Chapter VI

Financial Analysis of the Government, Corporate and Household Sector

In 2009, the financial condition of the government sector was fairly good with a general low debt level. The production and operation of the corporate sector improved steadily with a stable debt servicing capacity. Financial assets held by the household sector continued to increase characterized by a more diversified assets structure. The overall indebtedness of the household sector was low, but credit cards overdue and overdraft increased notably, and the potential credit risks warranted due attention.

Government Sector

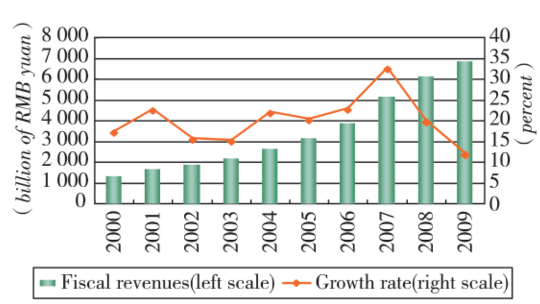
In 2009, guided by the principle "to keep growing, to expand domestic demand, to adjust economic structure, to promote economic reform and to better people's livelihood", governments at various levels actively implemented the proactive fiscal policies, to ensure the funding demand of key projects. The expenditure maintained a relatively rapid growth momentum. In general, the financial condition of the government sector was good with a low debt level, and the favorable financial condition of the government sector provided support for preventing and withstanding systemic financial risks.

Financial Condition of the Government Sector Was Generally Good with a Low Debt Level

In 2009, great efforts were made to actively implement the proactive fiscal policy, while the debt level of the government sector remained at a low level and within the affordable scope.

The growth of fiscal revenues slowed down. In 2009, there was sharp contradiction between the fiscal revenues and expenditures. Annual fiscal revenues amounted to RMB 6 847.7 billion yuan, with a y-o-y growth of 11.7 percent, the lowest growth rate since 2000 (Figure 6.1). In terms of revenue structure, tax revenues amounted to RMB 5 951.5 billion yuan, accounting for 86.9 percent of total fiscal revenues; non-tax revenues amounted to RMB 896.2 billion yuan, accounting for 13.1 percent. Among the tax revenues, VAT, enterprise income tax and business tax were the main sources of revenue, posting RMB 1 848.1 billion yuan, RMB 1 153.4 billion yuan, and RMB 901.4 billion yuan respectively, or with a y-o-y growth rate of 2.7 percent, 3.2 percent and 18.2 percent respectively, and accounting for 27 percent, 16.8 percent and 13.2 percent of fiscal revenues in the same period. Annual non-tax revenues increased by RMB 185.6 billion yuan y-o-y, or 26.1 percent, among which RMB 154 billion yuan came from other non-tax revenues.

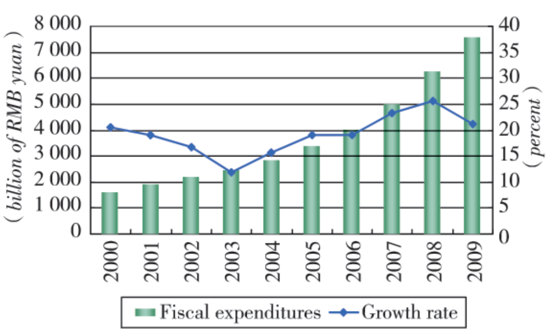
Figure 6.1 Fiscal Revenues and Growth Rate in 2000 – 2009



Source: NBS.

Fiscal expenditures increased rapidly. Fiscal expenditures in 2009 amounted to RMB 7 587.4 billion yuan, with a y-o-y increase of RMB 1 328.1 billion yuan, or 21.2 percent (Figure 6.2). Of the top five expenditure items were expenditures on education, with RMB 1 037 billion yuan accounting for 13.7 percent of total expenditures, or a y-o-y increase of 15.1 percent; expenditures on the general public services, with RMB 915.8 billion yuan accounting for 12.1 percent of total expenditures, or a y-o-y increase of 10.5 percent; expenditures on social security and employment, with RMB 756.1 billion yuan accounting for 10 percent of total expenditures, or a y-o-y increase of 11.1 percent; expenditures on the agricultural sector, forestry and water utilities, with RMB 663.2 billion yuan accounting for 8.7 percent of total expenditures, or a y-o-y increase of 38.9 percent; expenditures on urban and rural communities affairs, with RMB 499.3 billion yuan accounting for 6.6 percent of total expenditures, or a y-o-y increase of 25.6 percent.

Figure 6.2 Fiscal Expenditures and Growth Rate in 2000 –2009



Source: NBS.

The Local Government Investment and Financing Platforms Loan Caused Widespread Concerns

In line with the deployments made by China's Central Economic Work Conference convened in November 2008, and to promote the stable and rapid economic growth in response to the global financial crisis, the central government planned to increase a total of RMB 1.18 trillion yuan central government investments in the following two years to kick off an overall investment plan totaling RMB 4 trillion yuan. The local government investment and financing platforms had played an important role in providing local funds, however, the quality of the local government investment and financing platforms loan had also caused widespread concerns.

Box 15 The Development and Standardization of the Local Government Investment and Financing Platforms

The local government investment and financing platforms developed in tandem with the deepening of China's investment and financing system reform and the transformation of government function, and also closely related to China's current stage of development and some institutional arrangements. Since China is currently in a period of rapid urbanization, great efforts are needed to build and renovate the infrastructure, which usually needs a large amount of medium- and long-term funds. However, constrained by their own financial condition and the *Budget Law*, local governments introduced the local government investment and financing platforms to raise funds for urban construction.

Since the second half of 2008, in response to the global financial crisis, and to satisfy the local funding demand of central government's projects and local investment projects, the development of the local government investment and financing platforms has witnessed the following new features: First, the number of local government investment and financing platforms has increased rapidly. Most provincial governments, municipal governments and county-level governments have established the local government investment and financing platforms, with a large quantity and widespread across the country. Second, the debt level of the local government investment and financing platforms has increased rapidly, and most debts were borrowed between the second half of 2008 and the first half of 2009. Third, the financing channel of the local government investment and financing platforms mainly relied on bank loans. Fourth, investment funds mainly flowed to urban construction, transportation and land development.

Overall, the local government investment and financing platforms has maintained a momentum of rapid development in a short period of time, their liabilities increased too fast, and some issues warrant attention. First, some local government investment and financing platforms borrowed heavily, and their repayment capacity remains uncertain. Second, it is difficult to gauge the picture of local government liabilities due to lack of centralized management over the local government investment and financing platforms. Third, some local government investment and financing platforms are poorly managed and lack of sustainable development capacity. Fourth, the local government investment and financing platforms mainly depend on bank credit funding, and credit risks of banks are relatively concentrated.

In response to those problems, first, efforts should be made to strengthen uniform management over the local government investment and financing platforms and improve the risk-prevention system. Efforts should be made to develop administrative measures on the local government investment and financing platforms, build the early warning system over local government debts, exercise centralized management over the local investment and financing platforms by related agencies, and promote the operation of local government investment and financing platforms into a normalized and institutionalized track, so as to prevent and resolve the risks of the local government investment and financing platforms. Second, efforts should be made to strengthen risk-based supervision and credit guidance on financial institutions including commercial banks, so as to prevent risks. Supervision and inspection over commercial banks and trust companies involved with operation of the local government investment and financing platforms should be strengthened, and efforts should be made to guide financial institutions including commercial banks to establish the risk management system for local government debts, and correctly recognize and scientifically forecast the debt-servicing capacity of local governments. Efforts should be made to put the role of consortium loans into full play, and set up risk identification and resolution mechanism by commercial banks. Third, in the premises of clarified system and controllable risks, efforts should be made to use the market - based mechanism to meet the borrowing demand of local governments. Drawing on experiences of bond issuance of local governments, efforts should be made to develop the administrative measures on municipal bonds (local government bonds), to learn from experiences of bond markets both at home or abroad to improve the transparency of local government debts and financial information sharing, and to strengthen the market discipline on the supervision and constraints on local government credits. Fourth, efforts should be made to promote securitization of loans to local government investment and financing platforms. Bond market could be used to identify, resolve and prevent credit risks arising from loans to local government investment and financing platforms, and to reduce the concentration of loans and to promote diversification of the bond market products.

Corporate Sector

In 2009, the manufacturing activities of the corporate sector bottomed out and rebounded, but still at a low level of the recent years. The long-term solvency of enterprises was basically stable, short-term debt servicing capacity improved slightly, money funds continued to increase rapidly, and enterprises' capacity to repay interest improved to some extent. However, the capacity of enterprises to transform liquidity assets into cash was still weak, the liquid liabilities/total liabilities ratio was relatively high, while the equity ratio slid. The liabilities/assets ratio of small-sized enterprises was still higher than medium and large-sized enterprises, and the financing issue of small- and medium-sized enterprises remained unresolved.

The Manufacturing and Operation of Enterprises Regained Momentum after a Depressed Period, but the Overall Level Was Lower than the Previous Years

The growth of enterprise sales was higher than the beginning of the year, but still lower than the previous years. During the first 11 months[1], main business income of enterprises above designated size increased 7. 1 percent y-o-y, up 10. 2 percentage points from the first two months, decelerating 17 percentage points from the previous year. In 2009, sales revenues of 5 000 industrial enterprises under the monitoring of PBC (hereinafter referred to as 5 000 industrial enterprises) decreased by 2. 5 percent y-o-y, with deceleration being 13. 1 percentage points lower than in the first quarter, but up 18. 6 percentage points from the previous year.

The profitability of enterprises recovered slightly from the beginning of the year, but still at a relatively low level over the recent years. During the first 11 months, profits of enterprises above the designated size rose 7. 8 percent y-o-y, up 45. 1 percentage points from the first two months, and up 2. 9 percentage points from previous year. In 2009, total profits of 5 000 industrial enterprises increased 20. 9 percent y-o-y, up 69. 9 percentage points from the first quarter, and up 40. 7 percentage points from previous year.

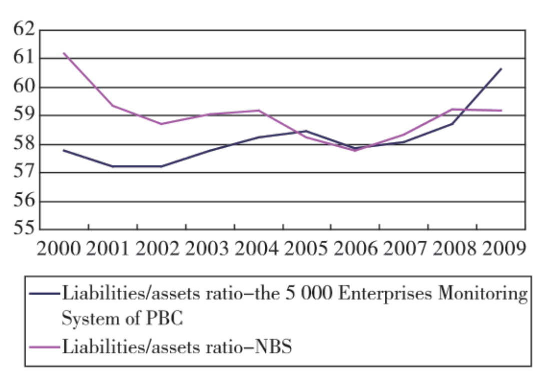
Enterprise operation capacity improved slightly from the beginning of the year, but still lower than the previous year. In 2009, the operating cycle of 5 000 industrial enterprises was 129. 7 days, 22 days less than at end-March 2009, but 19. 3 days more than the same period of last year. The total asset turnover ratio was 0. 9 time, up 0. 1 time from at end-march 2009, but down 0. 1 time from previous year.

The Enterprises' Long Term Debt-servicing Capacity Was Basically Stable, although with Relatively Weak Liquidity

The enterprises' long-term debt-servicing capacity was basically stable, while short-term debt-servicing capacity improved slightly from the previous year. By end-November 2009, liabilities/assets ratio of enterprises above designated size was 59. 2 percent, at par with the same period of previous year; liabilities/assets ratio of 5 000 enterprises was 60. 6 percent, up 1. 1 percentage points from end-2008 (Figure 6. 3). The

Figure 6. 3 Movement of Liabilities/Assets Ratio

(*percent*)



Source: PBC and NBS. Data for 2009 is end-November data.

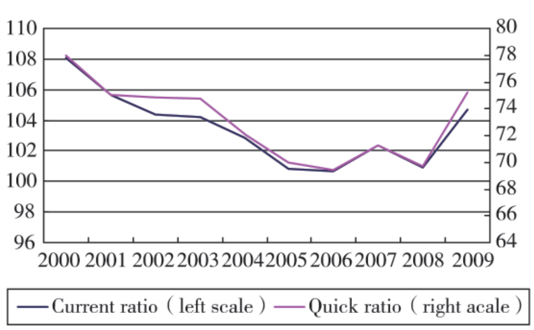
1 Currently, for full-scale profitability data of industrial enterprises above designated size, NBS only has data for January-February, January-May, January-August and January-November. For other months and the full year data, only data for 22 provinces and municipalities on a consolidated basis is available. Therefore, data for January-November is used here to reflect the production and operation situation of industrial enterprises above designated size.

liabilities/assets ratio did not change much from the previous year, and the long-term debt-servicing capacity of enterprises was basically stable.

In terms of enterprises' short-term debt-servicing capacity, by end-2009, the current ratio of 5 000 enterprises was 104.3 percent, and the quick ratio was 74.6 percent, up 3.4 and 5 percentage points respectively from end-2008, indicating enterprises' capacity to repay short-term debts improved slightly (Figure 6.4).

Figure 6.4 Movement of Current Ratio and Quick Ratio

(*percent*)



Source: PBC.

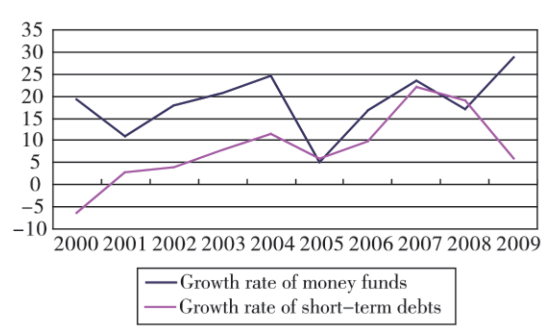
The capacity of industrial enterprises to transform liquid assets into cash was still weak, and the proportion of liquid liabilities was relatively high. In terms of assets, by end-2009, liquid assets accounted for 46.4 percent of total assets of 5 000 enterprises, down 0.7 percentage point from a year earlier. In particular, money funds accounted for 27.9 percent. Low liquidity assets, such as receivables, prepayments and inventories, accounted for 64.2 percent. In terms of liabilities structure, liquid liabilities/total liabilities ratio of 5 000 enterprises stood at 73.8 percent, in particular, the proportion of short-term debts in total liquid liabilities was 26.8 percent, and the proportion of payables and sales revenue received in advance was 36.5 percent.

Money Funds of Enterprises Maintained Momentum of Rapid Growth, and the Capacity to Repay Interests Improved

By end-2009, outstanding money funds of 5 000 enterprises increased 26.7 percent from a year earlier, up 9.7 percentage points. Among the liquid liabilities, outstanding short-term bank debts increased 4.6 percent from a year earlier, down 14.6 percentage points, the lowest level since 2007; the proportion of short-term bank loans was 22.4 percent, down 2.1 percentage points from a year earlier (Figure 6.5).

Figure 6.5 Movement of 5 000 Enterprises' Money Funds and Short-term Debts Y-o-Y

(*percent*)

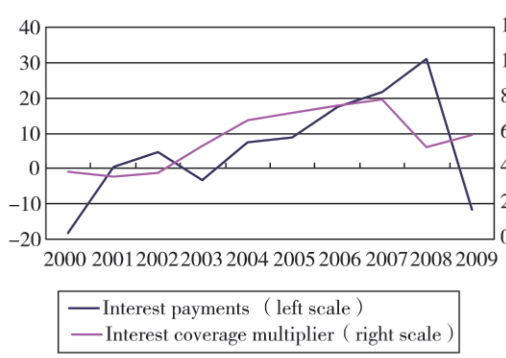


Source: PBC.

Financial cost of enterprises decreased to some extent. Interest payments at end-2009 decreased 12.3 percent from a year earlier, down 43.3 percentage points. Enterprises' capacity to repay interests improved, and the interest coverage multiplier was 6.8, up 1.6 from a year earlier (Figure 6.6).

Figure 6.6 Y-o-Y Growth of Interest Payments and Interest Coverage Multiplier

(*percent*)



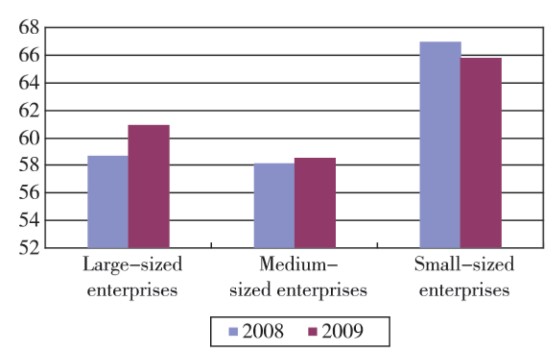
Source: PBC.

Liabilities/assets Ratio of Small Enterprises Was Still Higher than Large and Medium-sized Enterprises, and the Financing Difficulties of SMEs Remained Unresolved

As of end-November 2009, liabilities/assets ratio of large-sized enterprises and medium-sized enterprises was relatively low, 61 percent and 58.6 percent respectively, while that of small-sized enterprises was relatively high (65.9 percent), 4.9 percentage points and 7.3 percentage points higher than large-sized enterprises and medium-sized enterprises; compared with the end of last year, liabilities/assets ratio of large-sized enterprises and medium-sized enterprises rose by 2.3 and 0.5 percentage point (s) respectively, while that of small-sized enterprises fell 1.2 percentage points, indicating the funding capacity of small-sized enterprises declined (Figure 6.7).

Figure 6.7 Liabilities/Assets Ratio of Large- Medium- and Small-sized Enterprises

(*percent*)



Source: PBC. Data for 2009 is end-November data.

Box 16 Non-financial Institutions Could Exert a Positive Role in SMEs Financing

Over the past years, financing guaranty institutions, pawn shops and microcredit companies (hereinafter referred to the three entities), aimed mainly to serve SMEs, witnessed a rapid development. The number of the three entities continued to increase, and the scale was gradually expanding. The three entities have played an active role in complementing the main traditional financing channel and easing financing difficulties of SMEs, and become a good complement to bank credits. At present, financing guaranty companies have covered SMEs of most industries, providing guarantees through credit multiplication and upgrading; pawn shops took advantage of their simple and efficient procedure, conducted collateral on real estates and pledges on chattels and property rights, and met temporary financing needs of some SMEs; microcredit companies used their own fund to extend short-term loans to SMEs, and in some regions, outstanding loans extended by microcredit companies to SMEs accounted for about 50 percent of total loans.

However, the overall capital base of the three entities was still weak, and their role in providing guarantee and financing to SMEs was limited. Financing guaranty institutions were put in a disadvantaged position in cooperation with commercial banks, and could only passively accept guarantee multiplier. Asymmetry of risks and benefits also limited the guaranty capacity; pawn shops' operating funds mainly came from their capitals, their follow-up financing channel was narrow, and financing capacity was restrained; the financing channel of microcredit companies was narrow and their capacity to provide financing to SMEs was insufficient due to funds bottlenecks. In the meantime, the development of the three entities also faced inadequate industry self-regulation, unfavorable external environments and lack of sustainable capacity, so that their role in financing SMEs was constrained by a number of factors.

To this end, efforts should be made to comprehensively use capital injection, risk compensation, fiscal subsidies and tax incentives to step up policy support, actively explore the financing channels of pawn shops and microcredit companies, strengthen capital capacity of the three entities, continually improve the guarantee and financing capacity, and broaden the financing channels for SMEs. At the meantime, efforts should be made to refine the relevant legal system, strengthen external supervision, standardize operational behavior, crack down on illegal deposit-taking, illegal loans, money laundering, and guide, standardize and promote the sustainable and sound development of the three entities.

Household Sector

In 2009, financial assets held by the household sector continued to show a diversified trend over the past years, of which the portion of money assets continued to fall while the proportion of securities-type assets rose. On a whole, both the debt level and potential default risk of the household sector were relatively low. However, the NPL ratio of individual credit card loans rose rapidly, and the potential risk warranted attention.

Financial Assets of the Household Sector Increased Rapidly with a Gradually Diversified Structure

Financial assets of the household sector increased rapidly, although the per capita level was still low. China's ongoing rapid economic development, steady growth of household incomes and financial market development contributed to the growth of financial assets of the household sector. In recent years, financial assets of the household sector increased substantially. From 2004 throughout Q3 2009, the total financial assets of the household sector increased 127.5 percent (Table 6.1). But China's per capita financial asset was still at a low level. In terms of US Dollars, China's per capita financial assets at Q3 2009 ware only USD 4 502, while those of US, UK, Germany and Japan were USD 144 000, USD 106 000, USD 74 000 and USD 126 000[1] respectively.

Table 6.1 Financial Assets and Liabilities of the Household Sector

(100 *million of RMB yuan*)

	2004	2005	2006	2007	2008	2009Q3
Financial assets	180 369	209 083	251 600	335 495	342 870	410 359
Domestic currencies	17 820	19 945	22 469	25 211	28 622	30 781
Deposits	129 575	150 551	171 737	181 840	228 478	263 825
Securities	15 190	14 399	23 945	58 311	25 139	39 570
Bonds	6 293	6 534	6 944	6 707	4 981	2 738
Stocks	8 897	7 865	17 001	51 604	20 157	36 832
Shares in securities investment funds	1 905	2 449	5 618	29 716	17 011	20 456
Customer margins	1 339	1 566	3 128	9 904	4 760	6 628
Insurance reserves	14 113	18 315	22 680	27 097	37 831	49 282
Settlement funds	−77	23	17	0	0	0
Others (net)	504	1 835	2 005	3 415	1 030	−182
Financial liabilities	29 431	32 972	39 636	50 652	57 892	75 591
Loans	29 431	32 972	39 636	50 652	57 892	75 591
Net financial assets	150 938	176 111	211 964	284 843	284 978	334 768

Source: PBC.

1 Among which, financial assets for Germany were for end-April 2009 data, while the data for US, UK and Japan was for end-September, 2009. The financial assets and liabilities of US, UK, Germany and Japan derived from stock data of their respective "Flow of Funds Accounts", if not indicated otherwise. The household sector included the household sector and non-profit organizations that provided services to the household sector.

The structure of financial assets has become more diversified. As the types of financial products kept increasing, the structure of household financial assets became more diversified, which witnessed a notable decline of traditional monetary assets and rapid increase of securities-type financial assets. Specifically, deposits with commercial banks were still the main financial assets of the household sector, accounting for 64.3 percent at Q3 2009, 7.5 percentage points lower than 71.8 percent of 2004 (Table 6.2). In addition, the proportion of cash assets declined from 9.9 percent in 2004 to 7.5 percent at Q3 2009. The proportion of securities-type assets (including bonds, stocks, and shares in securities investment funds) increased notably, from 9.5 percent in 2004 to 14.6 percent at Q3 2009, up 5.1 percentage points.

Table 6.2 Structure of Financial Assets of China's Household Sector

(*percent*)

	2004	2005	2006	2007	2008	2009Q3
Domestic currencies	9.9	9.5	8.9	7.5	8.3	7.5
Deposits	71.8	72.0	68.3	54.2	66.6	64.3
Securities	8.4	6.9	9.5	17.4	7.3	9.6
Bonds	3.5	3.1	2.8	2.0	1.5	0.7
Stocks	4.9	3.8	6.8	15.4	5.9	9.0
Shares in securities investment funds	1.1	1.2	2.2	8.9	5.0	5.0
Customer margins	0.7	0.7	1.2	3.0	1.4	1.6
Insurance reserves	7.8	8.8	9.0	8.1	11.0	12.0

Source: PBC.

It was noteworthy that the proportion of insurance reserves in financial assets of the household sector was relatively low: from 2004 throughout Q3 2009, the proportion of insurance reserves rose from 7.8 percent to 12 percent, but still lower than over 20 percent in developed countries. This showed that the household sector had a relatively low consumption level for insurance products, and the room for the insurance market development was vast.

Analysis and Assessment of Financial Assets and Liabilities of the Household Sector

The liabilities of the household sector increased. From 2004 throughout Q3 2009, financial liabilities of the household sector rose from RMB 2.94 trillion yuan to RMB 7.56 trillion yuan, an increase of 156.8 percent. The source of financial liabilities was mainly bank loans. In terms of loan structure, short-term loans at Q3 2009 accounted for 33.2 percent, and medium and long-term loans accounted for 66.8 percent (Table 6.3).

Table 6. 3 Structure of Financial Liabilities of Household Sector

(*percent*)

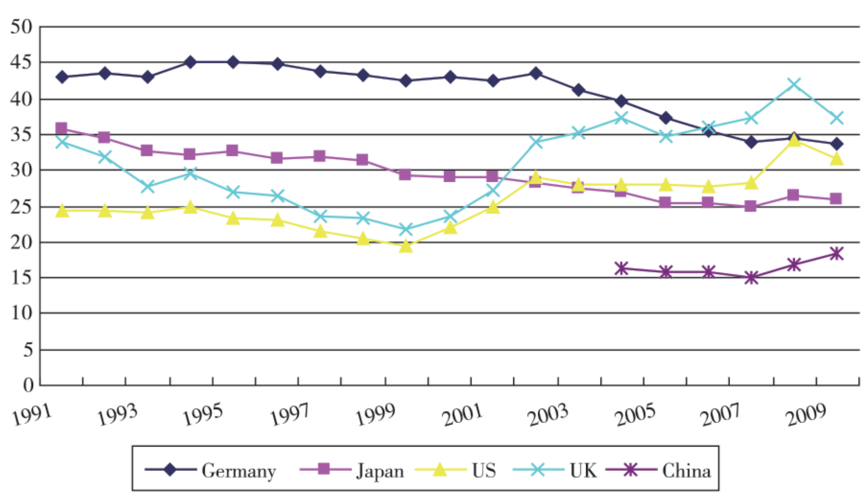
	2004	2005	2006	2007	2008	2009Q3
Short-term loans	34. 1	33. 6	33. 9	31. 4	33. 6	33. 2
Medium- and long-term loans	65. 9	66. 4	66. 1	68. 6	66. 4	66. 8

Source: PBC.

The debt level of the household sector was relatively low. At Q3 2009, the financial liabilities/assets ratio in China's household sector was only 18. 4 percent, while that in US, UK, Germany and Japan was 31. 7 percent, 37. 3 percent, 33. 8 percent and 26 percent respectively (Figure 6. 8). In the aftermath of the sub-prime crisis, the financial assets of the household sector in developed countries such as UK and US shrank substantially and this indicator rose notably in 2008. In 2009, with the rebound of prices in the capital market, the financial liabilities/assets ratio fell back with a larger volatility. Compared with countries like US and UK, the financial liabilities/assets ratio of the China's household sector was relatively low, indicating a higher level of safety of the balance sheets of the household sector.

Figure 6. 8 International Comparison of Financial Liabilities/Assets Ratio

(*percent*)

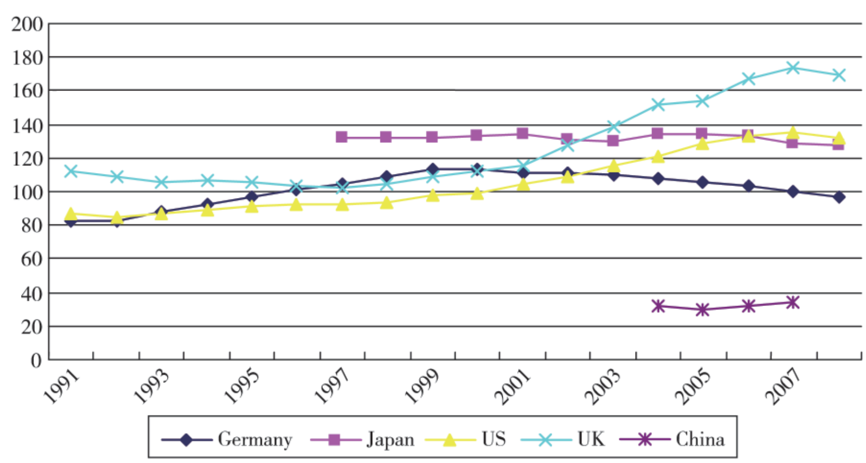


Source: Central banks, the data for Germany was for end-April, 2009, while the data for US, Japan, UK and China was for end-September, 2009.

The household financial liabilities/disposable income ratio was an important indicator to reflect both the debt servicing capacity and debt sustainability. In recent years, the household financial liabilities/disposable income ratio in developed countries was too high, basically over 100 percent. In particular, the ratio for UK and US reached 168.7 percent and 131.7 percent in 2008 respectively (Figure 6.9). The simultaneous rapid increase in the financial liabilities/assets ratio and financial liabilities/disposable income ratio contributed heavily to the balance sheet crisis of the household sector in UK and US. Compared with developed countries, China had a relatively lower financial liabilities/disposable income ratio in the household sector. From 2004 throughout 2007, the ratio remained at about 30 – 40 percent[1], and the financial sustainability of the household sector was relatively robust as a whole.

Figure 6.9 International Comparison of Financial Liabilities/Disposable Income Ratio

(*percent*)



Source: Data for financial liabilities came from central banks, and data for disposable income from various statistical bureaus.

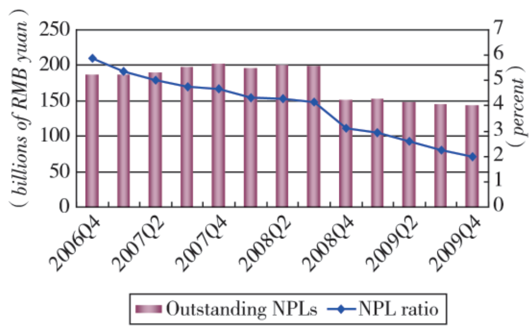
Although the quality of household sector loans was generally good, the rapid increase in the NPL ratio of credit card loans warranted attention. Both China's outstanding personal NPLs and the NPL ratio[2] continued to fall in 2008 and 2009 (Figure

1 China's personal disposable income data came from the *Flow of Funds Accounts* (*real transactions*).

2 The NPL data came from CBRC, and some of its statistical scope in 2007 – 2008 included state policy banks, state-owned commercial banks, JSCBs, city commercial banks, rural commercial banks, rural cooperative banks, foreign-funded financial institutions with legal person status and their branches, branches of foreign banks, UCCs (including single legal person UCCs and retained UCCs), rural credit cooperatives, financial companies of enterprise groups, trust investment companies, financial leasing companies and auto financing companies. Statistical scope from 2009 onwards included postal saving banks.

6.10). As of end-2009, outstanding personal non-performing loans stood at RMB 143.8 billion yuan, RMB 7.2 billion yuan less than at early 2009; the personal NPL ratio stood at 2 percent, down 1.1 percentage points from early 2009, and 1.3 percentage points lower than that of total loans at the same period.

Figure 6.10 China's Personal Non-performing Loans



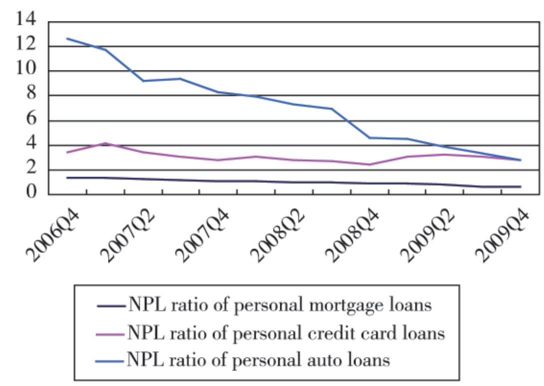
Source: CBRC.

Among the personal loans, the NPL ratio for auto loans was relatively high. After two years of decline in 2008 and 2009, the ratio had dropped to 2.8% (Figure 6.11), lower than the NPL ratio of total loans.

Personal mortgage loan was the main component of personal loans. Both the outstanding personal mortgage loans and the NPL ratio continued to drop in 2008 and 2009. Outstanding non-performing personal mortgage

Figure 6.11 Personal NPL Ratio

(*percent*)



Source: CBRC.

loans stood at RMB 27.2 billion yuan at end-2009, RMB 800 million yuan less than the early 2009; the NPL ratio was 0.6 percent, down 0.3 percentage point.

With the rapid growth of the credit card business, outstanding non-performing credit card loans increased rapidly. At end-2009, outstanding non-performing credit card loans stood at RMB 7.8 billion yuan, RMB 3.5 billion yuan more than that at the beginning of 2009; the NPL ratio stood at 2.8 percent, up 0.4 percentage point from that at the beginning of 2009. Although the outstanding non-performing credit card loans were still relatively low, outstanding credit card overdrafts were much higher than the non-performing credit card loans. In 2009, the condition of credit card overdrafts became even more severe. At end-2009, outstanding credit card overdrafts stood at RMB 22.5 billion yuan, RMB 5.4

billion yuan more than that at end-2008, an increase of 31.6 percent y-o-y. Among the total, outstanding overdrafts over 180 days stood at RMB 6 billion yuan, increased RMB 3.1 billion yuan from early 2009 and which was 1.1 times over last year. The potential risks of credit card overdrafts and overdue credit card loans warranted attention.