



### The CBRC held a meeting on the supervision of small- and medium-sized commercial banks

Recently, the CBRC held a work meeting on the supervision of small- and medium-sized commercial banks (hereinafter referred to as the SMCBs) attended by relevant senior officials and supervisors from the CBRC headquarters and local offices. The CBRC Chairman LIU Mingkang delivered a written speech and the Vice Chairman WANG Zhaoxing addressed the meeting.

The meeting noted that in recent five years, the CBRC has stick to risk-based supervision of SMCBs, laying focus on risk resolution together with banking reform. So far, the efforts are paid off with the overall competitiveness of SMCBs being further improved. As of end-2007, the average NPL ratio was 2.45 per cent and it is worth of a special mention that 20 SMCBs successfully reduced their NPL ratio to less than 1 per cent. The average capital adequacy ratio of all SMCBs was 10.57 per cent, up 2.32 percentage points (yoy). The average provisioning coverage ratio of joint-stock commercial banks was 114.6 per cent, up 25.87 percentage points from the year beginning, and that of city commercial banks was 72.28 per cent, up 24.86 percentage points. The average ROA and ROE of joint-stock commercial banks were respectively 0.9 per cent and 21.3 per cent, and those of city commercial banks were respectively 0.8 per cent and 16 per cent. Moreover, altogether 20 SMCBs successfully introduced qualified domestic and overseas institutional investors, which brought more than RMB30 billion investments and over 100 managerial personnel, and concurrently promoted the advancement of management, technologies, etc..

The meeting pointed out that there are increasing uncertainties in the economic and financial development in both home and abroad since the year beginning; however, the SMCBs are still too weak in corporate governance, risk and capital management, etc. to adapt themselves to the changing circumstances. Therefore, being the banking supervisor, the CBRC should urge SMCBs to step up efforts on further improving effectiveness of corporate governance, enhancing capacity of risk management and financial innovation and ensuring the adequacy of banks' liquidity at any emergencies. Apart from this, the CBRC should also make a lot of inputs to improve supervision techniques, integrate supervisory resources, and underpin related systems in order to best serve the development of SMCBs in a sound and fast manner.

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