



EDBS/KH/44/2018
5th August, 2018

Chief Executive Officers/General Managers
All Banks
Manama
Kingdom of Bahrain

Dear Sir,

Risk Management Related Modules

Following the industry consultation process, the CBB is pleased to issue the following new Modules as part of Rulebook Volumes 1 and 2:

1. **Domestic Systematically Important Banks Module** (Module DS) dealing with the requirements to be fulfilled by Bahraini banks with regards to the specific obligations under the rules for those identified as systemically important and for recovery plans applicable to Bahraini bank licensees;
2. **Reputational Risk Management Module** (Module RR) which deals with risk management requirements for managing reputational risk, including step-in risk;
3. **Internal Capital Adequacy Assessment Process Module** (Module ICAAP) dealing with Pillar 2 requirements for Bahraini banks to assess material risks and the key principles of the supervisory review process; and
4. **Stress Testing Module** (Module ST) dealing with the key principles and expectations with regards to stress testing programme.

The Annexure attached to this circular sets forth the effective dates and the important deadlines that banks must comply with.

The modules shall be available on the CBB website under Volumes 1 & 2 in due course.

Should you have any further queries on this matter, please contact your normal supervisory point of contact at the CBB.

Yours sincerely,



Khalid Hamad

cc: Bahrain Association of Banks

Annexure

The below table lists the important deadlines related to the new Modules:

	Module name	Effective/ issuance date	Submission and approval of framework	Ongoing reporting under New Module	Independent 3 rd party review of the framework	Applicability of Module
1.	ICAAP	July 2018	30 th September 2019	Annual submission of ICAAP on 31 st May of each year starting from 2020. [Note: ICAAP for 2018 shall be under current arrangements and shall be submitted on 31 st May 2019.]	Please refer to IC-1.6.1	Bahraini bank licensees.
2.	RR	July 2018	-	Annual submission of Step-in Risk Report on 30 th September of each year starting from 2019.	-	All banks except for reporting step-in risk which is applicable to Bahraini bank licensees only.
3.	ST	July 2018	-	Bi-annual submission of stress test results on 31 st May and 30 th November, starting from 30 th November 2019.	Please refer to ST-1.8.1	All banks, except for stress testing requirements for capital adequacy, ICAAP, recovery planning and reverse stress testing which are applicable to Bahraini bank licensees.
4.	DSIB	July 2018	-	Submission of RRP of DSIBs selected by a due date to be specified by the CBB.	Please refer to DS-3.1.1	DSIBs only except for Recovery plans which are applicable to all Bahraini bank licensees.