



EDBS/KH/8/2019
21st January 2019

All Islamic Banks
Audit Firms
Manama
Kingdom of Bahrain

Dear Sir,

Consultation: Credit Risk Management Module (Module CM)

Please find attached the revised proposed Directive governing the CBB's requirements in respect of Credit Risk Management, which are included in Module CM of the Rulebook Volume 2. These revised Modules takes into account the following enhancements:

- Impairment provisioning requirements of Financial Accounting Standard 30: "Impairment, Credit Losses and Onerous Commitments";
- Various improvements in the standards by the Basel Committee on Banking Supervision relevant to credit risk including the Supervisory Framework for Measuring and Controlling Large Exposures; and
- Other best practices in the area of credit risk management, for example, management of non-performing assets.

The CBB requests all Islamic banks, audit firms and interested parties to provide their comments, including 'nil comments' on these proposed changes. Responses must be sent electronically in an editable format to "consultation@cbb.gov.bh" by 7th March 2019.

The proposed revised Module CM for Volume 2 shall be available on the CBB website (www.cbb.gov.bh) under the "open consultations" section.

Yours sincerely,


Khalid Hamad

cc Bahrain Bankers Association