



EDBS/KH/0345/2011
6th September 2011

Chief Executive Officer
All Retail Banks & Financing Companies
Manama
Kingdom of Bahrain

Dear Sir,

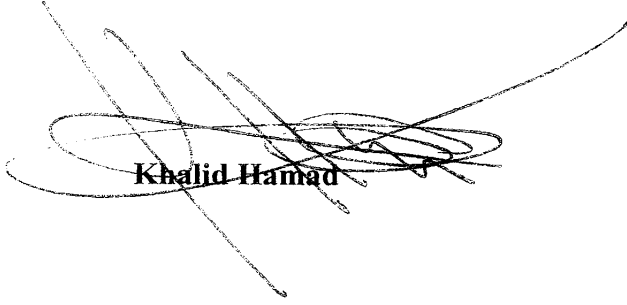
Arrangements for Retired Customers Financing Facilities

The CBB intends to study the current practices of retail banks & financing companies in relation to the treatment and arrangement of credit facilities of retired customers. More specifically the CBB would wish to enquire if retail banks & financing companies are currently treating such facilities in accordance with CM 8.4.10 and therefore are categorising retired customers' financing facilities as "technically non compliant". Under Rule cm-8.4.10, banks are required to identify customers whose income falls due to redundancy or disability or any similar event outside the customer's control as "technically non compliant" if their instalments on credit facilities rise to above 50% of the limit outlined in cm-8.4.1, and report accordingly such facilities to the CBB. Therefore, the CBB wishes to enquire how retail banks & financing companies treat existing individual debtors who have taken retirement and whose income has fallen. Are such pensioners included under reporting of "technically non compliant" facilities in CM-8.4.10?

Secondly, how do retail banks & financing companies treat retiree customers if such customers wish to reschedule or restructure their credit facilities? Do you follow other alternative arrangements in order to enable such customers to overcome their payment difficulties taking into consideration their reduced monthly income?

Please submit your comments electronically to Mr. Ahmed Al Bassam, Director of Licensing & Policy at the CBB albassam@cbb.gov.bh and Mrs. Ebtisam Al Arrayed, Head of Policy & Central Risk earrayed@cbb.gov.bh, by 20th September 2011.

Yours faithfully,



Khalid Hamad