



EDBS/KH/C/22/2015
24th May 2015

Chief Executive Officer
All Bahraini Islamic Bank Licensees
Manama
Kingdom of Bahrain

Dear Sir,

Amendment of Rule in Module CA

The Central Bank of Bahrain ('CBB') is issuing an amendment to the Capital Adequacy Module (CA) of Volume 2, specifically Rule CA-6.2.5 regarding the definition of gross income.

The revised text (changes highlighted) is attached to this letter and takes immediate effect and will be included in the July 2015 update of Volume 2 of the CBB Rulebook.

Should you have any queries regarding this clarification, you may contact the CBB Rulebook team at rulebook@cbb.gov.bh, or else please speak to your normal supervisory contact.

Yours faithfully,

Khalid Hamad

Enc.



Amendment to Volume 2

- CA-6.2.5 Gross income is defined as:
- (a) Net income from financing activities which is gross of any provisions (e.g. for unpaid profit or non-performing facilities), operating expenses (including outsourcing service providers), depreciation of Ijarah assets and excludes realised profits/losses from the sale of securities (e.g. sukuk) in the banking book. ~~and excludes depreciation of Ijarah assets;~~
 - (b) Net income from investment activities. This includes the Islamic bank licensee's share of profit from musharakah and mudarabah financing activities; and
 - (c) Fee income (e.g. commission and agency fee)
- Less:
- (d) Share of above income attributable to investment account holders and other account holders;
 - (e) Extraordinary or exceptional income and income from Takaful activities.