



CAPITAL ADEQUACY MODULE



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CA-10.6 Gearing

CA-10.6.1 The content of this Section is applicable to all retail branches of foreign banks.

Measurement

CA-10.6.2 The gearing ratio is measured as the ratio of deposit liabilities against the bank's capital and reserves. Deposit liabilities includes 'balances of banks and similar institutions' (excluding deposits from head office), 'current accounts for non-banks' and 'total unrestricted investment accounts' as reported in Section A Balance Sheet of the PIRI. Capital and reserves refers to the aggregate amount of the capital items reported in Section A Balance Sheet of the PIRI i.e. 'total capital liabilities'.

Gearing Limit

CA-10.6.3 Deposit liabilities must not exceed 20 times the respective bank's capital and reserves at all times (i.e. capital and reserves must be 5% or above of the deposit liabilities).