

## Foreign banks allowed to add loan quota

Foreign incorporated banks registered on the Chinese mainland can now apply for more credit quota on the basis of their current credit scale, the Shanghai Securities News reported on Friday.

The additional quota should be used to support small and medium-sized enterprises (SMEs), companies involved in the reconstruction in quake hit areas of Sichuan, and agriculture-related companies, the newspaper reported, citing a notice from the central bank.

Insiders from several foreign banks said they hadn't been notified of the details of additional quota, but most hoped that the scale can be flexible and favorable to banks focusing on SMEs.

Early this month, an authority from the People's Bank of China confirmed that the central bank would soften credit policy toward the domestic commercial banks. Based on their original credit scale, national commercial banks can extend their loan quota by five percent while the regional commercial banks with a margin of 10 percent.

Analysts say that the "differential treatment" is set to help the SMEs out of financial difficulties, as the local financial institutions are the main source for the SMEs' fund raising.

"We are not sure of the proportion yet", said an insider from a foreign bank.

Most foreign banks regard those enterprises as SMEs with an annual business volume of 20-30 million yuan (\$2.91-4.37 million). But according to the situation in China, enterprises with such a business volume can be categorized into medium-sized ones, a foreign bank manager said.

In addition, it is also difficult to identify the "quake-zone reconstruction" and "agriculture related" in details.

"The regulators may set a quota for each bank, allowing us to act on our own standards", an insider said.

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