

22 July 2012

IBCSI ٢٣٢٩٥

From : Saudi Arabian Monetary Agency

To : All Banks

Attention : Managing Directors, Chief Executive Officers and General Managers

Subject : **Basel Committee – Final Rules on Bank Disclosures of the Composition of the Capital**

The Basel Committee on 25 June 2012 has issued a Press Release reference XX/2012 concerning final rules on the information banks must disclose when detailing the composition of their capital. The publication sets out a framework to ensure that the components of banks' capital bases are disclosed in standardized formats across jurisdictions to facilitate consistency in reporting composition of capital through improved Pillar 3 disclosures.

With regard to Basle III Pillar 3 reporting during the transition phase (1 January 2014 to January 2018), refer to annex 4 of the attached, whilst the finalized reporting format are described in annexes 1, 2 and 3 (Post 1 January 2018 disclosures templates) which also includes Reconciliation Requirements and Other Disclosure Requirements.

In this regard, Basle III improvements in the disclosures of bank' capital requirements i.e. the composition of risk weighted assets are also under consideration by the Committee.

All Banks in Saudi Arabia are required to implement these minimum requirements which are to be incorporated for Basel III – Pillar 3 purposes as well for the financial reporting purposes. In this respect, the Agency requires that the Banks' CFO Committee should discuss these requirements in their future Committee meetings and proceed to commission in coordination with SAMA an external consultant to integrate these requirements in their Pillar 3 reporting templates, and the financial statements disclosures and their website. This study should cover the following;

1. The Reporting Templates including transition and finalized phase disclosures, Guidance notes regarding instructions to complete the Templates, other clarification, definitions, frequency of reporting, etc.
2. The package as a whole should be consistent with and effectively merge with the current SAMA Pillar 3 requirements.

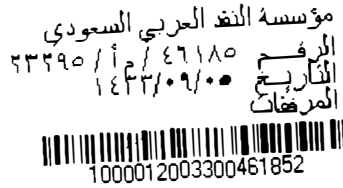
3. Further, it should provide guidance on how relevant disclosures are to be included in the regular reporting of banks' financial statements and on their websites.

For Implementation Date and Frequency of Reporting, we refer you to paragraphs 5, 6 & 7 of the Document.

You may access the minimum requirements and the Press Release from Bank for International Settlements (BIS) website address: (<http://www.bis.org>).

If you have any questions related to this subject, you may refer these to any member of the SAMA's Basel III Team.

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