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China Banking Monitor

2021

February 09, 2022

Creating Opportunities

Index

Main takeaways

- Aggregate credit growth slowed in 2021 due to the prudent monetary policy stance through the most time of the year. Recently, the policy stance has become more pro-growth.
- Meanwhile, bank assets growth slowed mainly due to sluggish non-loan assets expansion, reflecting banks' efforts to rein in their shadow banking activities ahead of full implementation of new asset management rules.
- Asset risk remained high amid the repeated pandemic threats and the slow recovery. However, the NPL ratio declined as banks sped up the disposal of bad loans.
- Banks' net profit was supported by both low funding cost and low base effect. Meanwhile, the net profit was also underpinned by the reduction of impairment provisions.
- Capital adequacy ratio remained stable thanks to both healthy profit growth and lower pace of risk-weighted assets expansion. Small lenders are still subject to capital shortfalls.
- Banks' liquidity remained adequate. The risks associated with Evergrande's fallout are still manageable although it will take a longer time for the banking sector to absorb the shock.
- Banks interconnected ness with the shadow banking system continues to diminish.

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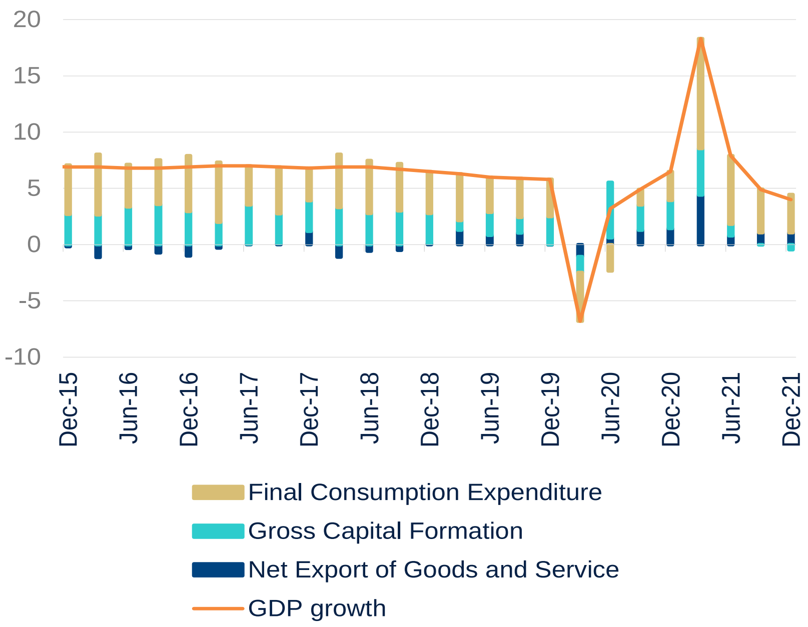
01

Macroeconomic environment

Weaker-than-expected credit growth in 2021 due to the government's prudent monetary policy

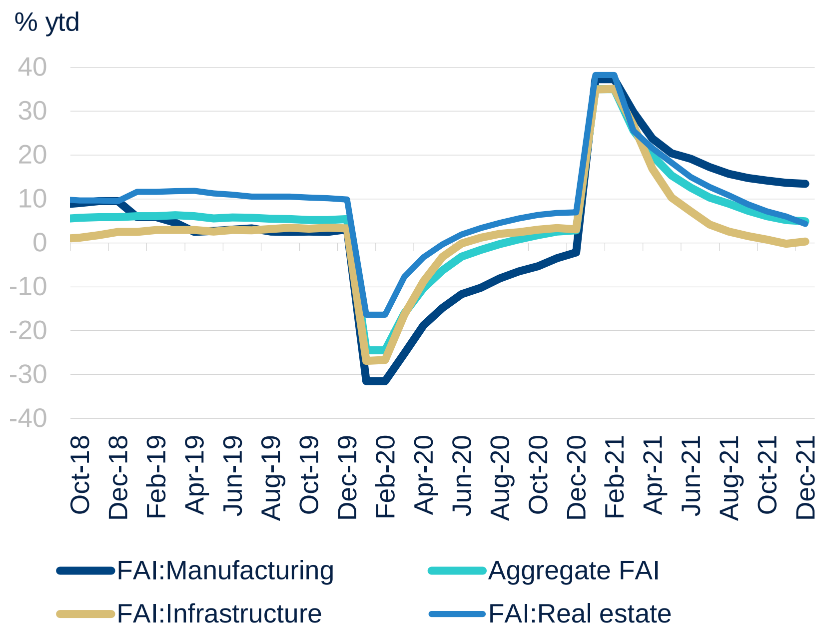
Economic growth momentum slowed after a strong rebound in the first half of 2021

GROWTH SLOWED TO 4.0% IN Q4 FROM 4.9% IN Q3, CONCLUDING 2021 GDP AT 8.1%



Source: CEIC & BBVA Research

WEAK INFRASTRUCTURE AND REAL ESTATE FAI STILL WEIGHED DOWN ON FAI

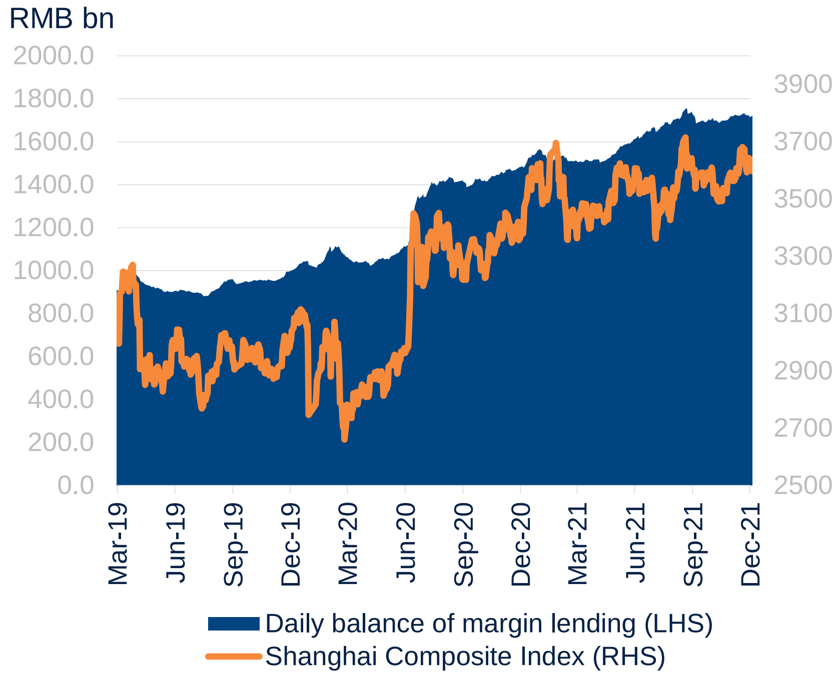


Source: CEIC, Haver & BBVA Research

The economic growth slowed to 4.0% y/y in Q4 from 4.9% y/y in Q3, concluding 2021 GDP at 8.1%, amid a number of headwinds including weak consumer demand, intermittent COVID-related mobility restrictions, power crunch, supply chain backlogs and a slowdown in property market.

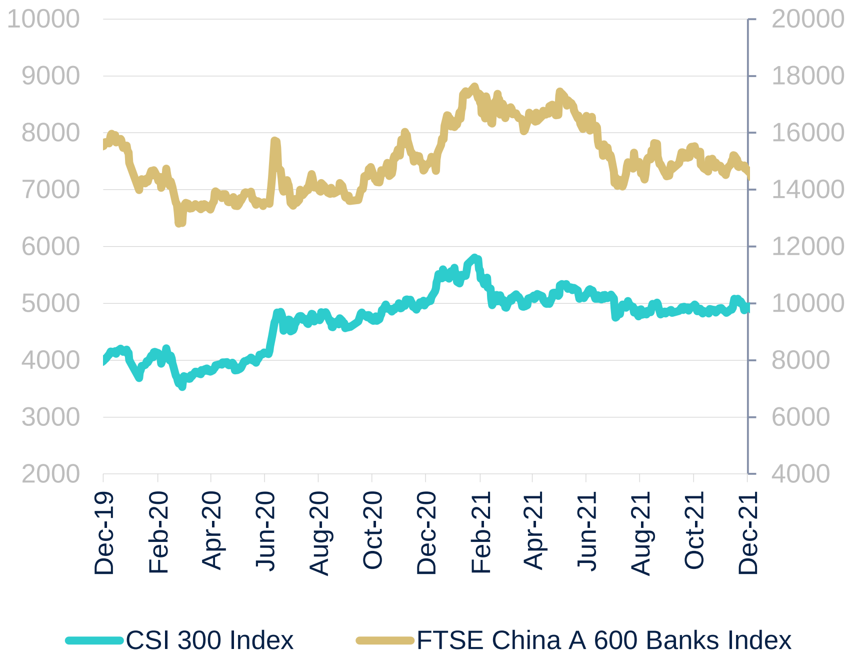
China's stock market corrected in 2021

CHINESE STOCK MARKETS DROPED AMID THE RISK AVERSION SENTIMENT



Source: Wind & BBVA Research

AS WELL AS CSI 300 INDEX AND FTSE CHINA A600 BANKS INDEX

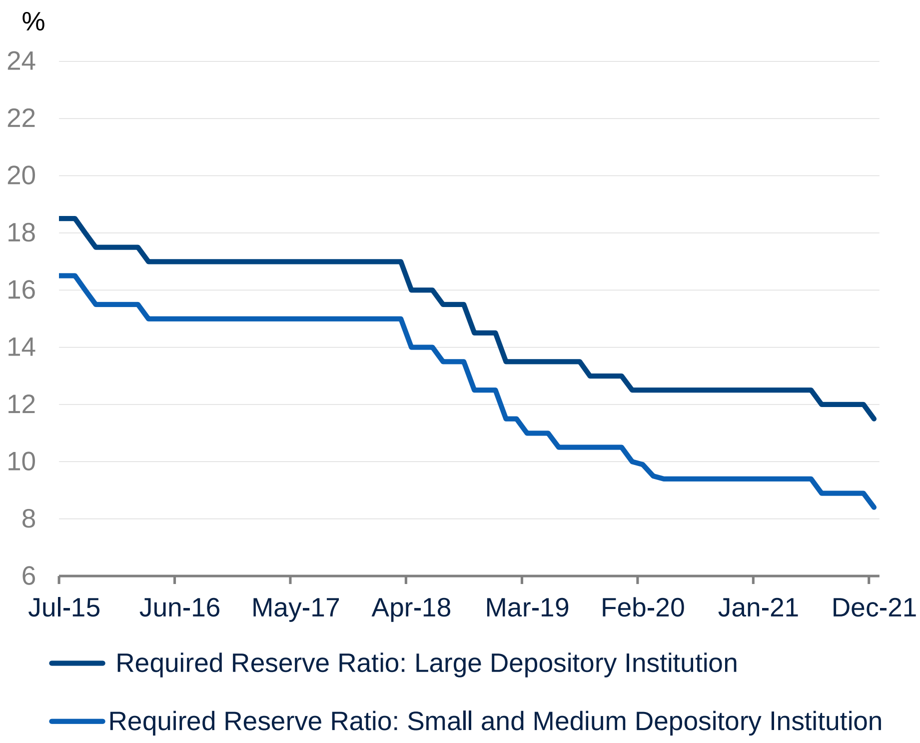


Source: Wind & BBVA Research

China's mid-year regulatory storm, which targeted several sectors coupled with the common prosperity initiatives and the fallout of Evergrande have deteriorated the market sentiment, leading to a major sell-off in the equity market. Both the Shanghai Composite Index and the CSI 300 Index dropped amid the risk averse sentiment.

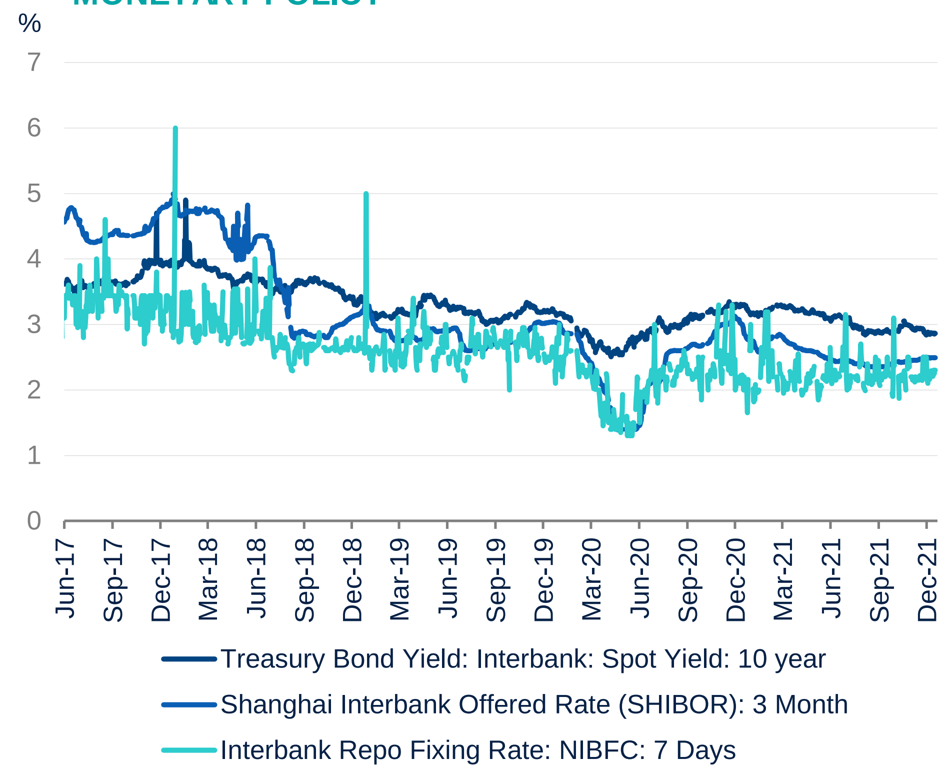
Monetary policy stance remained prudent in the first three quarters of 2021 and then turned pro-growth in Q4

THE CENTRAL BANK HAS CUT RRR 2 TIMES SINCE JULY



Source: Haver & BBVA Research

INTEREST RATES HAS BEEN TRENDING DOWN FOLLOWING THE RECENT SUPPORTIVE MONETARY POLICY

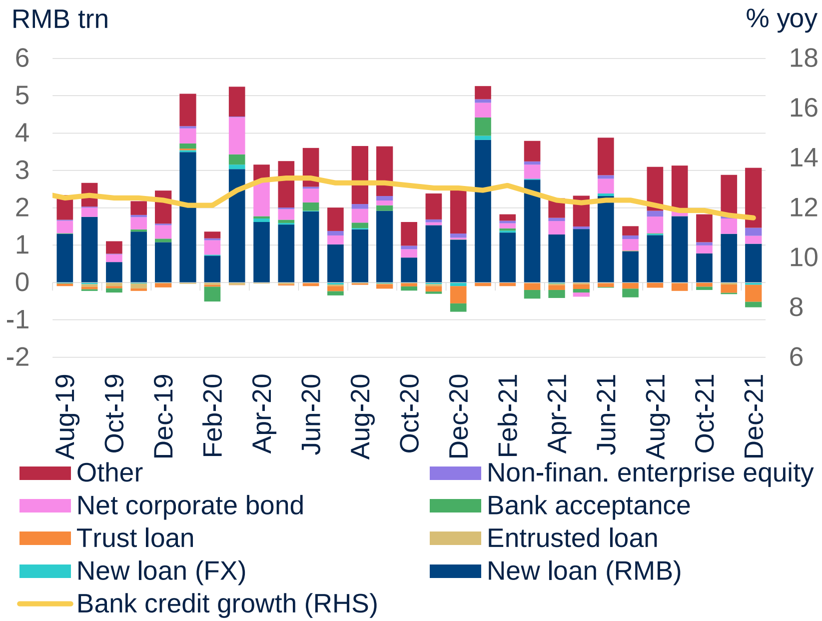


Source: CEIC & BBVA Research

The central bank had implemented a cautious but supportive monetary policy through the most time of 2021 in a bid to rein in the property market. After the fallout of Evergrande, the government cut required reserve ratio (RRR) and lowered key benchmark lending rate, ushering in a new easing cycle of monetary policy for the soft landing of the property sector and the entire economy.

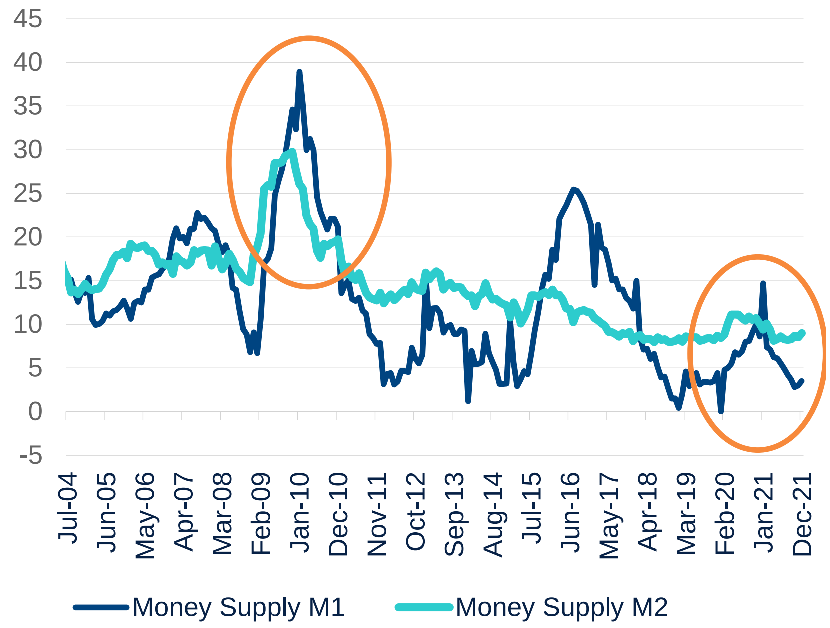
Credit growth decelerated in 2021

ALL CREDIT, INCLUDING BANK LOANS, BONDS AND SHADOW BANKING HAVE SLID



Source: CEIC & BBVA Research

M2 GROWTH IS ANTICIPATED TO PICK UP AMID AN EASING MONETARY POLICY IN 2022

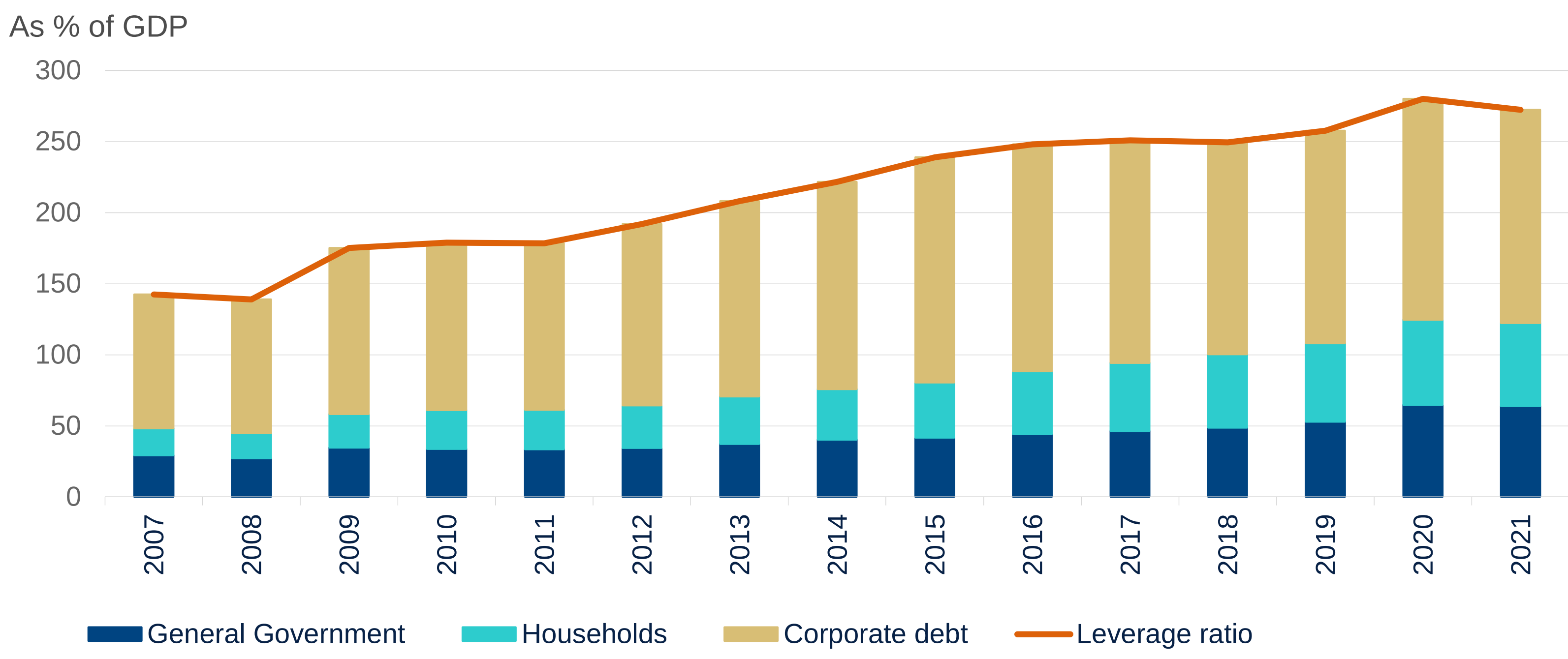


Source: Wind & BBVA Research

Growth of outstanding total social financing (TSF), a broad measure of credit and liquidity in the economy, declined to 10.3% in 2021 from 13.3% a year ago. All forms of credits, including bank loans, bonds and shadow credit, have slid from their peaks last year. The monetary policy is likely to become more supportive to prevent growth hard-landing in 2022.

Declining macro-leverage ratio creates room for future monetary policies

COMPOSITION OF CHINA'S MACRO LEVERAGE



Source: CEIC & BBVA Research

China's macro leverage ratio, defined as total debt as % of GDP, stood at 272.5% at end-2021, 7.7% points lower than the level recorded at end-2020.The falling macro leverage ratio was attributed to a stable overall debt level and accelerated GDP growth last year. The continuous decline in the macro leverage ratio provide the policy room to increase credit support to counter the growth headwinds.

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02

Performance of banking Sector

Banks asset risk remained high although profit growth and capital adequacy are still healthy.

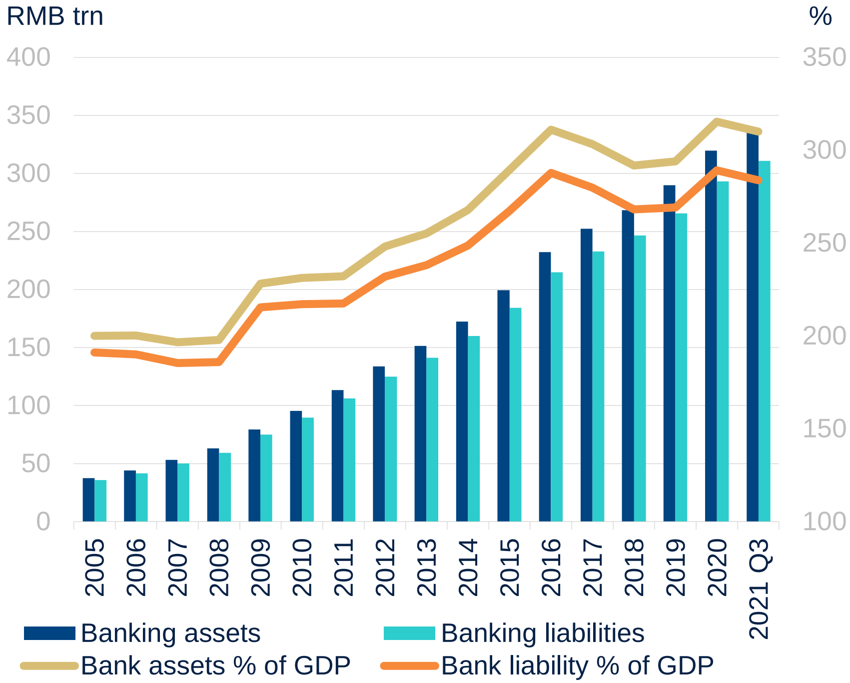
A snapshot of financial fundamentals of Chinese banks

	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3
Asset quality and credit risk									
Loans/total assets	52.7%	52.8%	53.0%	53.4%	53.7%	54.0%	54.7%	55.2%	55.8%
NPL ratio	1.86%	1.86%	1.91%	1.94%	1.96%	1.84%	1.80%	1.76%	1.75%
(NPL+special-mention loan) ratio	4.84%	4.77%	4.88%	4.69%	4.62%	4.41%	4.22%	4.12%	4.08%
Provisions/NPLs	187.6%	186.1%	183.2%	182.4%	179.9%	184.5%	187.1%	193.2%	197.0%
Profitability & efficiency									
NIM	2.19%	2.20%	2.10%	2.09%	2.09%	2.10%	2.07%	2.06%	2.07%
Cost to income ratio	28.6%	31.7%	25.7%	26.9%	28.1%	31.2%	27.1%	28.1%	29.0%
ROE	12.6%	11.0%	12.1%	10.4%	10.1%	9.5%	11.3%	10.4%	10.1%
ROA	0.97%	0.87%	0.98%	0.83%	0.80%	0.77%	0.91%	0.83%	0.82%
Solvency									
Tier 1 ratio	11.8%	11.0%	11.9%	11.6%	11.7%	12.0%	11.9%	11.9%	12.1%
Core Tier 1	10.9%	10.9%	10.9%	10.5%	10.4%	10.7%	10.6%	10.5%	10.7%
Leverage ratio	6.8%	6.9%	6.9%	6.7%	6.7%	6.9%	6.9%	6.9%	7.0%
NPLs/ Capital	10.9%	10.9%	11.3%	11.9%	11.9%	11.0%	11.1%	10.9%	10.7%
Liquidity and funding									
Deposits/Total assets	67.0%	66.5%	66.4%	67.1%	67.0%	68.3%	68.9%	69.4%	69.4%
Non-deposits funding (Central bank, bonds, NCDs, ...) / Total assets	37.3%	37.8%	37.3%	36.8%	37.2%	37.7%	37.4%	37.6%	38.1%
Loan to deposit ratio	74.4%	75.4%	74.9%	74.6%	75.5%	76.8%	77.2%	78.1%	79.1%
Current assets/ Current liabilities	57.0%	58.5%	58.6%	58.2%	58.6%	58.4%	58.5%	57.6%	58.6%
Liquidity coverage ratio	137.3%	146.6%	151.5%	142.5%	138.7%	146.7%	141.8%	141.2%	142.0%

Source: CBRIC & BBVA Research

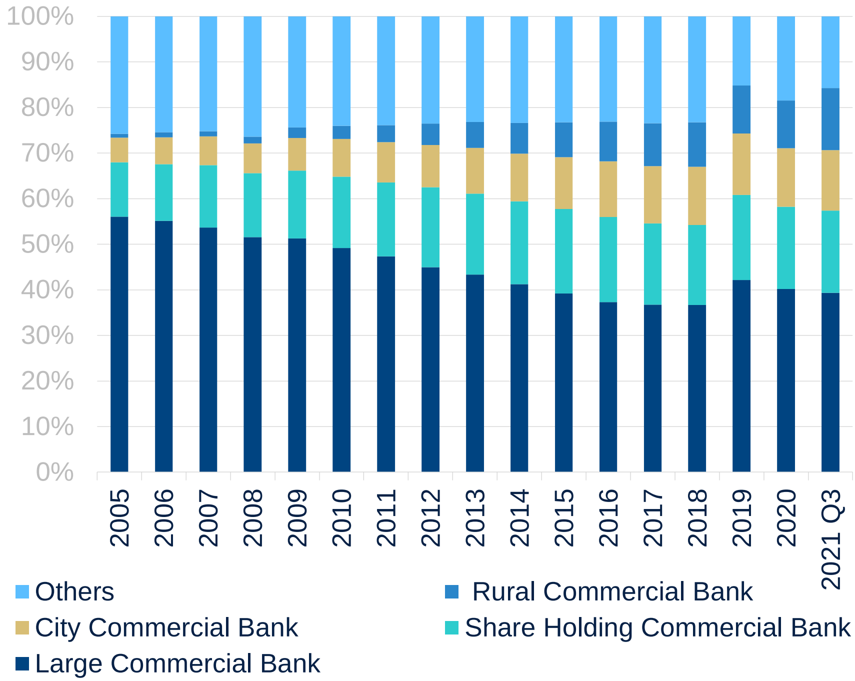
Bank assets growth slowed ahead of the full implementation of asset management rules targeting shadow banking activites

BANKING ASSETS DECELERATED ITS GROWTH RATE



Source: CBIRC & BBVA Research

LARGE AND SHAREHOLDING COMMERCIAL BANKS STILL DOMINATE

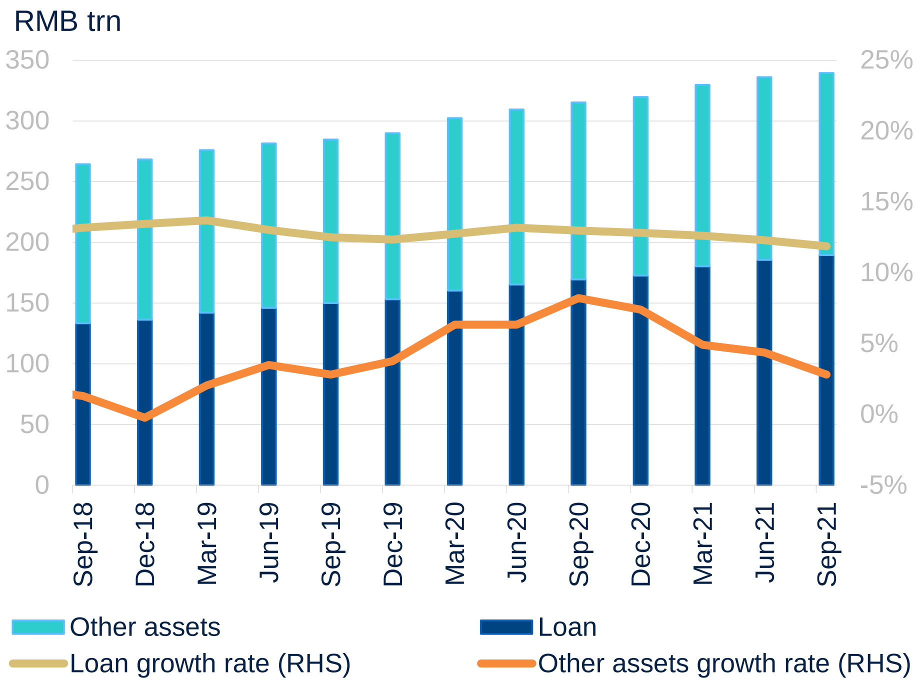


Source: CBRIC & BBVA Research

China's banking sector assets decelerated markedly to 7.7% in the third quarter of 2021 compared to 10.7% in the previous year, reflecting bank's attempts to rein in their shadow banking and interbank activities ahead of the full implementation of the new asset management regulations staring from 2022.

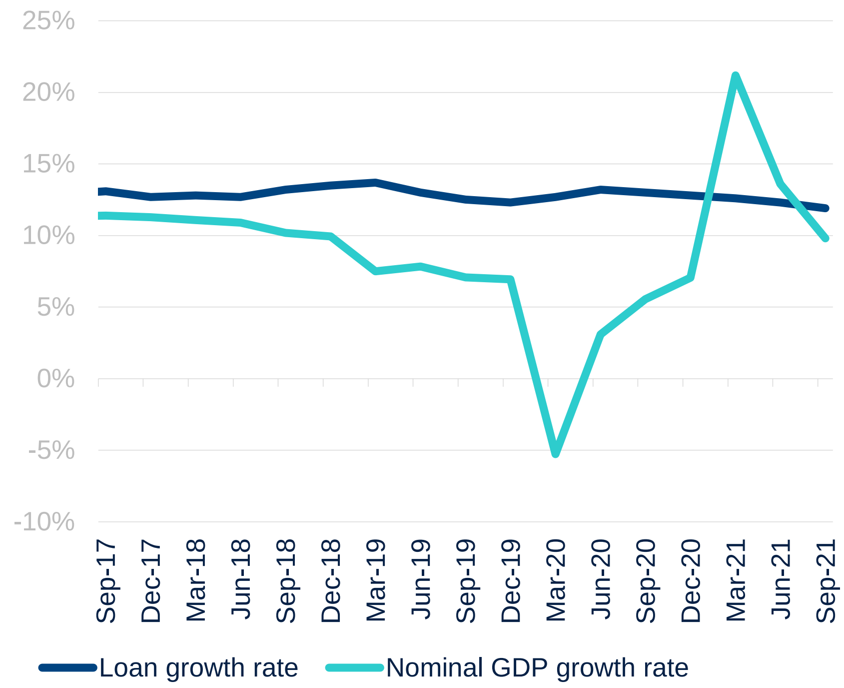
Non-loan assets growth showed a marked slowdown

NON-LOAN ASSETS GROWTH SLOWDOWN WEIGHED ON BANK ASSETS GROWTH



Source: CEIC & BBVA Research

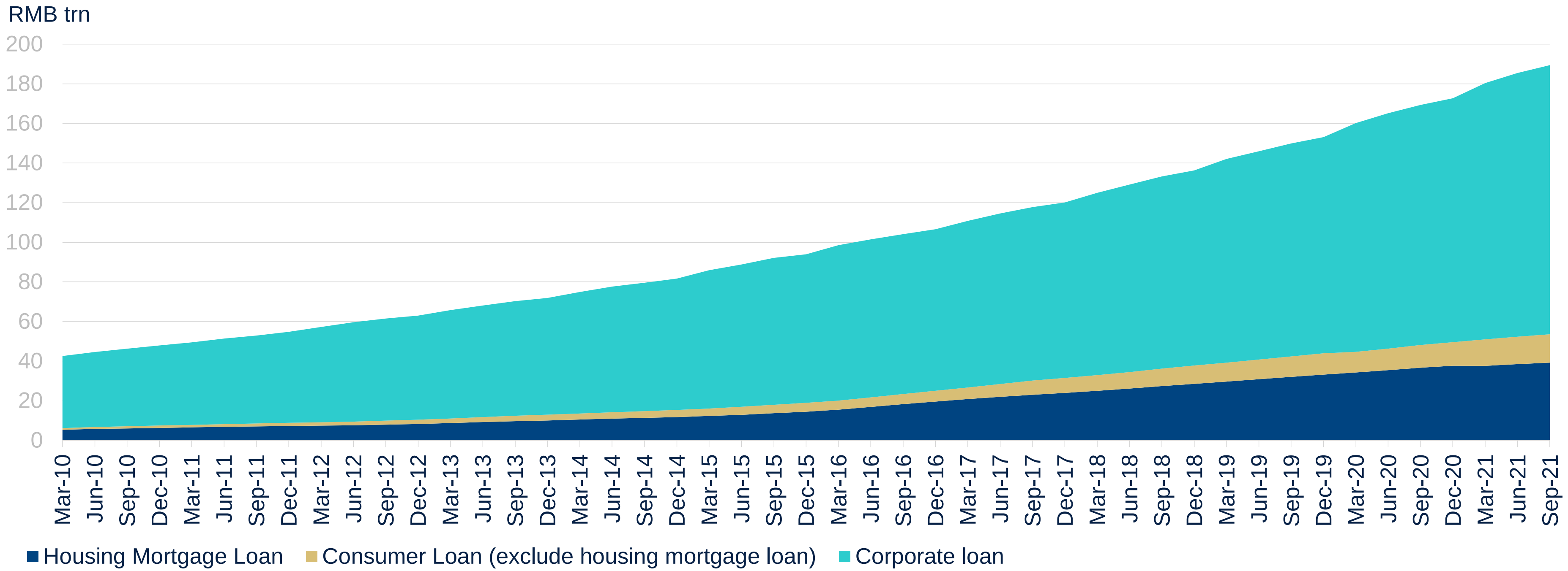
LOAN GROWTH RATE SLOWED DUE TO THE UNWINDING OF EMERGENCY CREDIT



Source: CEIC & BBVA Research

Non-loan assets declined to a new recent low of 3.5% in the third quarter as banks stepped up regulation on shadow banking and interbank activity ahead of 2022. Meanwhile, loan growth also eased to 12.2% in the Q3 to reflect the continued unwinding of emergency credit extended during the peak of the pandemic as well as banks tightened credit to the property market under the government's window guidance.

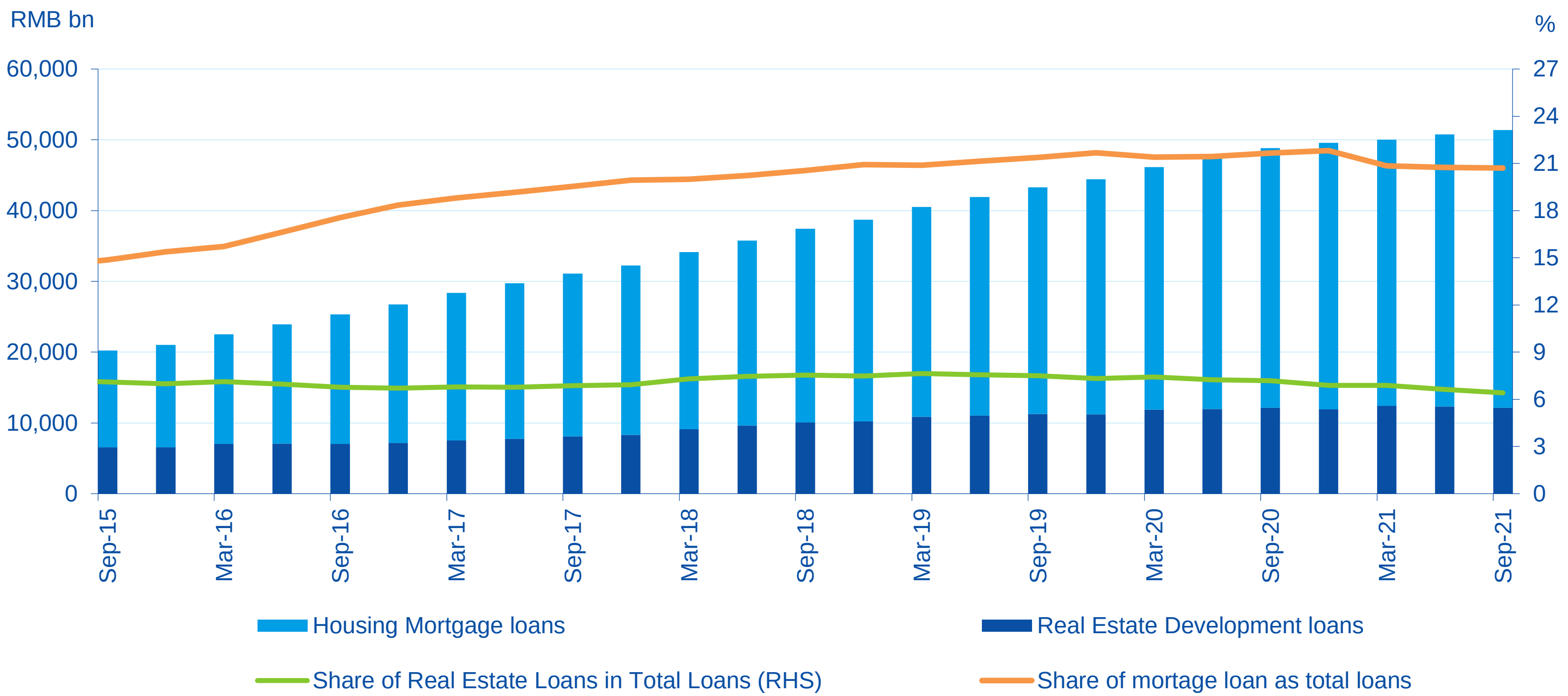
Both housing mortgage loans and corporate loans have weighed on the loan growth rate



Source: CEIC & BBVA Research

Housing mortgage loans growth dipped to just 7% in September 2021 compared with 14.4% in the last year as the property sector was dragged down by the Evergrande fallout. Also, corporate loans decelerated to 12.1% in the Q3 2021 from 12.7% in the previous year as the unwinding of the emergency credit.

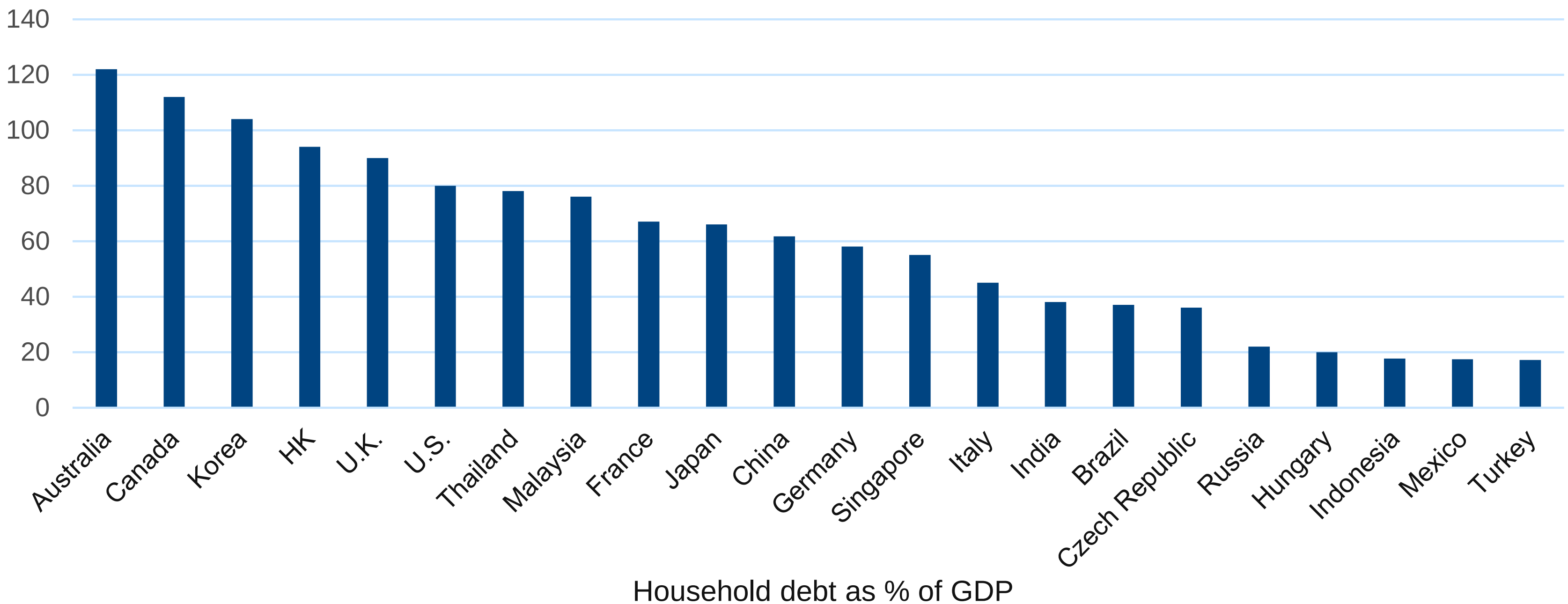
Although bank's exposure to housing sector has been on the rise over time, the related risks are still manageable



Source: CEIC & BBVA Research

China's banking sector's aggregate loans to property developers and mortgage loans amounted to RMB 12.2 trillion and RMB 39.2 trillion respectively as of the end of September, or 7.4% and 20.7% of bank's total loans. However, the risk of housing market slowdown on the banking sector seems to be limited due to a strict requirement for minimum down payment of housing mortgage, most of time at 30% of the housing value.

Meanwhile, China's household debt leverage is lower than most Western countries

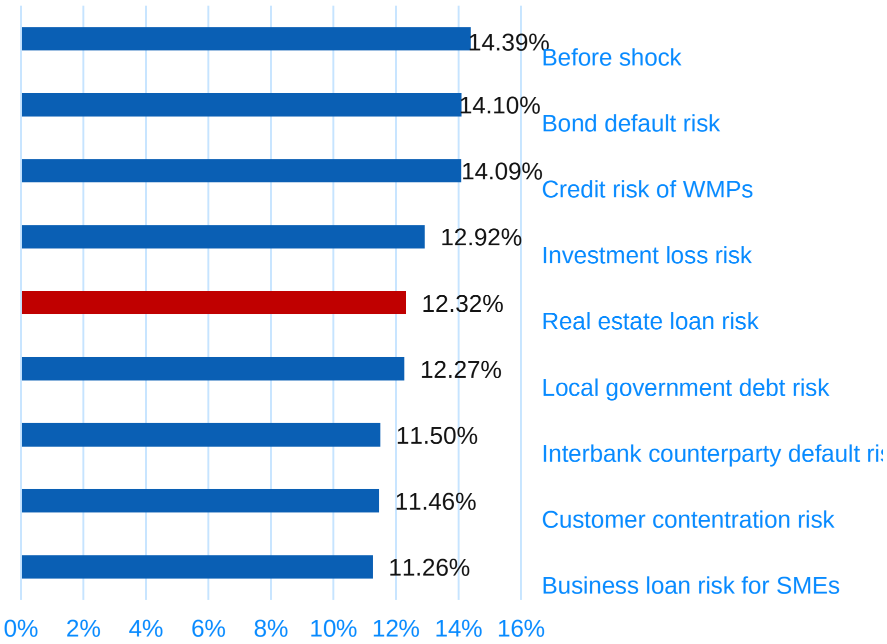


Source: CEIC & BBVA Research

Despite a rapid rise in household debt as % of GDP since 2013, Chinese household debt as a share of GDP is still low compared with other countries, with the ratio stood at 61.7% in 2020. In addition, more than half of Chinese households' financial assets are in cash and deposits, providing them with a buffer to household debts.

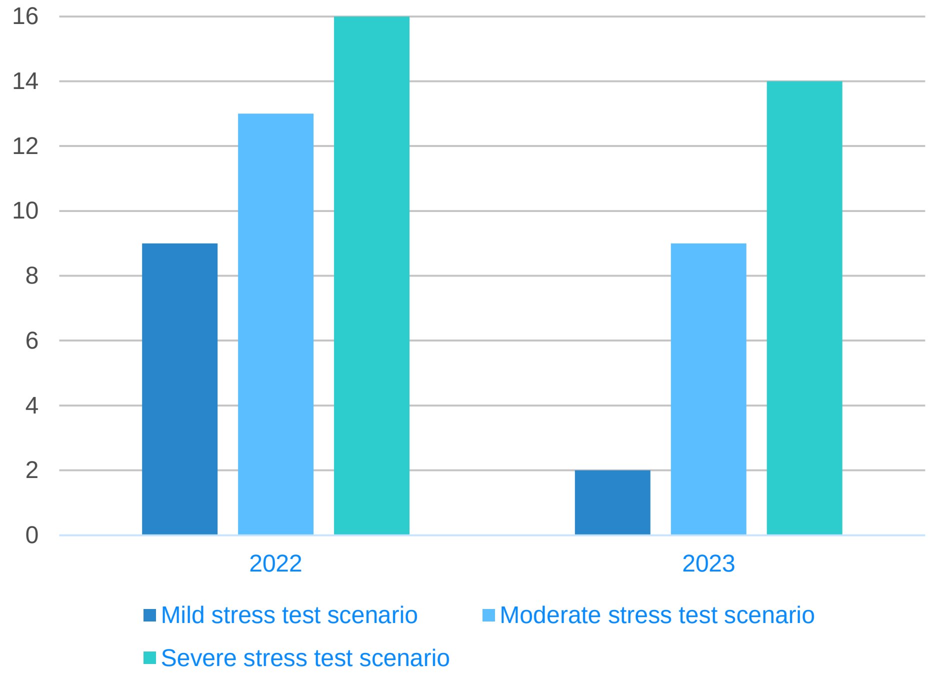
PBoC stress test results for 30 large and medium-sized banks

SENSITIVITY STRESS TEST FOR KEY AREAS (MOST SEVERE SHOCK)



Source: PBoC & BBVA Research

NUMBER FOR BANKS LIKELY TO FAIL*

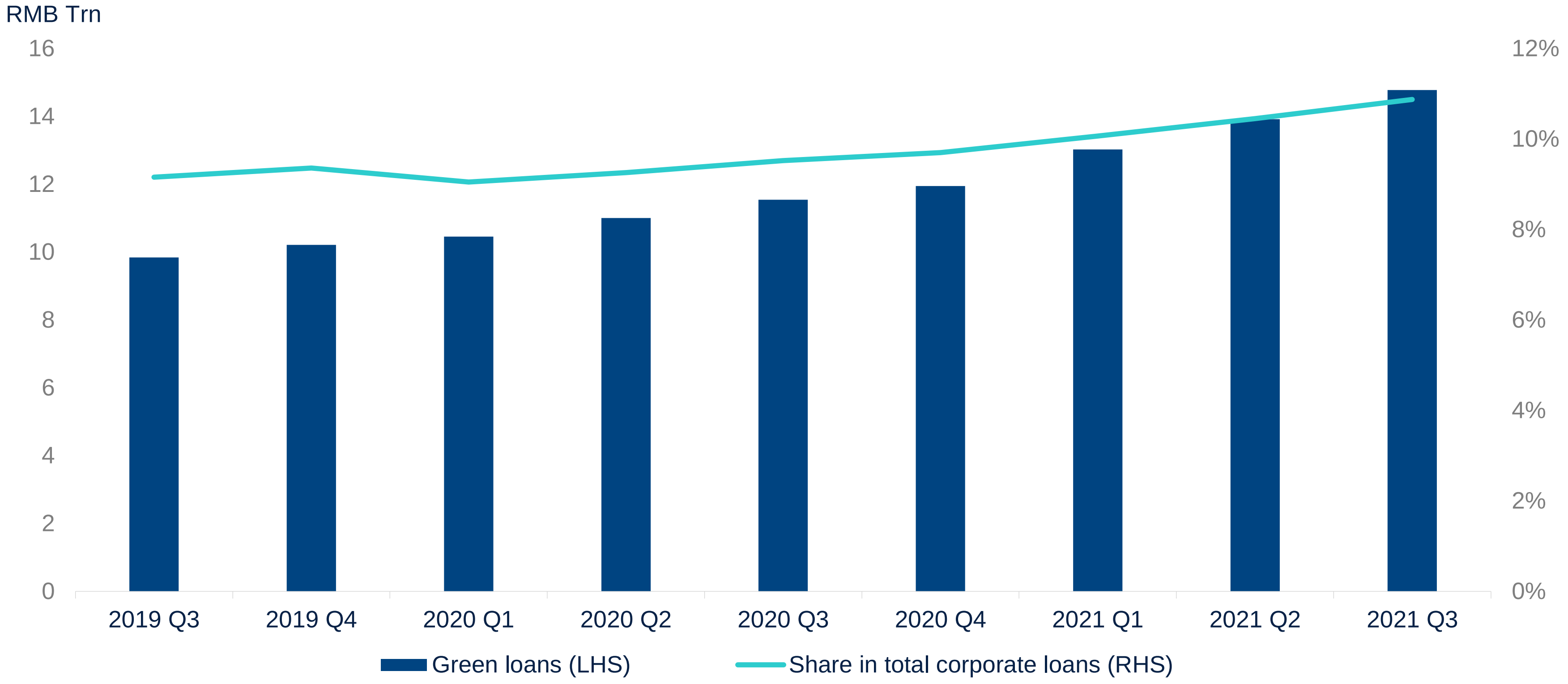


*The PBoC defines failing the stress test as core Tier 1 (T1) capital adequacy ratios (CAR) falling below 7.5%, T1 CAR falling below 8.5% or total CAR falling below 10.5%.

Source: PBoC & BBVA Research

PBOC' stress test showed in the condition that the NPL ratio of developer loans and mortgage loans rise by 15% and 10% respectively, the banks' capital adequacy ratio will drop to 12.32%, a 2.07% decline. Even under the most severe shocks, banks capital adequacy ratio is still above the minimum requirement of 10.5%. However, small banks still face significant capital pressure from economic slowdown and asset quality risks.

Green loan growth accelerated its rate

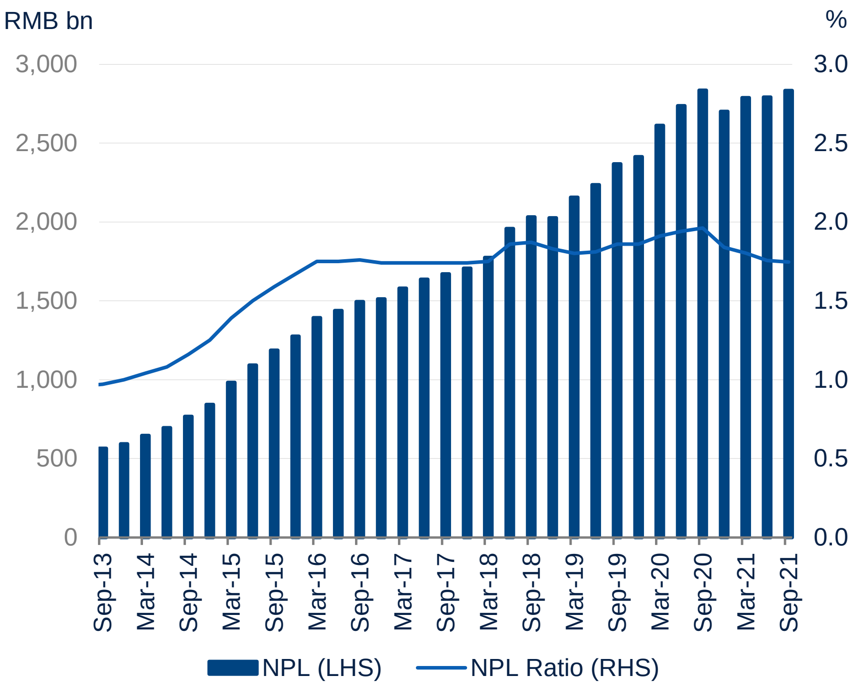


Source: CEIC & BBVA Research

In response to the national priority of carbon neutrality initiative, banks are accelerating lending and investment in green projects including renewable energies, electric vehicles and new infrastructure etc. Reflecting this shift, green loan growth accelerated to 28% at end-Q3 2021 and is likely to accelerate further in the coming quarters.

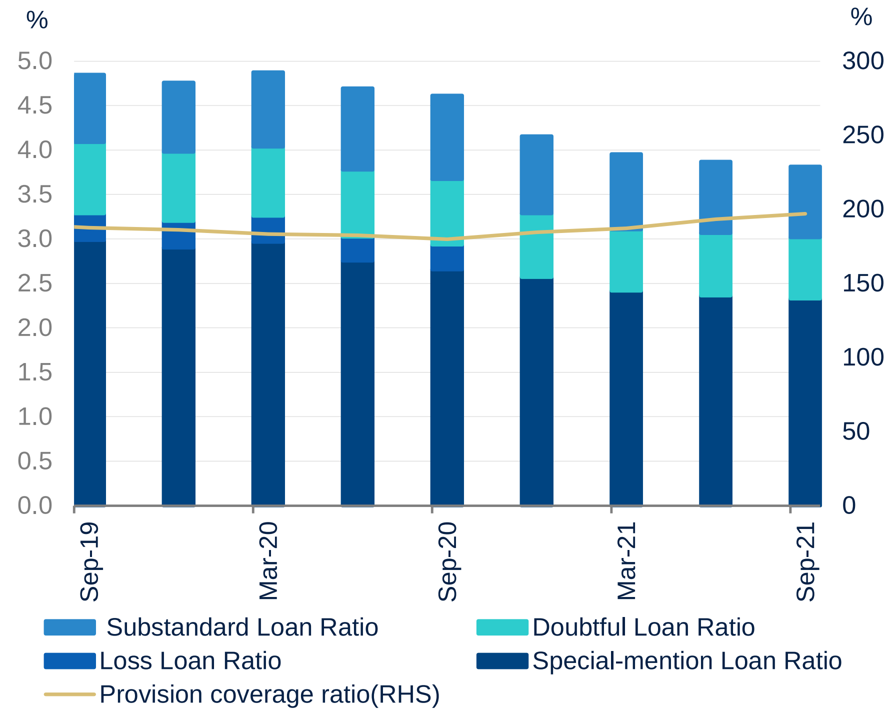
Asset risks remain high despite lower NPL ratio

NPL RATIO MODERATED WHILE NPLS LEVEL REMAINED HIGH



Source: CEIC & BBVA Research

…SPECIAL- MENTION LOAN RATIO ALSO DECLINED AS CONTINUOUS DISPOSAL OF BAD LOANS

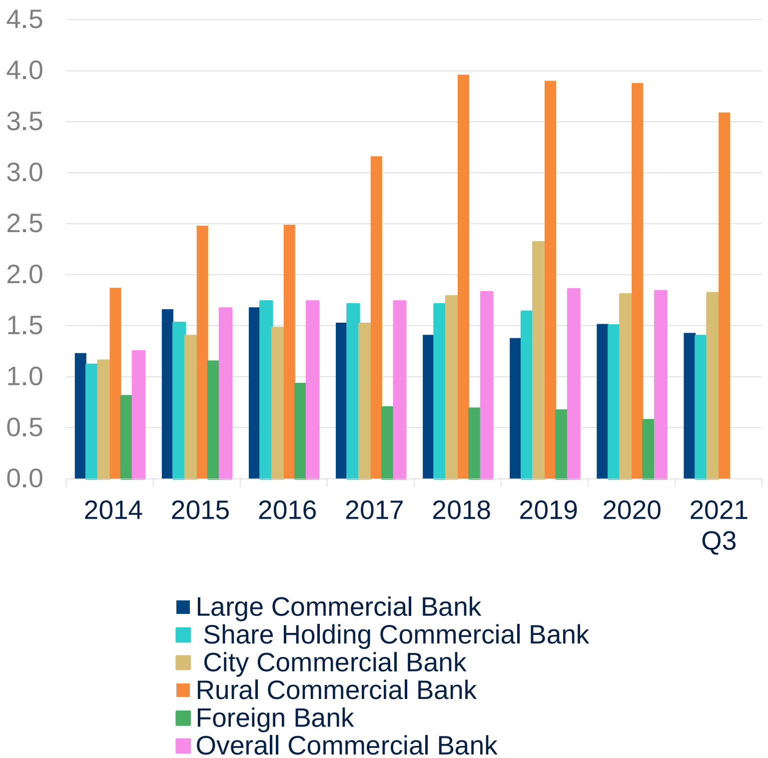


Source: CEIC & BBVA Research

The NPL ratio have declined steadily as the authorities have speeded up disposal of bad loans. The NPL ratio eased to 1.75% in the Q3 2021 from 1.96% in the Q3 last year. Meanwhile, special-mention loan ratio fell to 2.33% from 2.66% as a strengthened effort in bad loan disposal capability. However, asset risks remain high amid the repeated pandemic threats and the slowing recovery.

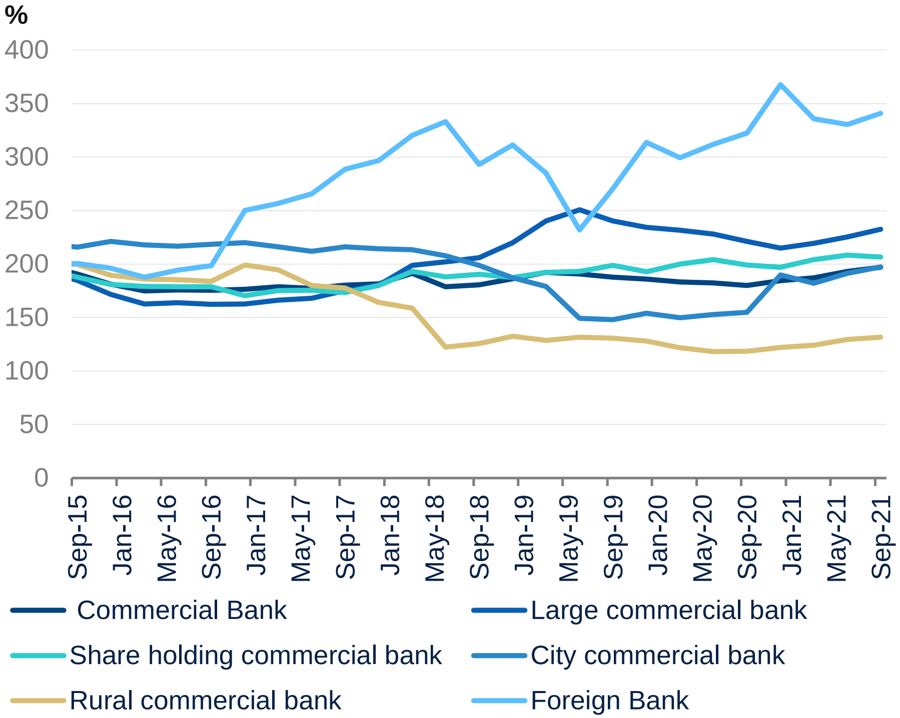
Loan quality diverged between big banks and regional banks and this trend will continue in 2022

RURAL COMMERCIAL BANKS ARE VULNERABLE TO FURTHER ASSET DETERIORATION



Source: CEIC & BBVA Research

THE PROVISION COVERAGE RATIO FOR RURAL COMMERCIAL BANKS IS UNDER THE REGULATORY REQUIREMENT

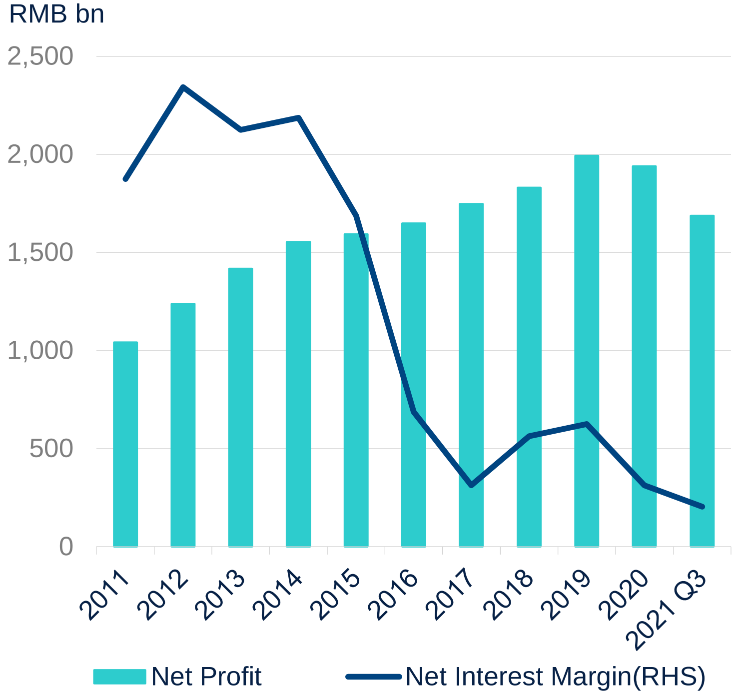


Source: CEIC & BBVA Research

Rural and city commercial banks are still vulnerable to further asset quality deterioration given their less diversified asset portfolios and higher exposure to weak borrowers. In particular, rural commercial banks collectively have a provision coverage ratio of about 132%, reflecting its less capital buffer to withstand loan losses as the ratio is below the regulatory requirements of at least 150%.

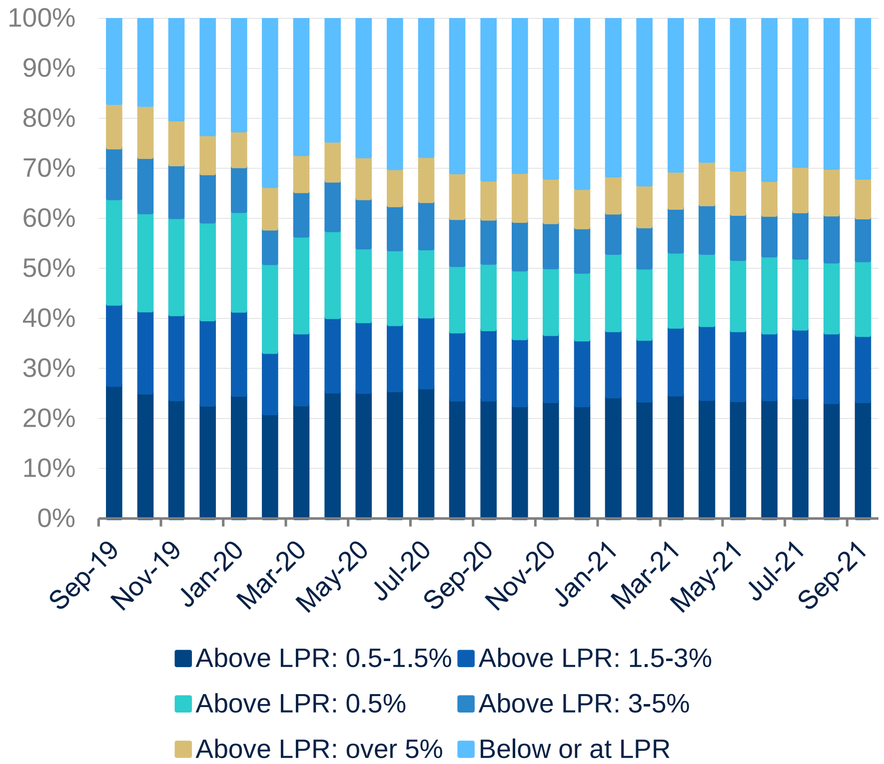
Banks’ profits were supported by lower funding costs

NET INTEREST MARGIN (NIM) BOTTOMING OUT



Source: CBRIC & BBVA Research

THE PROPORTION OF LENDING RATE BELOW OR AT LPR CONTINUES TO RISE

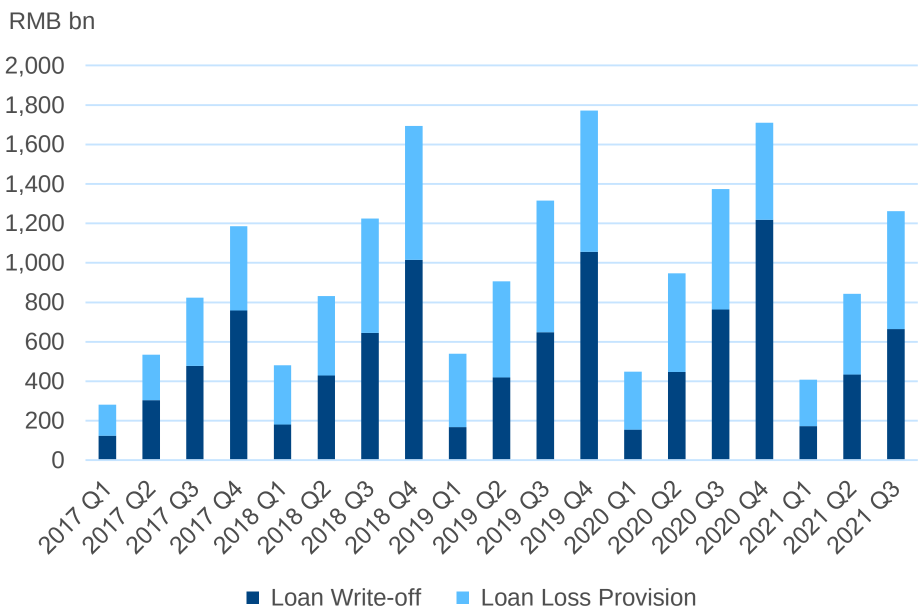


Source: CBRIC & BBVA Research

Banks net profit growth in Q3 2021 showed a year-on-year 11.4% increase compared with a -8.0% drop the same quarter last year supported by improved bank performance and a reduction in provisions for impairments. Although net interest margins (NIM) narrowed by 2.4 basis points in the same period from a year ago, lower funding costs have offset weaker pre-provision profit.

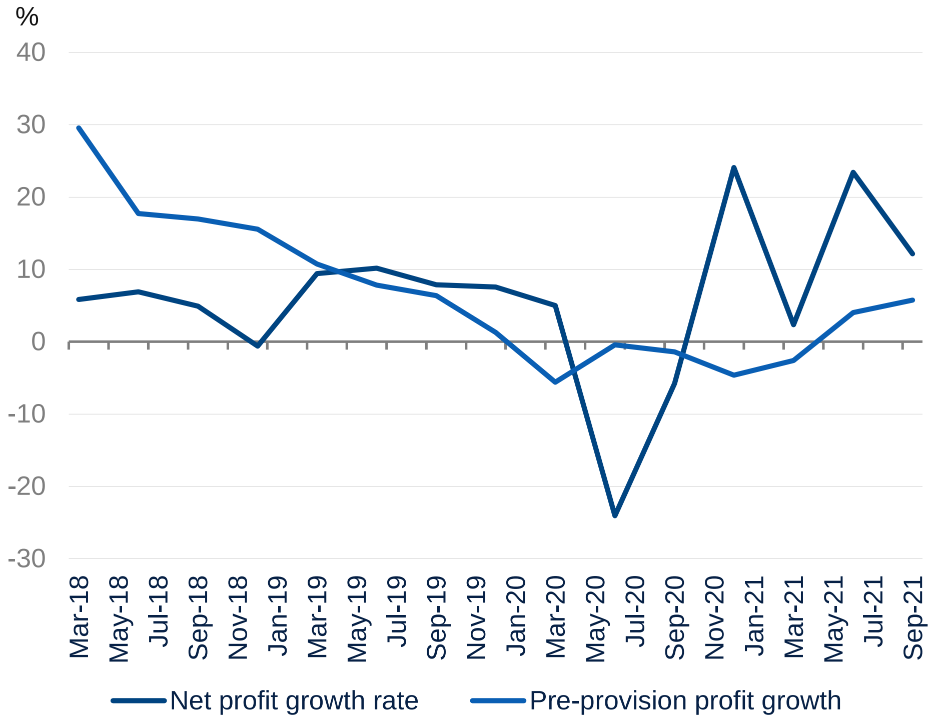
Banks charged off less bad debts to smooth profit as the economy rebounded from pandemic shock

BANKS' BAD LOANS PROVISIONS MODERATED SIGNIFICANTLY



Source: CBRIC & BBVA Research

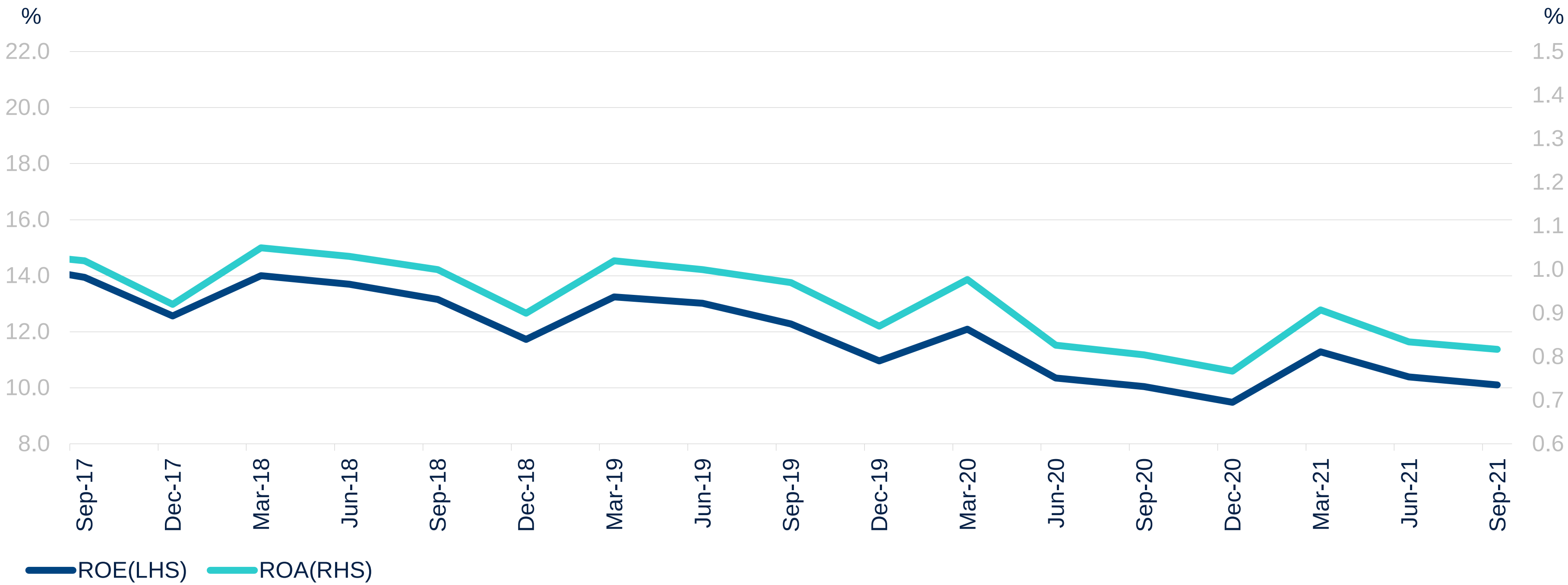
BANKS' NET PROFIT GROWTH RATE IS WAY HIGHER THAN PRE-PROVISION PROFIT GROWTH



Source: CBRIC & BBVA Research

Banks' provisions for bad loans have moderated remarkably compared with the same quarter last year as banks charged off less bad debts to smooth profit, which reversed the previous pattern that government forced banks to increase pro-cyclical loan loss previsions. Therefore, banks' net profit growth rate is significantly higher than the pre-provision profit growth.

ROA and ROE slightly improved

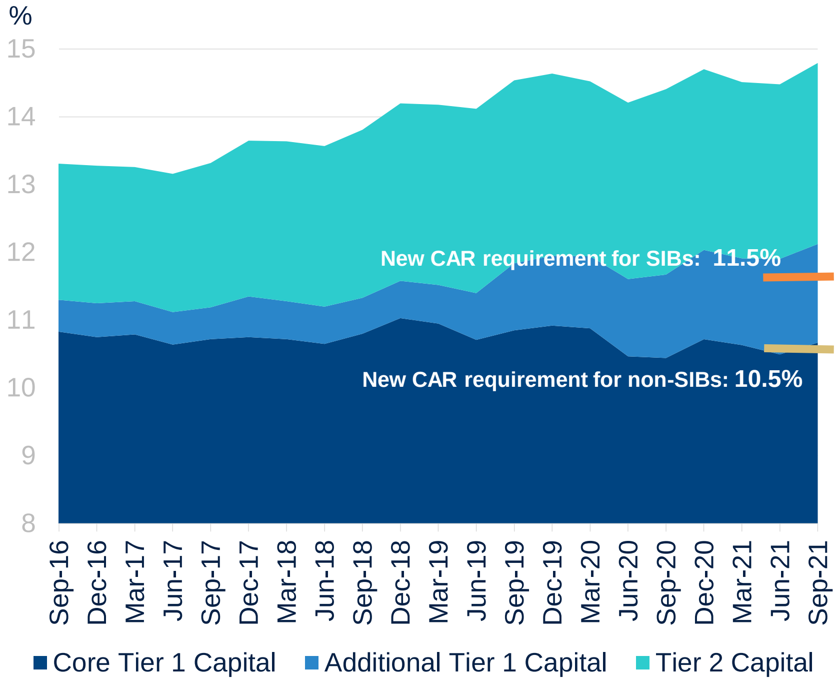


Source: CBRIC & BBVA Research

Both ROA and ROE improved slightly to 10.1% and 0.82% respectively from 10.0% and 0.8% respectively a year ago supported by economic recovery in the first half of the year. These indicators for large and mid-tier banks increased moderately as a higher reliance on market funding allowed them benefit from lower market interest rates, while these ratios were largely flat for city and rural banks because of rising competition for deposits.

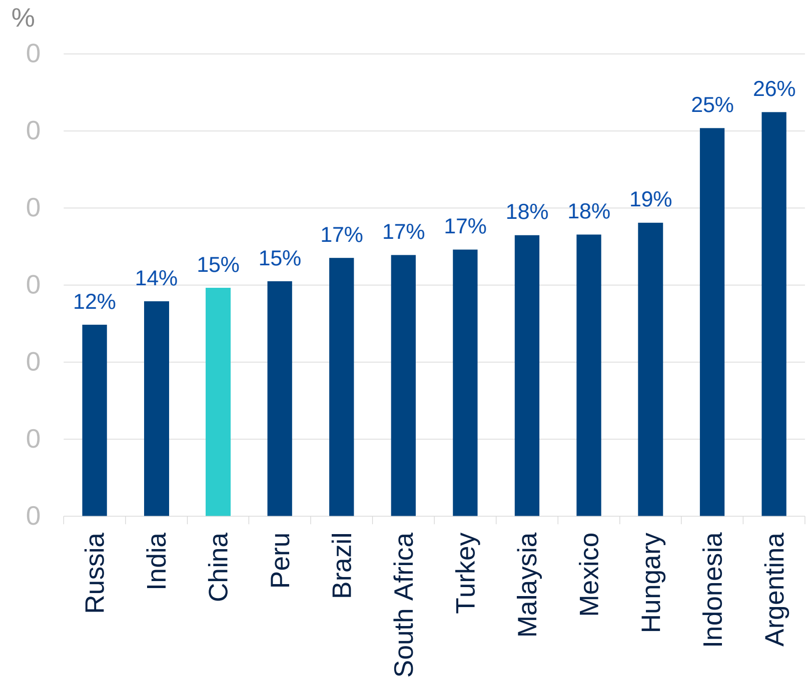
Banks' capitalization remained stable, but needs more capital to support its forthcoming credit spree

CORE TIER 1 CAPITAL ADEQUACY RATIO HAS DECLINED SIGNIFICANTLY



Source: CBRIC & BBVA Research

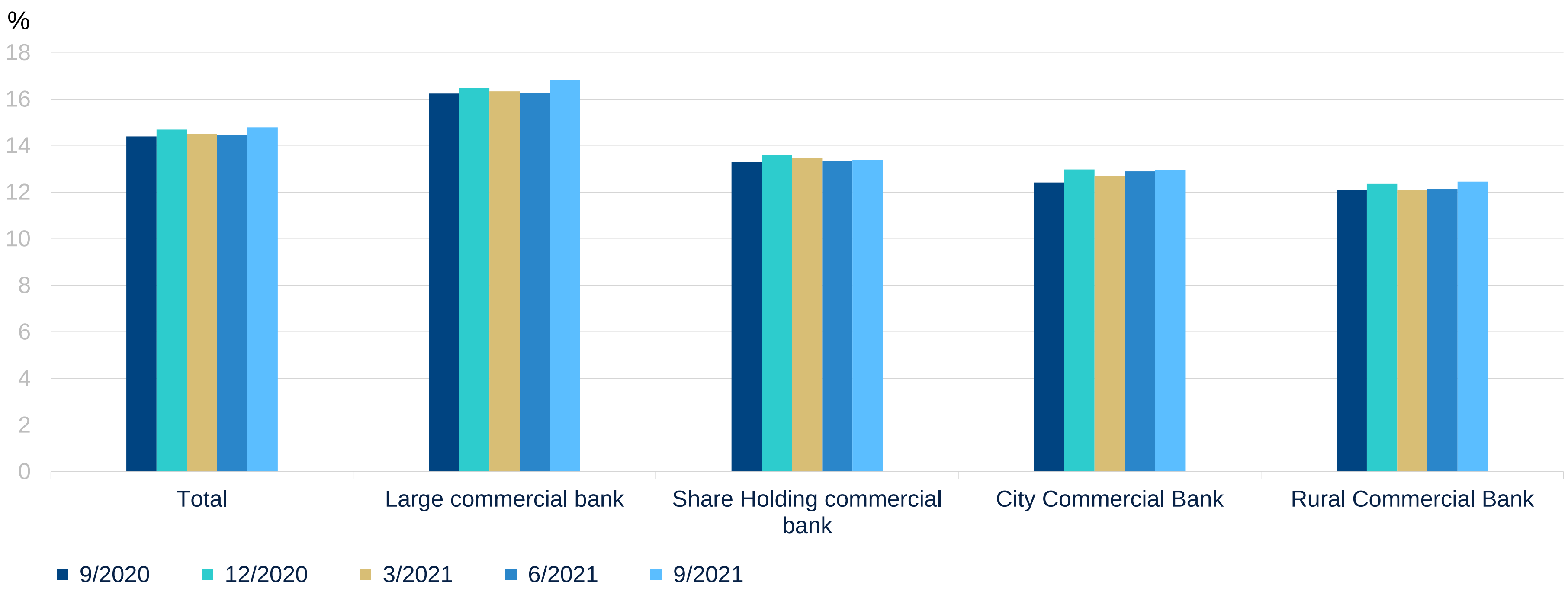
AND CHINESE BANKS' CAR STILL LAG BEHIND THEIR MAJOR EMS PEERS



Source: CBRIC & BBVA Research

Bank capitalization remains stable, supported by steady profitability and slower risk-weighted asset growth. The core tier 1 capital ratio picked up to 10.7% at the end of the third quarter, 3 basis points higher than a year ago. In addition, additional tier 1 capital ratio rose 23 basis points in the period, driven by large issuance of perpetual bonds.

A diverged capital buffer distribution among big and smaller banks

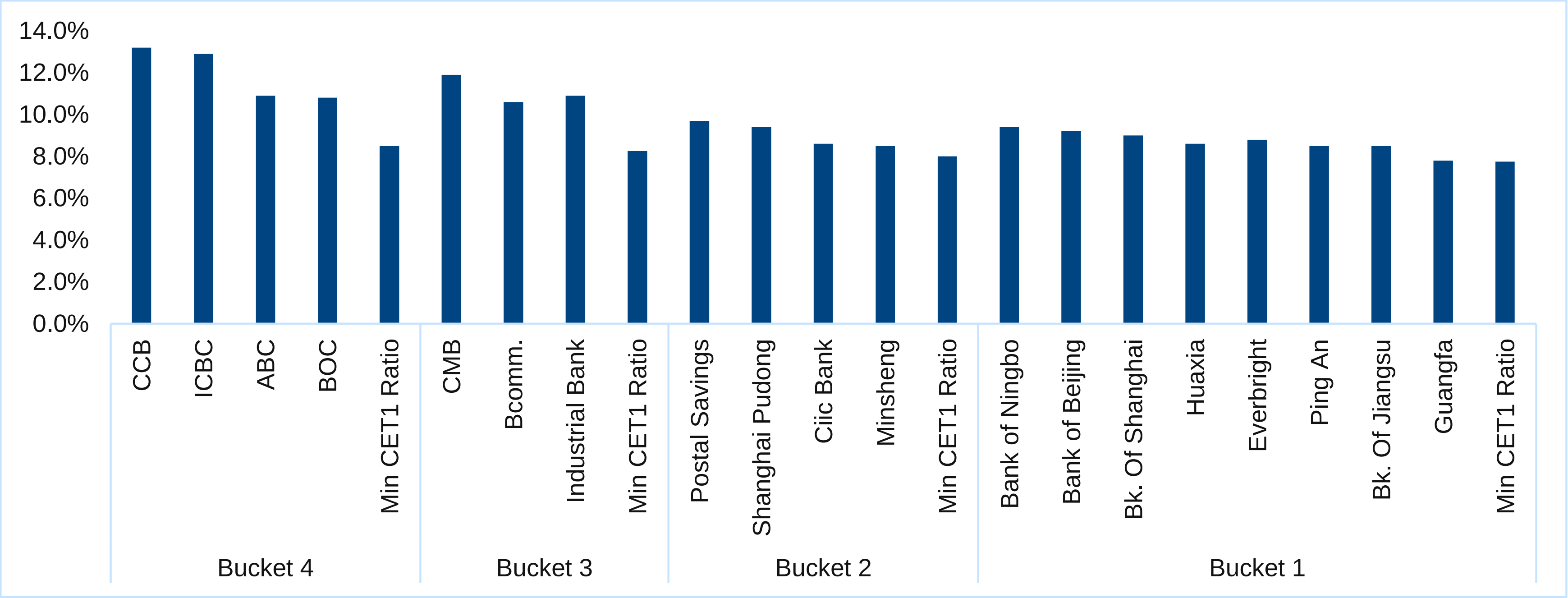


Source: CBRIC & BBVA Research

City and rural commercial banks have lower capital adequacy ratios as these banks are more sensitive to interest rate margin and rely more on interest and investment income, which makes them less access to capital and suffer higher asset risks.

Banks to replenish capital buffer amid enhanced regulation

CHINA'S DOMESTIC SYSTEMICALLY IMPORTANT BANKS NEED MORE CAPITAL



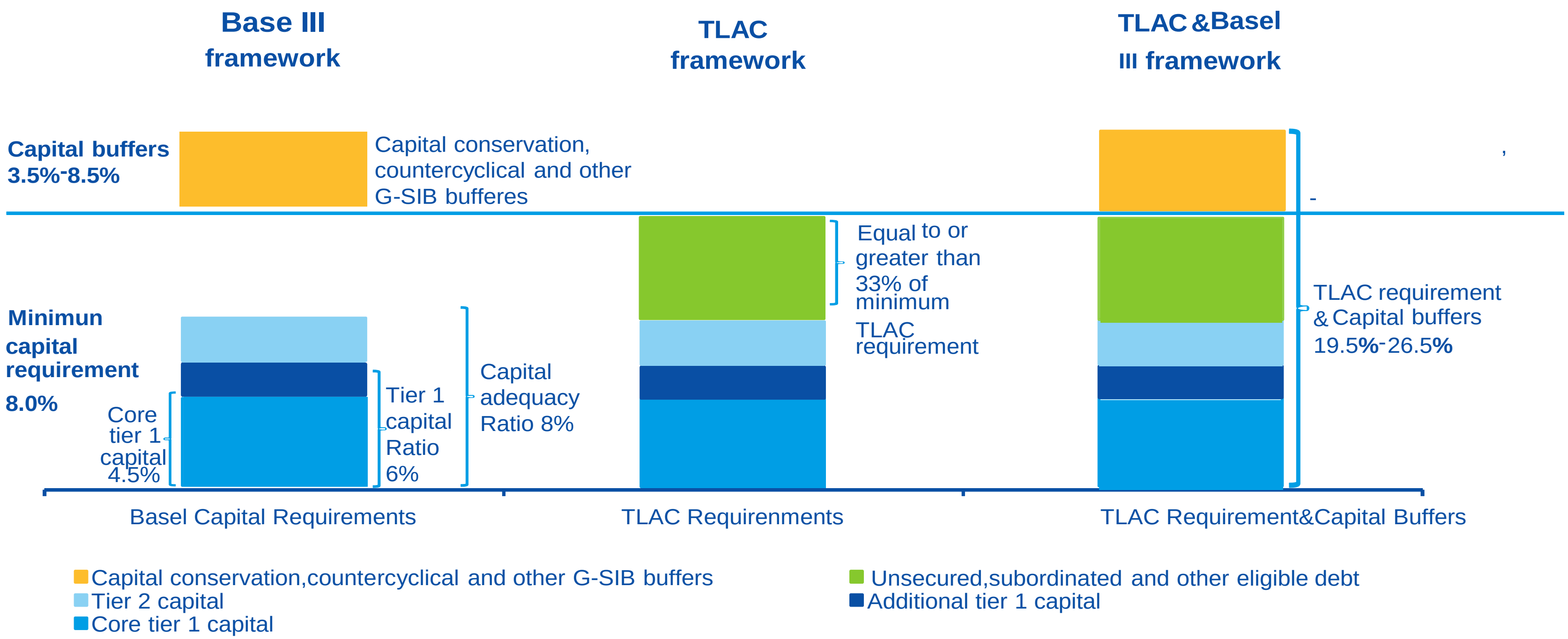
Source: Bloomberg & BBVA Research

Source: CSRC & BBVA Research

China is stepping up efforts to protect the financial system by issuing its first list of 19 domestic systemically important Banks (D-SIBs), with their capital were required to increased by 0.25% to 1%. We expect the pace of perpetual bond and equity private placement will accelerate as they have the features of equity conversión or write-down and could provide a funding channel for mid and lower tier banks.

China's global systemically important banks face TLAC shortfall

RELATIONSHIP BETWEEN TLAC AND BASEL III

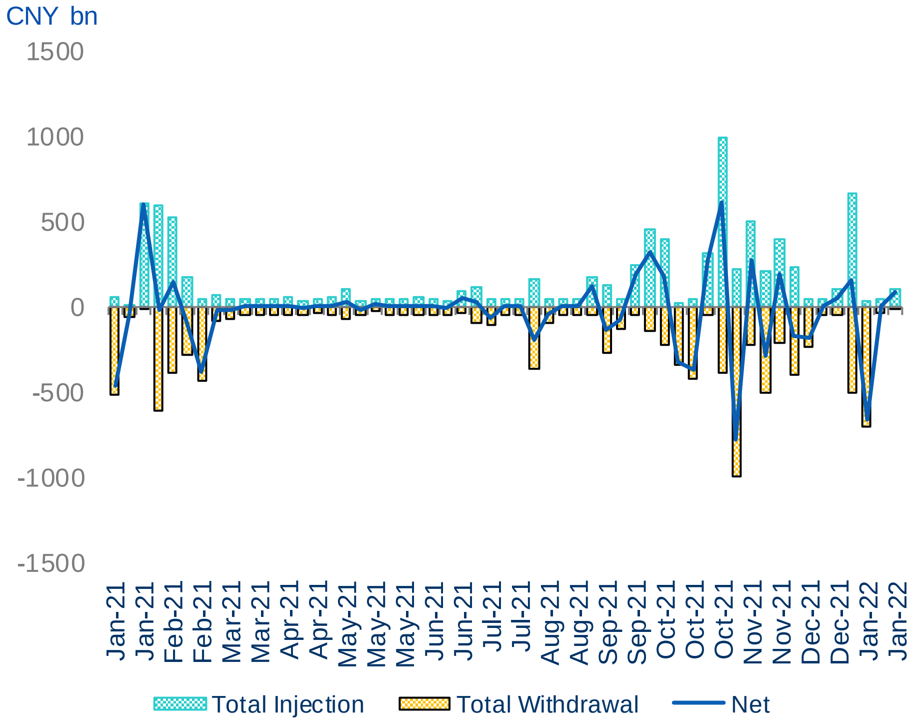


Source: FSB & BBVA Research

The capital shortage major banks faced will be accelerated in the next few years to meet the TLAC rule, which will be implemented at the start in 2025, with a higher requirement taking effect in 2028. It is expected that the top 4 Chinese banks will need to raise RMB 3.8Tn in capital to meet the regulation needs.

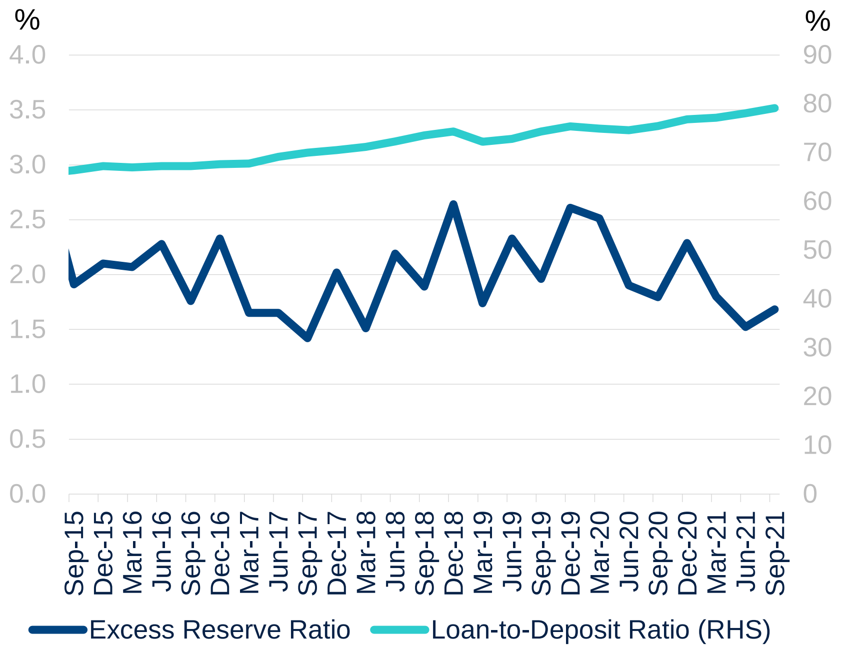
Banks’ liquidity remained adequate

CHINA PBOC ACCELERATED OPEN MARKET OPERATIONS IN THE SECOND HALF YEAR



Source: Bloomberg & BBVA Research

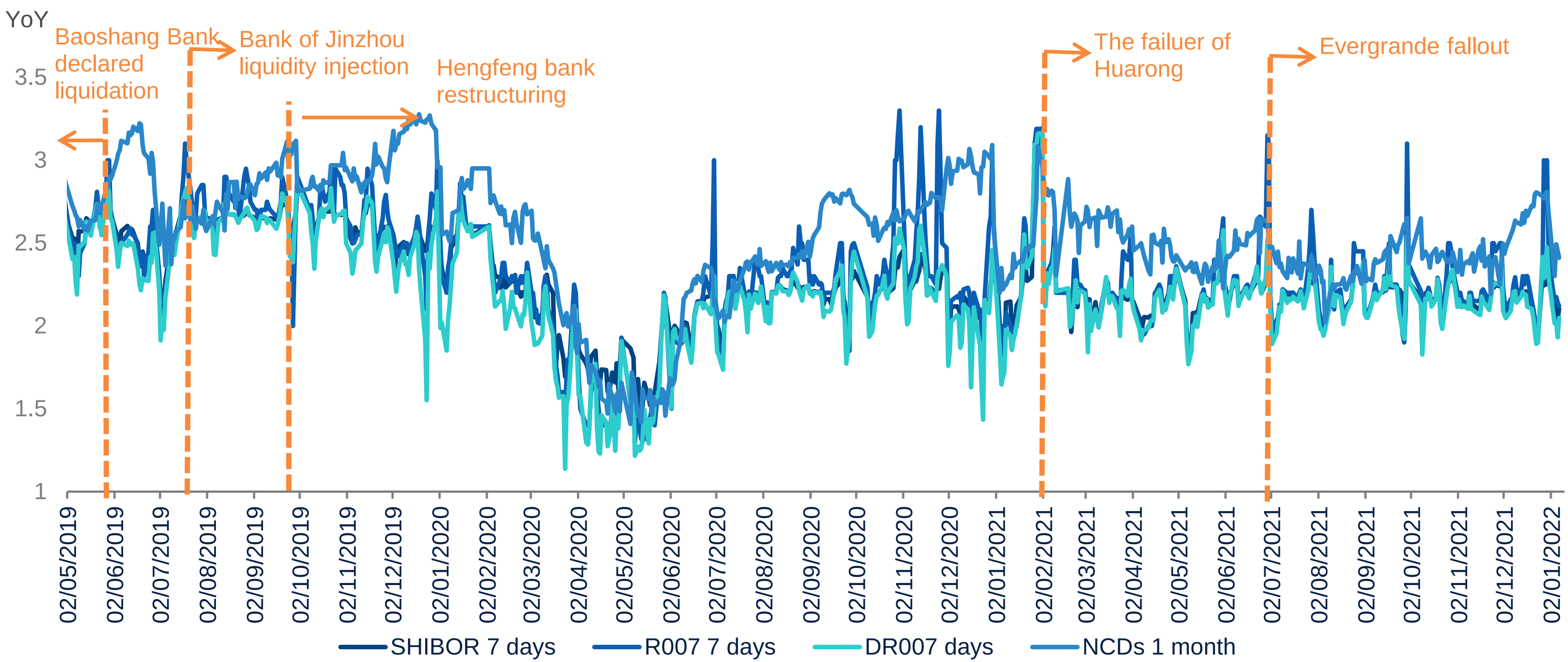
FALLING EXCESS RESERVE INDICATES THAT LIQUIDITY IN THE BANKING SYSTEM REMAIN ADEQUATE



Source: CBRIC & BBVA Research

In contrast of the first half of 2021, the pace of net liquidity injection is accelerated given the slowing economic growth. Excess reserve ratio remained low at 1.4% in the Q3, 20 basis points lower than a year ago, indicating that liquidity in the banking system remain adequate after the PBOC cut the RRR and benchmark interest rate.

The failure of Huarong and Evergrande won't cause systemic risk to the financial system

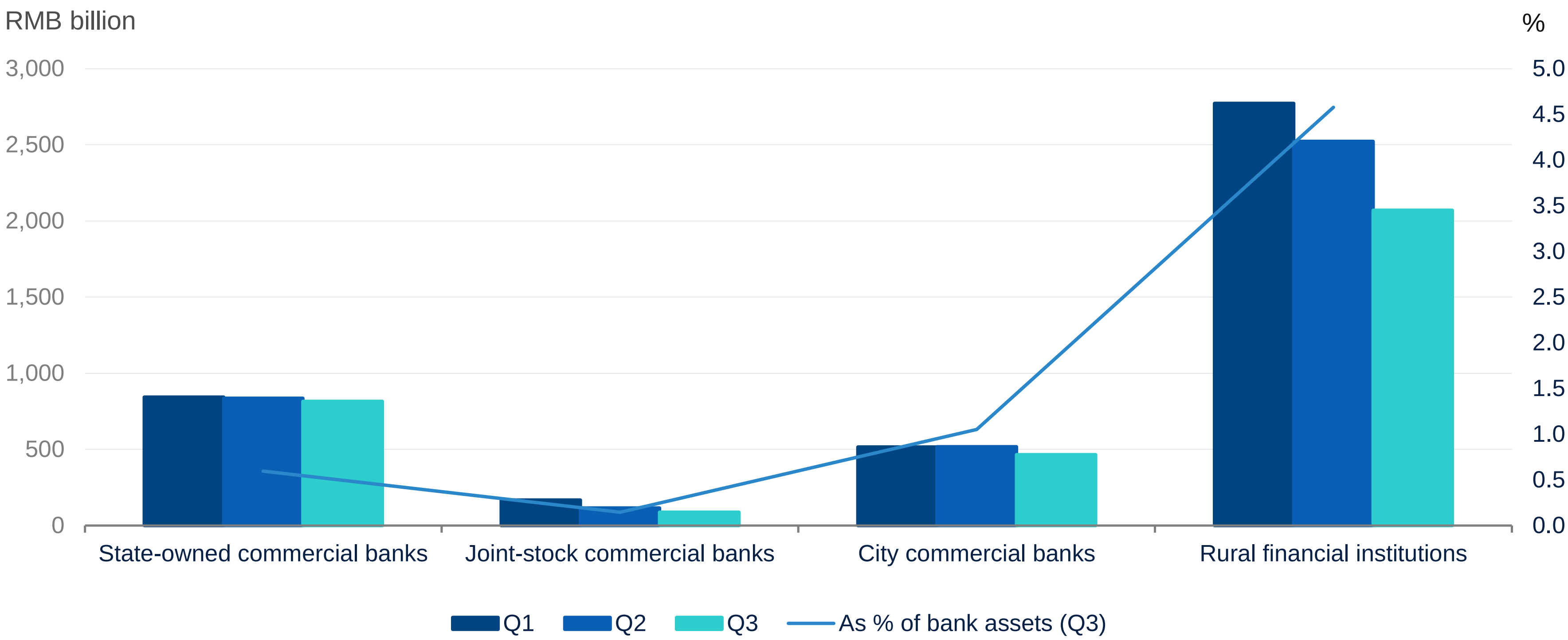


Source: Wind & BBVA Research

The potential weakness in the real estate market following the escalation of Evergrande's financial distress posed risk for China's financial institutions. However, the amount of potential direct loss from the distress of Evergrande is manageable in the context of Chinese large asset bases and loss-absorbing buffers in the financial system.

Small banks' reliance on negotiable certificates of deposits (NCDs) as funding source contracted markedly

BALANCE OF COMMERCIAL BANKS ISSUED NCDs BY BANK TYPES



Source: Shanghai Clearing House & BBVA Research

Banks' reliance on interbank negotiable certificates of deposits (NCDs) has declined especially for rural commercial banks, reflecting reduced need for NCD funding as recent monetary easing improves banks' access to interbank funds for refinancing. Thus, alleviating the concern that cross-holdings of bank securities among financial intitutions will trigger contagion during market distress.

Banking sector 2022 Outlook

Asset growth

Despite a moderation in asset growth in 2021 as bank's efforts to rein in their shadow banking and interbank activities, asset growth is likely to rebound in 2022 driven by a pickup in loan growth in response to regulators' renewed call for more credit support to corporate borrowers.

Asset quality

Banks' NPL ratios will likely increase moderately in 2022 as credit risks to some property developers increase. Large banks have built strong loan loss reserves, while loan quality will continue to diverge. Some smaller regional banks will still be under more pressure as they have greater exposure to property-related businesses.

Profitability

We expect banks' net profit will be stable in 2022 supported by lower NIMs as a new deposit pricing mechanism introduced by PBOC in June 2021 will allow banks to cap deposit costs. However, in view of the economic slowdown, banks are likely to accelerate their bad debt disposal again.

Capitalization

Banks will replenish capital through perpetual bond and equity issuance since they need more capital to support its forthcoming credit spree.

Shadow banking

Shadow banking assets will retreat further in 2022 amid strict regulatory supervision as authorities guard against the shadow banking growth. Interconnectedness between banks and NBFIs is set to decline further in 2022.

BBVA Research

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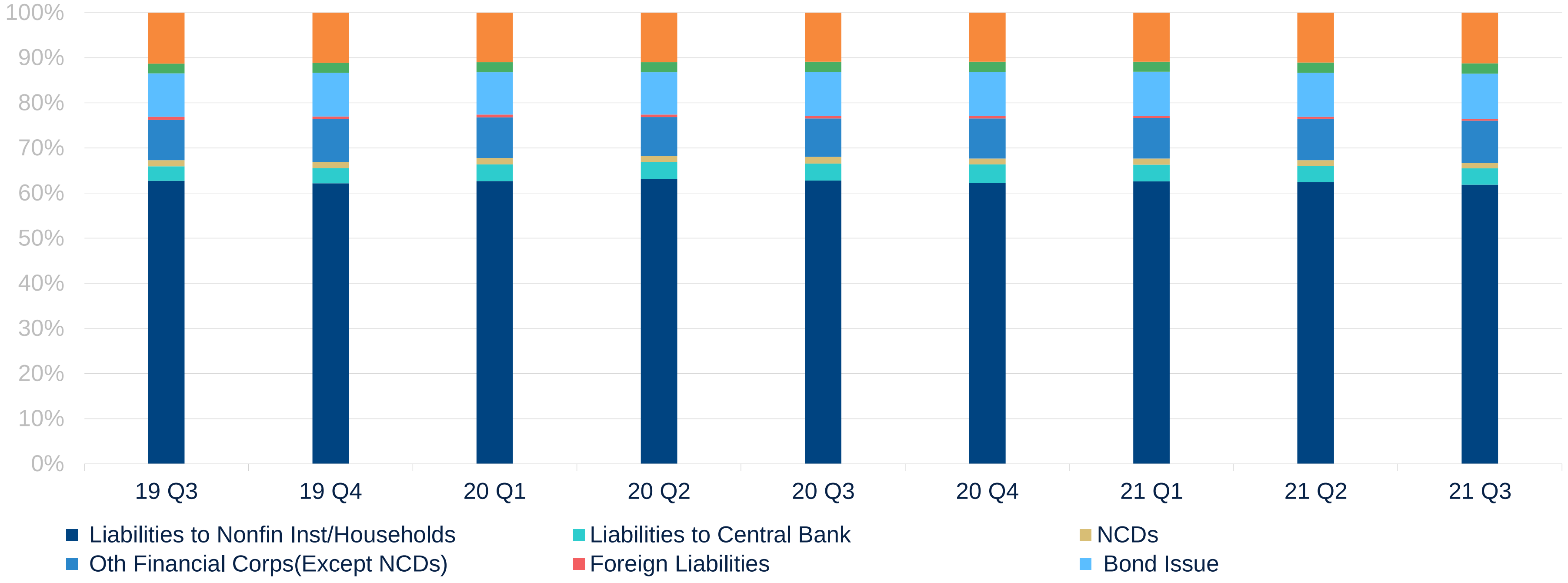
Shadow banking activities

Banks interconnectedness with the shadow banking system has further decreased

Banks' fund dependence of shadow banking system has decreased moderately

BREAKDOWN OF BANKS LIABILITIES

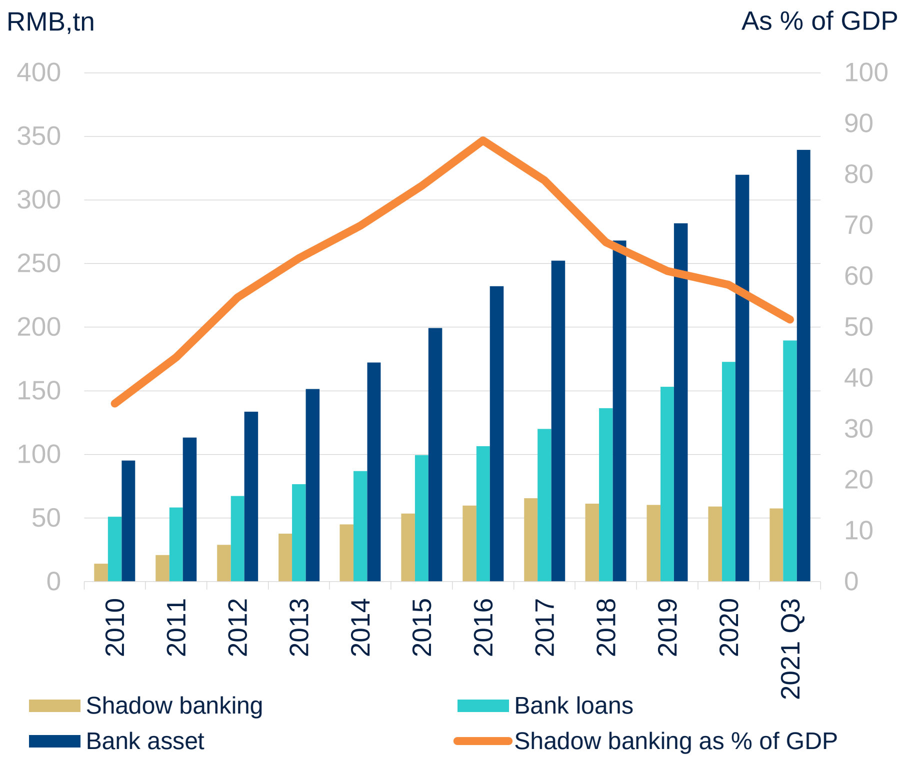


Source: Haver & BBVA Research

Bank's reliance on nonbank financial institutions continued to decline in Q3,among which banks' liability to other depository corporations dropped to RMB 11.1 trillion in Q3 2021 from RMB 11.5 trillion in the previous quarter. This trend will likely continue in 2022 as regulators guard against the interconnectedness of banks.

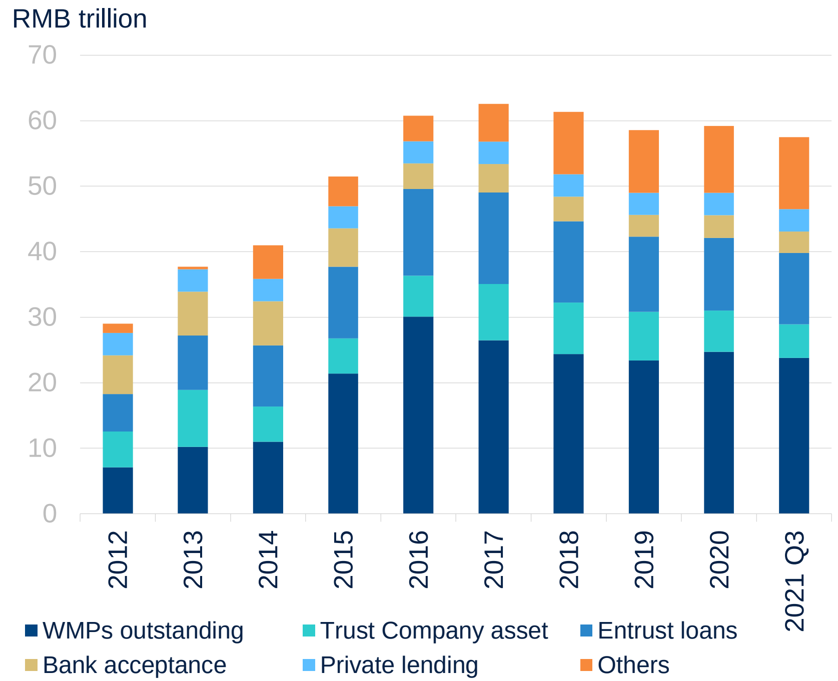
China shadow banking assets were weighed by trust loans and wealth management products

SHADOW BANKING ASSETS AS % OF GDP PICKED UP



Source: CBIRC & BBVA Research

THE DECLINE OF SHADOW BANKING SECTOR IS WEIGHED BY TRUST LOANS AND WELATH MANAGEMENT PRODUCTS

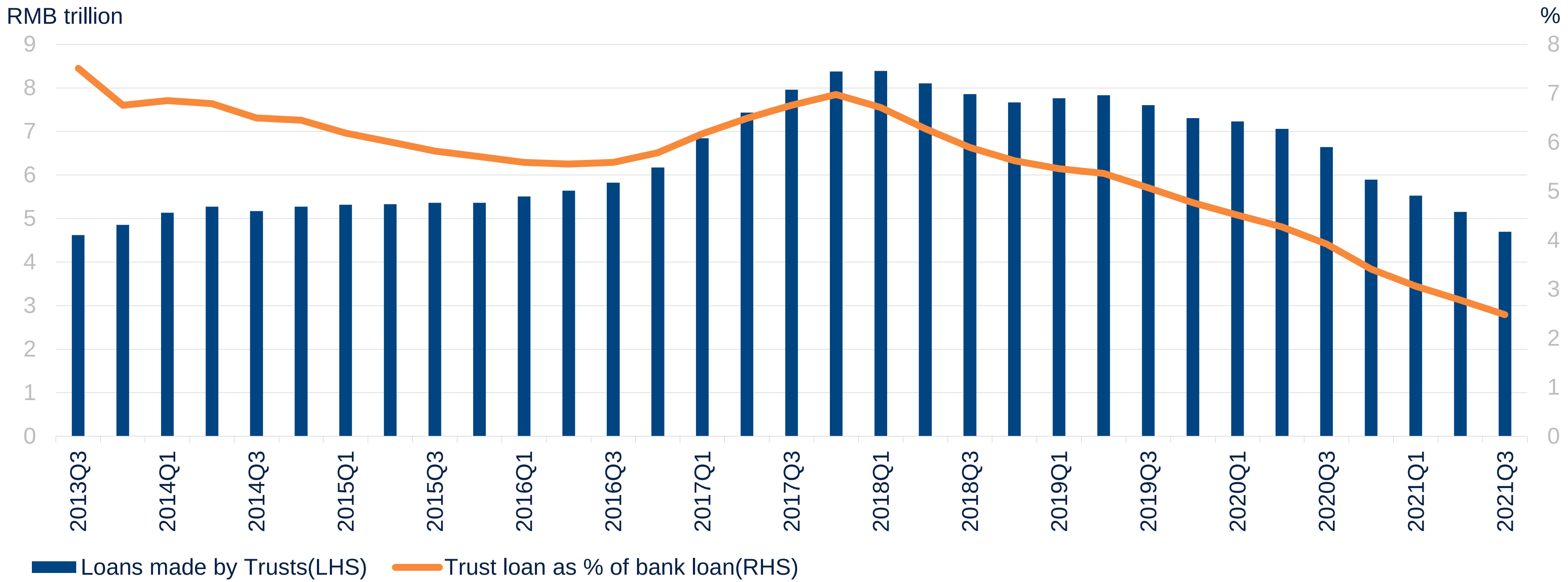


Source: CBRIC, China Banking Wealth Management Product Registration & Depository Center & BBVA Research

The broad shadow banking assets declined to RMB 57.6 trillion in Q3 2021 from RMB 59.2 trillion in the previous year, weighed by the decline in trust loans and wealth management products, resulting the ratio of shadow banking assets as a share of nominal GDP declined to 51.5% from 58.3% at the end of 2020.

The declining trust loans due to a tighter regulatory scrutiny

TRUST COMPANY LOANS GROWTH DECLINED

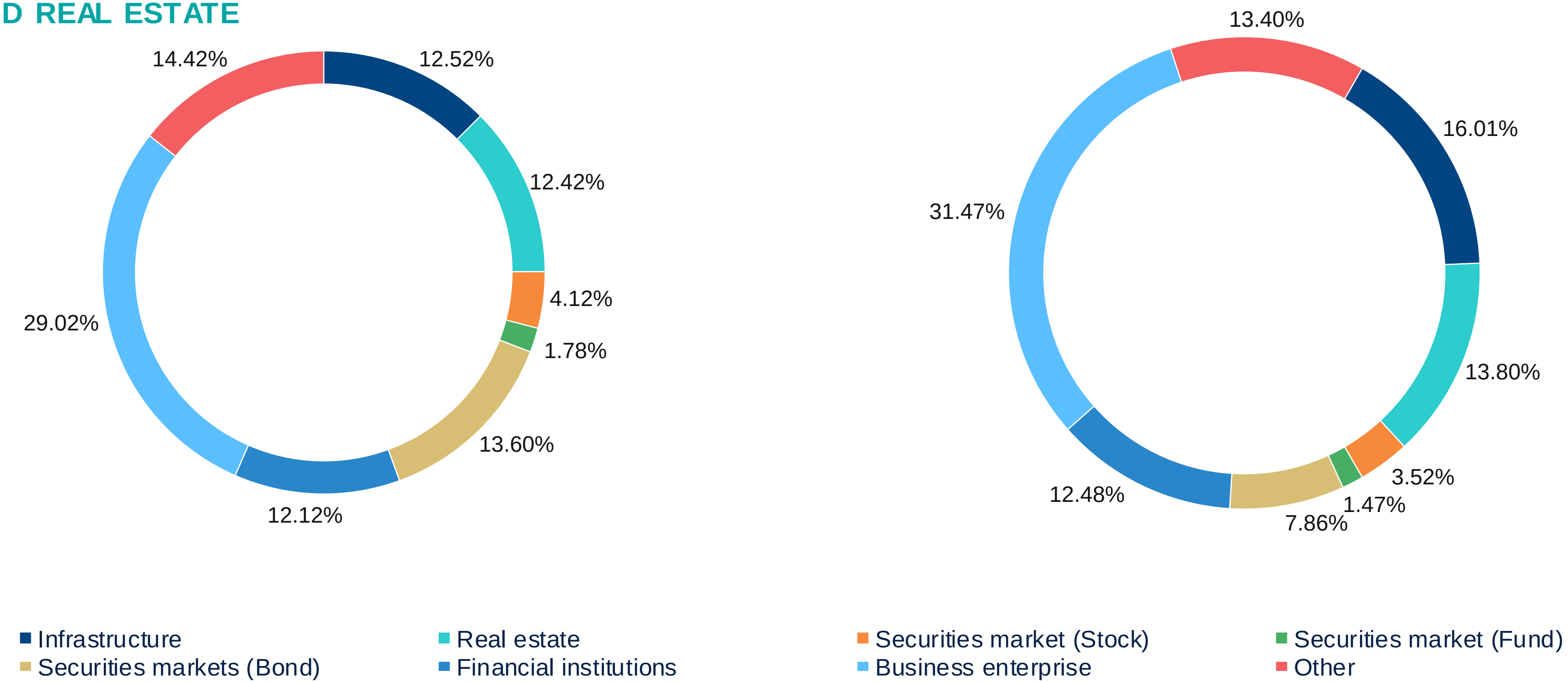


Source: China Trustee Association & BBVA Research

Growth of outstanding trusts loans accelerated its downward trend in Q3 2021, reflecting that the government has stepped up regulatory scrutiny of real estate trust loans and its related channel businesses.

Trust assets continuing to shift from infrastructure and real estate to bond market

AUTHORITIES PUT STRICT MONITOR ON THE FINANCING CHANNEL FOR INFRASTRUCTURE AND REAL ESTATE



2021 Q3 | 2020 Q3

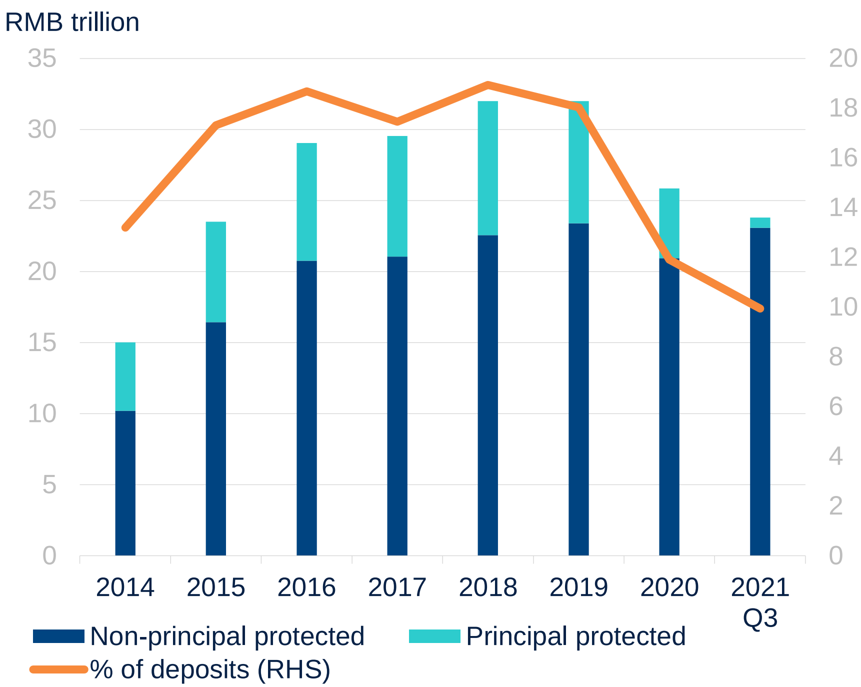
Source: China Trustee Association & BBVA Research

Source: China Trustee Association & BBVA Research

Trust loans to real estate and infrastructure shrink due to tightened regulations. Trust assets will continue to shift away from real estate and infrastructure to capital market in 2022.

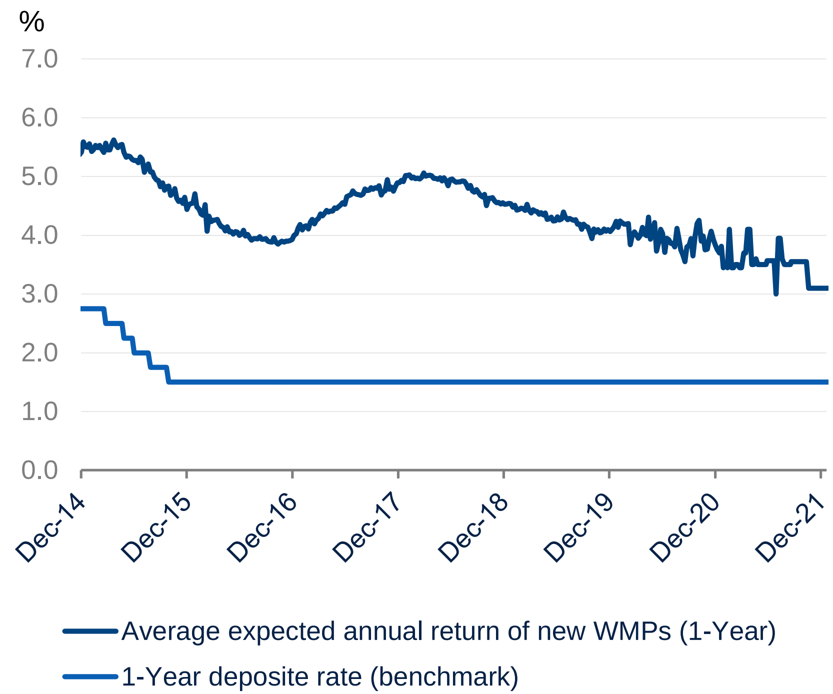
2021 was the final year of a transition to sweeping new asset management rules

PRINCIPAL PROTECTED WMPS OUTSTANDING HAS FURTHER DECLINED



Source: Wind & BBVA Research

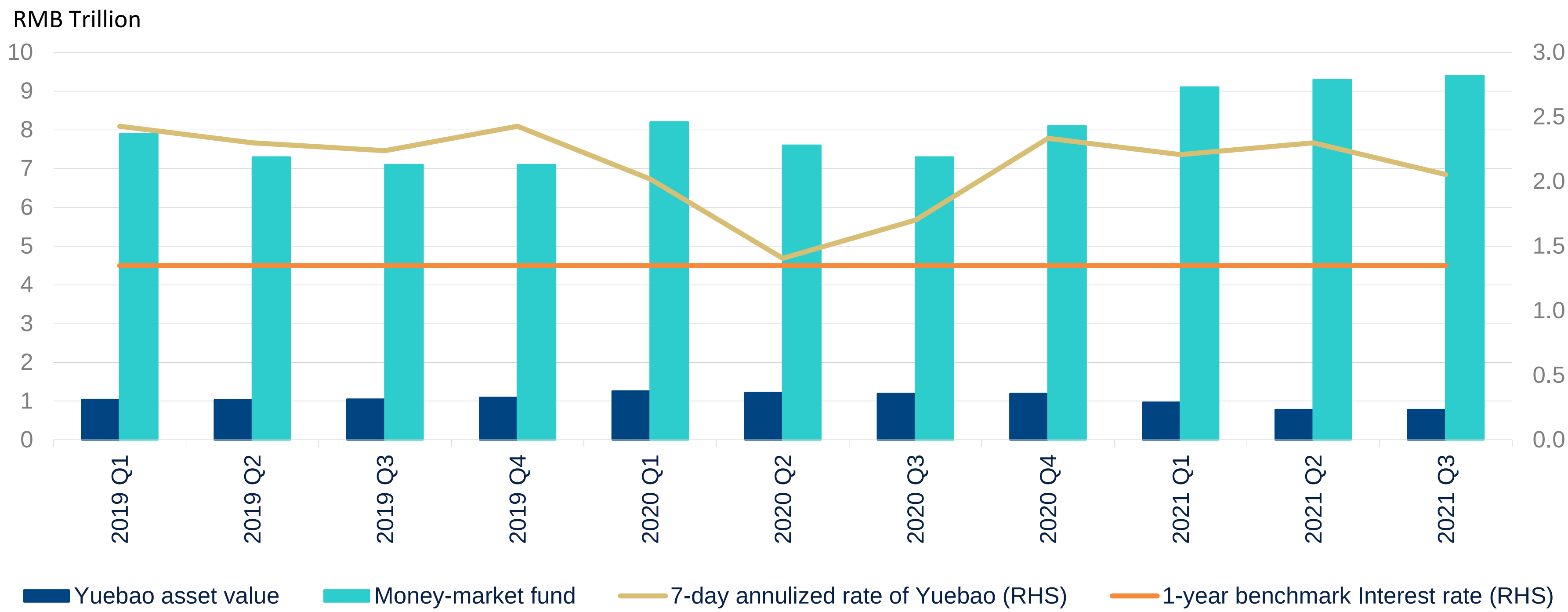
THE YIELD OF WMPS CONTINUED TRENDING DOWN



Source: Wind & BBVA Research

Overall WMPs, which acted as a major funding channel for regional banks or highly leveraged companies who are lack of capital and cannot secure loans from traditional banks, declined to RMB 23.8 billion in the Q3 2021 compared to RMB 25.9 trillion at the end of 2020. Principal protected WMPs distributed by banks shrank further.

China crackdown of Ant Finance



Source: Wind & BBVA Research

The asset value of Yue Bao, China's largest money market fund, fell to RMB 0.76 trillion in Q3, which accounted for only 45% of its peak level in 2018. The main reason for the decline in Yuebao's asset value is the central government's stricter capital requirements and strengthened supervision on Ant Group. In addition, Yuebao's 7-day annualized return fell to 2.05% in Q3 2021 from 2.09% in the previous quarter.

Regulatory measures to curb shadow banking activities

Date	Key Regulatory Developments
Jan-21	The PBoC issued the "Regulations on Non-Bank Payment Institutions (Draft for Comment)". The regulations require that the establishment of non-bank payment institutions should be approved by the PBoC, and the minimum registered capital should be exceed RMB 100 million. The new regulations aim to prevent systemic financial risks, reduce unfair competition in payments, and safeguard consumer funds.
Feb-21	CBIRC publishes the Interim Measures for the Administration of Internet Loans of Commercial Banks. The new regulations will strengthen the risk management of commercial banks' internet loans, strictly control cross-regional operations, and strengthen loan risk management by setting requirements for the proportion of capital contributions by commercial banks and cooperative institutions.Under the rule, tech platforms will be forced to provide capital for 30% of the loans they offer in partnership with banks. The CBIRC will also cap how much capital commercial banks can commit to online lending in cooperation with tech platforms, a move has hit the valuation of Ant Group.
Jun-21	The PBoC and CBIRC jointly publish the "Notice on Regulating the Management of Cash Management Wealth Management Products". The regulation focuses on making the investment scope of such wealth management products basically in line with money market funds, and strengthening the liquidity and leverage requirements of cash management products. The CBIRC publishes the Interim Measures for the Implementation of the Recovery and Disposal Plans of Banking and Insurance Institutions. The approach establishes a framework in which the risk of debt-sharing among junior creditors will increase, while clarifying that government support can be provided to support systemically important financial institutions. The regulations apply to banks, financial asset management companies and financial leasing companies with on- and off-balance sheet assets of RMB 300 billion or more, as well as insurance companies with on- and off-balance sheet assets of RMB 200 billion or more.
Jul-21	CBIRC publishes a notice to clean up and regulate the business of non-financial subsidiaries of trust companies. The notice stipulates that trust companies shall not set up domestic first-level non-financial subsidiaries, while the already established domestic first-level non-financial subsidiaries shall not increase investment in domestic and foreign enterprises.
Sep-21	The CBIRC publishes the "Measures for the Management of Liquidity Risks of Wealth Management Products of Wealth Management Companies (Draft for Comment)". The measures require wealth management companies to establish and improve the liquidity risk management system and governance structure of wealth management products. The PBoC issued the "Administrative Measures for Credit Information Business", which clarifies the scope of credit reporting business and standardize the credit reporting business process.
Oct-21	The PBOC and CBIRC establish final TLAC rules for Chinese G-SIBs and designated 19 commercial banks as the domestic systematically important banks. The initiative also establishes an early corrective mechanism to reduce the complexity and associated systemic risks of domestic systemically important banks, including stricter stress testing requirements for these banks' capital, liquidity and key risk exposures.

Source: Moody & BBVA Research

Disclaimer

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2021

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Creating Opportunities