



Chief Executive Officer

All banks
Manama
Kingdom of Bahrain

Dear Sir,

CBB Regulatory Policy Initiatives for the banking industry for the year 2019

As part of the CBB's policy in enhancing transparency and raising awareness on the CBB's regulatory development initiatives, the CBB lists below the expected proposed rules that the CBB would issue for consultation during 2019:

1. Credit Risk Management Module, revised as per IFRS 9 and Basel III;
2. Capital Adequacy Module, Part 2: Credit Risk, revised as per Basel III;
3. Enhanced Operational Risk Management Module;
4. Enhanced High Level Controls Module in-line with Basel Corporate Governance Principles;
5. Updated Business Conduct rules in Volume 1 to be in-line with Volume 2 relevant rules;
6. Supervisory Review Process – part of Basel III;
7. Redesigned license fees to take into account CBB's regulatory and supervisory cost;
8. Public Disclosure Module revised as per Basel III;
9. New requirements on Interest Rate Risk in the Banking Book for Volume 1 and Rate of Return Risk in the Banking Book for Volume 2; and
- 10.. Second phase of 'Caps on Fees and Charges' covering loans to customers and corporates.

The CBB encourages banks to follow prudent practices in the conduct of their business and promptly communicate with it on relevant policy matters in the best interests of the financial stability and soundness of the sector.

Yours faithfully,


Khalid Hamad

CC: Bahrain Association of Banks