



CIRCULAR BM ٩١٢

April 30, 2001

To: All Licensed Banks in Oman

Sub: Augmenting the present Bank Credit & Statistical Bureau (BCSB) to enhance the Sultanate's Banking System

1. Background and objective

The Board of Governors in their meeting held on April 1, 2001 deliberated on the captioned subject and took note inter alia, of the feedback received from the Licensed Banks in Oman in response to the CBO's letter BSD/2000/BKUP-1008/Banks/1568 dated November 27, 2000. It was resolved that information base of licensed banks for credit decisions needs to be strengthened. In pursuance of the aforesaid decision of the Board of Governors, it has been decided to enhance information base of lending banks by making available to them classified credit status of bank borrowers enjoying multiple banking facility with other banks. The idea flows from the perception that classified credit at any bank has potential to spread the disease in the system through the borrowers availing of multiple banking facility. Thus, strengthening of the information base referred to above and detailed in subsequent paragraphs will help banks in achieving reduction in erosion of their assets in the form of reduced incidence of non-performing loans and advances.

2. The mechanism for enhancement of the BCSB's information base

Licensed Banks will submit to the BCSB of the Central Bank of Oman annually latest by 15 March of the current year a statement of customerwise classification of all loans and advances (as per the proforma vide Attachment - I) which are categorized as Substandard, Doubtful and Loss as at the close of 31 December of the immediately preceding year duly compiled, certified, authenticated, signed by the designated authority and appropriately stamped. Licensed Banks are aware that the entire credit portfolio is required to be reviewed quarterly to determine incremental loan loss provisioning. In pursuance of the aforesaid instruction, Licensed Banks will forward to the BCSB of the CBO an updated

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statement of customerwise classification of loans and advances categorised as Substandard, Doubtful and Loss as at the close of 31 March, 30 June and 30 September latest by the following 15 April, 15 July and 15 October respectively. The statement should be submitted in diskette in the Excel format as per the specimen given in Attachment - I. It is proposed to switch over to online computer reporting system in due course.

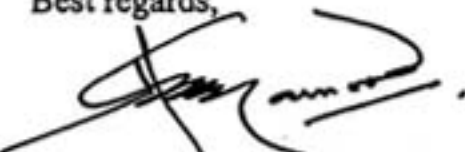
3. The mechanism for availment of the information base with the BCSB

Prior to considering renewal of the existing credit facilities and/or extension of fresh/incremental facilities, banks will like to know the credit status of the existing/new borrower with other banks. The Licensed Banks desirous of availing of the BCSB's strengthened information base could do so by making a formal written request to that effect signed by the General Manager/Chief Executive Officer of the bank. BCSB will be responding to the Licensed Banks' requests in standard format - as per the proforma vide Attachment II, as early as possible.

4. Cooperation from all for the common good and enhancement of the Sultanate's Banking System

The augmented information base of the BCSB will be extremely useful to Licensed Banks in arresting the incidence of Non-performing Advances and consequent asset erosion and loan loss provisioning. Licensed Banks are advised to cooperate fully in implementing the provisions of this circular for their own benefit and that of the Sultanate's Banking System. Banks are required to submit the information as per Attachment I for the year end 2000 immediately and subsequently as required vide para 2 of this Circular.

Best regards,



Hamood Sangour Al Zadjali  
The Executive President



ATTACHMENT - II

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Response to Bank's ..... request vide its letter ..... dated .....

The customer named in your letter under reference enjoys credit facilities with \*..... bank/s in Oman with the outstanding balances there against aggregating Rial Omani ..... as at ..... The customer's credit is classified as substandard/Doubtful/Loss with the bank/s\*\*

The aforesaid information is supplied strictly for facilitating your bank's credit decision and be held in confidence with you only. The Central Bank cannot be held responsible in any way for the credit decisions that your bank may take based on this report.

\* *Here the number of Financing Banks will be stated.*

\*\* *Here, in case credit classification with multiple banks varies, each credit classification accorded and the number of banks having accorded such classification will be stated.*

CBO seal  
&  
Initials of Incharge, BCSB  
Date:

AJ. 25/14

A.