

Financial Restructuring in 1994

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1. 1994: a year of macroeconomic reforms

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This chapter looks at two major aspects of the reform programme: **(1) central and commercial banking; (and (2) foreign exchange...not covered here)**. The relative achievements and setbacks on these two fronts are quite revealing, as they throw light on the dynamic interaction between the central government and the local authorities, the conflict between reforms and macroeconomic stability, as well as the uneven developments in the Chinese reform process. Most commentators would agree that the foreign exchange reforms have been much more successful than the banking reforms. In the process of discussion, I shall also look into the new "triangular trade-off" in China's economic policies and the compromises that had to be made in 1994.

2.1 Preludes to the banking reforms of 1994

The 1994 banking reforms were related in a rather complex manner to the problems encountered in the preceding two years, and it may be useful to start with a short review. Financial disorder had become rampant by the first half of 1993, although the inflationary situation was yet not as bad as 1988. As huge amounts of funds were irregularly channeled to long-term projects such as the economic development zones (EDZs 經濟開發區) and property developments, as well as short-run speculative activities in the stock and futures markets (together constituting the so called "**three new fevers**" 新三熱---*xin san re*), the consequences of further uncoordinated expansion could be very serious.

There was also an upsurge of the activities of non-bank financial institutions (NBFIs) in 1992-1993. **Unauthorized borrowing and lending, involving many NBFIs, had become widespread since 1992.** Moreover, many of the NBFIs were established by local branches of specialized banks as a vehicle to circumvent central scrutiny. Ignoring state restrictions, some local banks diverted massive amounts of funds to these financial institutions. In 1992, the sum total of net lending by the specialized banks to the other financial institutions amounted to more than 60 billion yuan. The situation continued to worsen in the first half of 1993.

The frantic scramble for funds reached a climax in the first half of 1993. On the

one hand, there was a rapid expansion of direct fund-raising by enterprises. On the other, a massive decline of deposits in the banks was observed. Many financial institutions illegally raised interest rates to attract deposits, and underground banks and funds operators charged exorbitant lending rates, a few even on a daily basis.

Despite the proliferation of direct fund solicitation, there was little doubt in the mind of the authority that the crux of the problem was still with the banking sector, which nurtured the NBFIs. The **illiquidity of many local branches of the specialized banks** was heading for crisis. The cash reserve ratios of many of them fell below the 5% "warning level" in 1992, and the situation further deteriorated in 1993. By the end of the first quarter, the average cash reserve ratio of the specialized banks was only 3.6%, while the ratio of some branches in the Zhejiang province slid even below 1%. Irregular interbank borrowing and lending was also a big problem, where many bank branches used short term funds to extend long term loans.

Hence the central government felt compelled to do some thing to restore financial order and to cool down the economy. **A sixteen-point macroeconomic adjustment package (宏觀調控十六點方案) was unveiled in early July 1993, and over half of the measures were administrative in nature.** However, the adjustment essentially lasted for only two months, as credit was significantly relaxed again from September onwards.

With hindsight, there can be two possible interpretations of the about-turn. First, the tightening caused severe hardship for a large number of unexpected victims, including many state enterprises and worthy projects. It again revealed dramatically the dilemma facing the central monetary authority: any macro-control might not produce the desirable micro-effects; but any waiving of macro-control would lead to even more serious micro-problems. Second, the government did not really intend to engineer a general clamp-down on the economy. It was practicing the so called "stop-go" (*zou zou ting ting* 走走停停) approach instead of repeating the past cycles of *laissez faire* on the upswing and "hard braking" on the downswing of the economy. In any case, both arguments can be used to support the view that the government was actually using the 16-point programme as a prelude to the comprehensive reform launched later.

Let us begin by looking at the first interpretation. A key problem in this regard is the fact that the specialized banks, the pillar of the Chinese financial system, have yet to become truly commercialized despite all the reform attempts since 1984. The crux is that of balance-sheet fragility in the specialized banks. Table 1 presenting their aggregate balance sheet provides the key evidence.

Table 1

Balance Sheet of the State Specialized Banks
Year-end, 1988 and 1993

Unit: Rmb billion

	1988	1993		1988	1993
<u>Liabilities</u>			<u>Assets</u>		
Deposits	668.61 (55.14)	2140.01 (62.23)	Loans	1024.57 (84.50)	2586.97 (75.22)
Due to PBOC	336.12 (27.72)	961.26 (27.95)	Required reserve	80.96 (6.68)	270.83 (7.88)
Own Capital	91.44 (7.54)	154.33 (4.49)	Due from PBOC	37.55 (3.10)	213.56 (6.21)
Other Liabilities	116.30 (9.60)	183.44 (5.33)	Cash	10.36 (0.85)	42.30 (1.23)
			Other Assets	59.03 (4.87)	325.38 (9.46)
Total	1212.47 (100.0)	3429.04 (100.0)	Total	1212.47 (100.0)	3439.04 (100.0)

Source: Simplified from People's Bank of China, *China Financial Outlook '94*, July 1994, Table 3-4, pp.89-90.

Note: Numbers in brackets are percentages. PBOC--People's Bank of China; Deposits and loans refer to those denominated in the Renminbi only. Foreign currency deposits and loans are lumped into other liabilities and other assets respectively.

As Table 1 shows, **the specialized banks were heavily dependent on the central bank, the People's Bank of China (PBOC), for funding.** In 1988, net liabilities to the PBOC amounted to Rmb 217.61 billion, or 17.95% of their total assets. They formed an important source to bridge the huge loan-deposit gap of Rmb 355.96 billion, which represented 29.36% of total liabilities. The situation improved somewhat by the end of 1993. Net liabilities to the PBOC equalled 13.87% of total assets and the loan-deposit gap was 13.0% of total liabilities. In any case, the aggregate balance sheet still looked precarious. Unlike their commercial counterparts outside the country, **over 70% of the special banks' funds were lent out as loans, rather than diversified into a portfolio of assets with different degrees of liquidity, risk, and returns.** An additional problem was that a substantial portion of the loans was "**policy loans**" with very low liquidity and, if any, low returns, and many of "commercial" loans extended to

ambitious investment projects and speculative activities also faced repayment difficulties.

According to some estimates, as much as 30% of the total outstanding loans of the banking system could be regarded as at risk in 1993.

Facing such a **fragile financial structure** of the banking system, the PBOC has been caught in a dilemma in its attempt to implement monetary control. The evolution from the initial "gap control" in 1984-85 to the later system of reserve requirement and relending did not markedly change the situation. Given this kind of lopsided balance sheet, the impact of any tightening by the PBOC would be drastic as there were very little liquid assets out of which the banks could switch. To restore balance, they had few alternatives other than curbing new lending and demanding enterprises to repay outstanding loans. This would generate severe knock-on effects in the economy as a whole. It was one of **the key reasons why the PBOC was usually reluctant to reign in unless things were really out of control**. To get out of the dilemma, it has become obvious that real reforms in the central and commercial banking systems need to be implemented.

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As to the second interpretation---**the "stop-go" approach**, one basic motivation is exactly the increasing difficulty associated with a general clampdown. Moreover, **given the structural changes in the economy and the shifts in behavioural patterns among different parties (consumers, public and private enterprises, local governments), there is a need for Beijing to re-think about the balance between macro-adjustments and reforms**. A case can be made that macroeconomic policy in China should be more reform-oriented in the sense that it should cater more for systemic changes rather than short-run supply-demand balance in the economy. In other words, if bigger institutional progress can be achieved, then greater cost, say in terms of higher inflation, may be acceptable. I have called this a "triangular trade-off" (among growth, inflation and reform), in contrast to the bivariate trade-off (between growth and inflation) along the "Phillips Curve" in a typical market economy.

Under such a view, **Beijing deliberately tightened credit two times (last quarter of 1992, July-August 1993) in a stop-go manner before the launching of the comprehensive reforms in November 1993**. It would then be a misleading to call the 16-point package an "austerity programme", as the government did not intend to impose hardship on the economy. The basic objective was rather to pinch the financial bubbles and restore order in the banking sector largely by engineering a change in expectations. This approach was of course very different from the past "make-or-break" cyclical pattern, under which overheating was allowed to get out of control before crude administrative measures were used to brake the upswing.

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In any case, **reform fervour soon dominated the economic scene as the government launched initiatives that aimed at quickly establishing an effective**

macroeconomic control mechanism. As far as radical fiscal and monetary reforms in China are concerned, there has been no lack of justifications. As we have argued elsewhere, macro-instability in China since 1979 has been the result of, among other factors, the lagged development of a new mode of macroeconomic control under a situation of systemic changes. That in turn could be attributed to the basic philosophy and strategy underlining the Chinese reforms.

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Regarding the monetary system, a popular view was to rectify the problems of balance-sheet fragility and the lack of autonomy of the specialized banks by shifting the "policy loans" in their portfolio to newly established, non-profit-seeking financial institutions responsible for long-term credit, import and export trade, and agricultural development. Having shed the burdens of loans of low viability and returns, the truly "commercialized" banks would behave more rationally, while the "policy banks" could carry on with their strategic functions. An alternative, or more accurately, transitional measure was to have two separate balance sheets for the two types of loans extended by the specialized bank. Competition might be promoted by allowing a larger number of banks to be set up, particularly at regional and local levels, while more financial markets should be developed to widen and deepen the system. Moreover, the effectiveness of the central bank ought to be strengthened through the enhancement of its status and autonomy in the political hierarchy, the introduction of more monetary instruments, and the liberalization of interest rates.

The resolution of the Third Plenum of the Fourteenth Central Committee of the CPC in November 1993 turned out to be relatively cautious in tone. The professed aim was **to "initiate a socialist market economic structure by the end of the 20th century"**. No massive privatization of state assets and enterprises was proposed, nor was a rapid floating of the Renminbi. Instead, the *Decision* stressed a balance between maintaining gradual progress and order on the one hand and the need to achieve breakthroughs in key areas on the other. The most emphasized "key areas" appeared to be the reforms in the taxation and the monetary systems, and the explicit intention was to increase the ability of the central government to mobilize resources and to influence the economy.

Nevertheless, the conceived breakthroughs looked mild. **In paragraph 19**, the *Decision* sketched the financial reforms to be implemented, which threw out few surprises, remained vague, and refrained from giving any concrete time table. **It stressed the need to build an effective central banking system which adopted modern measures such as reserve ratio on deposits, the PBOC's lending rate, and open market operations to replace direct quantitative control of credit. It talked about the establishment of a "monetary policy committee" for the timely adjustment of monetary and credit policies, but gave no clues as to whether its structure and functions would be similar to the Federal Reserve Board of the US or the Council of the German Bundesbank.** Unlike what some commentators had suggested, the

Decision did not stipulate that all provincial and district branches of the PBOC should be closed. That was a radical proposal intended to sever the link between the PBOC branches and parties of vested interests at the local level. Instead, the document said that "the branches of the People's Bank of China are clarified as agencies of the head office, and active efforts should be made to create conditions for setting up trans-regional branches".

While policy banks were to be formed, the "specialized banks should gradually change into commercial banks, and, when necessary, rural and urban co-operative banks should be set up step by step". **No significant liberalization of interest rates was proposed**, but the "central bank should make timely **readjustments of the benchmark interest rate** and allow the deposit and loan interest rates of commercial banks to float freely within a specified range." **All in all, despite the desire for breakthrough, the Chinese authority was careful not to become adventurist.**

2.2 Difficult economic environment for banking reforms

As it turned out, the actual banking reforms implemented in 1994 were of even more limited scope than the broad outlines stated in the *Decision*. There was no news about the "monetary policy committee" in the year and the attempt on the commercialization of the banking system appeared half-hearted as the government had to battle the twin problems of rising inflation and deteriorating financial situation of the state-owned sector. Decisions on the monetary stance and credit allocation were heavily influenced by political as well as economic considerations, and they were often pushed through with administrative means.

表一：中國之經濟增長率與通脹率

Table 1: Real Growth and Inflation in China

年份 Year	名義國內生產總值(億元) Nominal GDP (RMB 100mn)	國內生產總值實質增長率 Real GDP growth (%)	商品零售價格通脹率 Retail inflation (%)
1984	7171.0	15.2	2.8
1985	8964.4	13.5	8.8
1986	10202.2	8.9	6.0
1987	11962.5	11.6	7.3
1988	14928.3	11.3	18.5
1989	16909.2	4.1	17.8
1990	18547.9	3.8	2.1
1991	21617.8	9.2	2.9
1992	26638.1	14.2	5.4
1993	35333.9	13.9	13.2
1994	48197.9	13.1	21.7
1995	60793.7	10.9	14.8

2.3 The 1994 banking reforms in practice

It should therefore cause little surprise that under such a situation marked progress in the reform of the banking system and the establishment of modernized, flexible, but effective monetary control would be difficult. In any case, **some steps were taken, including those at the top layer of the hierarchy. The internal control mechanism of the central bank was re-centralized, with the abolition of the credit granting power of its branches¹ as well as the profit-retention system . The link between fiscal deficit and monetary expansion was severed, as the Finance Ministry had to issue bonds to cover its revenue shortfall instead of borrowing from the PBOC.** At the same time, several pieces of laws, including the Central Bank Law, the Commercial Bank Law, the Commercial Bill Law and the Insurance Law were drafted or scrutinized. Attention was focused on the Central Bank Law and the Standing Committee of the National People's Congress had a rather lively debate about it.

At the same time, **three "policy banks" were established**, as promised. They were: (1) The China State Development Bank (SDB); (2) The China Import and Export Bank (IEB); and (3) The China Agricultural Development Bank (ADB); which officially started functioning in April, July and November of 1994 respectively.

The **SDB**, with an initial registered **capital of Rmb 50 billion** provided by the government over a four-year period, issued **financial bonds of Rmb 75.8 billion** to domestic banks and financial institutions in 1994. It also raised commercial loans of US\$50 million and issued US\$100 million worth of bonds overseas. Its task was to take over the policy loans of the People's Construction Bank and the functions of six investment corporations controlled by the State Planning Commission: with priorities assigned to "soft", low-interest loans for key infrastructural and industrial projects. A total of Rmb 86.2 billion in loans covering over 400 projects (including the mammoth Yangtze River Three Gorges Dam Project and the Beijing-Kowloon Railway) was planned by the SDB for 1994.

The **IEB** had an initial registered **capital of Rmb 3.4 billion** and planned to issue **Rmb 1.7 billion worth of bonds** in 1994. It was supposed to extend an amount of Rmb 3 billion in loans to finance the import and export of major plants, equipment and products. Finally, the ADB was capitalized at Rmb 20 billion.

Unlike the SDB and the IEB, **the ADB** was empowered to set up a branch network to **accept deposits** from the public. It was to take up the policy lending functions related to agriculture from the PBOC, the Industrial and Commercial Bank of China, as well as the People's Construction Bank of China, and its major task was "to manage state policy loans for grain, cotton and oil procurements for reserves, state purchases of farm produce and agricultural development projects." On top of these three banks, a national policy bank on housing was also contemplated by the Planning Commission and the Construction Ministry although no concrete time table emerged.

Several points can be noted in this regard. First, **the planned capital base of the**

three policy banks was less than half of the combined equity of the specialized banks at the end of 1993, which stood at Rmb 154.33 billion. Second, other than the ADB, the SDB and IEB could only top up their capital by issuing bonds and borrowing from domestic and financial institutions, rather than collecting deposits from the public. Their sources of funding were therefore limited. Third, the total lending of the policy banks, at least for the immediate future, looked small compared with the outstanding loan balance of the specialized banks, which amounted to Rmb 2586.97 billion at the end of 1993.

Given such operational sizes of the policy banks, it is not difficult to understand that the commercialization of the specialized banks would face some problems. While the categorization of **"policy loans" and "non-policy" or "commercial" loans** came across few theoretical barriers, and, according to a source of the author, such an effort was completed by June 1994, the transfer of *existing* policy loans from the specialized to the policy banks was an entirely different matter. Assuming a 20% overall ratio, they would exceed Rmb 520 billion in 1994. Not all of these policy loans were "bad" or "doubtful", but it is foolhardy to deny that a substantial portion of them could be so characterized, at least in the short run. Unless the specialized banks also divert to the policy banks part of their capital and working funds, it might not be viable for the latter to start operation should they have to take over the entire portfolio of policy loans. But if the specialized banks did so, they would be in trouble themselves, given their balance-sheet fragility.

After all, it is **a problem of absorbing bad-quality loans** in a banking system with low liquidity and facing problems of solvency. Unless fresh capital and funds can be raised in large scale or that massive write-off may be tolerated, the only alternative is to do it slowly, in the hope that economic growth provides the cushion and costs could be apportioned in an acceptable manner among parties of vested interest through a drawn-out bargaining process. Premier Li Peng had said in early 1993 that the separation of policy banks and commercial banks was a task that would "require several years or an even longer period".

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As for the **"commercialization of the state banks", the only major step taken in 1994 was the implementation of an "asset and liability ratio management system"** (資產與負債比例管理), which was regarded as temporary and transitional given "the specific situations" in China.

Table 2

Stipulated Asset and Liability Ratios for Commercial Banks in 1994

Loan/deposit ratios

- | | | |
|----|--|-------------------------------|
| 1. | Loan/deposit ratio | $\leq 75\%$ |
| 2. | Incremental loan/deposit ratio | $\leq 75\%$ |
| 3. | Long and medium-term loan/deposit ratio
(of maturity of one year or more) | $\leq 120\%$ |

Liquidity ratios

- | | | |
|----|--|--------------|
| 4. | Liquid asset/liability ratio
(of maturity of one month or less) | $\geq 25\%$ |
| 5. | Excess reserve ratio | $\geq 6-7\%$ |

Concentration ratios

- | | | |
|----|----------------------------------|--------------|
| 6. | Single customer loan ratio | $\leq 15\%$ |
| 7. | Ten largest customers loan ratio | $\leq 50\%$ |
| 8. | Shareholder loan ratio | $\leq 100\%$ |

Interbank ratios

- | | | |
|-----|----------------------------------|------------------------------|
| 9. | Interbank borrowing ratio | $\leq 4\%$ |
| 10. | Interbank lending ratio | $\leq 8\%$ |

Loan quality indicators

- | | | |
|-----|---------------------------|------------|
| 11. | Overdue loan ratio | $\leq 8\%$ |
| 12. | Non-performing loan ratio | $\leq 4\%$ |
| 13. | Bad loan ratio | $\leq 2\%$ |

Capital adequacy ratios

- | | | |
|-----|-----------------------------|------------|
| 14. | Capital adequacy ratio | $\geq 8\%$ |
| 15. | Core capital adequacy ratio | $\geq 4\%$ |

Sources: Adapted from Mao Hungjun, *Zhongguo Jinrong Tizhi Gaige Xin Juicuo* (New Measures in the Financial System Reform in China), Beijing University Press, July 1994, pp.109-125; and HongkongBank China Services Limited, *China Monthly Report*, November 1994, pp.15-16.

The **incremental loan/deposit ratio (i.e. the increase in loans divided by the increase in deposits)---(1) was applied to the four state banks**, while the loan-deposit ratio (i.e. the outstanding balance in loans as a percentage of the outstanding balance in deposits)---(2) was imposed on the Bank of Communications and other commercial and joint venture banks. **Such a differential treatment was mainly a concession to the problem of financial fragility of the specialist banks.** As can be calculated from Table 1, the loan/deposit ratio of the latter, on the basis of outstanding balances, was **120.89% (2586.97/2140.01)** at the end of 1993. It would almost impossible to bring the ratio down to 75% or below any time soon. The range of the excess reserve ratios (5-7%) was, on the other hand, supposed to give the PBOC some flexibility to cater for the different situations of various banks.

The ratios on interbank borrowing and lending (\leq) seem strange to outsiders. However, they were put in place to restrict the practice by banks to borrow short from the interbank market and lend long to customers, disregarding problems of illiquidity and risks--a practice which plagued the financial system, particularly in 1993. As to the loan quality indicators, they were fixed "after considering the average quality levels of existing loans in the country" and might be tightened with the improvement of the operation of the commercial banks. Finally, it was explicitly recognized that it would be difficult for the banks to fulfill the capital adequacy ratios in the short run. Improvement by stages was allowed, but a deadline by the end of 1996 was stipulated.

Overall, there was a high degree of "softness" in the asset and liability ratio management system, which showed quite a number of "Chinese characteristics". On the other hand, because of the need to control inflation and the general operational state of the specialized banks, the PBOC was wary of giving the banks too much freedom in the name of reform. Administrative instructions on loans (e.g. working capital loans for the ailing state sector) were frequently issued. Moreover, loans for fixed asset investments were put explicitly under mandatory plans in 1994.

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Other than the reform of existing banks, **new forms of commercial banking** have been mooted for some time. The idea of establishing **rural and urban cooperative banks 農村及城市合作銀行**, which was floated in 1993 and included in the *Decision*, remained an idea in 1994. At the end of 1993, there were 50,856 rural credit cooperatives (農村信用合作社) with a combined deposit of Rmb 429.73 billion and over 4,000 urban credit cooperatives (城市信用合作社) with deposits of Rmb 134.0 billion. Obviously, regional cooperative banks could only be formed by merging some of these cooperatives, which again involved a great deal of bargaining over the distribution of costs and benefits. Moreover, there are various models of cooperative banks (e.g. German, Japanese and Indian models), and the prototype for a "Chinese" model still requires further thinking. It appears that the establishment of urban cooperative banks was given priority, if only because it was easier or more important. On the other hand, the PBOC approved in July

1994 a proposal by the All-China Federation of Industry and Commerce to set up the first private shareholding commercial bank--the Ming Sheng Bank--in the country. With an initial capital of Rmb 2.0 billion, the bank was expected to start operation sometime in 1995.

Some preparatory **steps were also taken to allow foreign banks to engage in Renminbi businesses.** A regulation on foreign financial institutions promulgated on 1 April 1994 laid the legal foundation. In Beijing and Xiamen, foreign banks were allowed to engage to a limited extent the selling and buying of foreign currencies against the Renminbi, while the Liu Chong Hing Bank from Hong Kong opened through the Bank of China a savings branch in Shantou. The Citibank and the Hong Kong and Shanghai bank were on the other hand authorized to dispense Renminbi through automatic teller machines (ATMs).

According to the Vice President of the PBOC, Zhou Zhengqing, the prerequisites for further expansion included: (1) real progress in the commercialization of the specialized banks to enhance their **competitiveness**; (2) the establishment of a coherent legal framework for banking; and (3) the creation of a level playing field for all banks, with regard to taxation and other financial burdens. Experts in China also emphasized that the process could only be gradual and transitional measures to restrict the foreign banks in their Renminbi operations (including those on their branch network, the amount of Renminbi deposits to be collected, loans that can be extended, as well as the imposition of special reserves etc.) might be necessary.

Other reform steps covered measures to improve the regulation of the financial system which involved further **house-cleaning efforts to close illegal financial institutions, the strengthening of the approval, monitoring and supervision procedure for NBFIs, and the severing of unauthorized links between party, government and military units and the NBFIs.**

毛宏君，《中國金融體制改革新舉措》，北京大學出版社，1994年：
頁109-120。

(一) 存貸款比例指標

1. 對實行餘額考核的商業銀行

$$\frac{\text{各項貸款旬末平均餘額}}{\text{各項存款旬末平均餘額}} \leq 75\%$$

2. 對實行增量考核的商業銀行

$$\frac{\text{各項貸款旬末平均增加額}}{\text{各項存款旬末平均增加額}} \leq 75\%$$

(二) 中長期貸款比例指標

$$\frac{\text{餘期一年以上(含一年期)中長期貸款月末平均餘額}}{\text{餘期一年以上(含一年期)存款月末平均餘額}} \leq 120\%$$

(三) 資產流動性比例指標

流動性資產與各項流動性負債的比例不得低於25%。

$$\frac{\text{流動性資產旬末平均餘額}①}{\text{流動性負債旬末平均餘額}②} \geq 25\%$$

(四) 備付金比例指標

$$\frac{\text{(在人民銀行備付金存款+庫存現金)日平均餘額}}{\text{各項存款日平均餘額}} \geq 6-7\%$$

(五) 單個貸款比例指標

1. 對同一借款客戶的貸款餘額與銀行資本餘額的比例不得超過15%。

$$\frac{\text{對同一借款客戶貸款餘額}}{\text{資本總額}} \leq 15\%$$

同一借款客戶指：任何一個自然人或任何一個法人。

2. 對最大十家客戶發放的貸款總額不得超過銀行資本總額的50%。

$$\frac{\text{對最大十家客戶發放的貸款總額}}{\text{各項資本總額}} \leq 50\%$$

(六) 拆借资金比例指标

1. $\frac{\text{拆入资金旬末平均余额}}{\text{各项存款旬末平均余额}} \leq 4\%$
2. $\frac{\text{拆出资金旬末平均余额}}{(\text{各项存款} - \text{存款准备金} - \text{备付金} - \text{联行占款}) \text{旬末平均余额}} \leq 8\%$

(七) 对股东贷款比例

$$\frac{\text{对股东贷款余额}}{\text{该股东已缴纳股金总额}} \leq 100\%$$

(八) 贷款质量指标

1. $\frac{\text{逾期贷款月末平均余额}}{\text{各项贷款月末平均余额}} \leq 8\%$
2. $\frac{\text{呆滞贷款月末平均余额}}{\text{各项贷款月末平均余额}} \leq 5\%$
3. $\frac{\text{呆帐贷款月末平均余额}}{\text{各项贷款月末平均余额}} \leq 2\%$

资本充足比率指标:

1. $\frac{\text{资本总额月末平均余额}}{\text{加权风险资产月末平均余额}} \geq 8\%$
2. $\frac{\text{核心资本月末平均余额}}{\text{加权风险资产月末平均余额}} \geq 4\%$