

More loan allowed from small, mid-sized banks

China's small- and mid-sized commercial banks will be allowed bigger room in lending, the country's banking regulator said in Beijing Saturday in its latest effort to ease credit for the slowed economy.

The loan-deposit ratio of small- and mid-sized lenders can exceed the required level "by a proper margin", said the China Banking Regulatory Commission (CBRC) in a statement on its website.

The CBRC prohibits Chinese commercial banks from lending out more than 75 percent of their total deposit to avoid liquidity crises. Saturday's statement didn't reveal whether the ceiling will be moved up for large lenders too.

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The move to ease the limit is part of the measures the CBRC announced on Saturday to give stronger credit support to the economy impacted by the global financial turmoil.

All financial institutions should improve credit services to facilitate a rapid economic growth "with resolution and practical actions", said the CBRC.

The CBRC also urged Chinese banks to boost credit support for small enterprises and rural sectors.

Lenders will be encouraged to lend to company mergers and to offer loan restructuring to enterprises with financial or managerial problems caused by the global downturn, said the CBRC.

Through loan structuring, banks can cut the burden of borrowers by extending loan maturities, reducing or remitting debts and other favorable adjustments.

The CBRC said all the moves should be made based on strict risk control.

Chinese banks granted 476.9 billion yuan (\$70 billion) of loans in Renminbi, the Chinese currency, in November. That was more than four times the level in November 2007, official data show.

China has cut lending rates considerably since mid-September and unveiled a 4 trillion-yuan fiscal stimulus package in early November to rejuvenate the weakened economy.

Renowned economist Cheng Siwei told a conference Thursday the economy grew about 8 percent during the fourth quarter of 2008, down from 9 percent in the third quarter and 10.4 percent in the first half.

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