



EDBS/KH/C/28/2014  
17<sup>th</sup> April 2014

**The Chief Executive Officer**

All banks, financing companies and micro-finance institutions  
Manama  
Kingdom of Bahrain

Dear Sir,

**Treatment of Interest or Profit in Suspense in the  
PIR and Published Financial Statements**

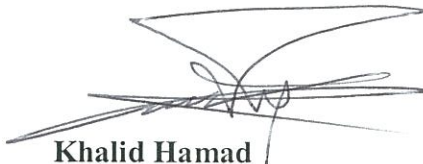
This circular outlines new treatment of interest or profit in suspense for all the subject licensees for prudential reporting (the Form PIR) and public disclosure purposes (reviewed and audited financial statements) for all reporting periods ending 30<sup>th</sup> June 2014 and onward.

During prudential meetings and reviews of the annual financial statements it has become apparent that there are material differences in the reporting of interest/profit in suspense by such licensees that provide credit facilities. This means that reported amounts for non-performing credit facilities are not consistent or comparable for different licensees. This is causing confusion for users of financial statements.

The CBB therefore requires that all interest or profit in suspense must be moved off-balance sheet (to a memorandum account). Interest/profit in suspense must therefore no longer be included as a component of the gross volume of non-performing credit facilities, whether in the PIR or the published financial statements of subject licensees (interim or annual).

This new treatment applies for all PIRs and published financial statements for the period ending 30<sup>th</sup> June 2014 and onward.

Yours faithfully,



**Khalid Hamad**

cc: - All Audit Firms  
- Bahrain Association of Banks