



26 April 2017

CIRCULAR BM 1150

**To: All Licensed Banks
Operating in the Sultanate of Oman**

After Compliments,

Subject: Small and Medium Enterprises (SMEs)

1. Reference is invited to Circular BM 1141 dated 12th January 2016.
2. In order to encourage banks to provide non-fund based credit too to SME segment and, at the same time, to avoid possible lack of focus, on funded credit, it has been decided to allow banks to reckon non-funded credit, up to maximum of 1% of total credit, for the purpose of monthly/quarterly reporting in respect of 5% target set.
3. Attached is revised format of Monthly Return (Annexure I) to be submitted – effective for the period starting with June 2017.

Quarterly Return, as per Annexure II of Circular BM 1108 dated 6th May 2013, remains unchanged (copy attached for ease of reference).

4. As stated in para 5 of circular letter BDD/CBS/CB/2017/435 dated 2nd February 2017, it is to be noted that non-fund based credit can be no substitute for banks' direct involvement and contributions required/desired. Banks should also be diligent in classification and record keeping of SME credit appropriately with no scope for dilution or mix up with personal, other non-SME business loans and the like.
5. All licensed banks shall, accordingly, be fully committed to efforts on much needed SME development – noting that inclusion, as above, of non-fund based credit may be reviewed from time to time and withdrawn if deemed warranted.

Best regards,

**Hamood Sangour Al Zadjali
The Executive President**