

**M3 Up 14.4 Pct In December, Says BNM
Bernama
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KUALA LUMPUR, Jan 31 (Bernama) -- Broad money (M3) increased at a higher annual rate of 14.4 per cent in December mainly attributed to a rise in credit extended by the banking system to the private sector and higher capital inflows, says Bank Negara Malaysia.

"Net financing to the private sector grew at a slower pace in December due mainly to lower net private debt security issuances," it said in a statement today.

The outstanding banking system loans, however, expanded by 13.6 per cent in December with a higher amount of loans being extended to businesses in the wholesale and retail, restaurants and hotels; manufacturing; transport, storage and communication and real estate sectors.

The central bank also said loans growth to households also rose significantly in December mainly due to the base effect of lower loans extended for the purchase of passenger cars during the same period in 2010.

"Loan demand remained strong with higher loan applications from both the business and household sectors," it said.

BNM also said the banking system capitalisation remained strong with the risk-weighted capital ratio and core capital ratio at 14.9 per cent and 12.9 per cent, respectively.

The level of net impaired loans improved amounting to 1.8 per cent of net loans while the loan loss coverage ratio remained high at 99.6 per cent, it added.

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