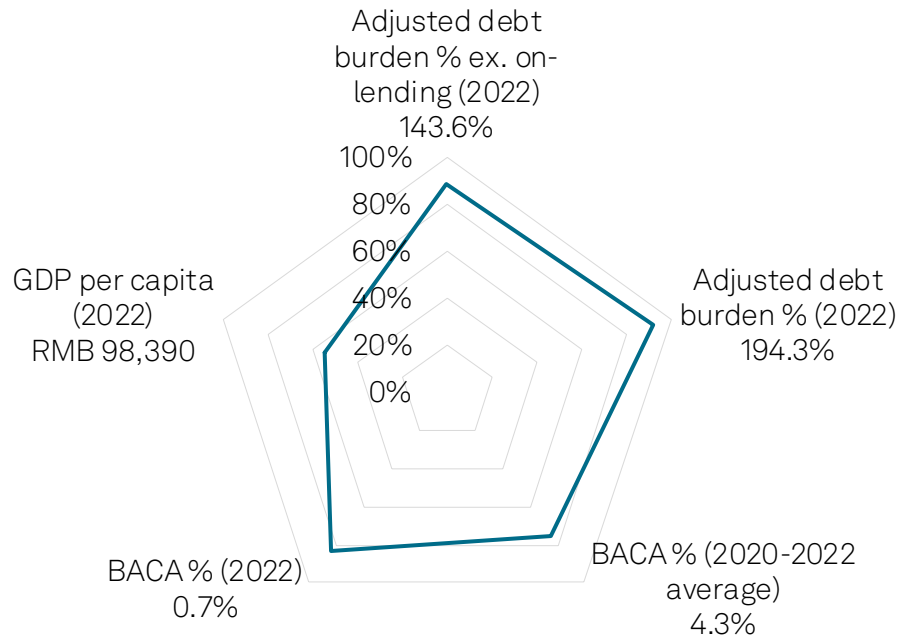
### Debt refinanced with short-tenor bonds, capitalizing on favorable coal prices



Yulin SOE domestic bond quarterly net refinancing amount (whole city all levels)  
Source: Wind, S&P Global Ratings

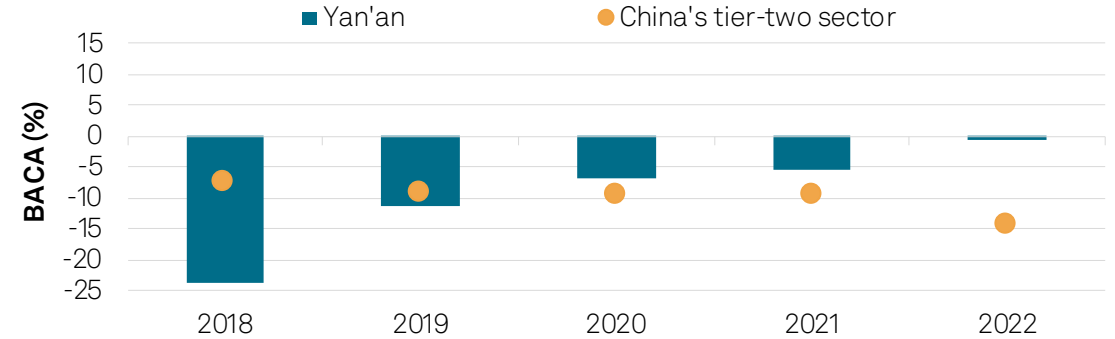
# City Governments | Yan'an

Heavy infrastructure investment constrains credit profile  
Local rank (higher % indicates stronger credit profile)



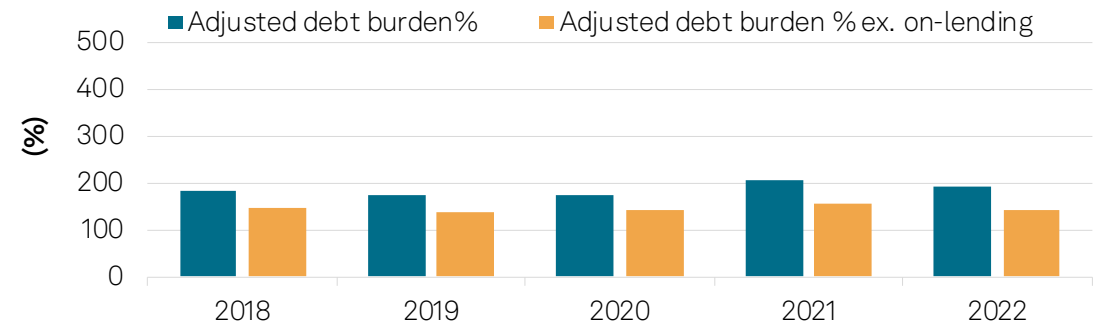
Rank among 51 Chinese tier-two LRGs. Please refer to our glossary for a definition of terms.  
Sources: LRGs' bureau of finance. LRGs' bureau of statistics. Wind. S&P Global Ratings.

## Capex control, transfer inflows aid budgetary performance



Note: Please refer to our glossary for a definition of terms. Source: LRGs' bureau of finance, S&P Global Ratings.

## Debt growth slowed thanks to higher revenue growth



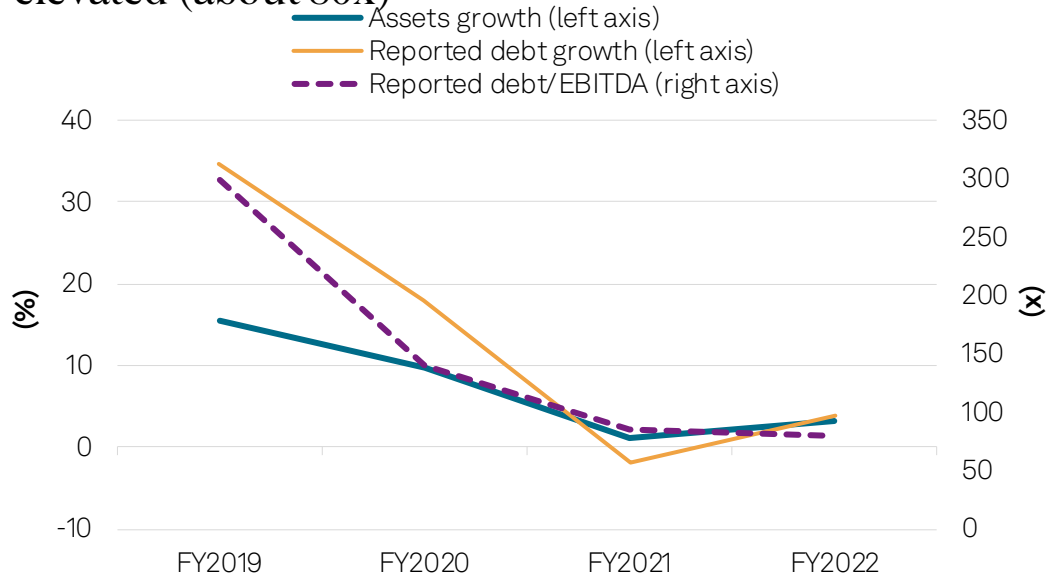
Please refer to our glossary for a definition of terms. Sources: LRGs' bureau of finance. Wind. S&P Global Ratings.

# SOEs in Yan'an

## Slowing debt growth with capex trickling down

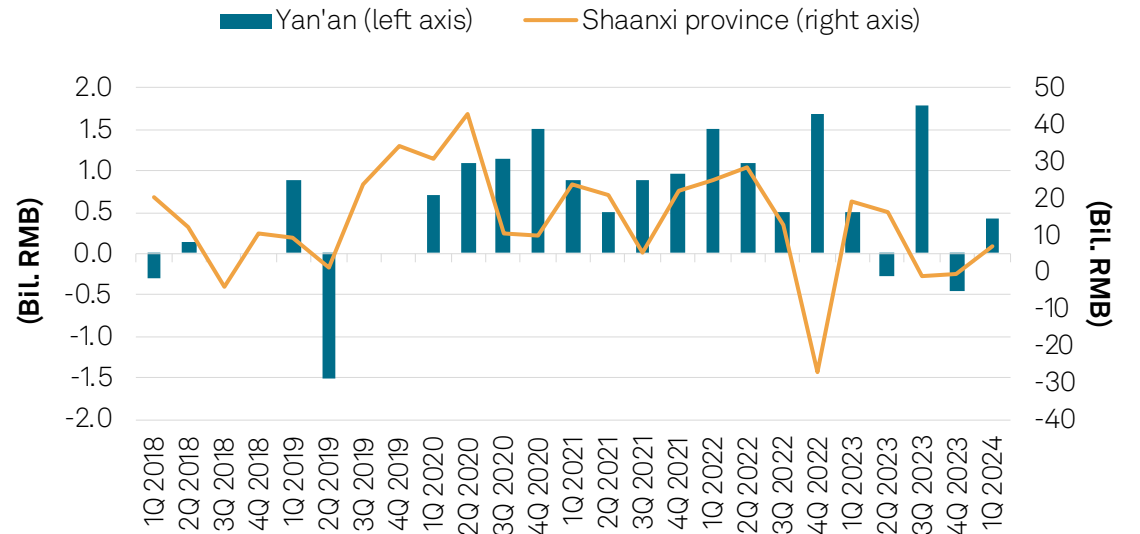
- SOE debt growth slowed in the past two years due to lower capital expenditure (capex). Cash receipts worsened due to lower receipts from governments; property downturn has hit sales and leasing.
- Bond risk premium is the highest among sampled cities. Outstanding commercial bill delinquencies and past special mention loans hint at liquidity stress for certain LGFVs. Bond maturity in 2024 is manageable, with little reliance on short-term bonds.

### Debt growth declined sharply but leverage stays very elevated (about 80x)



Financials aggregate city-level SOEs only. Reported EBITDA in 2018 was negative, hence not applicable. Source: Wind, S&P Global Ratings

### Net fund raising via bonds is falling with bond coupons among the highest in Shaanxi

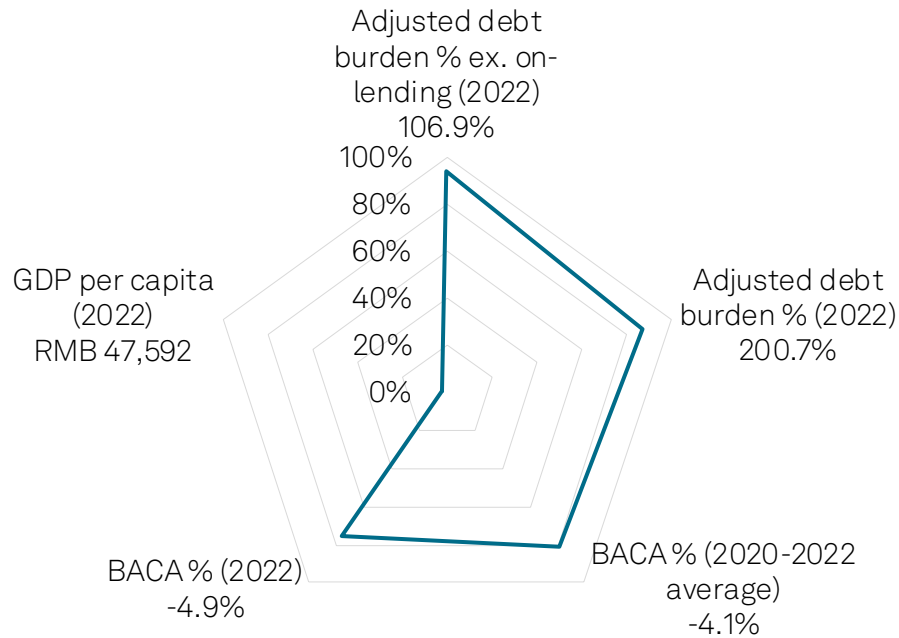


Yan'an SOE domestic bond quarterly net refinancing amount (whole city all levels) Source: Wind, S&P Global Ratings

# City Governments | Weinan

## Low income constrains credit profile

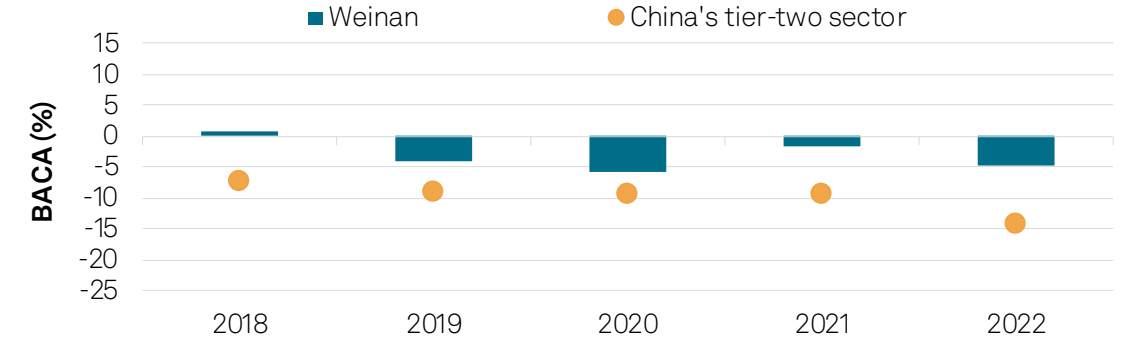
Local rank (higher % indicates stronger credit profile)



Rank among 51 Chinese tier-two LRGs. Please refer to our glossary for a definition of terms.

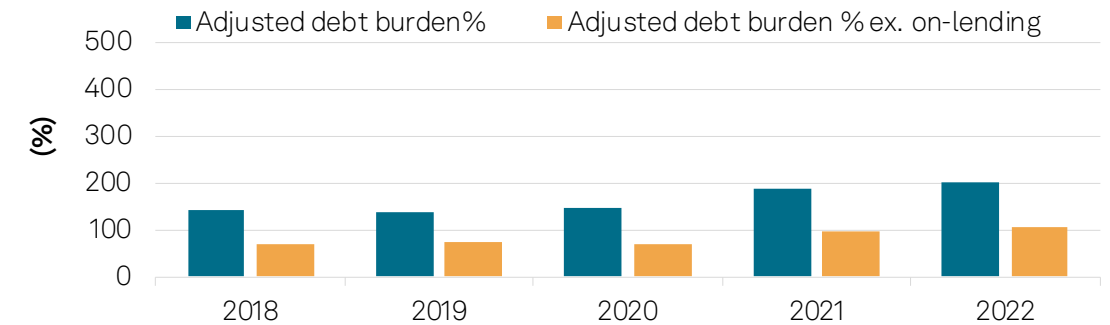
Sources: LRGs' bureau of finance. LRGs' bureau of statistics. Wind. S&P Global Ratings.

## Upper-tier transfers contribute to fiscal performance



Note: Please refer to our glossary for a definition of terms. Source: LRGs' bureau of finance, S&P Global Ratings.

## Debt burden driven by LGFV and lower-tier spending



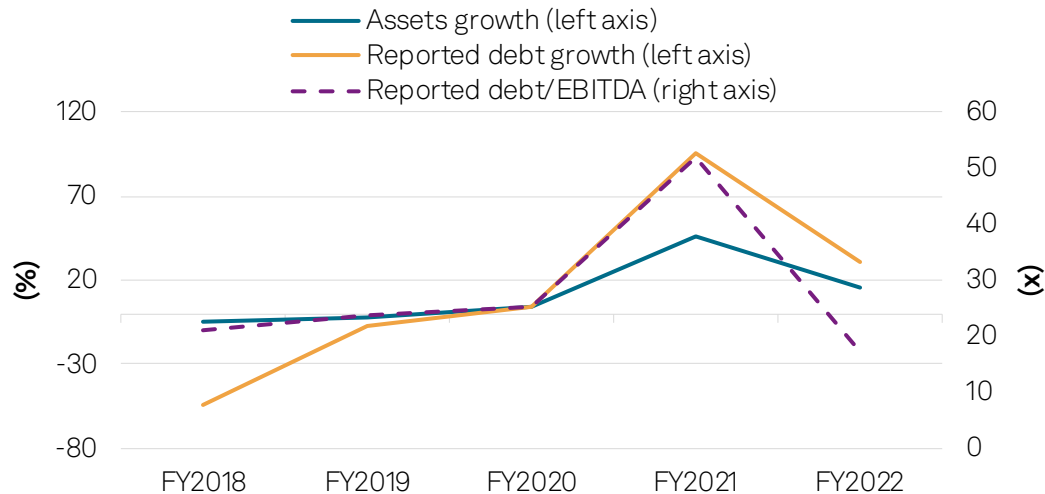
Please refer to our glossary for a definition of terms. Sources: LRGs' bureau of finance. Wind. S&P Global Ratings.

# SOEs in Weinan

## Significant bond market presence despite the city being economically weaker

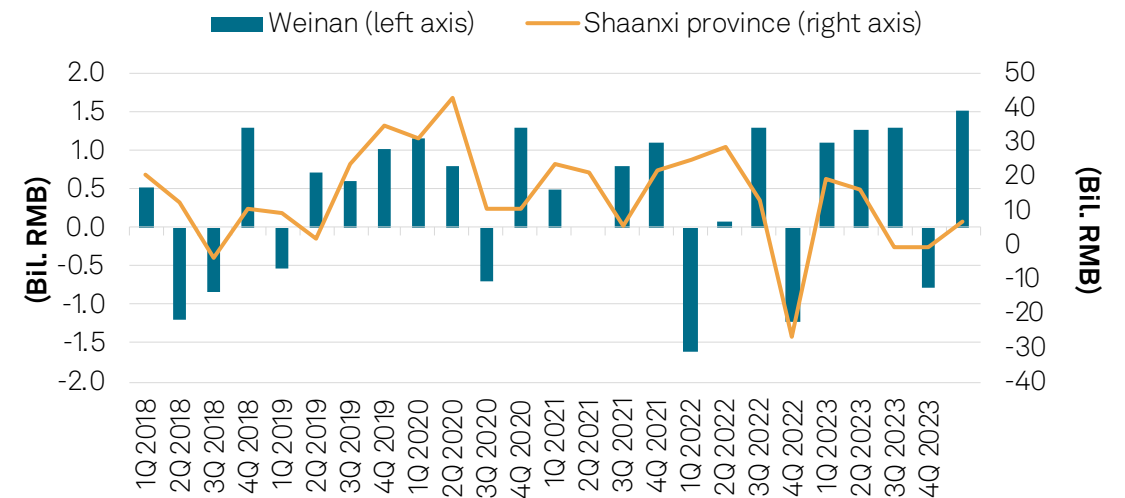
- City-level SOEs have infrastructure/land/affordable housing revenue mainly from lower-tier governments that have the most strained finances. Consolidating LGFVs and industrial SOEs is aimed to enhance their capital access.
- Bond premiums are fair despite the city's low wealth, population outflow, and high SOE leverage. Negative press is absent. Debt increased evenly between bank loans and bonds in the past year. Nearly two-thirds of bond outstandings mature over 2024-2025 and could test market confidence for the city's entities.

### One-time rise in subsidy in 2022 lowered leverage temporarily



Financials aggregate city-level SOEs only. Two SOEs saw subsidy soaring to RMB1.66 billion in 2022 (2021: 0.2 billion) Source: Wind, S&P Global Ratings.

### Risk premium fell in recent quarters, converging almost with neighboring Xi'an



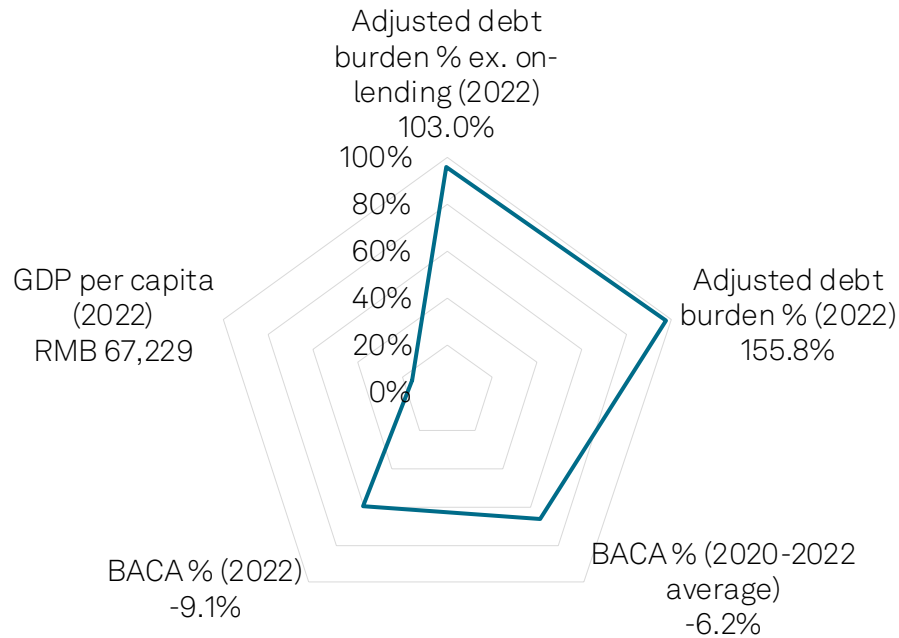
Weinan SOE domestic bond quarterly net refinancing amount (whole city all levels). Source: Wind, S&P Global Ratings.



# City Governments | Xianyang

## High capex constrains creditworthiness

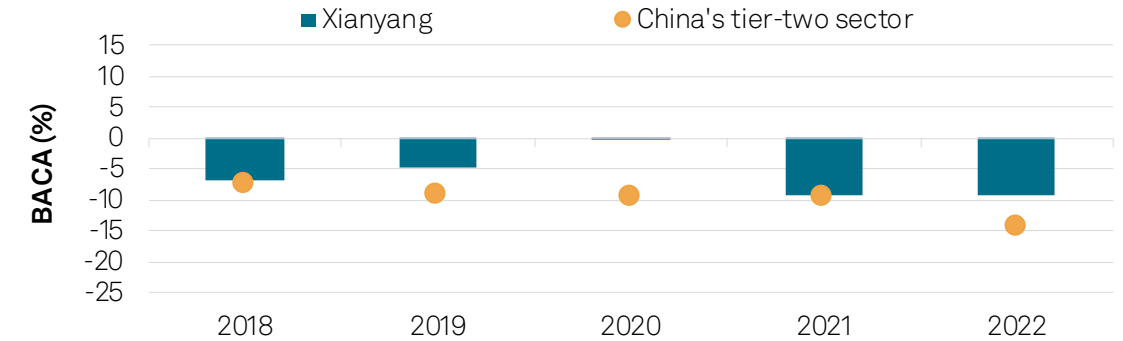
Local rank (higher % indicates stronger credit profile)



Rank among 51 Chinese tier-two LRGs. Please refer to our glossary for a definition of terms.

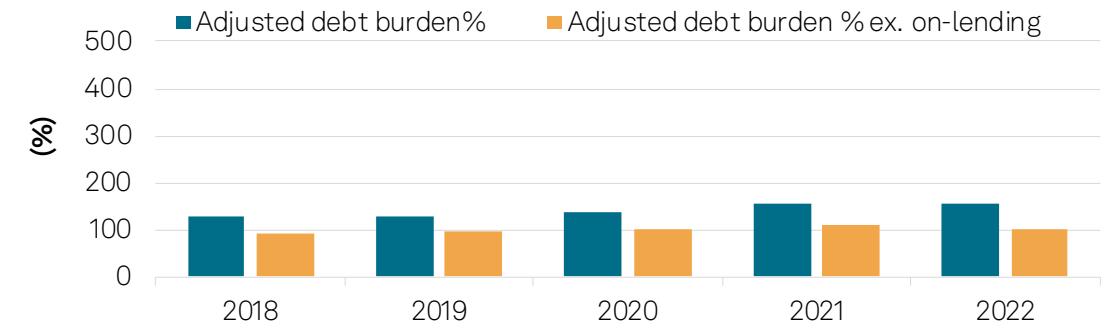
Sources: LRGs' bureau of finance. LRGs' bureau of statistics. Wind. S&P Global Ratings.

## Large spending leads to relatively weak fiscal power



Note: Please refer to our glossary for a definition of terms. Source: LRGs' bureau of finance, S&P Global Ratings.

## Moderate debt burden driven by debt at city level and LGFVs



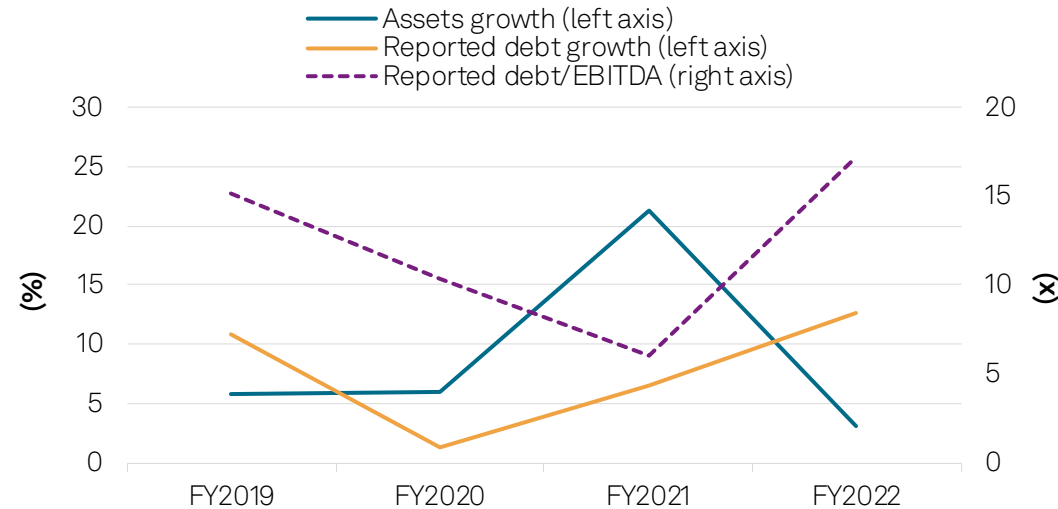
Please refer to our glossary for a definition of terms. Sources: LRGs' bureau of finance. Wind. S&P Global Ratings.

# SOEs in Xianyang

## SOE funding access has improved despite weakening balance sheet

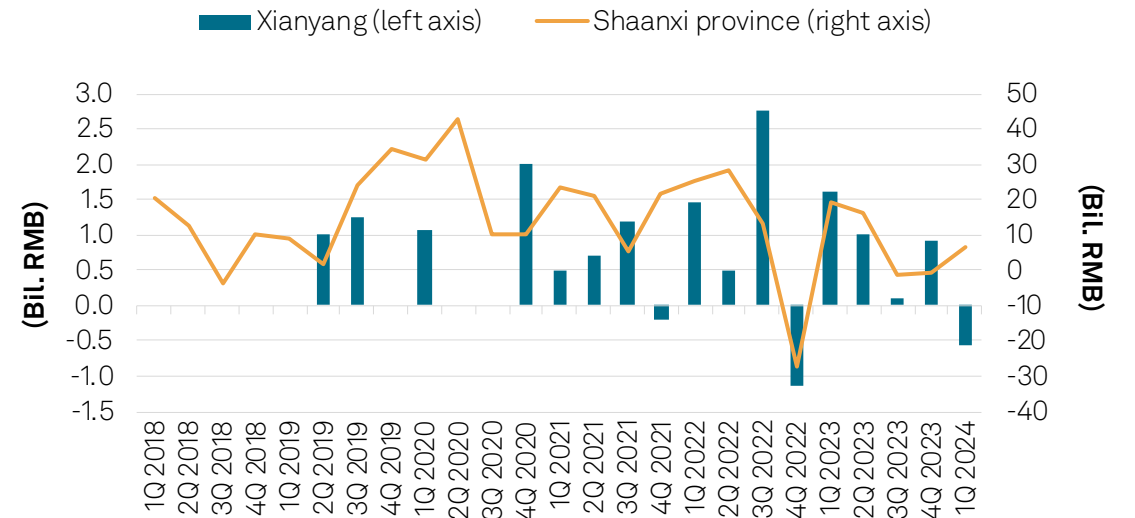
- Cash flows were hit by very slow receipts from lower-tier governments and unsold property. Capital goods SOEs are loss-making, and debt has piled up since last year. Debt kept rising owing to the debt-servicing gap and pending construction spending.
- Bond risk premiums are moderately higher than in neighboring Xi'an, but trending down over the past few quarters. Half of the bonds outstanding mature in 2024 and could test market appetite for refinancing.

## Leverage has worsened owing to a sharp decline in industrial profits



Xianyang City Construction received the transfer of government assets in 2021 and number of subsidiaries increased by 17. Financials aggregate city-level SOEs only. Source: Wind, S&P Global Ratings

## Bond exposure has increased in the past two quarters, bucking the overall trend



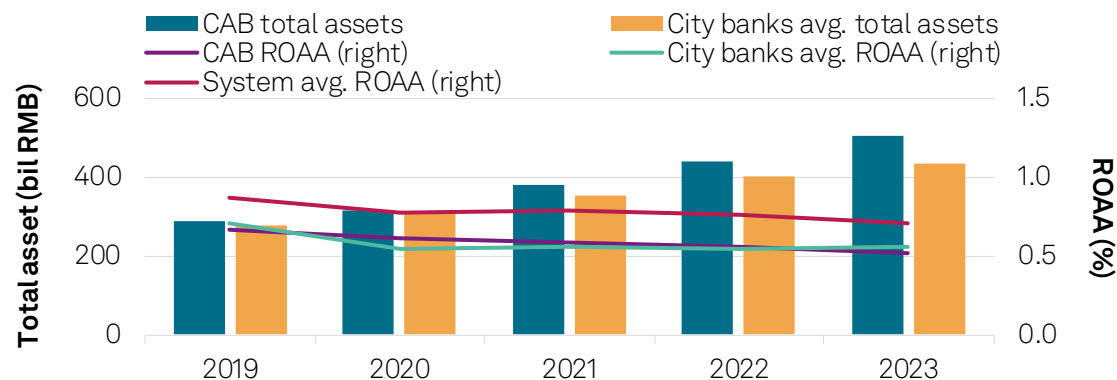
Xianyang SOE domestic bond quarterly net refinancing amount (whole city all levels). Source: Wind, S&P Global Ratings

# Key Financial Institutions In Shaanxi

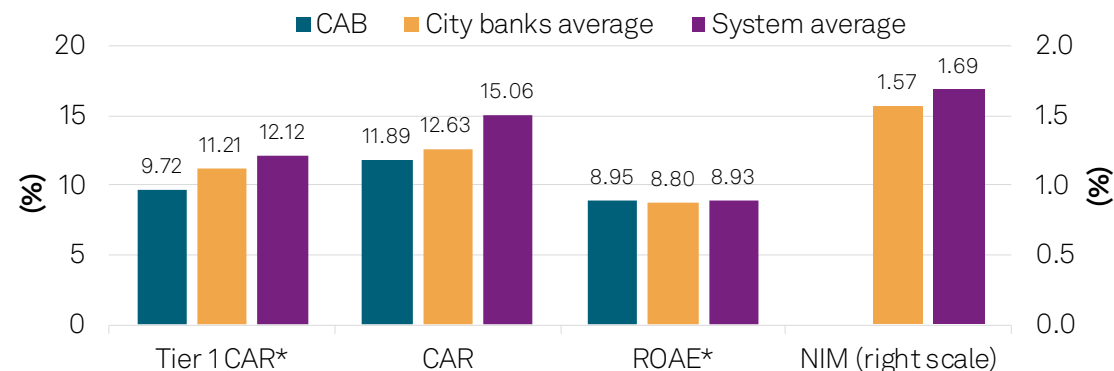


# Chang'an Bank: Fast expansion caps capitalization

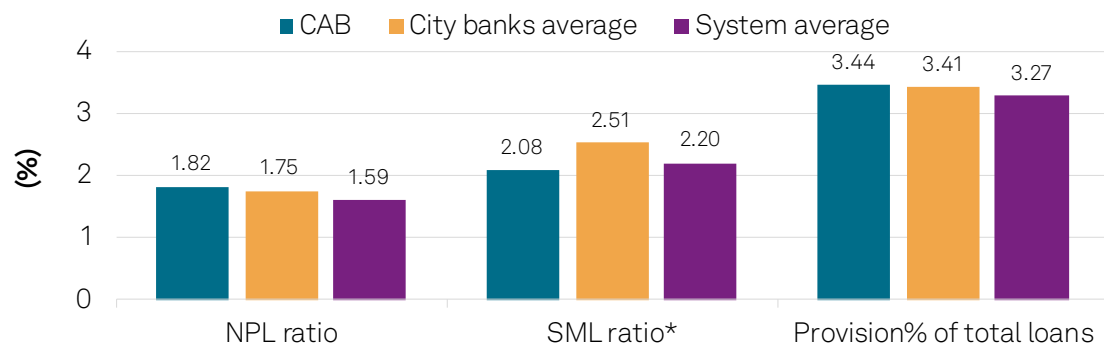
## Unlisted regional bank with presence across Shaanxi



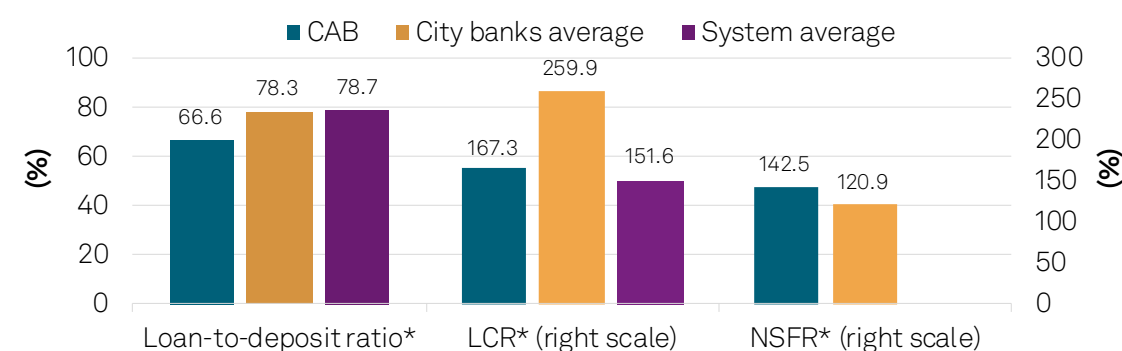
## Fast loan growth outpaced internal capital generation



## High unsecured lending, rising SML, NPL, and write-offs



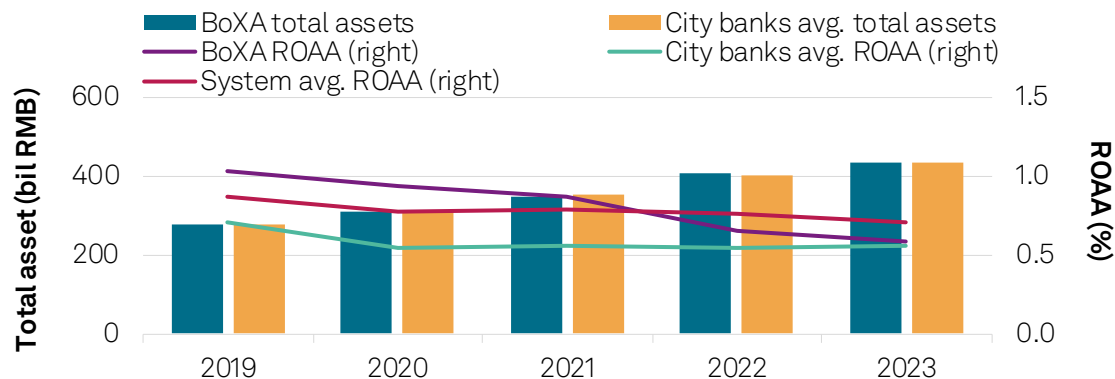
## Retail fixed deposits growth supports funding



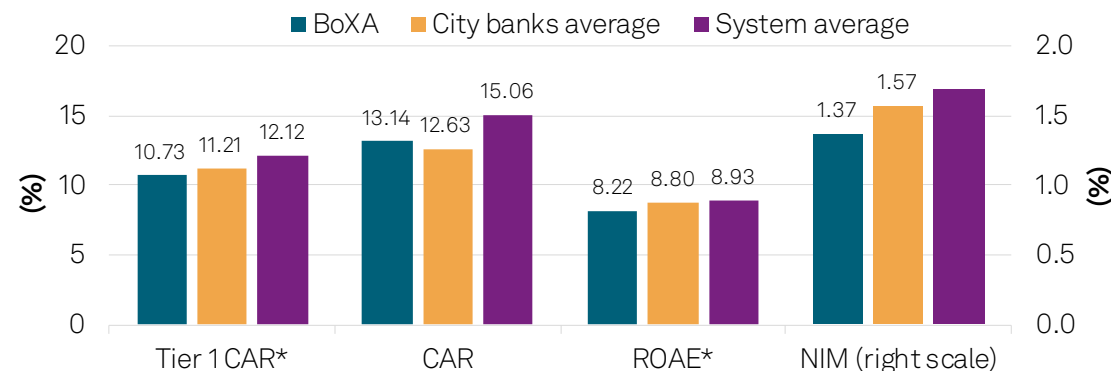
Data as of Dec 31, 2023. \*The ratios are calculated by averaging the number of city commercial banks with available data (number of banks with available information): average tier-1 CAR (37), ROAE (29), SML ratio (29), loan-to-deposit ratio (42), LCR (31), and NSFR (27). NIM is not disclosed for CAB. Loan-to-deposit ratio for CAB is calculated by S&P. CAB—Chang'an Bank Co. Ltd. ROAA—Return on average assets. CAR—Capital adequacy ratio. ROAE—Return on average equity. NIM—Net interest margin. NPL—Nonperforming loans. SML—Special mentioned loans. LCR—Liquidity coverage ratio. NSFR—Net stable funding ratio. Source: Company data, WIND, National Financial Regulatory Administration. Writer: Will Hau

# Bank of Xi'an: High regional concentration with asset quality risk

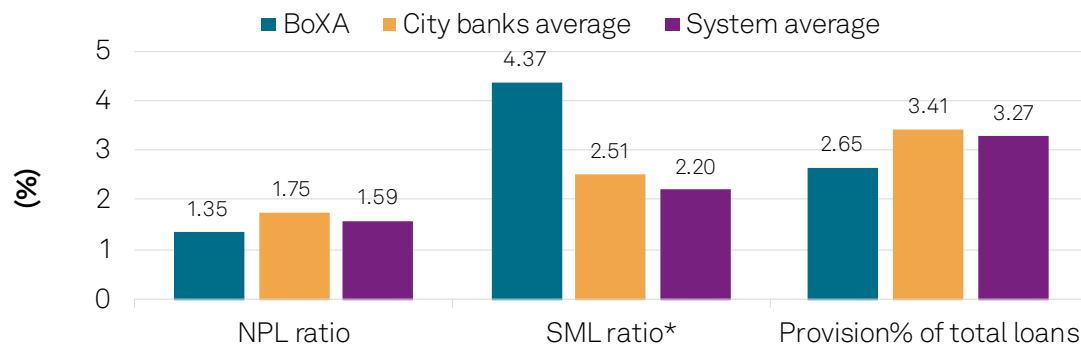
Listed bank; Xi'an government owns 27%



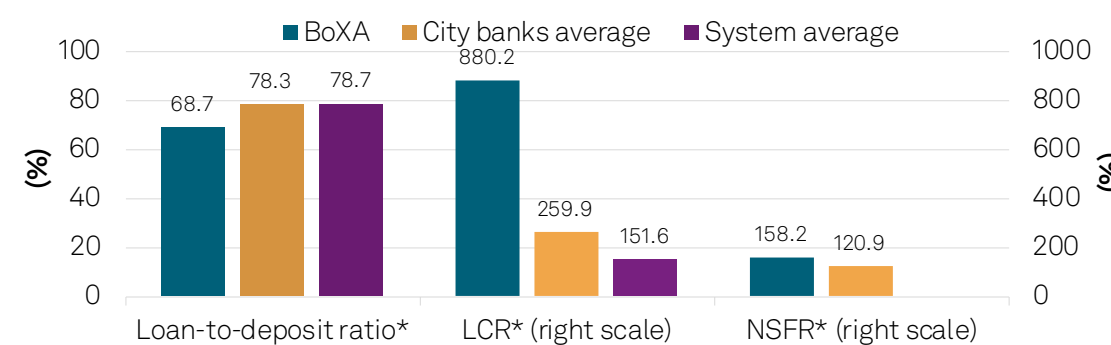
Modest loan growth keeps regulatory capital ratios stable



Rising customer concentration and high exposure to Xi'an



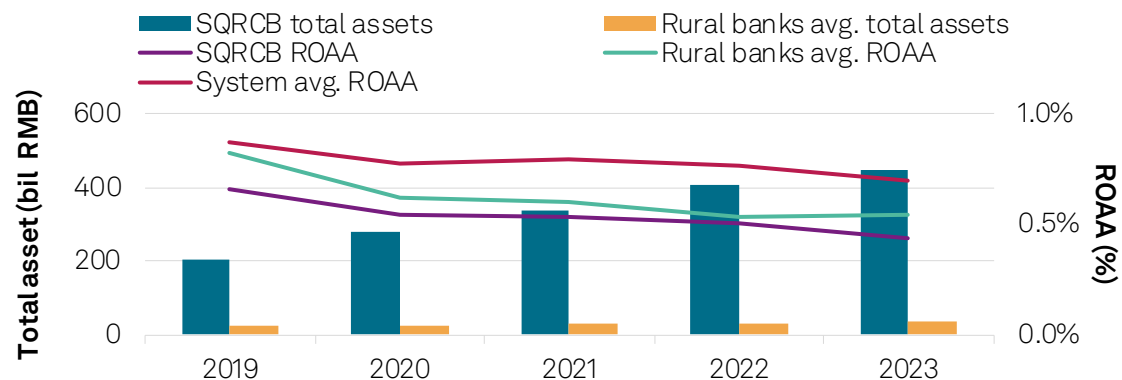
High quality liquid asset holdings support liquidity



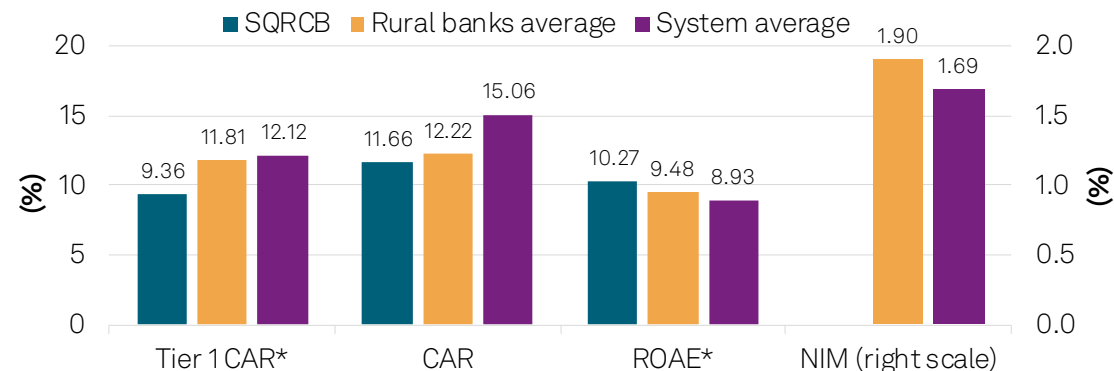
Data as of Dec 31, 2023. \*The ratios are calculated by averaging the number of city commercial banks with available data (number of banks with available information): average tier-1 CAR (37), ROAE (29), SML ratio (29), loan-to-deposit ratio (42), LCR (31), and NSFR (27). BoXA--Bank of Xi'an. ROAA--Return on average assets. CAR--Capital adequacy ratio. ROAE--Return on average equity. NIM--Net interest margin. NPL--Nonperforming loans. SML--Special mentioned loans. LCR--Liquidity coverage ratio. NSFR--Net stable funding ratio. Source: Company data, WIND, National Financial Regulatory Administration. Writer: Will Hau

# SQRCB: Vulnerable asset quality constrains capitalization

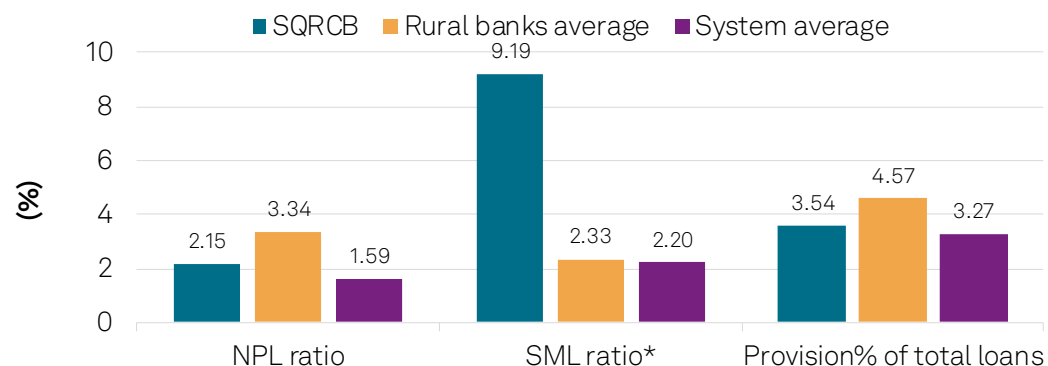
## Government led merger of 11 rural FIs; more to come



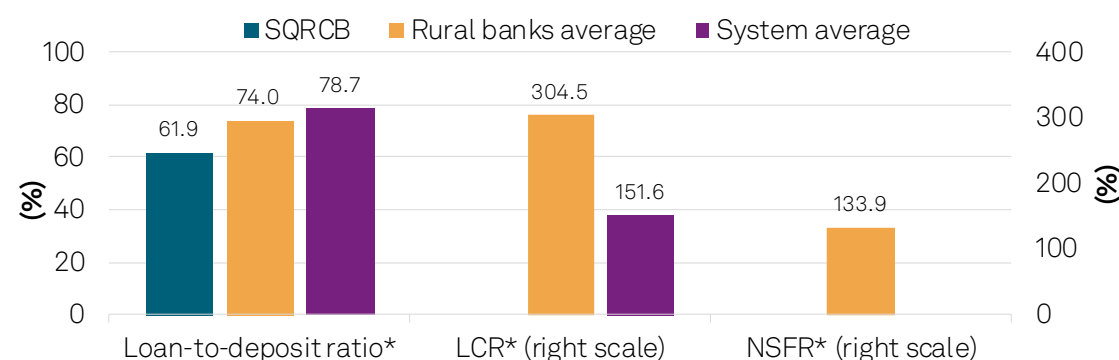
## Rapid growth, and below average NIM and ROAA curbed capital



## Significantly high SML weighs on risk profile



## Limited disclosure with high retail fixed deposits



Data as of Dec 31, 2023. \*The ratios are calculated by averaging the number of rural commercial banks with available data (number of banks with available information): average tier-1 CAR (99), ROAE (16), SML ratio (13), loan-to-deposit ratio (124), LCR (11), and NSFR (8). NIM, LCR, and NSFR are not disclosed for SQRCB. Loan-to-deposit ratio for SQRCB is calculated by S&P. SQRCB--Shaanxi Qinnong Rural Commercial Bank. ROAA--Return on average assets. CAR--Capital adequacy ratio. ROAE--Return on average equity. NIM--Net interest margin. NPL--Nonperforming loans. SML--Special mentioned loans. LCR--Liquidity coverage ratio. NSFR--Net stable funding ratio. Source: Company data, WIND, National Financial Regulatory Administration. Writer: Jason Ku

# Appendix



# Appendix

## Key metrics of Shaanxi and the Chinese LRG sector

	GDP scale (bil. RMB)	GDP per capita (RMB)	LRG total revenue (bil. RMB)	LRG debt (bil. RMB)	SOE debt (bil. RMB)	Real GDP growth (%)	BACA (%)	Adjusted DB (%)	Adjusted debt burden ex. on-lending(%)
<b>Shaanxi-provincial level</b>									
2020-2022 average	2,959	75,446	421	178	1,261	4.3	(0.7)	281	132
2022	3,277	82,864	455	199	1,362	4.3	7.8	275	124
<b>Shaanxi-whole region</b>									
2020-2022 average	2,959	75,446	806	863	2,429	4.3	(11.5)	276	N.A.
2022	3,277	82,864	854	978	2,662	4.3	(14.0)	270	N.A.
<b>China:</b>									
2020-2022 average	114,862	79,797	29,981	30,359	62,158	4.5	(15.0)	248	N.A.
2022	128,621	85,968	29,442	34,947	68,245	3.0	(18.4)	277	N.A.

Please refer to our glossary for a definition of terms. LRG--local regional government. bil.--Billion. RMB--Chinese renminbi. N.A.--Not available.

Sources: LRGs' bureau of finance and bureau of statistics. Wind. S&P Global Ratings.



# Appendix

## Key Metrics Of Shaanxi Cities

	GDP scale (bil. RMB, 2022)	GDP per capita (RMB, 2022)	LRG-level			Whole-LRG		
			LRG total revenue (bil. RMB, 2022)	LRG debt (bil. RMB, 2022)	SOE debt (bil. RMB, 2022)	LRG total revenue (bil. RMB, 2022)	LRG debt (bil. RMB, 2022)	SOE debt (bil. RMB, 2022)
Shaanxi (Province of)	3,277	82,864	455	199	1,362	854	978	2,418
Xi'an (City of)	1,149	88,806	242	315	983	265	363	1,050
Yulin (City of)	654	180,816	89	29	50	130	56	57
Xianyang (City of)	282	67,229	48	21	48	58	43	48
Yan'an (City of)	223	98,390	38	43	48	49	62	48
Weinan (City of)	220	47,592	40	19	46	60	56	51
Baoji (City of)	274	83,801	38	21	23	44	37	23
Hanzhong (City of)	191	59,832	38	15	-	44	43	-
Ankang (City of)	127	51,261	4	11	11	39	48	11
Shangluo (City of)	90	44,599	29	8	6	31	31	6
Tongchuan (City of)	51	71,709	12	9	2	14	19	2

Please refer to our glossary for a definition of terms. bil.--Billion. RMB--Chinese renminbi. Sources: LRGs' bureau of finance and bureau of statistics. Wind. S&P Global Ratings.

# Appendix

## Top corporate SOEs in Shaanxi region

SOE (non-FI)	SOE (non-FI)	Reference LRG*	Tier of LRG	Total debt (bil. RMB,2022)
陕西交通控股集团有限公司	Shaanxi Transportation Holding Group Co.,Ltd	Shaanxi (Province of)	T1	406
陕西煤业化工集团有限责任公司	Shaanxi Coal And Chemical Industry Group Co.,Ltd.	Shaanxi (Province of)	T1	356
陕西延长石油(集团)有限责任公司	Shaanxi Yanchang Petroleum (Group) Co., Ltd.	Shaanxi (Province of)	T1	260
陕西西咸新区发展集团有限公司	Shaanxi Xixian New Area Development Group Co., Ltd	Xi'an (City of)	T2	182
西安高新控股有限公司	Xi'An Hi-Tech Holding Co.,Ltd	Xi'an (City of)	T2	141
陕西投资集团有限公司	Shaanxi Investment Group Co.,Ltd.	Shaanxi (Province of)	T1	110
西安高科集团有限公司	Xi'An Gaoke Group Corporation	Xi'an (City of)	T2	107
西安市轨道交通集团有限公司	Xian Rail Transit Group Company Limited	Xi'an (City of)	T2	91
西安城市基础设施建设投资集团有限公司	Xi'An Municipal Infrastructure Construction Investment Group Corporation, Ltd.	Xi'an (City of)	T2	87
西安曲江文化控股有限公司	Qujiang Xi'An Culture Holding Co.,Ltd.	Xi'an (City of)	T2	83
陕西有色金属控股集团有限责任公司	Shaanxi Nonferrous Metals Holding Group Co.,Ltd.	Shaanxi (Province of)	T1	81
陕西建工控股集团有限公司	Shaanxi Construction Engineering Group Co.,Ltd.	Shaanxi (Province of)	T1	75
西安沣东控股有限公司	Xi'An Fengdong Holdings Co., Ltd.	Xi'an (City of)	T2	62
西安航天城投资发展集团有限公司	Xi'An Aerospace City Investment And Development Group Co.,Ltd	Xi'an (City of)	T2	44
延安城市建设投资(集团)有限责任公司	Yan'An Urban Construction Investment (Group) Co., Ltd.	Yan'an (City of)	T2	40

Data as of December 2022. The list shows top 15 SOEs by total debt within the sampled cities. The aggregate accounts for 80% of the total debt of the 49 SOEs. \*Reference government refers to the largest government owner as listed in Wind. Please refer to our glossary for a definition of terms. FI--Financial institution. T1--Tier one. T2--Tier two. bil.--Billion. RMB--Chinese renminbi.

Sources: LRGs' State-owned Assets Supervision and Administration. Wind. S&P Global Ratings.

# Appendix

## Top financial institution SOEs in Shaanxi region

SOE (FI)	SOE (FI)	Reference LRG*	Tier of LRG	Assets (bil. RMB, 2023)	Total loan (bil. RMB, 2023)	Total regulatory capital (bil. RMB, 2023)	CAR % (2023)
长安银行股份有限公司	Chang'An Bank Co.,Ltd	Shaanxi (Province of)	T1	502	287	37	11.9%
陕西秦农农村商业银行股份有限公司	Shaanxi Qinnong Rural Commercial Bank Co.,Ltd.	Shaanxi (Province of)	T1	444	213	-	11.7%
西安银行股份有限公司	Bank of Xi'an Co.,Ltd.	Xi'an (City of)	T2	432	198	36	13.1%

Data as of December 2023. Shaanxi Qinnong Rural Commercial Bank did not disclose the total regulatory capital.

\*Reference government refers to the largest government owner as listed in Wind. Please refer to our glossary for a definition of terms. FI--Financial institution. T1--Tier one. T2--Tier two. bil.--Billion. RMB--Chinese renminbi.

Sources: LRGs' State-owned Assets Supervision and Administration. Wind. S&P Global Ratings.

# Glossary

- Note on our data: We use settlement data for 2022 and before. For provincial level and China tier-one sector data, we use adjusted revenue for key ratio calculations. For tier-two and tier-two sector data, we are currently using reported revenue numbers.
- LRG: Local and regional government.
- Tier-one LRG: Provinces, autonomous regions, municipalities, and cities with state-planning status.
- Tier-two LRG: Cities, autonomous prefectures, and districts of municipalities.
- Tier-one sector: An aggregation of 36 tier-one LRGs, as defined in our risk indicator article for such tier-one governments (see "Related Research," below).
- Tier-two sector: An aggregation of 48 tier-two LRGs, as defined in our risk indicator article for such tier-two governments (see "Related Research," below).
- BACA: Balance after capital account of LRGs.
- BACA %: Adjusted total revenue subtracted by adjusted total expenditure, as a percentage of adjusted total revenues.
- Direct debt: Debts directly issued under the name of a given LRG.
- Direct debt % total revenue: Direct debt, as a percentage of an LRG's total revenues (note: this ratio references soft guidance by China authorities and is irrelevant to our credit metrics.)
- Adjusted debt burden: Sum of direct debt and debt of LGFVs that are classified by Wind.
- Adjusted debt burden %: Adjusted debt burden, as a percentage of consolidated operating revenues of an LRG and those of LGFVs.
- Adjusted debt burden % ex. on-lending: Adjusted debt burden excluding on-lending to lower-tier LRGs, as a percentage of operating revenues of an LRG and those of LGFVs.
- SOEs: State-owned enterprises controlled by LRGs.
- LGFVs: SOEs that are classified as LGFV by Wind.
- SOE debt % LRG total revenue: Aggregated debt of SOEs controlled by LRGs as a proportion of LRG total revenues.
- SOE sector leverage (or SOE leverage): The proportion of an SOE's aggregated debt to aggregated EBITDA.
- SOE liquidity %: SOEs' cash and short-term securities measured against their short-term debt.

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# Related Research

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- [China LGFVs' Bigger Housing Role: Risk Control Matters](#), Mar 27, 2024
- [China LRG in Focus- Zhejiang Province](#), Mar. 21, 2024
- [China's Fiscal Bid To Stanch Local SOE Debt Risk](#), Nov. 2, 2023
- [China's District And County Recovery Crimped By Property Slide And Debt Checks](#), Sept 13, 2023
- [China LRG in Focus- Hubei Province](#), Oct. 5, 2023
- [China LRG in Focus- Guangxi Province](#), Sept. 13, 2023
- [China LRG in Focus- Yunnan Province](#), July 6, 2023
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- [China LRG in Focus—Henan Province](#), May 22, 2023
- [China LRG in Focus-- Fujian Province](#), March 13, 2023
- [China LRG in Focus-- Guizhou Province](#), Jan. 11, 2023
- [Institutional Framework Assessment: China Provincial Governments' Capital-Light Framework To Support Fiscal Positions](#), Aug. 10, 2023
- [Institutional Framework Assessment: China's Push To Delink LRGs From SOEs Relieves Some Pressure On Tier-Two Governments' Elevated Debt](#), Aug. 10, 2023
- [What Are China's Options To Resolve Local-Government SOE Debt Risk?](#), Aug. 2, 2023
- [China Provincial Governments' Risk Indicators](#), June 24, 2023
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- [Credit FAQ: What The "Two Sessions" Say About Chinese Government Finances](#), March 19, 2023
- [Clock Is Ticking For The Debt-Led Growth Of China Local Governments](#), Feb. 21, 2023



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