



Tianjin Municipality In Focus

S&P Global
Ratings

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October 2024

This report does not constitute a rating action

Key Takeaways

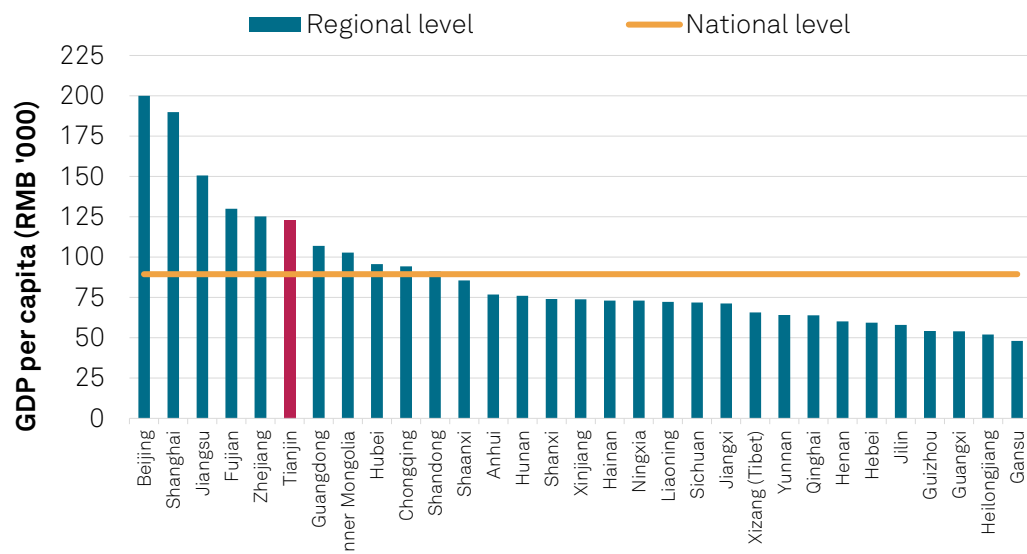
- We view Tianjin's creditworthiness as weaker than that of domestic tier-one government peers.
- As one of 12 highly indebted regions, Tianjin endures high scrutiny over new projects and new borrowings for its local and regional governments (LRG) and regional state-owned enterprises (SOEs). Successful industrial upgrade remains key to structural improvement of the city's credit profile.
- Tianjin's lower-tier government generally have weaker credit profiles than other domestic peers because of a high debt burden and poor revenue-generation ability.
- Government support for SOEs in Tianjin is at the weaker end of the domestic spectrum. The city government is willing to prioritize support for SOEs that have a significant policy mandate.
- The majority of Tianjin SOEs' debt sit with the SOEs of Tianjin municipal and Binhai. We believe Tianjin SOEs' elevated financial leverage ratio will stabilize due to limitation on financing, despite a recent rebound in market confidence.
- We believe banks in Tianjin are facing asset quality pressure. Tianjin government has arranged RMB19 billion capital injection in past 5 years and more capital injections are likely needed to help banks to clean up their balance sheets.

Regional Highlights

Inter-regional analysis

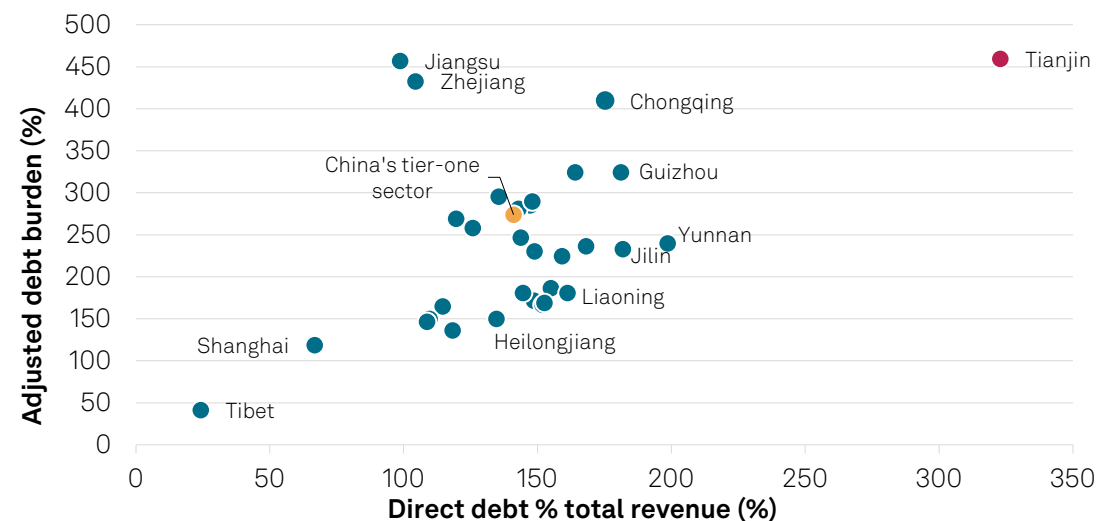
- Tianjin's income level still outperforms the national average after years of depressed growth. The city caught up with the national growth level during 1H24. We think the key to long-term sustainable development remain structural reforms of the industrial sector and finding new consumption drivers.
- Tianjin's debt burden is the highest among China tier-one governments, driven by historical heavy infrastructure investments.

Tianjin's economy outperforms national average with major challenges remains



Data as of December 2023. RMB--Chinese renminbi. Sources: LRGs' bureau of statistics. S&P Global Ratings.

Very high debt burden results from heavy investments in the past has forced Tianjin to curb spending



Data as of December 2023. 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.

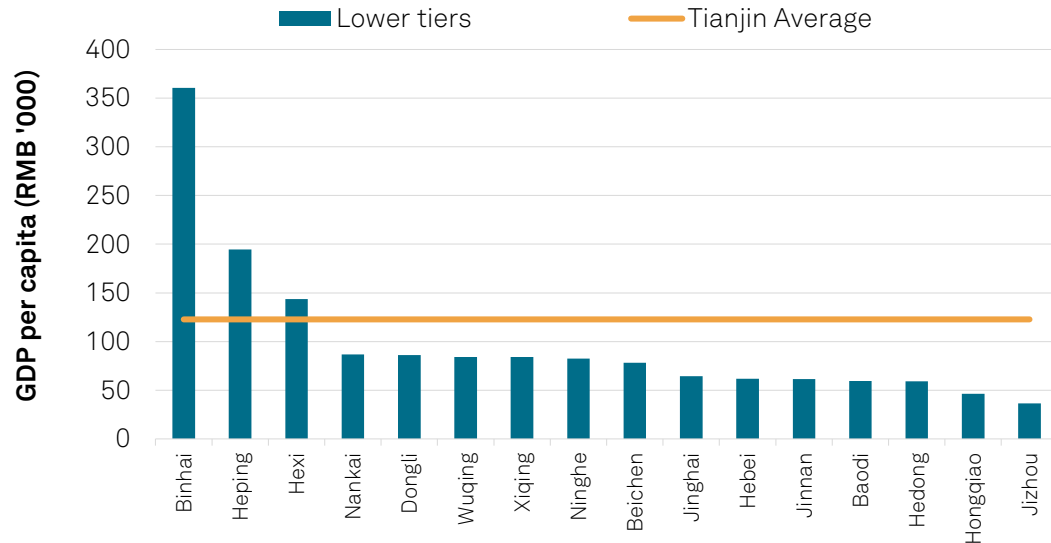
Sources: LRGs' bureau of finance. Wind. S&P Global Ratings.

Regional Highlights

Intra-regional analysis

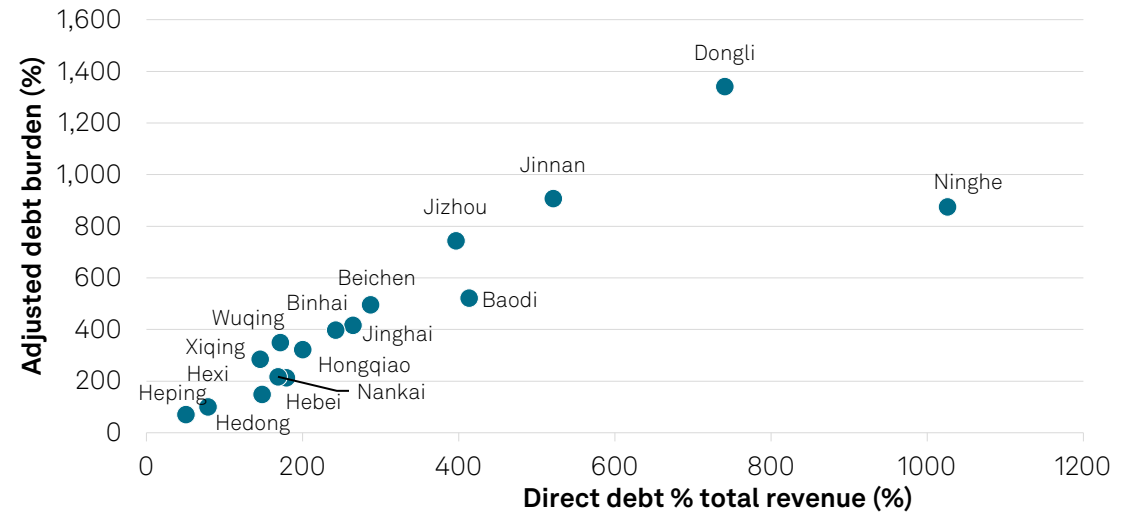
- Tianjin’s tier-two governments have significant economic disparity. With five functional zones in the district and sizable industry clusters, Binhai dominates the local economy; it contributes 45% of Tianjin’s GDP and its GDP per capita is 3x of Tianjin average.
- Most of Tianjin’s city districts have a very high debt burden. Some may have an extremely high debt burden because of ineffective investment decisions in the past.

Binhai and central districts are better off, benefiting from industry concentration and a booming service industry



Data as of December 2023. RMB--Chinese renminbi. Sources: LRGs' bureau of statistics. S&P Global Ratings.

District debt profile is one of the highest in China, forcing them to curb investments to remain financially viable



Data as of December 2022. We use whole district 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

Our series on Chinese administrative regions uses publicly available information to provide analytical opinions based on key credit metrics. These LRGs form the backbone of the mainland economy and, together with government-related entities (GREs) and financial institutions (FIs), are among China's highest-volume debt issuers.

We distinguish 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 tier 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. For LRGs, we assess 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. We 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.

For GREs, our analysis largely focuses on government capacity to support SOE debt as a sector, and not government capacity to pay its direct debt. We identify three measures to gauge government capacity to support its SOE sector: SOE size, SOE creditworthiness, and LRG control over nonbudget resources. Our metrics only refer to non-FI SOEs. We use data provider Wind covering 70%-80% of LRG-controlled SOEs, measured by aggregated assets stated by Chinese government. Our analysis does not encompass wider financial resources that LRGs control. Debt and funding options vary widely in their form and complexity and cannot be easily captured using simple metrics.

For FIs, we assess stand-alone credit profiles based primarily on our analysis of the four individual credit factors: business position, capital and earnings, risk position, and funding and liquidity.

Tianjin Municipal Government



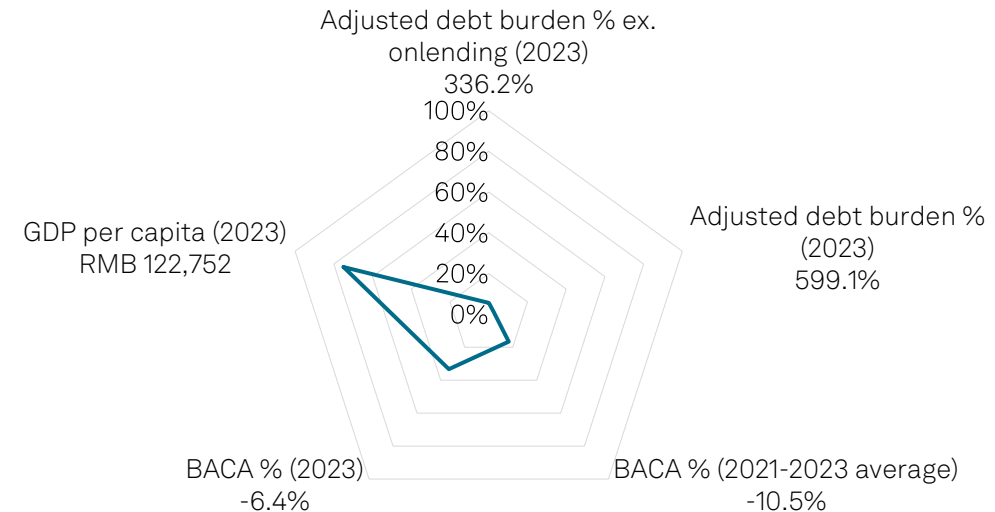
Municipal Government

Overview

- We categorize the Tianjin municipal government as a tier-one government operating within a “very predictable and well balanced” institutional framework.
- Tianjin's individual credit profile is weak among Chinese tier-one governments.
- It is constrained by a very high debt burden and poor fiscal performance at the city level. Its district governments’ weak credit profile also weighs on the city’s financial standing.
- Tianjin’s recent economy recovery since 2023 has extended into 1H24, driven by ongoing efforts to adjust its economic structure. Yet momentum is pending on structural reform progress.

Tianjin’s individual credit profile is constrained by a high debt burden and poor fiscal performance

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.

Municipal Government

Measures of creditworthiness



Economy

- GDP per capita is 40% above the national average.
- Tianjin's economic growth has been lagging the national average, largely affected by its efforts to transition away from traditional heavy industries into advanced industries such as biopharmaceuticals, aerospace and new energy.
- Recent economic recovery driven indicates part of previous efforts are showing effects.



Debt burden

- Very high debt burden from LRGs and LGFVs, driven by historical heavy infrastructure investments and spending related to industry reform.
- Contingent risk from district governments and their related SOEs is higher than other domestic peers, some risks may have already materialized through the Special Refinancing Purpose Bonds (SPR).



Liquidity

- Liquidity position is adequate, and weaker than domestic peers, caused by tight fiscal stance.



Financial management

- Satisfactory, shown by its efforts to push through difficult reforms to achieve long-term policy goals.
- Persistent high debt burden and poor deficits indicated weakness in management strength.



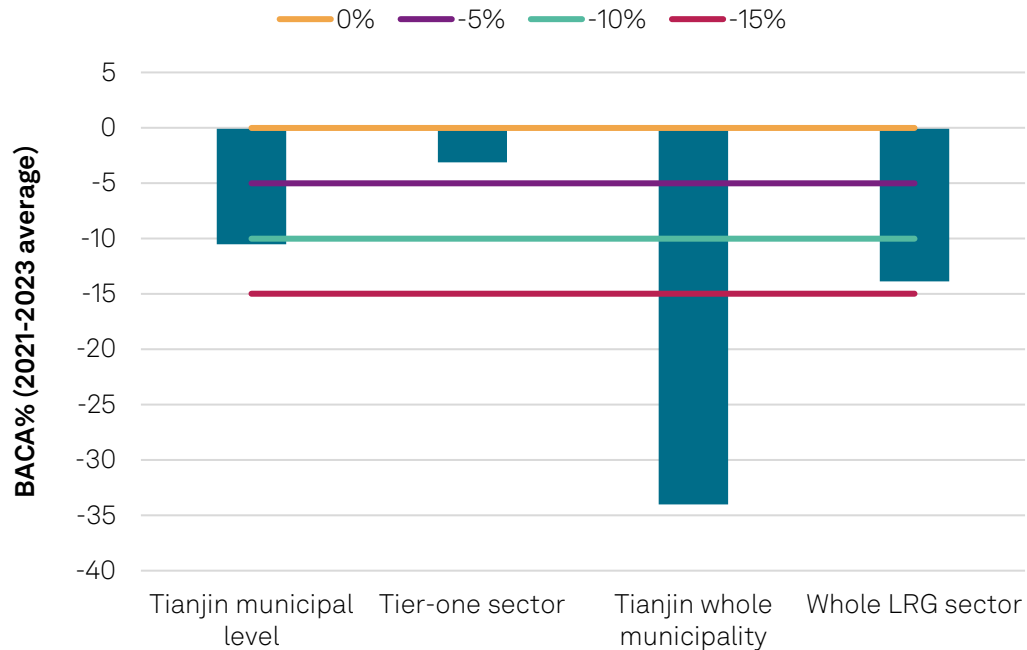
Budgetary performance

- Weaker budgetary performance due to poor revenue generation. Continued spending control would benefit deficit reduction.
- Renewed economic growth and strong CG transfer since 2023 should help repair deficit.

Municipal Government

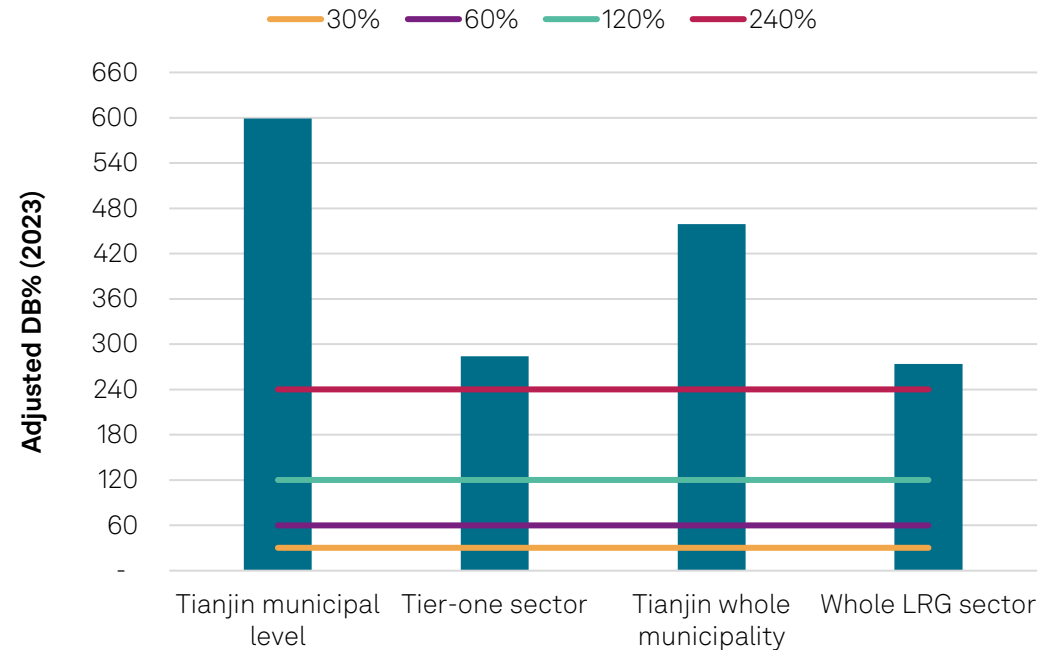
Measures of creditworthiness

Poor revenue generation and still sizable spending prompted high level of deficits at district level
 BACA % (2021-2023 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 risk remains despite spending control and deleveraging effort
 Adjusted debt burden % (2023)



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Municipal Government

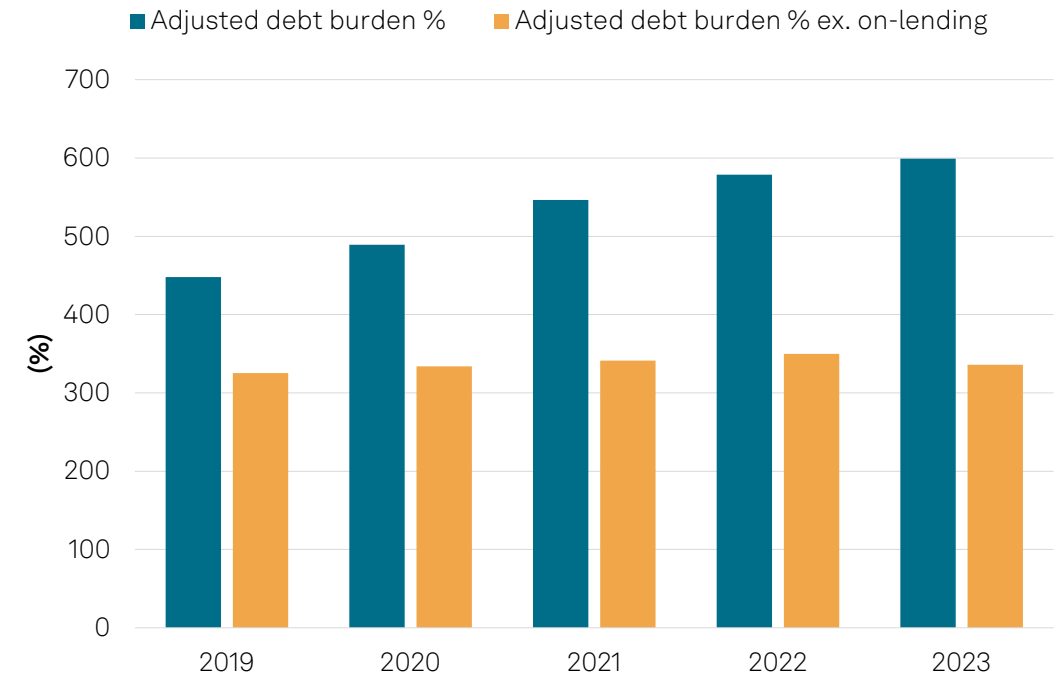
Measures of creditworthiness

Historical volatility largely depend on central government transfer support



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

Whole city debt burden still growing despite deleveraging efforts



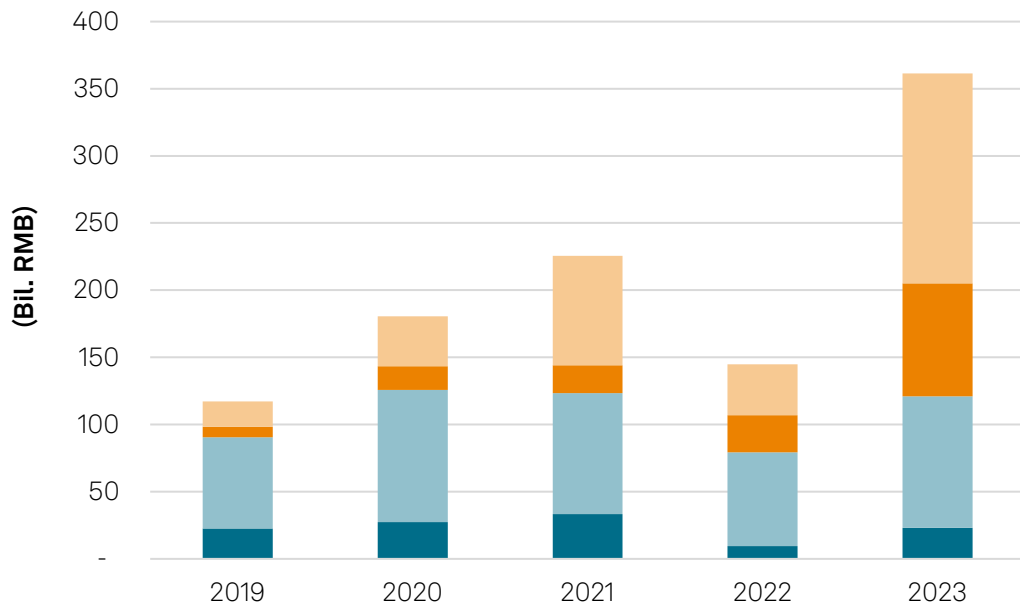
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Municipal Government

Measures of creditworthiness

Tianjin's debt borrowings are dictated by central government; high debt stock to constrain future growth

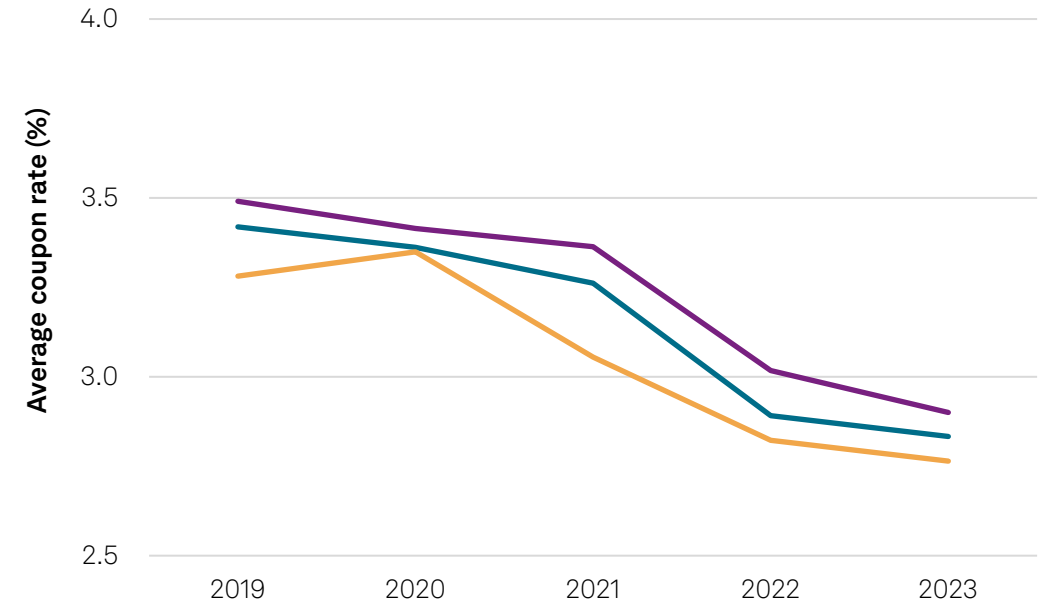
- Refinancing - Tianjin lower tiers
- Refinancing - Tianjin municipal level
- New borrowings - Tianjin lower tiers
- New borrowings - Tianjin municipal level



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

Risk premium tracks sector average, owing to direct-administered municipal status and deleveraging efforts

- Tianjin
- Shanghai
- Sector



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

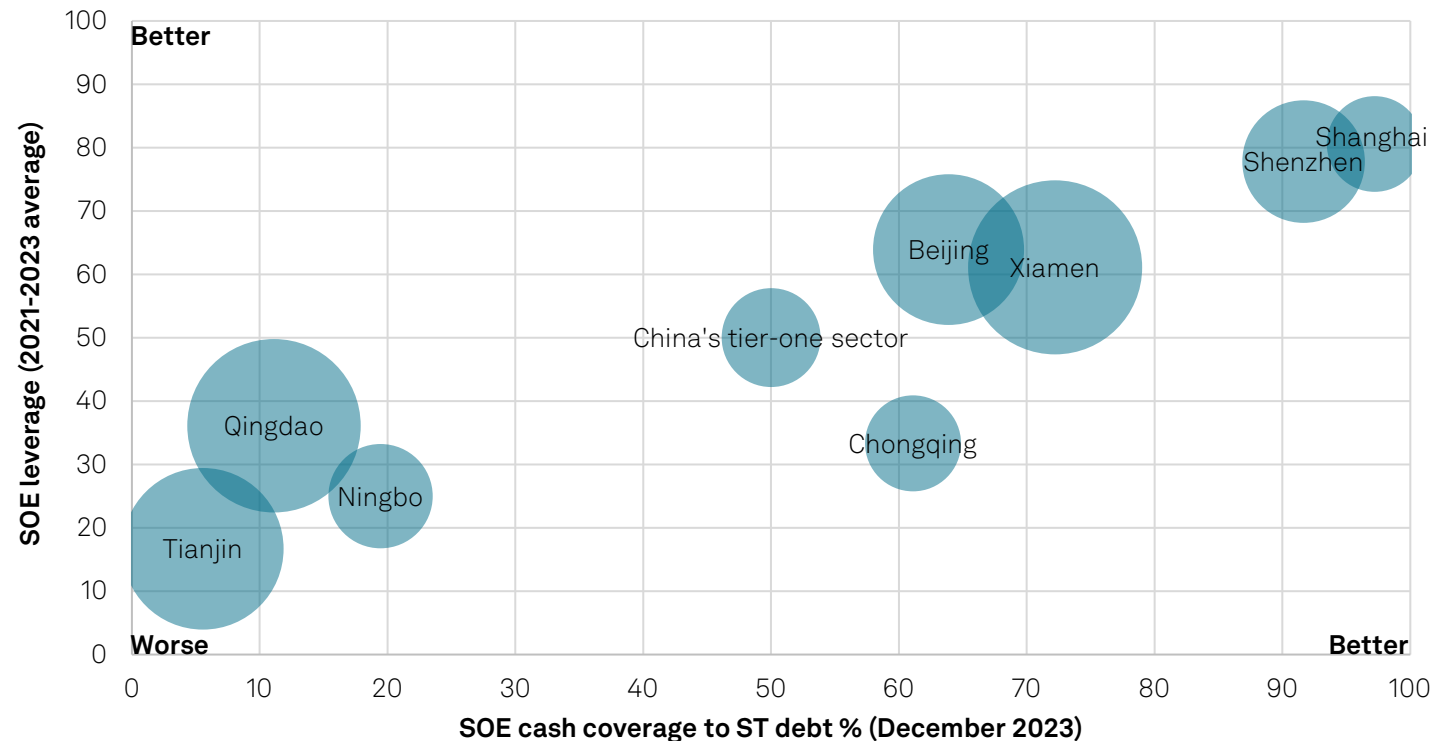
Municipal Government

Measures of SOE support

- Tianjin municipal government has weak capacity to support its SOEs, given its high leverage and weak coverage ratios.
- There have been credit incidents and bankruptcy of SOEs in the region.
- The SOE debt size for Tianjin is larger than the sector average of China tier-one LRGs.
- We expect selectivity of support under widespread stressed scenario, with priority given to strategically important SOEs more than commercial ones.
- SOE debt at the municipal level (tier one), and district level (tier two) makes up 68% and 32% of all SOE debt, respectively, as of end-2023.

Tianjin municipal SOE sector is one of the weakest among domestic peers

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 state-owned enterprises (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.

Municipal Government

Key features of Tianjin SOEs



SOE debt size

- Municipal level nonfinancial-institution SOE debt is larger than domestic peers.
- Infrastructure, industrial investment firms take up a large share of SOE debt.
- Local banks and other financial institutions pose moderate contingent liability risks to the government.



SOE creditworthiness

- Selected SOEs are highly indebted due to a focus on asset-heavy infrastructure projects.
- As one of 12 highly indebted region, Tianjin's SOEs are tightly scrutinized for new investments and new borrowings, which helps to contain debt growth in recent years.



Administrative capacity to support SOEs amid stress

- Tianjin's sales of stakes in selected SOEs during 2018-2020 indicated the city's willingness to monetize commercial SOEs to restore its capacity and support SOEs with high policy importance.
- Tianjin's very high debt burden and poor fiscal performance indicate administrative weakness.



Financial resources to support SOEs

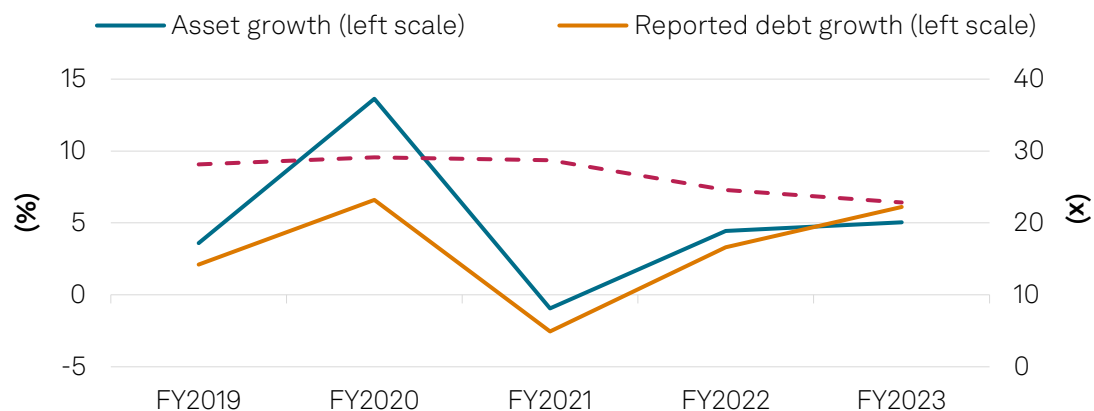
- The municipality has weak capacity to support its SOEs under stress, given a large and highly leveraged SOE sector, in our view.
- Tianjin's constrained fiscal and financial resources also limit such capacity.

Municipal Government

Tianjin municipal-level corporate SOEs will continue to focus on containing debt risks

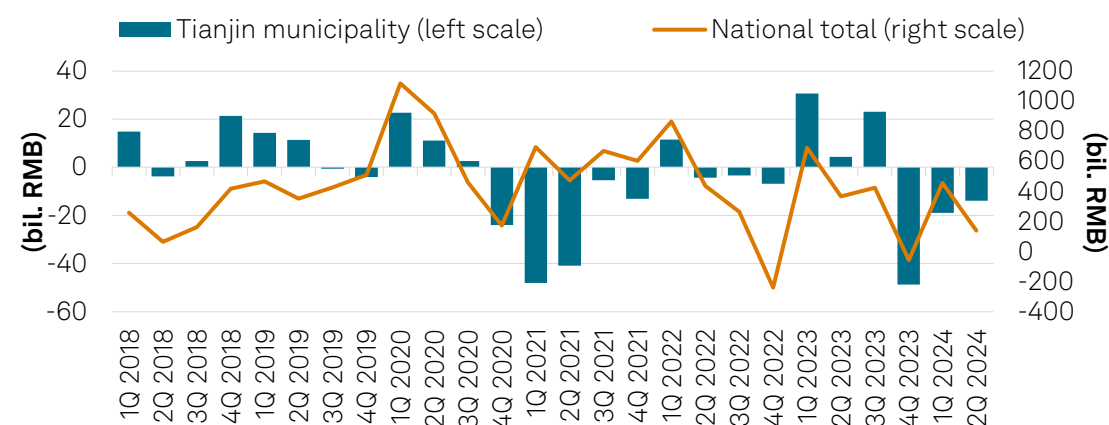
- Financial leverage of Tianjin municipal SOEs has been mildly declining, with financing conditions tightened for the region since 2021. We believe their leverage will stay relatively stable in the next two to three years, as their investment will be selective.
- Tianjin municipal SOEs had one of the highest issuance volumes among tier-one local governments in China, but with a small amount of net financing inflow, as the majority of issuance in the past two years was limited to refinancing.
- Since 2H23, the coupon rate of Tianjin SOEs' issuance has significantly dropped, with debt pressure partially relieved after several rounds of debt swaps and recovery in economic indicators; a better credit standing than the other 11 "highly indebted" regions.

Municipal SOEs' leverage could stabilize due to policy constraints on debt-funded investment.



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

Tianjin SOEs have been repaying bonds since 4Q23.



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

District Governments



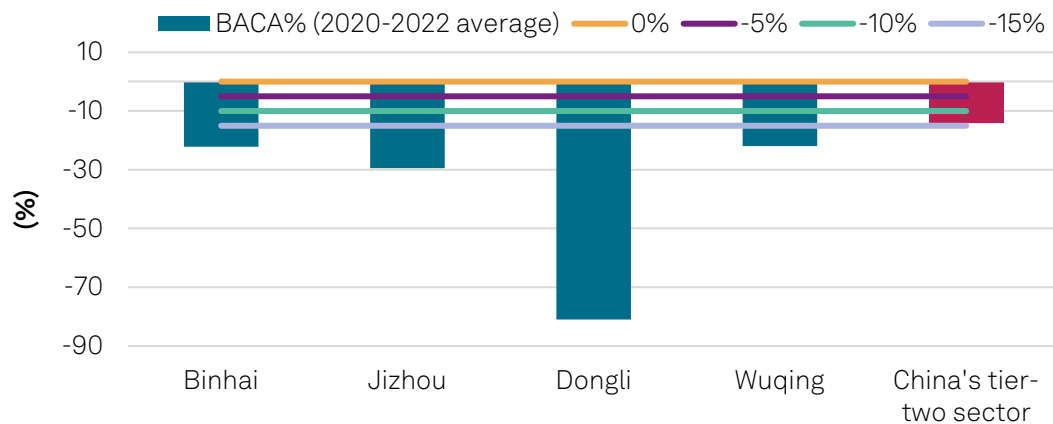
District Governments

Overview—generally poor credit profiles, Binhai New Area stands out as regional economic pillar

- We categorize 16 district governments under Tianjin as tier-two, with an institutional framework of “evolving but balanced.”
- Tianjin’s districts are generally highly leveraged with very high deficit level, suggesting weak revenue generation amid pressing need for debt risk resolution. Long-term viability depends on a successful economic upgrade that could translate into revenue generation.
- Binhai stands out from the sampled group of four districts, with exceptionally stronger economy but burdened with the highest SOE debt size among all districts owing to previous investment-driven growth strategy.

Deficits are generally elevated compared with peers’, with Dongli having extremely high deficits

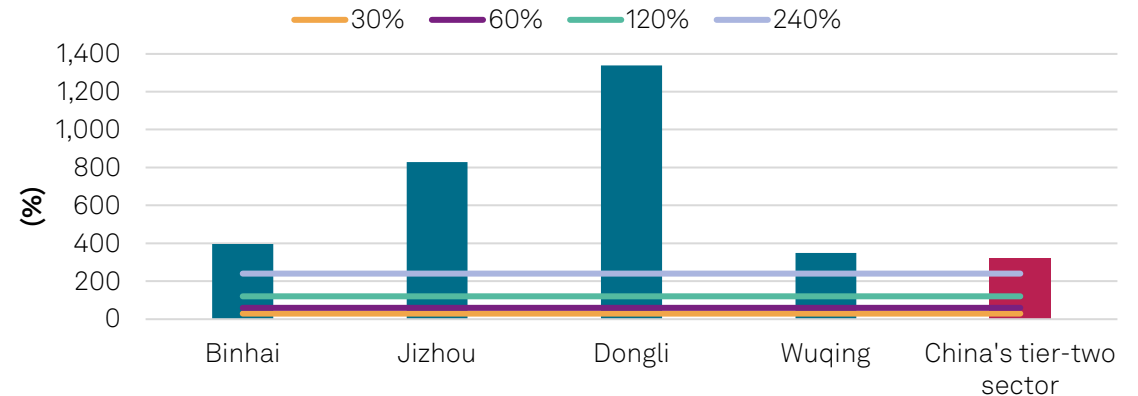
BACA % (2020-2022 average)



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 level at Jizhou and Dongli are significantly high by global standards

Adjusted debt burden % (2022)



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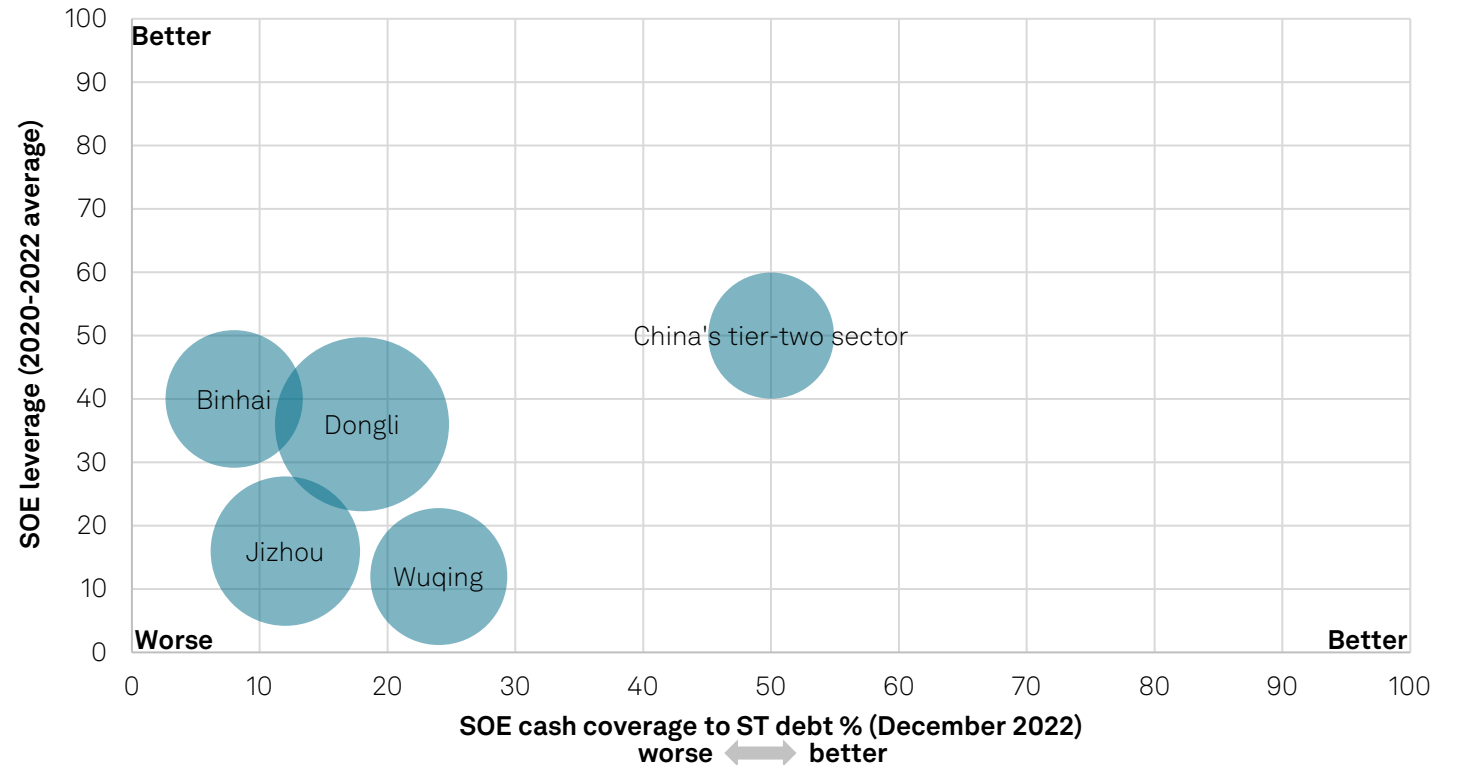
District Governments

Measures of SOE support

- We believe district governments in Tianjin have a weak capacity to provide support for SOEs. This is due to the large and highly indebted SOE sector and the weak fiscal revenue generation ability at district levels.
- Tianjin's district also adheres to tight scrutiny on debt growth and new investments. This has resulted in debt contraction for the whole tier-two sector SOE by end-2023, compared with the peak in 2020. However, challenges persist as these SOEs are seeking ways to become self-sustainable.
- Tianjin issued RMB128.6 billion in the SPR program in 2023 aimed at a debt swap for SOEs. This has provided additional liquidity to lower-tier SOEs but failed to resolve the debt risk once for all.

SOE metrics are at the weaker range of China tier-two governments

Local rank (higher % indicates stronger relative credit profile)

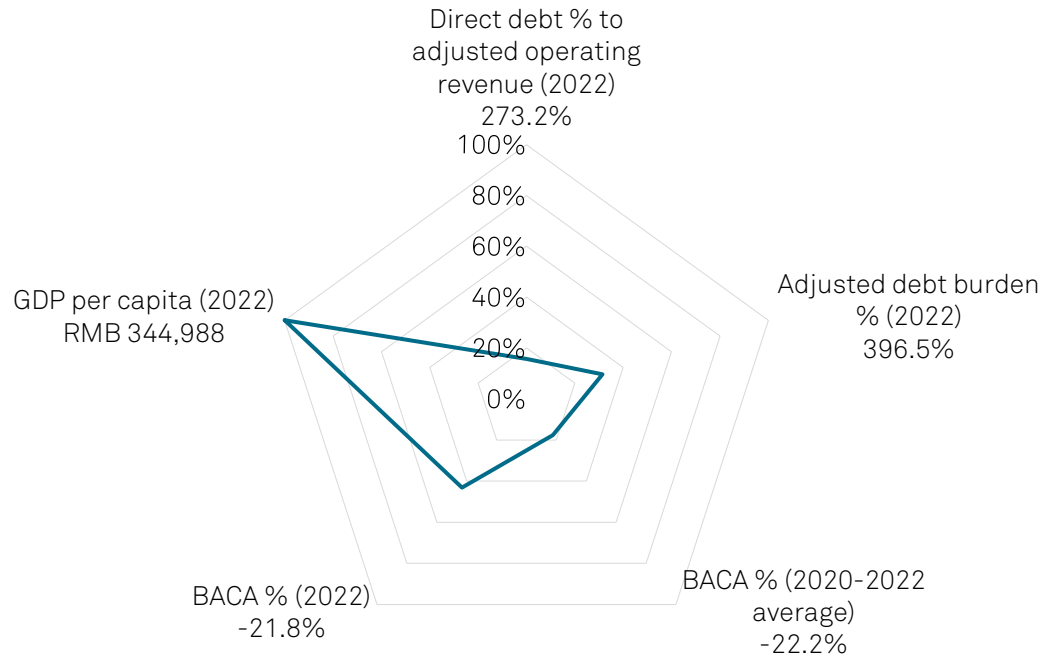


Rank among 52 Chinese tier-two LRGs. Higher SOE leverage % indicates higher rank and lower leverage among SOEs. Bubble size represents SOE debt % LRG total revenue. Please refer to our glossary for a definition of terms. Sources: Wind, S&P Global Ratings.

District Governments | Binhai New Area

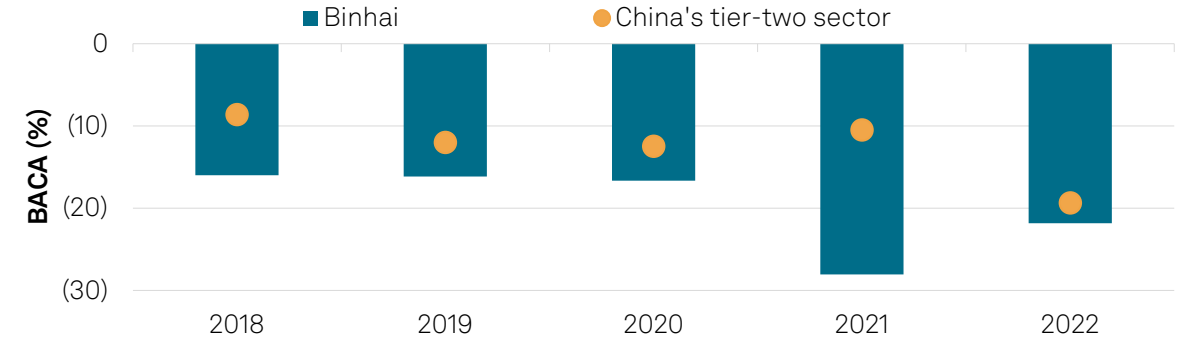
Wealthy economy anchors its credit profile

Local rank (higher % indicates stronger credit profile)



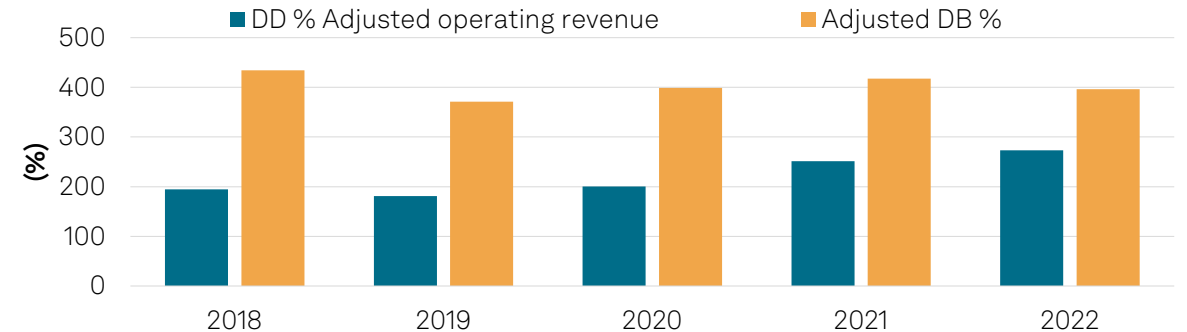
Rank among 51 Chinese tier-two LRGs. Please refer to our glossary for a definition of terms. Sources: LRGs' bureau of finance. LRGs' bureau of statistics. Wind. S&P Global Ratings.

Industrial upgrade investment led to persistently high deficits



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

SOEs post-pandemic revenue restoration stabilizes debt burden



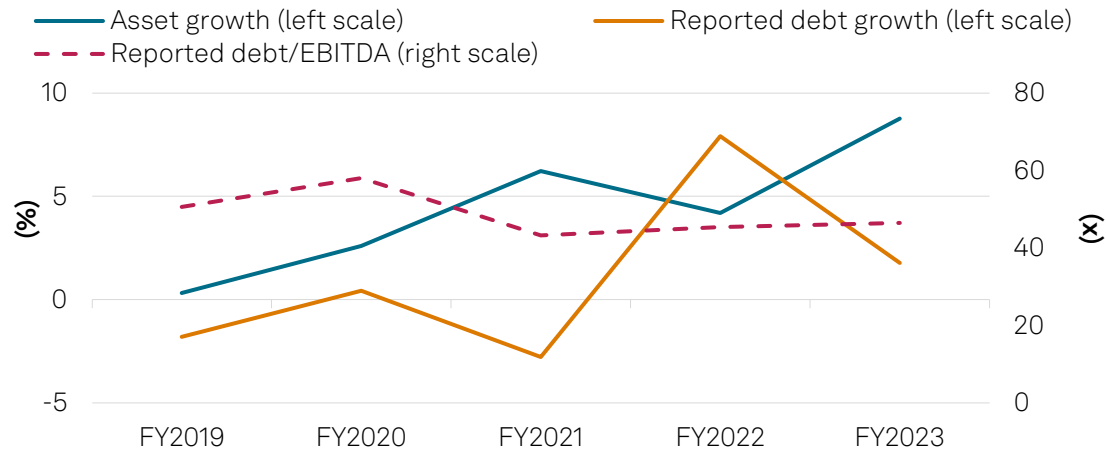
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District Governments | Binhai New Area

Binhai New Area SOEs: The most economic prosperous district in Tianjin with the highest debt amount

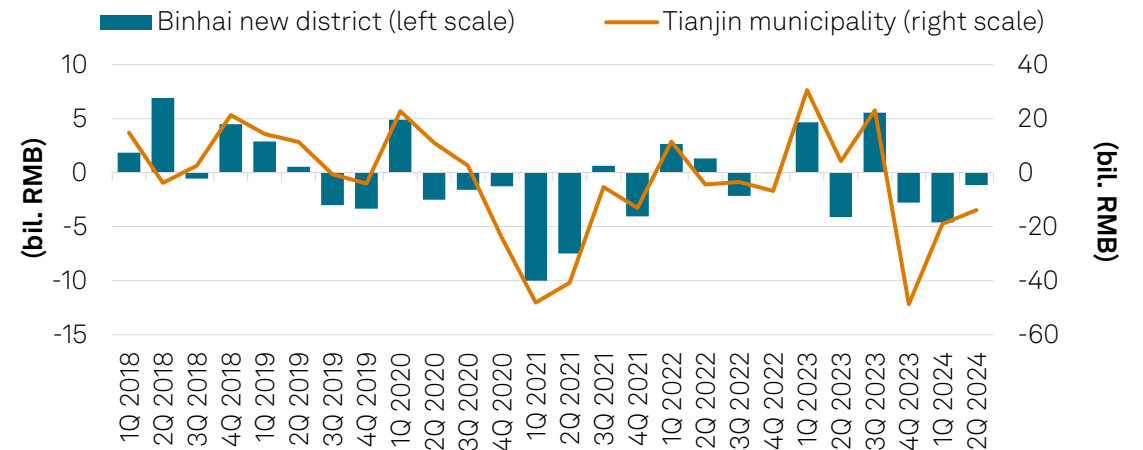
- Binhai New Area SOEs leveraged up before 2020 for the development of the bonded area in Tianjin, ports, and development zones in Binhai New Area. Debt growth has halted since 2021 due to market concerns on regional credit risk in Tianjin.
- Binhai New Area has the highest issuance volume among Tianjin districts. Their coupon rates of long-term bonds are similar to those of Tianjin municipal SOEs, at about 3.2% in 1H24 and lower than other Tianjin districts with an average of 3.4%. Most of Binhai New Area SOEs' short-term debt portion has dropped in 2023, as government's debt resolution measures have supported their refinancing, in our view.

Binhai New Area SOEs' leverage ratio has dropped moderately from historical high in 2020



Financials aggregate district-level SOEs with available financials only. Source: Wind, S&P Global Ratings.

Binhai New Area SOEs have high issuance volume among district-level SOEs

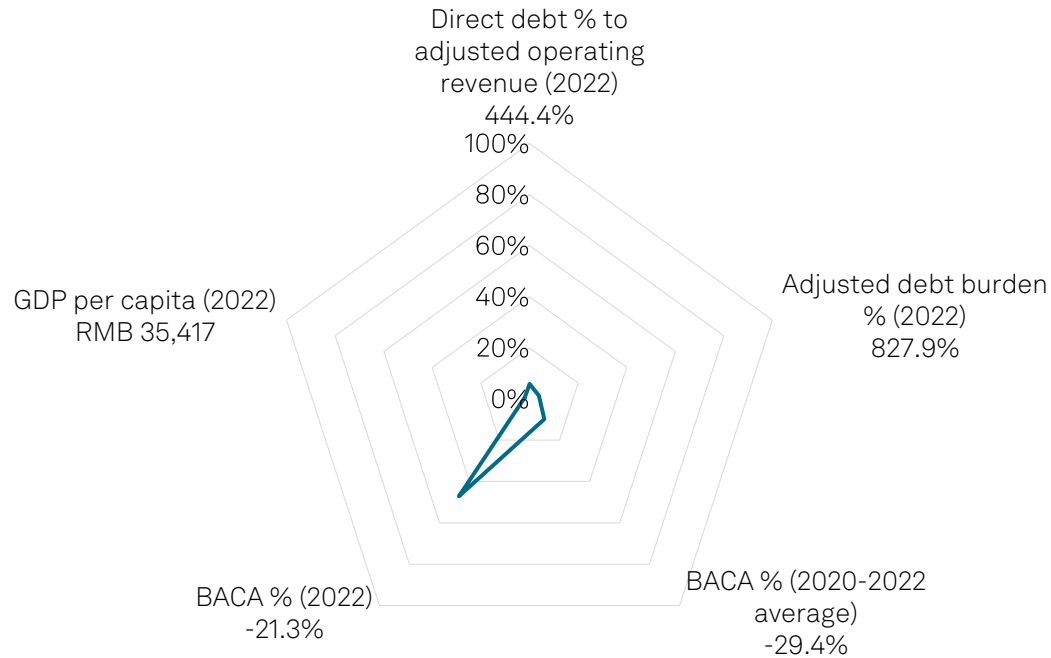


Binhai new district SOE domestic bond quarterly net refinancing amount (whole district all levels) Source: Wind, S&P Global Ratings.

District Governments | Jizhou

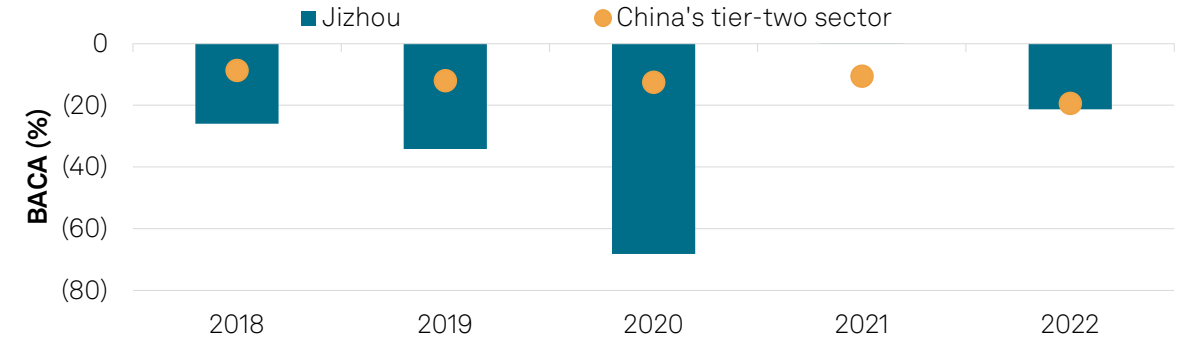
Highly vulnerable credit profile with large agricultural sector, heavily dependent on upper-tier transfer

Local rank (higher % indicates stronger credit profile)



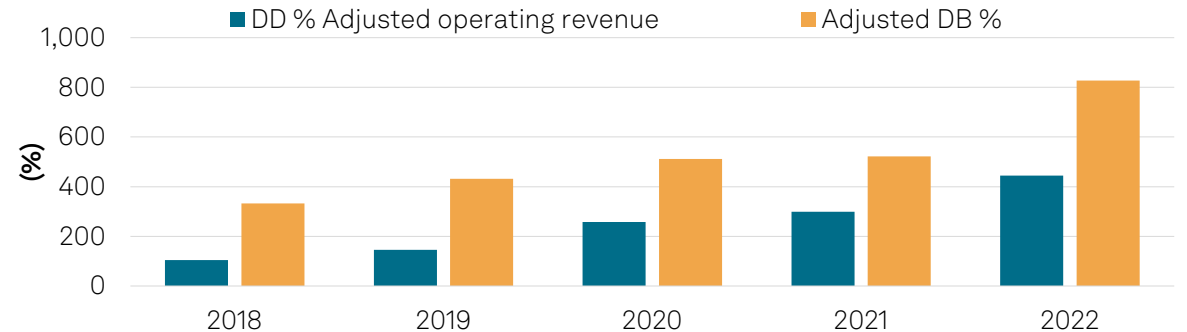
Rank among 51 Chinese tier-two LRGs. Please refer to our glossary for a definition of terms. Sources: LRGs' bureau of finance. LRGs' bureau of statistics. Wind. S&P Global Ratings.

Volatile fiscal profile highly dependent on upper-tier transfer



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

Recent debt burden hike resulted from revenue contraction for both district government and related LGFV



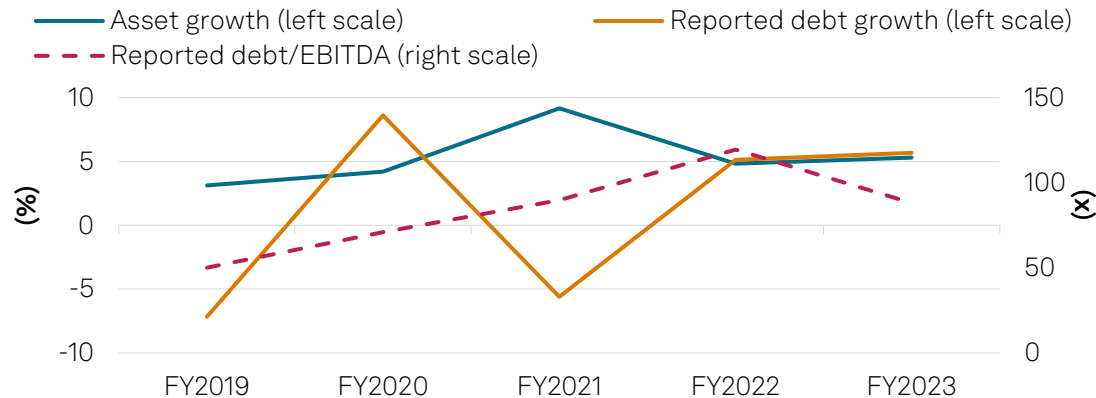
Please refer to our glossary for a definition of terms. LGFV- Local government financing vehicles. Sources: LRGs' bureau of finance. Wind. S&P Global Ratings.

District Governments | Jizhou

Jizhou SOE's investments slowed down and bond market access muted.

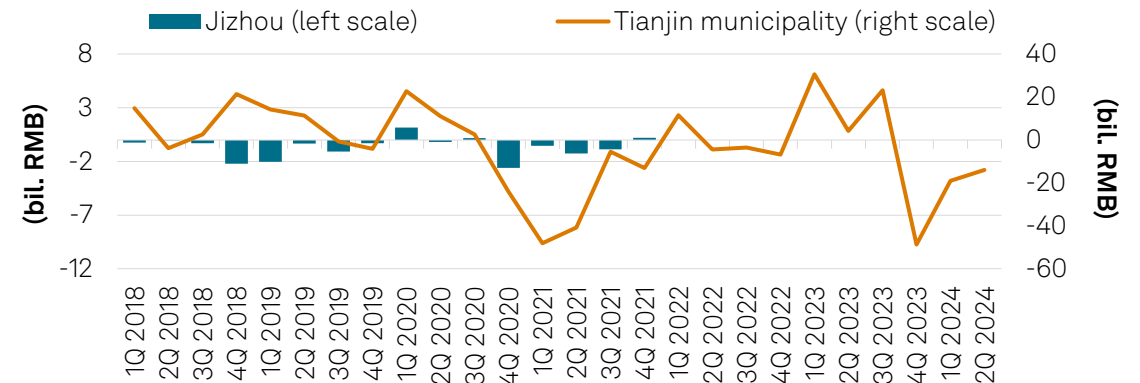
- Tianjin Guangcheng Investment Group Co. (Guangcheng), the sole district infrastructure developer, has slowed down its investment. Its leverage remains elevated, given a high reliance on cash flows from government, including subsidy, capital injection and cash settlement for past services,.
- The company only had a few private placements in 2021-2022 after the last public bond issued in 2020. Being in a district with a weaker economic profile within Tianjin, Guangcheng's, access to new financing via banks or bond market is limited, as indicated by stable bank borrowing in the past three years and declining bond payables. We believe it has relied on government funding or non-standard debt for refinancing, judging from the strong growth in long-term payables, which have doubled from the 2019 level.

Financial leverage dropped slightly in 2023 from elevated level



Financials aggregate district-level SOEs with available financials only. Source: Wind, S&P Global Ratings.

No bond issuance in Jizhou District since 2022

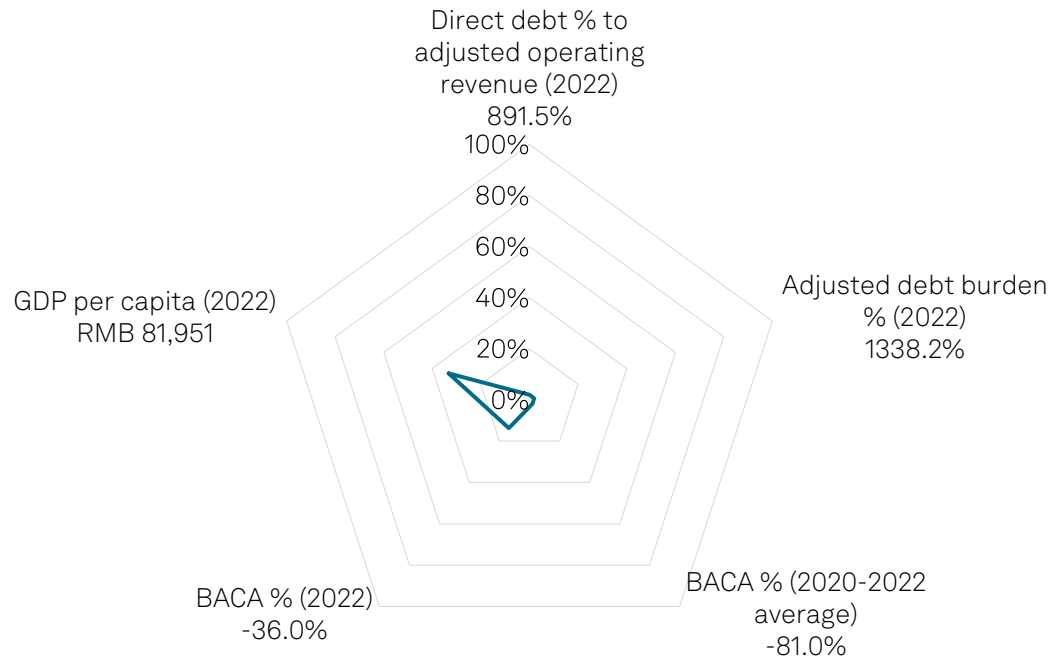


Jizhou SOE domestic bond quarterly net refinancing amount (whole district all levels)Source: Wind, S&P Global Ratings.

District Governments | Dongli

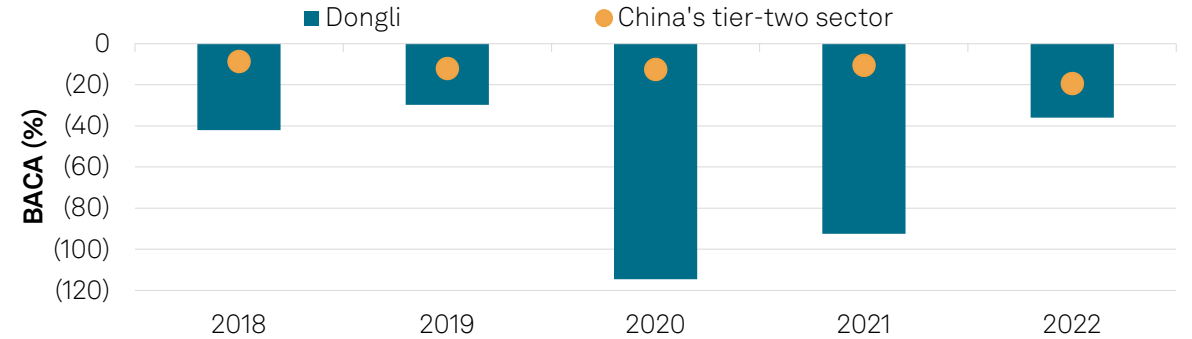
Very weak credit profile with debt-funded effort to foster synergy with Binhai that has yet to yield meaningful return

Local rank (higher % indicates stronger credit profile)



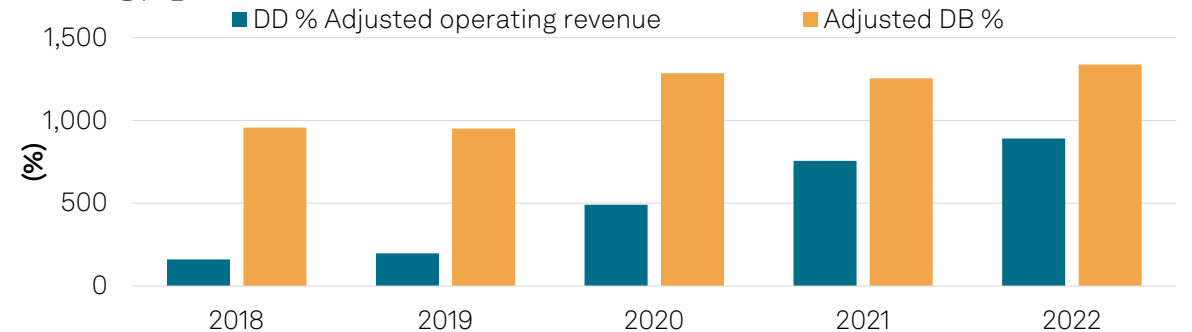
Rank among 51 Chinese tier-two LRGs. Please refer to our glossary for a definition of terms. Sources: LRGs' bureau of finance. LRGs' bureau of statistics. Wind. S&P Global Ratings.

Recent capex cuts helped restore budgetary performance



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

Debt growth peaked in 2019-2021 then slowed as investment strategy pivoted to industrial-focused



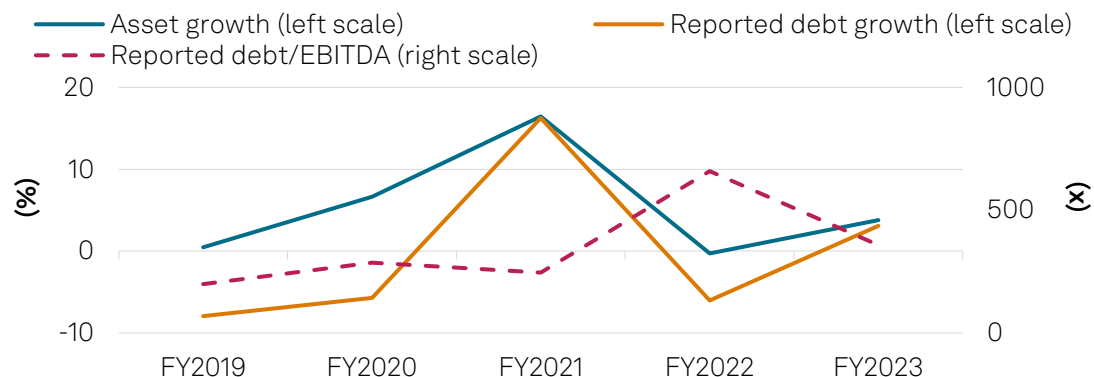
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District Governments | Dongli

Dongli SOEs' bond market access has significantly shrunk since 2021

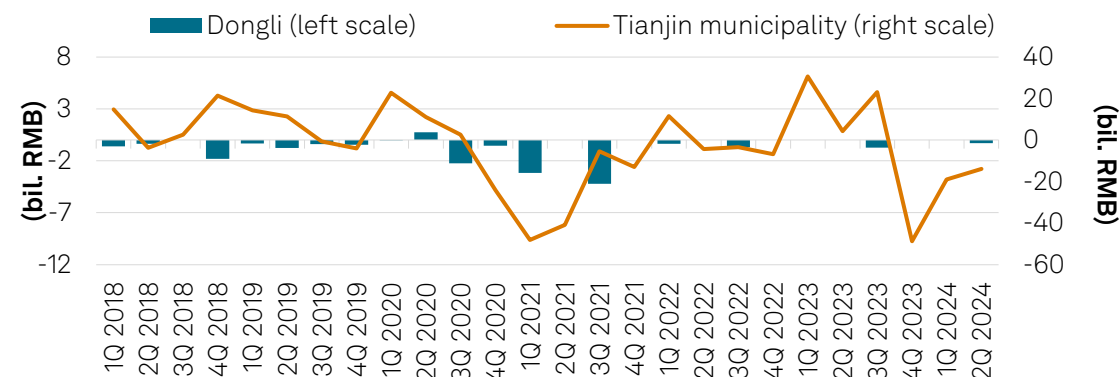
- Dongli SOEs made only two issuance from 2021-2024Q2, both by smaller SOEs measured by total debt. The two major SOEs, Tianjin Dongli Infrastructure Investment Group and Tianjin Dongfang Caixin Investment Group, opted out of the market until Tianjin Dongli Infrastructure issued a new bond in July 2024.
- Dongli SOEs' market access is limited, with net negative issuance for the past five years. We think the company has relied on non-standard financing, or government funding for refinancing. We believe Dongli SOEs have been using government funding or non-standard debts, judging from the strong growth in long-term payables. Long-term payables accounted for about half of their total debts by end-2023 from about 5% in 2020, while gross debt only saw small growth over the past three years.

Financial leverage remains elevated for Dongli SOEs



Financials aggregate district-level SOEs with available financials only. Source: Wind, S&P Global Ratings.

Dongli SOEs are not actively issuing in bond market since 2020

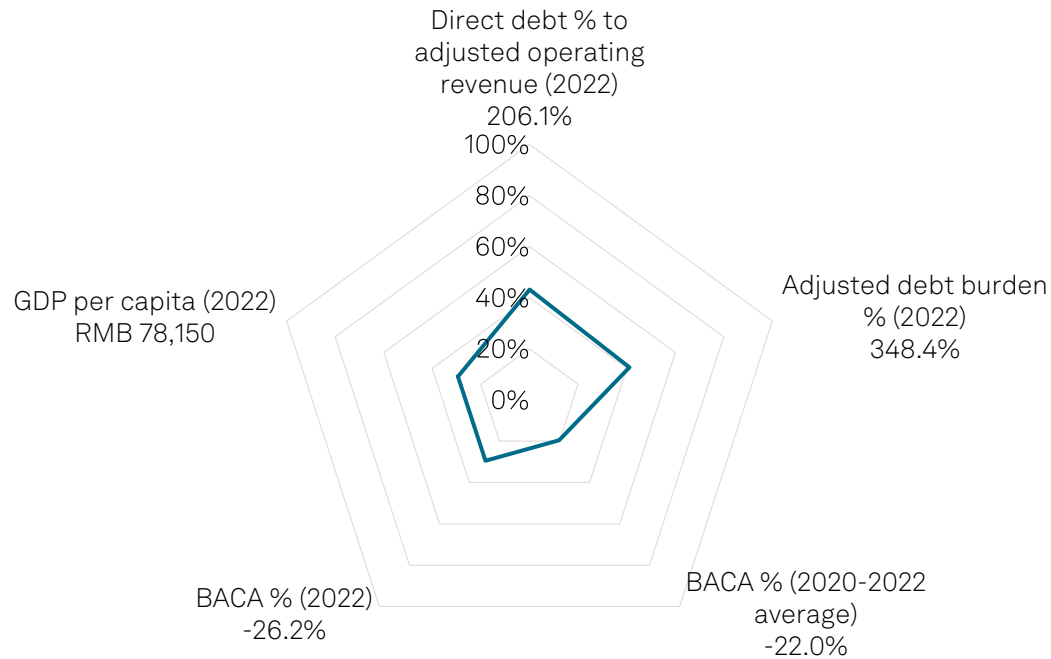


Dongli SOE domestic bond quarterly net refinancing amount (whole district all levels) Source: Wind, S&P Global Ratings.

District Governments | Wuqing

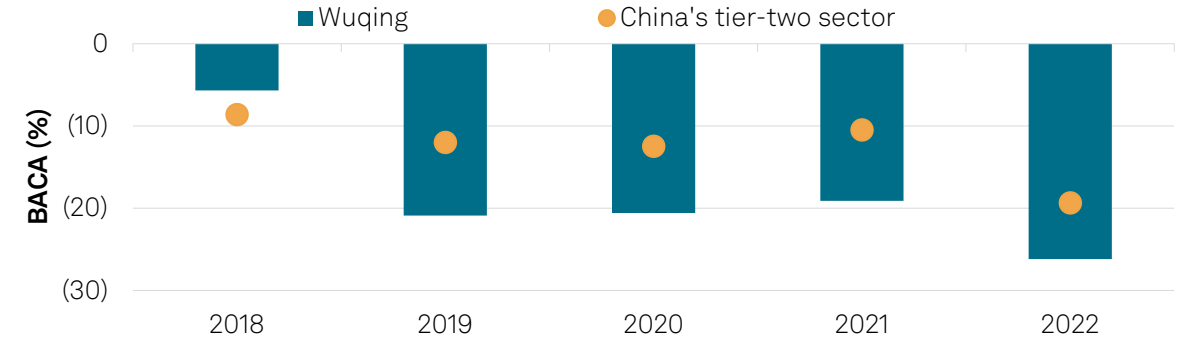
Weak credit profile constrained by high debt burden from infrastructure investment yet to show much financial gains

Local rank (higher % indicates stronger credit profile)



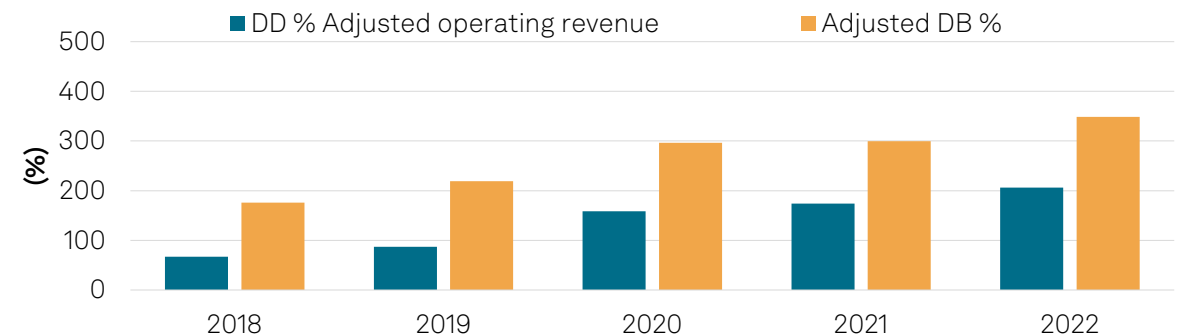
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Widening deficits dragged by increasing spending on social and urban facilities



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Growing debt burden likely stemmed from investments to increase the district's attractiveness for businesses



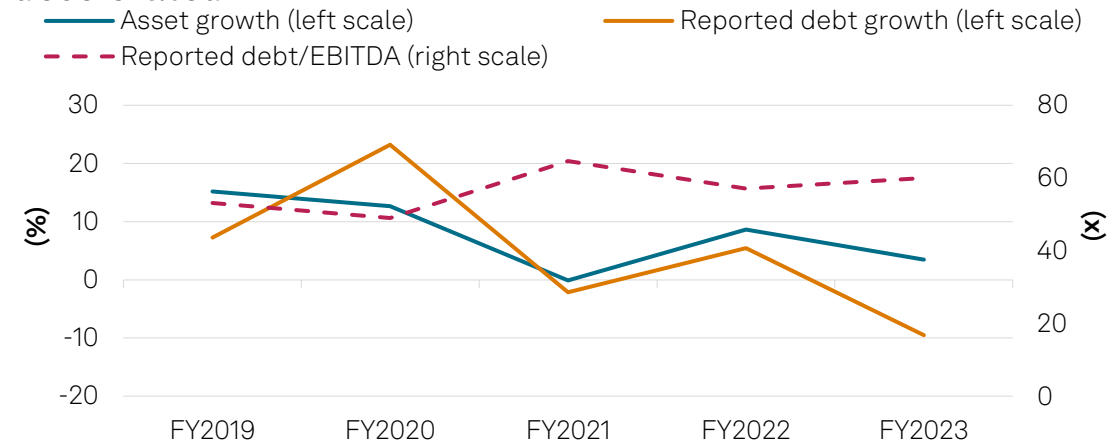
Please refer to our glossary for a definition of terms. Sources: LRGs' bureau of finance. Wind. S&P Global Ratings.

District Governments | Wuqing

Wuqing SOEs' debt growth has turned negative in 2023

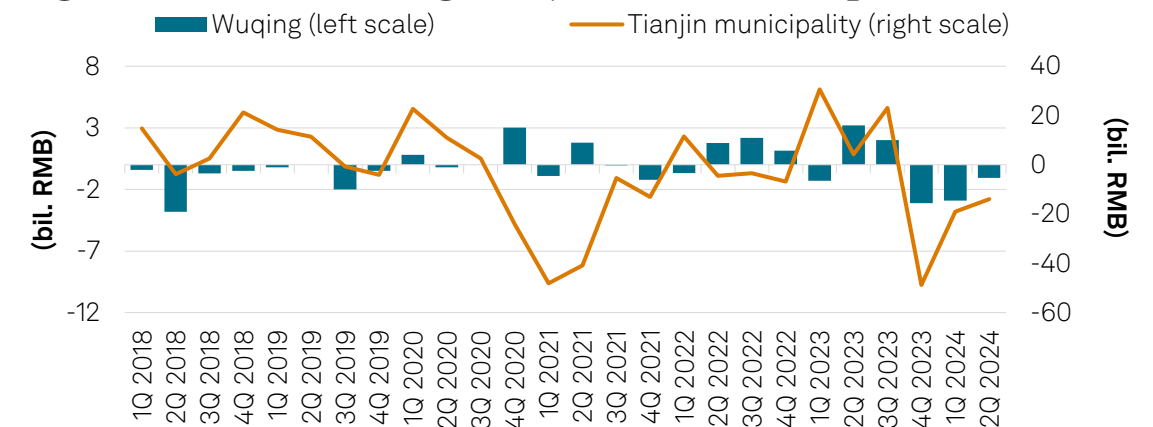
- Wuqing SOEs' businesses are highly dependent on government related revenue, including construction service, primary housing development, etc. As construction needs have been gradually waning, as well as policy constraints, we believe the leverage ratio will gradually moderate.
- However, high debt accumulated from past debt-funded projects and high receivables have left the district's SOEs with high refinancing needs. Among Tianjin's suburban districts, Wuqing has relatively better fundamentals in terms of economic growth and debt burden, which will support its SOEs' refinancing, we think.

Asset growth and debt growth both has significantly decelerated



Financials aggregate district-level SOEs with available financials only. Source: Wind, S&P Global Ratings.

Only two SOEs in Wuqing issuing bonds but have the highest issuance among Tianjin districts except for Binhai



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

Financial Institutions



Tianjin regional banks faces asset quality pressure

Tight capitalization weigh on Tianjin banks

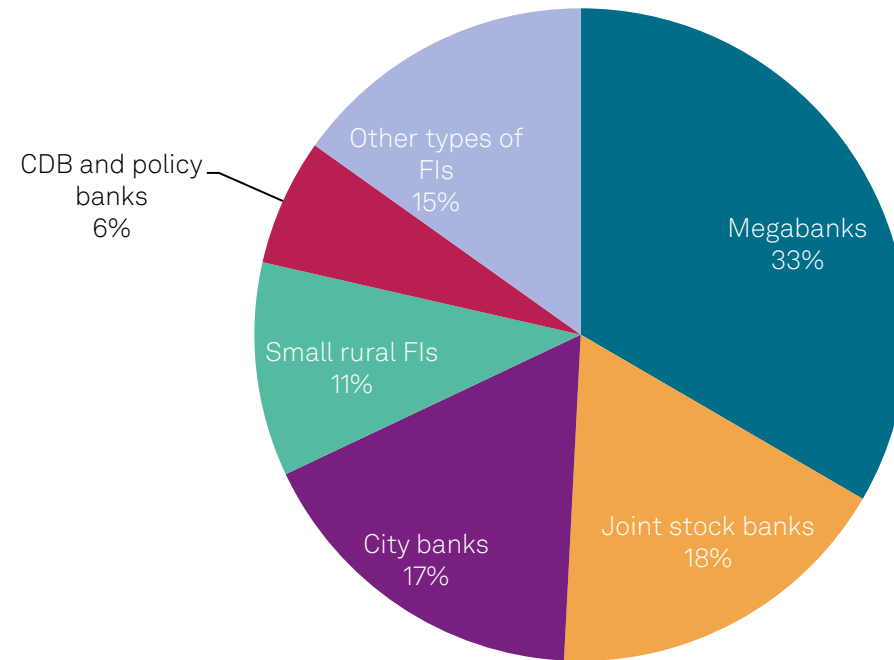
- Tianjin's volatile economy put substantial pressure on Tianjin's local banks' asset quality and profitability. They are unlikely to provide substantial additional funding to Tianjin SOEs, without receiving new capital.
- Tianjin has consolidated its rural bank sector. Two of the rural banks are substantially bigger than the national average in terms of total assets. They accounted for the vast majority of Tianjin's rural FIs balance sheet.

Overview of the banking sector

- Total assets: RMB6,515 billion
- Total loans: about RMB4,500 billion
- Total deposits: about RMB4,500 billion
- We cover the four largest local commercial banks, including one joint stock bank, one city commercial bank, and two rural commercial banks. We estimate they account for around 35.7% of assets, 16.8% of loans.

The banking sector is well diversified

Market share of different types of banking FIs by assets

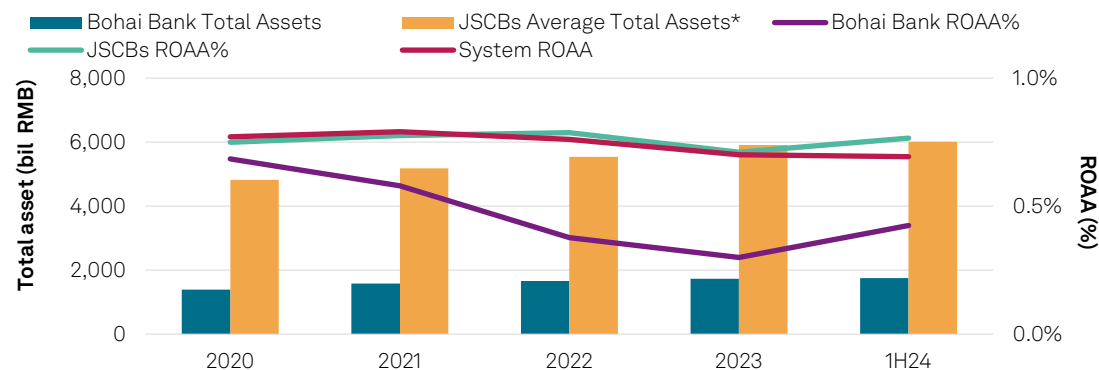


Data as of Dec 31, 2023. Local financial institutions (FIs): 1 city commercial banks, 2 small rural FIs, 13 new types of rural FIs, 23 other types of FIs.

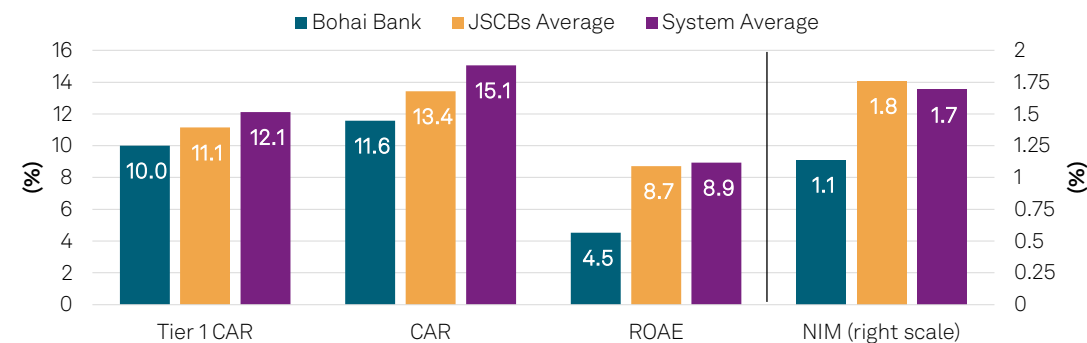
Sources: Company data, The PBOC, National Financial Regulatory Administration.

China Bohai Bank: National footprint in rebalancing phase

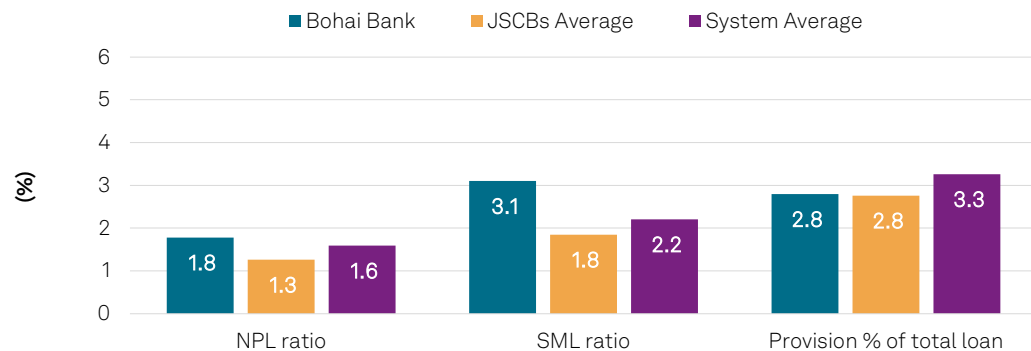
Moderating growth to manage risk



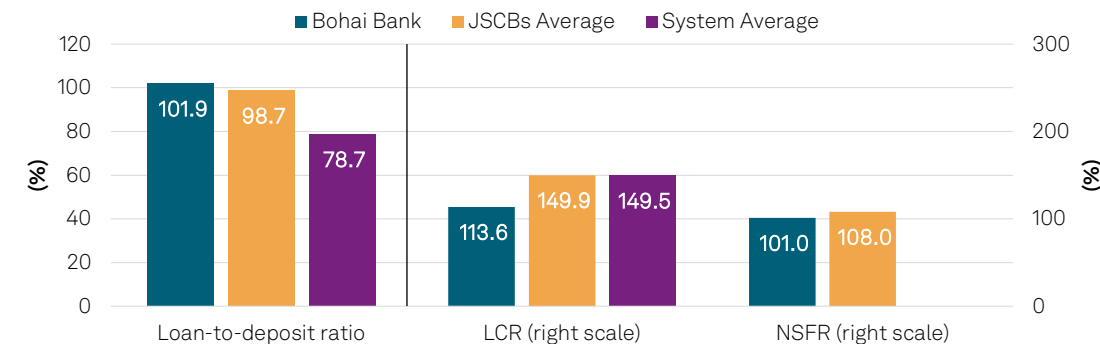
Profit and asset quality strains could reduce capital buffer



Slow Recovery In Asset Quality



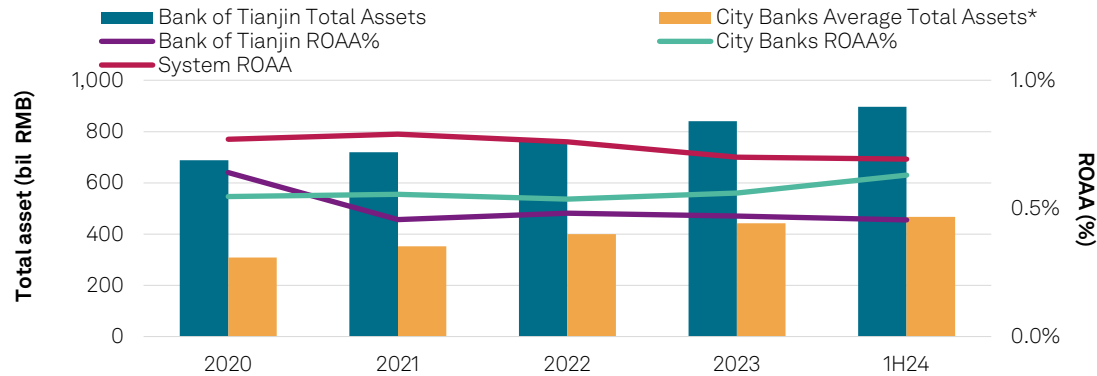
Funding and liquidity broadly in line with peers'



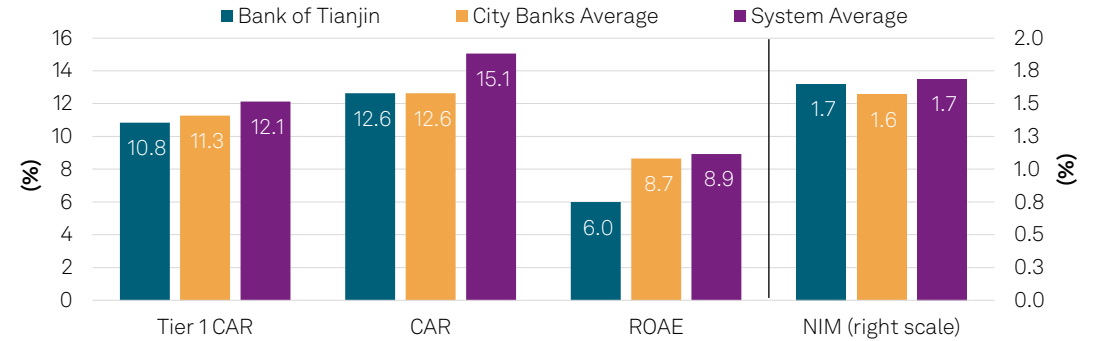
Data as of Dec 31, 2023, unless stated explicitly. The ratios are calculated by averaging the number of joint-stock commercial banks with available data: average tier-1 CAR (12), ROAE (12), SML ratio (12), provision & of total loan (12), loan-to-deposit ratio (12), LCR (12), and NSFR (12). ROAA--Return 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: Yutong Zou

Bank of Tianjin: Medium-size city bank constrained by capital

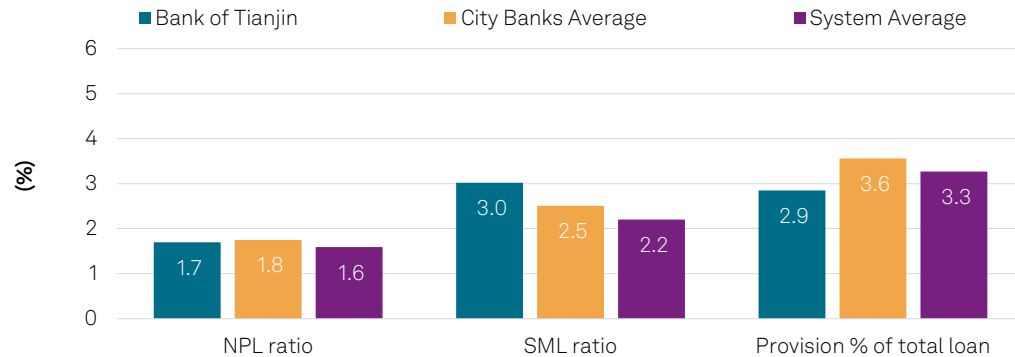
Hong Kong-listed bank with presence in six provinces



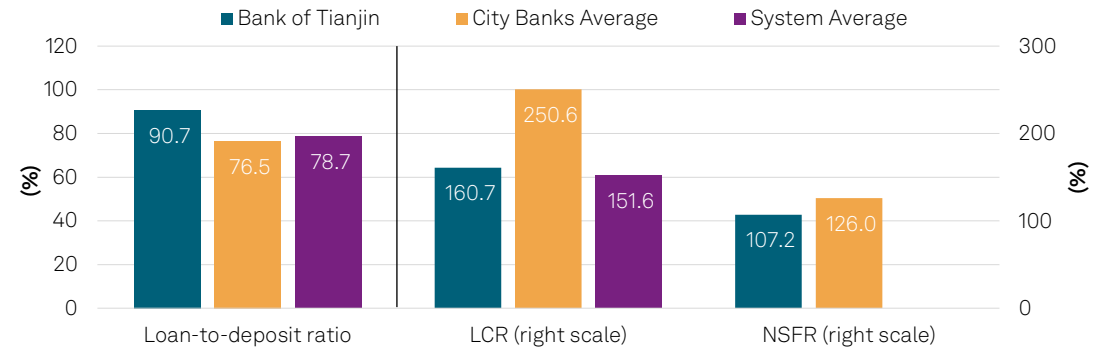
Capitalization constrained by large property/construction exposure



Asset quality under pressure, despite of improving trend



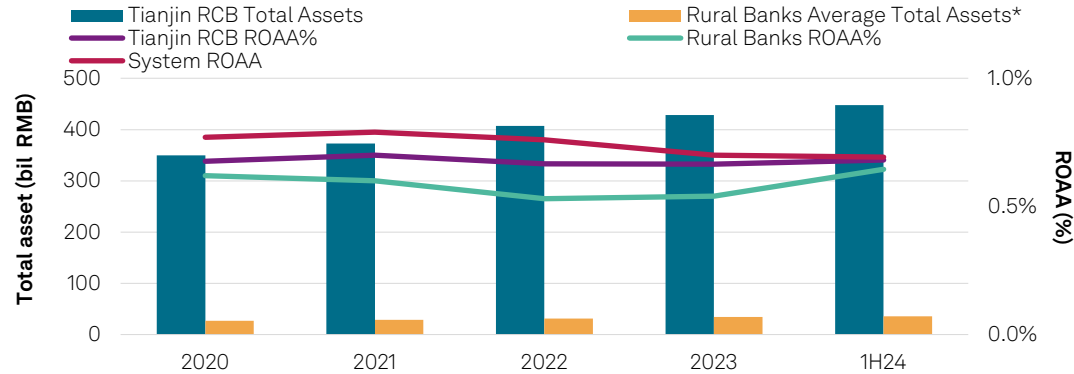
Corporate customers take up larger deposit share



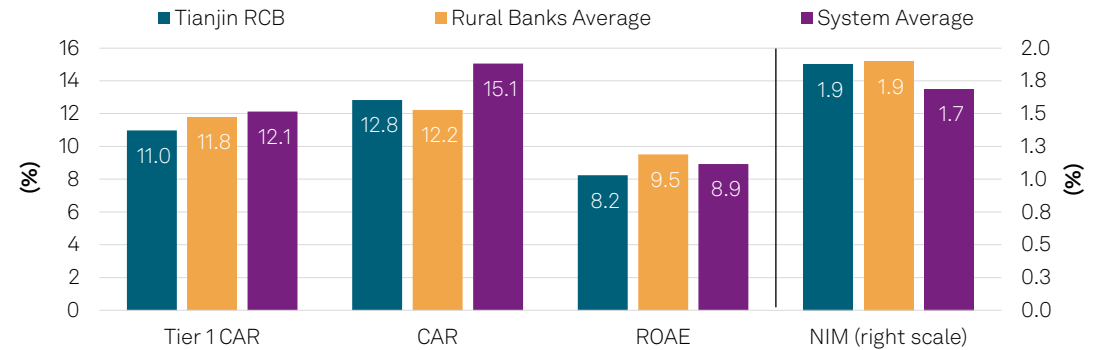
Data as of Dec 31, 2023, unless stated explicitly. The ratios are calculated by averaging the number of city commercial banks with available data: average tier-1 CAR (101), ROAE (calculated by S&P Global using NFRA sector data), SML ratio (29), Provision % of total loan (106), loan-to-deposit ratio (108), LCR (60), and NSFR (55). 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: Yutong Zou

Tianjin RCB: Regional concentration, leading to asset quality pressure

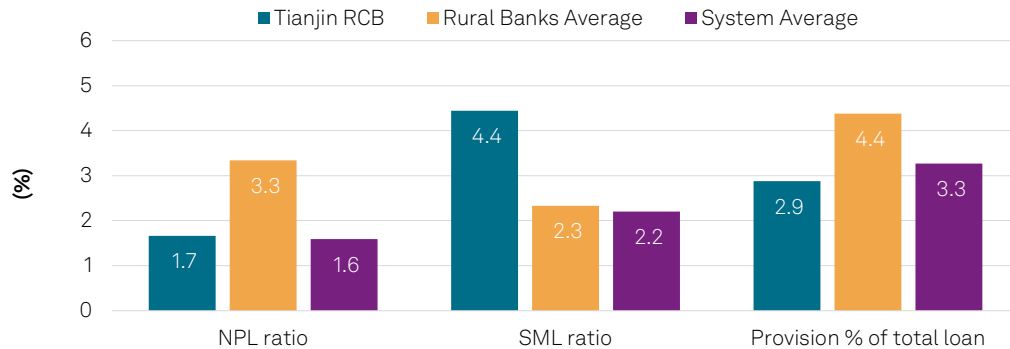
Small scale bank with regional concentration



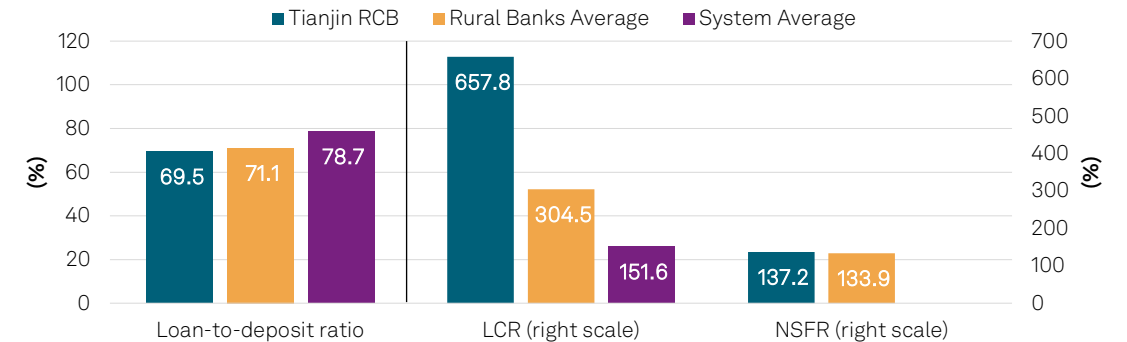
Core capital weaker than peers, and on weakening trend



Asset quality pressured by high SML and forborne loans



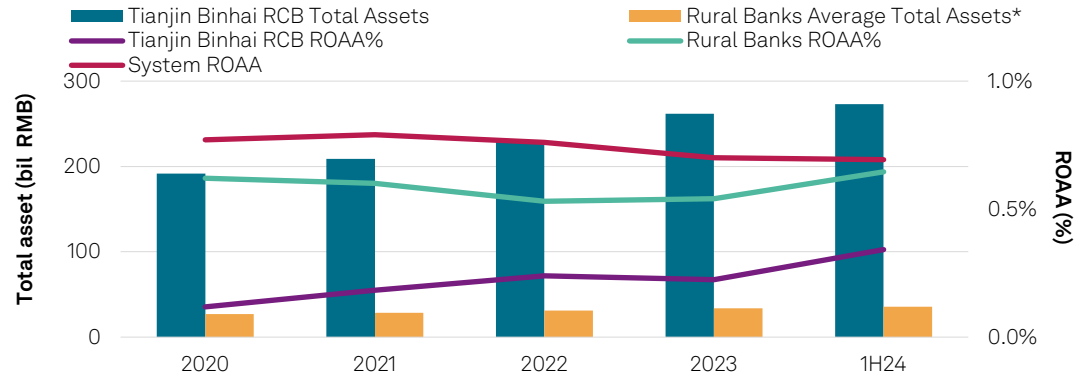
Average funding and higher liquidity from large bond holdings



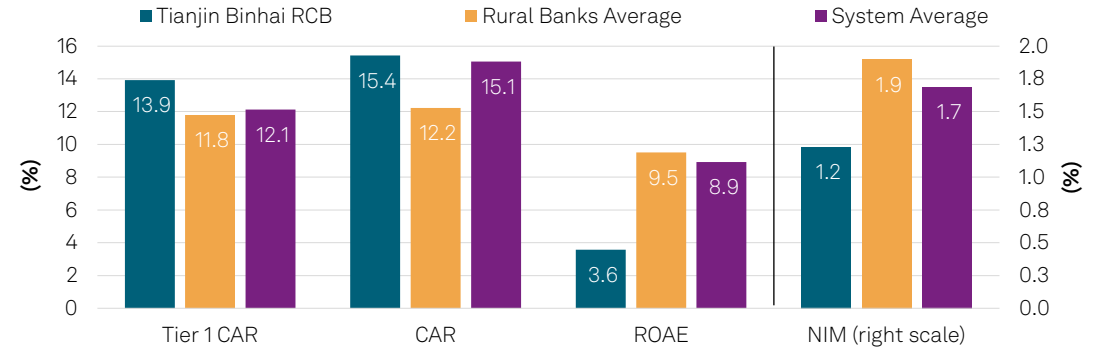
Data as of Dec 31, 2023, unless stated explicitly. The ratios are calculated by averaging the number of rural commercial banks with available data: average tier-1 CAR (295), ROAE (calculated by S&P Global using NFRA sector data), SML ratio (13), Provision & of total loan (333), loan-to-deposit ratio (336), LCR (11), and NSFR (8). Tianjin RCB—Tianjin 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: Yutong Zou

Tianjin Binhai RCB: Vulnerable local bank with weak profitability

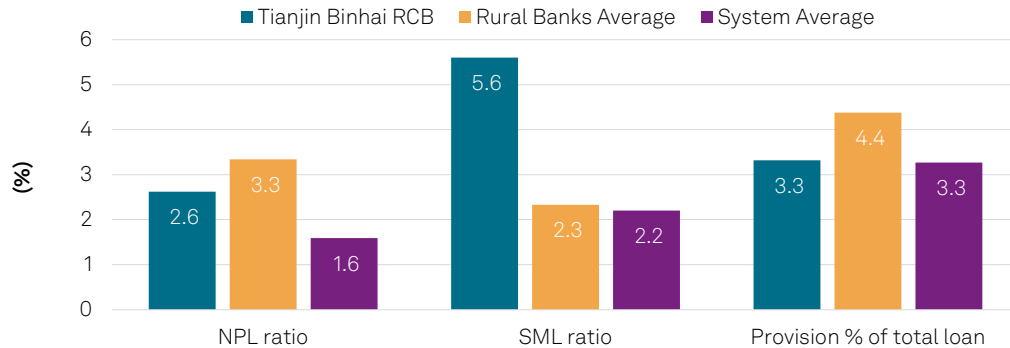
Fast growth supported city government capital injection



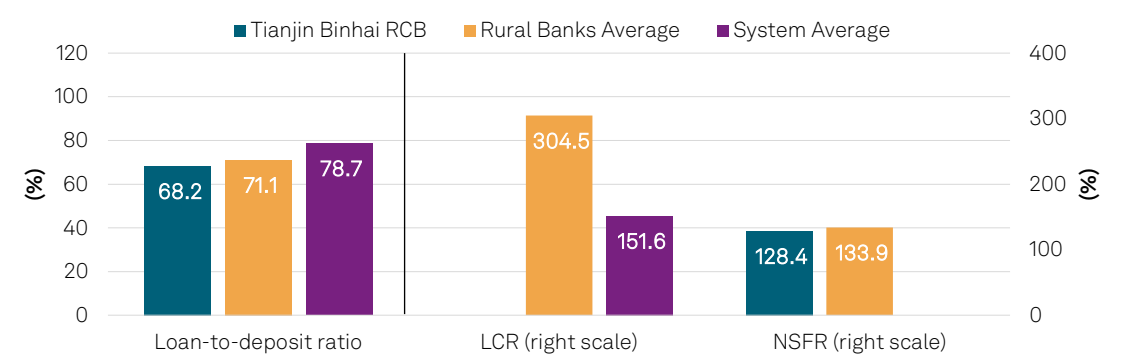
Weak profitability weighs on capitalization, despite capital injections



Asset quality under pressure from SME concentration



Average funding and liquidity



Data as of Dec 31, 2023, unless stated explicitly. The ratios are calculated by averaging the number of rural commercial banks with available data: average tier-1 CAR (295), ROAE (calculated by S&P Global using NFRA sector data), SML ratio (13), Provision & of total loan (333), loan-to-deposit ratio (336), LCR (11), and NSFR (8). Tianjin Binhai RCB—Tianjin Binhai 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: Yutong Zou

Appendix



Appendix

Key metrics of Tianjin 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 debt burden (%)	Adjusted debt burden ex. on-lending (%)
Tianjin municipal level:									
2021-2023 average	1,625	118,573	183	260	899	4.0	(10.5)	575	342
2023	1,674	122,752	193	309	938	4.3	(6.4)	599	336
China tier-one LRG sector:									
2021-2023 average	120,299	85,344	14,345	5,256	24,869	5.5	(3.1)	270	57
2023	126,058	89,358	15,287	5,766	27,779	5.2	(2.8)	293	57
Tianjin whole municipality:									
2021-2023 average	1,625	118,573	340	922	1,388	4.0	(33.6)	451	N.A.
2023	1,674	122,752	344	1,112	1,434	4.3	(42.8)	459	N.A.
China whole LRG sector:									
2021-2023 average	120,299	85,344	29,626	35,384	65,242	5.5	(15.2)	258	N.A.
2023	126,058	89,358	28,876	40,736	74,297	5.2	(15.9)	270	N.A.

Please refer to our glossary for a definition of terms. BACA %: Adjusted total revenue subtracted by adjusted total expenditure, as a percentage of adjusted total revenues. 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 Tianjin districts

	GDP scale (bil. RMB, 2023)	GDP per capita (RMB, 2023)	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)
Tianjin (Municipality of)	1,674	122,752	158	240	898	292	865	1,343
Binhai (District of)	730	360,592	87	211	255	87	211	255
Hexi (District of)	115	143,506	10	8	-	10	8	-
Xiqing (District of)	100	84,046	13	19	19	13	19	19
Wuqing (District of)	96	84,085	17	30	53	17	30	53
Nankai (District of)	75	86,925	8	14	-	8	14	-
Beichen (District of)	74	78,287	11	33	23	11	33	23
Dongli (District of)	72	86,225	9	64	43	9	64	43
Heping (District of)	67	194,619	8	4	-	8	4	-
Jinnan (District of)	57	61,356	11	57	33	11	57	33
Jinghai (District of)	50	64,549	11	29	10	11	29	10
Hedong (District of)	50	59,211	7	10	-	7	10	-
Baodi (District of)	42	59,449	9	37	15	9	37	15
Hebei (District of)	39	61,702	6	10	-	6	10	-
Ninghe (District of)	32	82,536	5	53	5	5	53	5
Jizhou (District of)	29	36,421	9	34	32	9	34	32
Hongqiao (District of)	20	46,314	7	13	-	7	13	-

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 Tianjin

SOE (non-FI)	SOE (non-FI)	Reference LRG*	Tier of LRG	Total debt (bil. RMB, 2023)
天津城市基础设施建设投资集团有限公司	Tianjin Infrastructure Investment Group Limited Company	Tianjin (City of)	T1	451.8
天津泰达投资控股有限公司	Teda Investment Holding Co.,Ltd.	Tianjin (City of)	T1	194.0
天津滨海新区建设投资集团有限公司	Tianjin Binhai New Area Construction & Investment Group Co.,Ltd	Tianjin (City of)	T1	115.2
天津港(集团)有限公司	Tianjin Port(Group) Co.,Ltd	Tianjin (City of)	T1	87.4
天津保税区投资控股集团有限公司	Tianjin Free Trade Zone Investment Holding Group Co.,Ltd	Binhai New District (District of)	T2	72.1
天津经济技术开发区国有资产经营有限公司	Tianjin Economic And Technological Development Zone State-Owned Assets Management Co.,Ltd.	Binhai New District (District of)	T2	66.1
天津临港投资控股有限公司	Tianjin Lingang Investment Holdings Limited	Binhai New District (District of)	T2	63.3
天津渤海国有资产经营管理有限公司	Tianjin Bohai State-Owned Assets Administration Co.,Ltd	Tianjin (City of)	T1	60.1
天津东方财信投资集团有限公司	Tianjin Dongfang Caixin Investment Group Co.,Ltd.	Dongli (District of)	T2	59.7
天津广成投资集团有限公司	Tianjin Guangcheng Investment Group Co.,Ltd.	Jizhou (District of)	T2	53.7
天津渤海化工集团有限责任公司	Tianjin Bohai Chemical Industry Group Co.,Ltd.	Tianjin (City of)	T1	41.8
天津泰达城市发展集团有限公司	Tianjin TEDA City Development Group Co., Ltd.	Binhai New District (District of)	T2	38.6
天津津融投资服务集团有限公司	Tianjin Financial Investment and Services Group	Tianjin (City of)	T1	29.2
天津武清经济技术开发区有限公司	Tianjin Wuqing Economic and Technological Development Zone Co.,Ltd.	Wuqing ((District of)	T2	26.3
天津市武清区国有资产经营投资有限公司	Tianjin Wuqing State-Owned Management Investment Company	Wuqing ((District of)	T2	24.0

Data as of December 2023. The list shows top 15 SOEs by total debt within the sampled cities. The aggregate accounts for 89% of the total debt of the 31 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 Tianjin region

SOE (FI)	SOE (FI)	Reference LRG*	Tier of LRG	Assets (bil. RMB, 2023)	Total loan (bil. RMB, 2023)	CAR % (2023)
渤海银行股份有限公司	China Bohai Bank Co., Ltd.	Tianjin (Municipality of)	T1	1,733	920	11.6
天津银行股份有限公司	Bank of Tianjin Co., Ltd.	Tianjin (Municipality of)	T1	841	396	12.6
天津农村商业银行股份有限公司	Tianjin Rural Commercial Bank Co., Ltd.	Tianjin (Municipality of)	T1	429	210	12.8
天津滨海农村商业银行股份有限公司	Tianjin Binhai Rural Commercial Bank Co.,Ltd.	Tianjin (Municipality of)	T1	262	139	15.4

Data as of December 2023.

*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. CAR -Capital Adequacy Ratio

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 cash coverage to ST debt: SOEs' cash and short-term securities measured against their short-term debt.

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- [China Tier-One Local Government Risk Indicators](#), Jul. 22, 2024
- [Shaanxi Province in Focus](#), May. 16, 2024
- [What Are The Credit Implications Of China's Various Programs To Support Growth?](#), Mar 28, 2024
- [China LGFVs' Bigger Housing Role: Risk Control Matters](#), Mar 27, 2024
- [China LRG in Focus- Zhejiang Province](#), Mar. 21, 2024

Related Research

- [China Tier-Two Local Government Risk Indicators](#), Dec. 4, 2023
- [China LRG in Focus- Jiangxi Province](#), Nov. 27, 2023
- [China's Fiscal Bid To Stanch Local SOE Debt Risk](#), Nov. 2, 2023
- [China LRG in Focus- Hubei Province](#), Oct. 5, 2023
- [China's District And County Recovery Crimped By Property Slide And Debt Checks](#), Sept 13, 2023
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- [Institutional Framework Assessment: China Provincial Governments' Capital-Light Framework To Support Fiscal Positions](#), Aug. 10, 2023
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- [What Are China's Options To Resolve Local-Government SOE Debt Risk?](#), Aug. 2, 2023
- [China LRG in Focus– Yunnan Province](#), Jul. 6, 2023
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