



CAPITAL ADEQUACY MODULE

CONSULTATION

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| MODULE | CA: Capital Requirements |
| CHAPTER | CA-1: Regulatory Capital |

CA-1.1 General Requirements

Minimum Capital Requirement

CA-1.1.1 A licensee must maintain a minimum paid-up capital of BD 250,000 5,000,000. A greater amount of capital may be required by the CBB on a case-by-case basis. A licensee offering a limited scope of short-term instalment credit activity may be allowed, as determined by the CBB, to maintain a lower capital based on the nature, scale and size of operations.

CA-1.1.2 In addition to the requirements of Paragraph CA-1.1.1, the CBB may require that an acceptably worded letter of guarantee be provided in support of the application for a license. Where the application for the license is for an incorporated entity, the CBB may seek a letter of guarantee from the major shareholder in control of the licensee.

CA-1.1.3 All licensees must implement the requirements of Paragraphs CA-1.1.1 and CA-1.1.2, effective January 2013.

Gearing Ratio

CA-1.1.4 In addition to the requirements outlined in Paragraphs CA-1.1.1 and CA-1.2.1., all licensees must maintain a minimum gearing ratio of 20%.

CA-1.1.5 For purposes of Paragraph CA-1.1.4, the gearing ratio is defined as the core capital divided by the total liabilities to be calculated on a consolidated basis.

Core Capital

CA-1.1.6 Core capital shall consist of the sum of items (a) to (e) below, less the sum of items (f) to (h) below:

- (a) Issued and fully paid ordinary shares (net of treasury shares);
- (b) Share premium reserve;
- (c) Preference shares;
- (d) All disclosed reserves brought forward, that are audited and approved by the shareholders, in the form of legal, general and other reserves created by appropriations of retained earnings; and
- (e) Retained earnings (losses) brought forward, including reviewed interim profits;