



Chief Executive Officer
All Bahraini Islamic Banks
Manama
Kingdom of Bahrain

Dear Sir,

Subject: Submission of the Quarterly Capital Adequacy Form

This is to advise you that the CBB is now releasing a new form (Section B: Capital Adequacy), which is available online under Part B of the Rulebook (Volume 2) as Appendix BR-5A.

The new form (Section B: Capital Adequacy) must be used by the Bahraini Islamic banks to calculate the capital adequacy ratios under the CA Module of the CBB Rulebook (Volume 2) effective from the March 2015 reporting period. The form must be completed and submitted to the CBB (concerned supervisory point of contract) via email within 20 calendar days from the end of the respective quarter. Banks must continue with the current practice of filling the existing PIRI form available on ESRAD, except for section B (related to Capital Adequacy) which is replaced by the new form. This is an interim arrangement until the CBB completes its revision of the PIRI version available on ESRAD to capture the new form (Section B: Capital Adequacy).

Banks are reminded that the 20 calendar days deadline mentioned under BR-3.1.3 of the CBB Rulebook (Volume 2) applies to both the PIRI in ESRAD and the new form (Section B: Capital Adequacy) and that both must be subject to the agreed upon procedures (AUP) by banks' external auditors. On an exceptional basis, and for first quarter 2015 reporting period only, the deadlines for the submission of PIRI, the new form (Section B: Capital Adequacy) and the external auditors' AUP report are extended by one month. Accordingly, the deadline for the PIRI on ESRAD and the new capital adequacy Form will be 20th May, 2015 and the deadline for the AUP report will be 30th June, 2015.

Moreover, for banks using the Standardized Approach for calculating the market risk capital charge, they must continue using the related supplementary schedules (Appendix CA-9) available under Part B of the CBB Rulebook (Volume 2).

Revised guidelines for completion of the PIRI, including Section B are being developed and will be issued in due course.

Should you have any queries, you may contact your normal supervisory point of contract.

Yours sincerely,

Khalid Hamad