



# **FINANCING COMPANIES PUBLIC DISCLOSURE MODULE**



Table of Contents

		<b>Date Last Changed</b>
<b>PD-A</b>	<b>Introduction</b>	
	PD-A.1 Purpose	01/2014
	PD-A.2 General Requirements	01/2014
	PD-A.3 Proprietary and Confidential Information	01/2014
	PD-A.4 Module History	01/2014
<b>PD-B</b>	<b>Scope of Application</b>	
	PD-B.1 Scope	01/2014
<b>PD-1</b>	<b>Annual Disclosure Requirements</b>	
	PD-1.1 Introduction	01/2014
	PD-1.2 Requirements for Annual Audited Financial Statements and Annual Report	01/2014
	PD-1.3 Disclosures in the Annual Report	01/2014
	PD-1.4 Additional Disclosure in the Annual Audited Financial Statements of Companies Listed on a Licensed Exchange	01/2014
	PD-1.5 Press Release on Annual Results	01/2014
<b>PD-2</b>	<b>Quarterly/Semi-Annual Disclosure Requirements</b>	
	PD-2.1 Publication of Reviewed (Unaudited) Quarterly Financial Statements for Licensees	01/2014
	PD-2.2 Special Arrangements for Newly-Established Licensees	01/2014
<b>PD-3</b>	<b>Other Public Disclosure Requirements</b>	
	PD-3.1 Press Releases Concerning Financial Statements	01/2014
<b>PD-4</b>	<b>Corporate Governance Disclosure to Shareholders</b>	
	PD-4.1 General Requirements	01/2014



<b>MODULE</b>	<b>PD:</b>	<b>Public Disclosure Requirements</b>
<b>CHAPTER</b>	<b>PD-A:</b>	<b>Introduction</b>

## PD-A.1 Purpose

PD-A.1.1 The purpose of this Module is to set out the detailed qualitative and quantitative public disclosure requirements that financing companies should adhere to in order to enhance corporate governance and financial transparency through better public disclosure. Such disclosures also help to protect customers and facilitate market discipline.

PD-A.1.2 This Module provides support for certain other parts of the Rulebook, namely:

- (a) Prudential Consolidation and Deduction Requirements;
- (b) Licensing and Authorisation Requirements;
- (c) CBB Reporting Requirements;
- (d) Credit Risk Management;
- (e) Operational Risk Management;
- (f) High Level Controls;
- (g) Relationship with Audit Firms; and
- (h) Penalties and Fines.

PD-A.1.3 This Module also provides support for certain aspects relating to disclosure requirements stipulated in the Central Bank of Bahrain and Financial Institutions Law (Decree No. 64 of 2006) and the Bahrain Commercial Companies Law (as amended).

### *Legal Basis*

**PD-A.1.4** This Module contains the Central Bank of Bahrain's ('the CBB') Directive (as amended from time to time) relating to public disclosure and disclosure to shareholders and is issued pursuant to the powers available to the CBB under Article 38 of the Central Bank of Bahrain and Financial Institutions Law 2006 ('CBB Law'). It also incorporates the requirements of Article 62 of the CBB Law with respect to the publication of financial statements. The Directive in this Module is applicable to all financing company licensees.

PD-A.1.5 For an explanation of the CBB's rule-making powers and different regulatory instruments, see Section UG-1.1.



MODULE	PD:	Public Disclosure Requirements
CHAPTER	PD-A:	Introduction

## PD-A.2 General Requirements

### PD-A.2.1

All financing companies must have a formal disclosure policy as part of their overall communications strategy, supported by documented procedures and approved by the Board of Directors that addresses the disclosures that the company makes and the internal controls over the disclosure process. In addition, all financing companies must carry out a regular review of the validity of their disclosures (in terms of scope and accuracy) as outlined in Modules BR and AA.

### PD-A.2.2

All financing companies are required to publish their annual audited, and reviewed quarterly financial statements per the rules set out in this Module and Article 62 of the CBB Law, the Bahrain Commercial Companies Law (as amended), the Rulebook of the licensed exchange and Volume 6 (Capital Markets), where applicable. Such financial statements must be prepared in accordance with International Financial Reporting Standards (IFRS) in the case of conventional financing companies and Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) in the case of Shari'a compliant financing companies.

### PD-A.2.3

The CBB requires that each financing company maintain an up-to-date checklist of all applicable IFRS/AAOIFI standards and also the disclosure requirements set out in this Module for full compliance purposes. Such checklists should be part of the financing company's public disclosure procedures.

### PD-A.2.4

The disclosures specified in this Module, which are in addition to those required by applicable accounting standards, must be reviewed by the financing company's external auditor based on agreed upon procedures (unless IFRS/ AAOIFI require that the concerned disclosures are audited).

### PD-A.2.5

The disclosures in this Module may be presented as an accompanying document or appendices to the Annual Report or in the Notes to the Financial Statements at the discretion of the concerned financing company.

### PD-A.2.6

The external auditor's review must also check other statements in the Annual Report such as the Chairman's report to ensure that such statements are consistent with the audited financial statements and the disclosures required by this Module. All qualitative or descriptive disclosures in the Annual Report must be based upon and reflective of facts and actual practice by the financing company (and be subject to the above review by the company's external auditor).



MODULE	PD:	Public Disclosure Requirements
CHAPTER	PD-A:	Introduction

## PD-A.2 General Requirements (continued)

### PD-A.2.7

If situations arise where disclosures required in this Module are in conflict with those required under IFRS/AAOIFI and/or any listing requirements issued by the CBB or a licensed exchange, listed financing companies should first follow the CBB's requirements as contained in Volume 6 (Capital Markets). In such situations, financing companies should explain any material differences between the accounting or other disclosures and the disclosure required in this Module. This explanation does not have to take the form of a line-by-line reconciliation, but should provide stakeholders with sufficient detail to make an objective assessment of the financing company's financial and operational health. Moreover, a formal notification to the CBB is required in such a situation.

### PD-A.2.8

A financing company should decide which disclosures are relevant for it based on materiality and subject to the concurrence of the financing company's external auditor. For the financing companies' guidance, information would be regarded as material if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions.

### PD-A.2.9

Non-compliance with these disclosure requirements is likely to lead to enforcement actions, such as a fine, as outlined in Module EN (Enforcement) .



<b>MODULE</b>	<b>PD:</b>	<b>Public Disclosure Requirements</b>
<b>CHAPTER</b>	<b>PD-A:</b>	<b>Introduction</b>

## PD-A.3 Proprietary and Confidential Information

PD-A.3.1 Proprietary information encompasses information (for example on products or systems), that if shared with competitors would render a financing company's investment in these products/systems less valuable, and hence would undermine its competitive position. Information about customers is often confidential, in that it is provided under the terms of a legal agreement or counterparty relationship. This has an impact on what financing companies should reveal in terms of information about their customer base, as well as details on their internal commercial arrangements, for instance methodologies used, parameter estimates, data etc.

### PD-A.3.2

If a financing company considers that disclosure of certain information required in Section PD-1.3 may prejudice seriously its position by making public information that is either proprietary or confidential in nature, it need not disclose those specific items, subject to the prior approval of the CBB. In such situations, the CBB may require the disclosure of more general information about the subject matter of the requirement, together with the fact that, and the reason why, the specific items of information have not been disclosed. This limited exemption is not intended to conflict with the disclosure requirements under IFRS and AAOIFI, as applicable.



<b>MODULE</b>	<b>PD:</b>	<b>Public Disclosure Requirements</b>
<b>CHAPTER</b>	<b>PD-A:</b>	<b>Introduction</b>

## **PD-A.4 Module History**

### *Evolution of Module*

PD-A.4.1 This Module was first issued in January 2014 by the CBB. Any material changes that have subsequently been made to this Module are annotated with the calendar quarter date in which the change was made: Chapter UG-3 provides further details on Rulebook maintenance and version control.

PD-A.4.2 A list of recent changes made to this Module is provided below:

Module Ref.	Change Date	Description of Changes

### *Superseded Requirements*

PD-A.4.3 This Module supersedes the following provisions contained in circulars or other regulatory requirements:

Document Ref.	Document Subject
Volumes 1 and 2	Module PD



<b>MODULE</b>	<b>PD:</b>	<b>Public Disclosure Requirements</b>
<b>CHAPTER</b>	<b>PD-B:</b>	<b>Scope of Application</b>

## PD-B.1 Scope

### PD-B.1.1

This Module applies to all financing company licensees authorised in the Kingdom, thereafter referred to in this Module as licensees.





<b>MODULE</b>	<b>PD:</b>	<b>Public Disclosure Requirements</b>
<b>CHAPTER</b>	<b>PD-1:</b>	<b>Annual Disclosure Requirements</b>

## PD-1.1 Introduction

PD-1.1.1 The purpose of this Chapter is to set out the CBB's requirements relating to the disclosure of information in the annual audited financial statements and the Annual Report of all licensees. This Chapter also refers to the Bahrain Commercial Companies Law (as amended) and the Rulebook of the licensed exchange relating to public disclosure and reporting requirements.

### PD-1.1.2

For the purpose of this Module, the following definitions apply:

- (a) 'Interest in the shares' includes, but is not be limited to, direct and/or indirect ownership of such shares, the right of voting associated with such shares, the right to receive dividends payable on such shares, and/or any right, regardless of the form thereof, to purchase (or otherwise acquire an interest in) such shares at any time;
- (b) 'Audited financial statements' refers to the financial statements required under International Financial Reporting Standards (IFRS) and/or Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI); and
- (c) 'Annual Report' refers to the document which contains the full audited financial statements and accompanying notes as well as any accompanying commentary by the senior officials of the company.



MODULE	PD:	Public Disclosure Requirements
CHAPTER	PD-1:	Annual Disclosure Requirements

## PD-1.2 Requirements for Annual Audited Financial Statements and Annual Report

### *Submission of Annual Audited Financial Statements*

**PD-1.2.1** All licensees must submit their annual audited financial statements to the CBB within 3 months of the end of the licensee's financial year (as required by Article 62 of the CBB Law). Licensees' annual audited financial statements must be audited by their external auditor.

**PD-1.2.2** Licensees are also required to publish the annual audited financial statements on their website (see also PD-1.3.5(g)) within one week of submission to the CBB.

### *Publication of Annual Audited Financial Statements*

**PD-1.2.3** Licensees must publish extracts from their audited annual financial statements in one Arabic and one English daily newspaper within 2 months of the end of the financial year. The newspaper disclosures may be edited, but must include at a minimum the balance sheet, the statements of income, cash flow, changes in equity and, where applicable, the statement of comprehensive income. The newspaper disclosures must also be published on the licensee's website within one week of publication.

**PD-1.2.4** The newspaper disclosures must include a reference to the fact that the published figures 'have been extracted from financial statements audited by XYZ auditor, who expressed an unqualified opinion on (dated report)'. Licensees must disclose in full any audit qualifications or matter of emphasis paragraphs contained within the auditor's opinion. The auditor's opinion must be made in accordance with the International Standards on Auditing as established by the International Federation of Accountants and AAOIFI's Standards on Auditing, where applicable.

**PD-1.2.5** Licensees must submit a copy of the newspaper extracts from their annual audited financial statements to the CBB within two business days of publication in the concerned newspapers. The copy must be accompanied by a letter clearly showing on which date and in which publications the statements were published.



MODULE	PD:	Public Disclosure Requirements
CHAPTER	PD-1:	Annual Disclosure Requirements

**PD-1.2 Requirements for Annual Audited Financial Statements and Annual Report (continued)**

*Submission of Annual Report*

PD-1.2.6

All licensees must submit their full printed annual report to the CBB, including the full disclosures prescribed in this Chapter within 4 months of the end of the licensee's financial year.

PD-1.2.7

Licensees are also required to place the annual report on their website (see also PD-1.3.5(g)) within one week of submission to the CBB.



MODULE	PD:	Public Disclosure Requirements
CHAPTER	PD-1:	Annual Disclosure Requirements

## PD-1.3 Disclosures in the Annual Report

### *Introduction*

#### PD-1.3.1

Licensees should provide timely information which facilitates market participants' assessment of them. The disclosure requirements set out in this Section must be included in the Annual Report either as an appendix or in the notes to the audited financial statements at the discretion of the concerned licensee. The disclosures should be addressed in clear terms and with appropriate details to help achieve a satisfactory level of transparency.

#### PD-1.3.2

If a licensee is unable to achieve full compliance with the requirements stated in this Chapter, a meeting should be held with the relevant Banking Supervision Director at the CBB in the presence of the concerned external auditor to discuss the reasons for such non-compliance prior to the finalisation of the Annual Report. It is the responsibility of the licensee to call for such meetings.

### *Scope of Application – Qualitative Disclosures*

#### PD-1.3.3

The following information must be disclosed in relation to the licensee, its subsidiaries and associates:

- (a) The full legal name of the top corporate entity in the group to which the disclosure requirements apply; and
- (b) An outline of the differences in the basis of consolidation for accounting and regulatory purposes.

### *Financial Performance and Position*

#### PD-1.3.4

The following information should be included:

- (a) Discussion of the main factors that influenced the licensee's financial performance for the year, explaining any differences in performance between the current year and previous years and the reasons for such differences, and discussing factors that will have a significant influence on the licensee's future financial performance;
- (b) Basic quantitative indicators of financial performance (e.g. ROAE, ROAA, NIM, cost-to-income ratios) for the past 5 years;
- (c) A discussion of the impact of acquisitions of new businesses and discontinued business and unusual items; and
- (d) A discussion of any changes in the capital structure and their possible impact on earnings and dividends.



<b>MODULE</b>	<b>PD: Public Disclosure Requirements</b>
<b>CHAPTER</b>	<b>PD-1: Annual Disclosure Requirements</b>

### PD-1.3 Disclosures in the Annual Report (continued)

#### *Corporate Governance and Transparency*

##### PD-1.3.5

The following information relating to corporate governance must be disclosed in the Annual Report:

- (a) Information about the Board structure (e.g. the size of the Board, Board committees, function of committees and membership showing executive, non-executive and independent members) and the basic organisational structure (lines of business structure and legal entity structure);
- (b) Information about the profession, business title, and experience in years of each Board member and the qualifications and experience in years of all senior managers;
- (c) Descriptive information on the managerial structure, including:
  - (i) Committees;
  - (ii) Segregation of duties;
  - (iii) Reporting lines; and
  - (iv) Responsibilities;
- (d) Descriptive information on the performance-linked incentive structure for the Chief Executive, the General Manager, Managers, Shari'a Board and the Board of directors (remuneration policies, executive compensation, stock options, etc.);
- (e) Nature and extent of transactions with related parties (as defined by IFRS and AAOIFI as appropriate– see also PD-1.3.11(d));
- (f) Approval process for related party transactions;
- (g) Information about any changes in the structures (as mentioned in Subparagraphs PD-1.3.5(a) to PD-1.3.5(c)) from prior periods;
- (h) The communications strategy approved by the Board (including the use of the licensee's website) which should undertake to perform at least the following:
  - (i) The disclosure of all relevant information to stakeholders on a periodic basis in a timely manner; and
  - (ii) The provision of at least the last three years of financial data on the licensee's website;
- (i) Distribution of ownership of shares by nationality;
- (j) Directors' and senior managers' trading of the licensee's shares during the year, on an individual basis;
- (k) Distribution of ownership of shares by directors and senior managers, on an individual basis;



MODULE	PD: Public Disclosure Requirements
CHAPTER	PD-1: Annual Disclosure Requirements

### PD-1.3 Disclosures in the Annual Report (continued)

#### PD-1.3.5 (continued)

- (l) Distribution of ownership of shares by size of shareholder;
- (m) Ownership of shares by government;
- (n) The Board's functions – rather than a general statement (which could be disclosed simply as the Board's legal obligations under various laws) the 'mandate' of the Board should be set out;
- (o) The types of material transactions that require Board approval;
- (p) Number and names of independent board members;
- (q) Board terms and start date for each term for each director;
- (r) What the board does to induct, educate and orient new directors;
- (s) Election system of directors and any termination arrangements;
- (t) Meeting dates (number of meetings during the year);
- (u) Attendance of directors at each meeting;
- (v) Whether the board has adopted a written code of ethical business conduct, and if so the text of that code and a statement of how the board monitors compliance;
- (w) Minimum number of Board committee meetings per year, the actual number of board meetings, attendance of committees' members and the work of committees and any significant issues arising during the period;
- (x) Reference to Module HC and any amendments subsequently made by the CBB, including explanation and nature of any non-compliance with Module HC in accordance with Paragraph HC-A.1.8;
- (y) Review of internal control processes and procedures;
- (z) Directors responsibility with regard to the preparation of financial statements;
- (aa) Board of Directors – whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution;
- (bb) Licensees must maintain a website;
- (cc) Aggregate remuneration paid to board members;
- (dd) Remuneration policy of the licensee for board members and senior management; and
- (ee) Aggregate remuneration paid to senior management.

PD-1.3.5A With regards to corporate governance, licensees are subject to additional disclosure requirements on corporate governance, whereby such disclosure are for the benefit of shareholders (See Chapter PD-4).



MODULE	PD:	Public Disclosure Requirements
CHAPTER	PD-1:	Annual Disclosure Requirements

### PD-1.3 Disclosures in the Annual Report (continued)

#### *Capital Structure – Qualitative Disclosures*

**PD-1.3.6** All licensees must disclose summary information of the terms and conditions of the main features of all capital instruments listed in Paragraph PD-1.3.7 including innovative, complex or hybrid capital instruments.

#### *Capital Structure – Quantitative Disclosures*

**PD-1.3.7** All licensees must disclose the amount of core capital with separate disclosures of:

- (a) Authorised capital;
- (b) Paid-up share capital/common stock;
- (c) Breakdown of reserves and retained earnings;
- (d) Minority interests in the equity of subsidiaries;
- (e) Other capital instruments such as subordinated debt or hybrid capital instruments; and
- (f) Regulatory deductions from core capital (see Paragraph CA-1.1.6 for more guidance).

#### *Capital Adequacy*

**PD-1.3.8** All licensees must present a summary of the licensee's approach to assessing the adequacy of capital and adherence to the gearing requirements to support current and future activities.

#### *General Qualitative Disclosure Requirements*

**PD-1.3.9** All licensees must describe their risk management objectives and policies for each separate risk area below and provide information on whether or not strategies used have been effective throughout the reporting period. The strategies, processes and internal controls (including internal audit) must be described for each area below including the structure and organisation of the relevant risk management function, and the scope and nature of risk reporting systems and policies for hedging/mitigating risk and strategies for monitoring the continuing effectiveness of hedges/mitigants. There are also certain specific disclosures for each of these areas in addition to the general qualitative disclosures required by this Paragraph:

- (a) Credit risk (see also PD-1.3.10 – PD-1.3.12);
- (b) Securitisations (see also PD-1.3.13 – PD-1.3.14); and
- (c) Operational Risk (see also PD-1.3.15 – PD-1.3.16).



MODULE	PD:	Public Disclosure Requirements
CHAPTER	PD-1:	Annual Disclosure Requirements

### PD-1.3 Disclosures in the Annual Report (continued)

#### *Credit Risk – Qualitative Disclosures*

**PD-1.3.10** All licensees must make the general qualitative disclosures outlined in Paragraph PD-1.3.9, as well as those below:

- (a) Definition of past due and impaired credit facilities (for accounting purposes); and
- (b) Description of the approaches for specific and collective impairment provisions and statistical methods used (where applicable).

#### *Credit Risk – Quantitative Disclosures*

**PD-1.3.11** All licensees must disclose the following:

- (a) Total gross credit exposures (gross outstanding before any risk mitigation) plus average gross exposures over the period broken down by major types of credit exposure (as outlined under IFRS) into funded and unfunded exposures. Where the period end position is representative of the risk positions of the company during the period, average gross exposures need not be disclosed. Licensees must state that average gross exposures have not been disclosed for this reason. Where average amounts are disclosed in accordance with an accounting standard or other requirement which specifies the calculation method to be used, that method should be followed. Otherwise, the average exposures should be calculated using the most frequent interval that an entity's systems generate for management, regulatory or other reasons, provided that the resulting averages are representative of the licensee's operations. The basis used for calculating averages needs to be stated;
- (b) Geographic distribution of exposures, broken down into significant areas by major types of credit exposure. Geographical areas may be individual countries, or groups of countries. Licensees may define the geographical area according to how they manage the concerned areas internally. The criteria used to allocate exposures to particular geographical areas should be specified;
- (c) Distribution of exposures by industry or counterparty type, broken down by major types of credit exposure, broken down by funded and unfunded exposure;
- (d) Intra-group transactions including exposures to related parties, and whether such transactions have been made on an arm's length basis;





<b>MODULE</b>	<b>PD:</b>	<b>Public Disclosure Requirements</b>
<b>CHAPTER</b>	<b>PD-1:</b>	<b>Annual Disclosure Requirements</b>

### PD-1.3 Disclosures in the Annual Report (continued)

- (e) By major industry or counterparty type:
  - (i) Amount of impaired loans/facilities and past due loans/facilities (see PD-1.3.12);
  - (ii) Specific and collective impairment provisions (see PD-1.3.12);
  - (iii) Charges for specific impairment provisions and charge-offs (write-offs) during the period; and
  - (iv) Reconciliation of changes in provisions for loan impairment;
- (f) Amount of past due credit facilities, separately broken down by significant geographic areas, including the amounts of specific and collective impairment provisions related to each geographical area (see PD-1.3.11(b) for definition of geographical area);
- (g) Aggregate quantitative information about all outstanding credit facilities at year end not included in (f) above that have been restructured (according to the definition in the PIR instructions) during the period including:
  - (i) The balance of any restructured credit facilities ;
  - (ii) The magnitude of any restructuring activity;
  - (iii) The impact of restructured credit facilities on provisions and present and future earnings; and
  - (iv) The basic nature of concessions on all credit relationships that are restructured.

If full repayment is expected, the restructured credit need not be disclosed in this section after satisfactory performance for a period of six months in accordance with the modified terms; and

- (h) Quantitative information concerning obligations with respect to recourse transactions (i.e. where the asset has been sold, but the company retains responsibility for repayment if the original counterparty defaults or fails to fulfil their obligations). Information must include the amount of assets sold and any expected losses.



MODULE	PD:	Public Disclosure Requirements
CHAPTER	PD-1:	Annual Disclosure Requirements

### PD-1.3 Disclosures in the Annual Report (continued)

#### PD-1.3.12

For Paragraph PD-1.3.11, the following notes are provided for interpretative guidance:

- (a) Licensees must follow the residual maturity groupings currently followed under IFRS 7, but they must also extend the periods to include 5-10 years, 10-20 years, and 20 years and over (where the licensees have exposures or liabilities of such maturity);
- (b) In PD-1.3.11(e), licensees must provide an ageing of past due credit facilities on the following basis:
  - (i) Ageing schedule (over 3 months, over 1 year and over 3 years) of past due credit facilities and other assets; and
  - (ii) Breakdown by relevant counterparty type and geographic area;
- (c) For specific, collective and other impairment provisions, the portion of collective impairment provisions not allocated to specific geographical areas should be shown separately; and
- (d) The reconciliation of changes in provisions should show specific and collective impairment provisions separately.



MODULE	PD:	Public Disclosure Requirements
CHAPTER	PD-1:	Annual Disclosure Requirements

### PD-1.3 Disclosures in the Annual Report (continued)

#### *Securitisation – Qualitative Disclosure Requirements*

##### PD-1.3.13

All licensees must disclose the following with respect to securitisation activities:

- (a) The general qualitative disclosure requirement (PD-1.3.9) with respect to securitisation, including a summary of:
  - (i) The licensee's objectives in relation to its securitisation activities, including the extent to which these activities transfer credit risk of the underlying securitised exposures away from the licensee to other parties; and
  - (ii) The roles played by the licensee in the securitisation process (for example, is the licensee the originator of the underlying risks, is it an investor, is it a servicer, is it a provider of credit enhancement, is it a sponsor of an asset-backed commercial paper facility, is it a liquidity provider, or is it a swap provider?) and an indication of the licensee's involvement in each of them;
- (b) A summary of the licensee's accounting policies for securitisation activities, including:
  - (i) Whether transactions are treated as sales or financing;
  - (ii) Recognition of gain on sale;
  - (iii) Key assumptions for valuing retained interests, including any changes since the last report and the impact of such changes; and
  - (iv) Treatment of synthetic securitisations if not covered by other accounting policies (e.g. derivatives); and
- (c) The names of External Credit Assessment Institutions (ECAIs) used for securitisations and the type of securitisation exposure for which each agency is used.

#### *Securitisation – Quantitative Disclosure Requirements*

##### PD-1.3.14

Licensees must disclose the following quantitative information with respect to securitisation activities:

- (a) The total outstanding exposures securitised by the licensee and subject to the securitisation framework (broken down into traditional and synthetic), by exposure type. These should be categorised under bands such as credit cards, home equity, etc. Also licensees must separately report any securitisation transactions for the year of inception where they do not retain any exposure. Licensees should also clearly identify securitisations where they are acting purely as sponsors;



MODULE	PD:	Public Disclosure Requirements
CHAPTER	PD-1:	Annual Disclosure Requirements

### PD-1.3 Disclosures in the Annual Report (continued)

- (b) Securitisations broken down by exposure type showing:
  - (i) The amount of impaired or past due assets securitised; and
  - (ii) Losses recognised by the company during the current period;
- (c) The aggregate amount of securitisation exposures retained or purchased, broken down by exposure type; and
- (d) Summary of current year's securitisation activity, including the amount of exposures securitised (by exposure type) and recognised gain or loss on sale by asset type.

#### *Operational Risk Disclosures*

PD-1.3.15

All licensees must disclose the general qualitative disclosures (PD-1.3.9) and also the approach for operational risk which the licensee employs to control such risk, and disclosures of any issues considered to be individually significant.

PD-1.3.16

All licensees must disclose quantitative information on any material legal contingencies including pending legal actions, and a discussion and estimate of the potential liabilities, in addition to qualitative statements about how licensees manage and control such risks.

#### *Compliance*

PD-1.3.17

The annual report must include a declaration by the external auditor that it did not come across any violations of the requirements below during the course of its audit work that would have any material negative impact on the financial position of the licensee:

- (a) The Bahrain Commercial Companies Law;
- (b) The CBB Law where a violation might have had a material negative effect on the business of the licensee or on its financial position;
- (c) The Regulations and Directives issued by the CBB, including Volume 6 (Capital Markets); and
- (d) The Rulebook of the licensed exchange and associated Resolutions, Rules and Procedures.



MODULE	PD:	Public Disclosure Requirements
CHAPTER	PD-1:	Annual Disclosure Requirements

### PD-1.3 Disclosures in the Annual Report (continued)

#### PD-1.3.18

The annual report must disclose the amount of any penalties paid to the CBB during the period of the report together with a factual description of the reason(s) given by the CBB for the penalty (see Module EN). Failure to comply with this requirement will mean that the concerned licensee will be required to make the disclosure in the subsequent quarterly financial statement and in the subsequent annual financial statement. A financial penalty for non-disclosure will also be levied upon the concerned licensee.



MODULE	PD:	Public Disclosure Requirements
CHAPTER	PD-1:	Annual Disclosure Requirements

**PD-1.4 Additional Disclosure in the Annual Audited Financial Statements of Licensees Listed on a Licensed Exchange**

**PD-1.4.1** The content of this Section is applicable only to licensees listed on a licensed exchange.

**PD-1.4.2** The disclosure requirements set out in this Section for listed licensees referred to under Paragraph PD-1.4.1 are in addition to those set out in Section PD-1.3.

*Interests of Approved Persons*

**PD-1.4.3** Without prejudice to any other requirement of Bahrain law (or any other direction of the CBB), the Directors' Report Section of the annual audited financial statements of listed licensees should contain details of the interests of approved persons in the shares of such licensees. Such details should include:

- (a) Total interests in the shares of listed licensees by approved persons; and
- (b) Changes in such interests from the previous financial year to the current financial year.

**PD-1.4.4** For the purpose of the disclosure required under Paragraph PD-1.4.3, any interests in the shares of a listed licensee held by the connected person(s) of an approved person, or any other person the control of whose interests in such shares lies ultimately with the approved person, shall be deemed to be the interests of the relevant approved person. For a definition of 'interest in the shares', see Paragraph PD-1.1.2(a).



<b>MODULE</b>	<b>PD:</b>	<b>Public Disclosure</b>
<b>CHAPTER</b>	<b>PD-1:</b>	<b>Annual Disclosure Requirements</b>

## PD-1.5 Press Release on Annual Results

### PD-1.5.1

Where a licensee chooses to issue a narrative press release in conjunction with or in relation to the publication of its audited annual financial statements as required under Paragraph PD-1.2.3, the press release must indicate the net income for the last quarter.



MODULE	PD:	Public Disclosure Requirements
CHAPTER	PD-2:	Quarterly Disclosure Requirements

## PD-2.1 Publication of Reviewed (Unaudited) Quarterly/Semi-Annual Financial Statements for Licensees

**PD-2.1.1** Licensees that are listed companies must prepare reviewed (unaudited) quarterly financial statements in accordance with IFRS and/or AAOIFI (for sharia-compliant licensees) for the first three quarters of their financial year.

**PD-2.1.2** Licensees that are non-listed companies must prepare reviewed (unaudited) semi-annual financial statements in accordance with IFRS and/or AAOIFI (for sharia-compliant licensees).

**PD-2.1.3** Licensees' unaudited financial statements must be reviewed by their external auditor who must also make a statement regarding the results of such review. Such review and statement should be made in accordance with the applicable International Standard on Review Engagements.

**PD-2.1.4** Extracts from the reviewed financial statements (including at a minimum the balance sheet, the statements of income, the cash flow, changes in equity and where applicable, the statement of comprehensive income) must be published in one Arabic and one English daily newspaper widely available in Bahrain and on the licensee's website within forty-five calendar days of the end of the period to which such statements relate.

**PD-2.1.5** Licensees must submit a newspaper copy of the statements (referred to under Paragraph PD-2.1.4) to the CBB within two business days of publication. The copy should be accompanied by a letter clearly showing on which date and in which publication(s) the statements were published.

### *Additional Requirements for Semi Annual Disclosures*

**PD-2.1.6** In addition to the requirements of Paragraphs PD-2.1.1 to PD-2.1.5 above, licensees must make all the quantitative disclosures required by Section PD-1.3 with their half-yearly financial statements on their website.





<b>MODULE</b>	<b>PD:</b>	<b>Public Disclosure Requirements</b>
<b>CHAPTER</b>	<b>PD-2:</b>	<b>Quarterly Disclosure Requirements</b>

## PD-2.2 Special Arrangements for Newly-Established Licensees

PD-2.2.1 Newly-established licensees are not required to follow the publication requirements of Section PD-2.1 for the first three quarters of their operation or until the commencement of their second financial year of operation (whichever period is the longer).

**PD-2.2.2** After the above period has expired, all newly-established locally incorporated licensees must follow the publication requirements of Section PD-2.1. Newly-established licensees must follow the requirements for annual reporting.



MODULE	PD:	Public Disclosure Requirements
CHAPTER	PD-3:	Other Public Disclosure Requirements

## PD-3.1 Press Releases Concerning Financial Statements

### PD-3.1.1

Licensees must obtain the CBB's prior approval before issuing any press releases regarding interim or annual financial statements. Licensees must not publish or cause to be published, any media statements until such times as CBB approval has been granted.

PD-3.1.2 In implementing Rule PD-3.1.1, the CBB will provide the licensee with a written decision within two business days of the receipt of request for approval.



<b>MODULE</b>	<b>PD:</b>	<b>Public Disclosure Requirements</b>
<b>CHAPTER</b>	<b>PD-4:</b>	<b>Corporate Governance Disclosure to Shareholders</b>

## PD-4.1 General Requirements

### PD-4.1.1

In addition to the corporate governance disclosure required under Paragraph PD-1.3.5, licensees must also disclose to their shareholders the following information:

- (a) Names of shareholders owning 5% or more and, if they act in concert, a description of the voting, shareholders' or other agreements among them relating to acting in concert, and of any other direct and indirect relationships among them or with the bank licensee or other shareholders;
- (b) Information on the directorships held by the directors on other boards;
- (c) Audit fees charged by the external auditor;
- (d) Non-audit services provided by the external auditor and fees;
- (e) Reasons for any switching of auditors and reappointing of auditors; and
- (f) Conflict of Interest – any issues arising must be reported and, in addition describe any steps the board has taken or will take to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.