



EDBS/KH/07/2012
19th January 2012

Chief Executive Officer
All Banks and Financing Companies
Kingdom of Bahrain

Dear Sir,

Proposed Changes to Module CM concerning the Credit Grading/Classification System

The CBB proposes to introduce amendments and revisions to Module CM of the CBB Rulebook concerning credit grading to ensure consistency in minimum provisioning levels for Non-Performing Loans and other credit facilities.

The proposed classification framework is consistent with regional and international practice and standards. Banks will note that these credit classifications are essentially the same as those currently in the Rulebook.

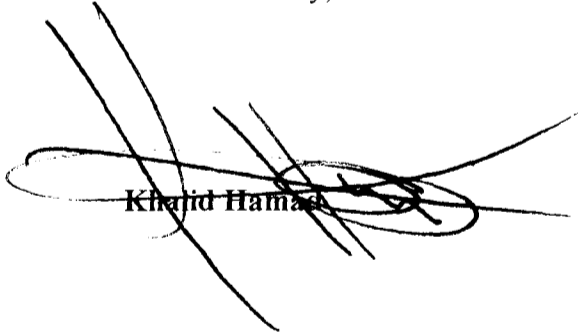
The proposed changes and revisions to the Module CM shall be available on the CBB website (www.cbb.gov.bh) under the "open consultations" section.

Please visit the CBB website and send your comments electronically to Mr. Ahmed Al Bassam, Director of Licensing & Policy at "albassam@cbb.gov.bh" and Mrs. Ebtisam Al Arrayed, Head of Policy & Central Risk at "carrayed@cbb.gov.bh".

Comments should be received by us no later than 15th March, 2012.

Last but not least, all feedback comments on consultation papers are published on our website.

Yours faithfully,


Khalid Hamad