

OG/334/2022
29th September 2022

Chief Executive Officer
All Locally Incorporated Retail Banks
Manama
Kingdom of Bahrain

Dear Sir/Madam,

Social Housing Loans Through Participating Banks

With the objective of facilitating the implementation of social housing schemes and to encourage retail banks to participate, the Central Bank of Bahrain (CBB) has amended Paragraphs CA-3.2.19B and CA-4.2.19B in the Capital Adequacy Module (Module CA) of CBB Rulebook - Volumes 1 and 2 respectively, which now read as follows:

CBB Rulebook - Volume 1:

CA-3.2.19B

The RW for residential mortgage exposure granted under the Social Housing Schemes of the Kingdom of Bahrain may be reduced to 25% subject to meeting conditions, (a) and (b) in CA-3.2.19A. The reduced risk weight is subject to ensuring the compliance with the requirements for timely recognition of expected credit loss (ECL) as per the Credit Risk Management Module (Module CM).

CBB Rulebook - Volume 2:

CA-4.2.19B

The RW for residential mortgage exposure granted under the Social Housing Schemes of the Kingdom of Bahrain may be reduced to 25% subject to meeting conditions, (a) and (b) in CA-4.2.19A. The reduced risk weight is subject to ensuring the compliance with the requirements for timely recognition of expected credit loss (ECL) as per the Credit Risk Management Module (Module CM).



Office of the Governor

Should you have any further queries, please do not hesitate to contact your supervisory point of contact.

Yours faithfully,

Rasheed M. Al-Maraj
Governor

cc: Bahrain Association of Banks
External Audit Firms