



EDBS/KH/C/6/2015
10th February 2015

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

Dear Sir,

Basel Committee Consultative Document:
Revisions to the Standardised Approach for Credit Risk

The Basel Committee for Banking Supervision has recently issued a consultation paper which proposes material changes to the way certain assets are risk-weighted in the calculation of the CAR. In particular, this involves a move towards internal risk drivers when determining the risk weight of certain assets. The document is available at <http://www.bis.org/publ/d307.htm>.

The proposals include the replacement of external credit ratings. There are potentially material increases in the risk weighting of bank and corporate exposures. Real estate and specialised lending are also subject to higher risk weights than under Basel III. There are material changes to off-balance sheet exposures and to the treatment of credit mitigants.

The CBB urges all Bahraini banks to review these major changes and provide their comments to the Basel Committee with a copy to the CBB (consultation@cbb.gov.bh), as the CBB may be providing its own commentary to the Basel Committee in due course.

Yours faithfully,


Khalid Hamad