

Part IV: Risk-weighted Amount for Market Risk

Division A: STM Approach - Interest Rate Exposures (Trading Book)

A.1 Interest rate exposures - specific risk

(a) Non-securitization exposures that do not fall within a correlation trading portfolio and that are not nth-to-default credit derivative contracts

(HK\$'000)

Item	Classes (Note (1))	Positions	Exposures by market risk capital charge factor for specific risk						Total market risk capital charge for specific risk	
			(0.00%)	Residual maturity			(8.00%)	(12.00%)		To be specified (%)
				6 months or less (0.25%)	Over 6 months to 24 months (1.00%)	Over 24 months (1.60%)				
Sovereign (including sovereign foreign public sector entities)										
(1), (3)	1.1	Credit quality grade 1	Long	88,116						
			Short							
	1.2	Credit quality grade 2 or 3	Long							
			Short							
	1.3	Credit quality grade 4 or 5	Long							
			Short							
	1.4	Credit quality grade 6	Long							
			Short							
	1.5	Unrated	Long							
			Short							
Qualifying										
	1.6	Issued by multilateral development banks	Long							
			Short							
	1.7	Issued by public sector entities (excluding sovereign foreign public sector entities)	Long							
			Short							
	1.8	Issued by banks	Long							
			Short							
	1.9	Issued by securities firms	Long							
			Short							
	1.10	Issued by corporates	Long							
			Short							
Non-qualifying										
(12)	1.11	Credit quality grade 4	Long				10,000			
			Short							
(13)	1.12	Credit quality grade 5	Long					1,000		
			Short							
(2)	1.13	Unrated	Long				40,732			
			Short							
	1.14	TOTAL (Items 1.1 to 1.13)	Long	88,116	0	0	0	50,732	0	0
			Short	0	0	0	0	0	1,000	0
	1.15	Market risk capital charge factor		0.00%	0.25%	1.00%	1.60%	8.00%	12.00%	_____%
	1.16	TOTAL MARKET RISK CAPITAL CHARGE FOR SPECIFIC RISK FOR INTEREST RATE EXPOSURES (ON GROSS POSITIONS - LONG PLUS SHORT)		0	0	0	0	4,059	120	0

Note: (1) For debt-related option contracts, the delta-weighted positions should be reported above or, if the reporting institution engages only in the purchase of option contracts as defined in the completion instructions, such option contracts can be carved out and reported in Division E.1.

A.2

Interest rate exposures - general market risk

Currency : HKD (separate form for each currency)

Maturity method

(HK\$'000)

Zone	Time band	Coupon		Individual positions						Risk-weight	Risk-weighted positions	
		Coupon of not less than 3% per annum	Coupon of less than 3% per annum	Debt securities & debt-related derivative contracts		Interest rate derivative contracts		Total			Long	Short
				Long	Short	Long	Short	Long	Short			
(8), (11) (4), (5) (5), (6)	1	≤1 month	≤1 month					0	0	0.00%		
	2	>1 to 3 months	>1 to 3 months			500	24,653	500	24,653	0.20%	1	49
	3	>3 to 6 months	>3 to 6 months			153,783	48,589	153,783	48,589	0.40%	615	194
	4	>6 to 12 months	>6 to 12 months			47,852	19,141	47,852	19,141	0.70%	335	134
(6) (4), (13)	5	>1 to 2 years	>1.0 to 1.9 years			18,531		18,531	0	1.25%	232	0
	6	>2 to 3 years	>1.9 to 2.8 years		1,026		159,766	0	160,792	1.75%	0	2,814
	7	>3 to 4 years	>2.8 to 3.6 years					0	0	2.25%	0	0
3	8	>4 to 5 years	>3.6 to 4.3 years					0	0	2.75%	0	0
	9	>5 to 7 years	>4.3 to 5.7 years					0	0	3.25%	0	0
	10	>7 to 10 years	>5.7 to 7.3 years					0	0	3.75%	0	0
	11	>10 to 15 years	>7.3 to 9.3 years					0	0	4.50%	0	0
	12	>15 to 20 years	>9.3 to 10.6 years					0	0	5.25%	0	0
	13	>20 years	>10.6 to 12 years					0	0	6.00%	0	0
	14		>12 to 20 years					0	0	8.00%	0	0
	15		>20 years					0	0	12.50%	0	0
TOTAL				0	1,026	220,666	252,149	220,666	253,175		1,183	3,191
OVERALL NET OPEN RISK-WEIGHTED POSITION										(2,008)		

Calculation	Vertical disallowance	Horizontal disallowance in			Horizontal disallowance between			Overall net open risk-weighted position	Total market risk capital charge for general market risk
		Zone 1	Zone 2	Zone 3	Zones 1 & 2	Zones 2 & 3	Zones 1 & 3		
TOTAL MARKET RISK CAPITAL CHARGE FOR GENERAL MARKET RISK FOR INTEREST RATE EXPOSURES	33	19	70	0	230	0	0	2,008	2,360

Note: For debt-related option contracts, the delta-weighted positions should be reported above or, if the reporting institution engages only in the purchase of option contracts as defined in the completion instructions, such option contracts can be carved out and reported in Division E.1.

A.2 Interest rate exposures - general market risk

Currency : HKD (separate form for each currency)

Maturity method (Calculation of each component of total market risk capital charge for general market risk for interest rate exposures)

(HK\$'000)

Zone	Time band	Coupon		Risk-weighted positions		By band		By zone		Between zones	Calculation of total market risk capital charge for general market risk for interest rate exposures	
		Coupon of not less than 3% per annum	Coupon of less than 3% per annum	Long	Short	Matched (in absolute value)	Unmatched	Matched (in absolute value)	Unmatched			
												Matched (in absolute value)
(8), (11) (4), (5) (5), (6)	1	≤1 month	≤1 month	0	0	0	0	48	574	574	For the vertical disallowance	
	2	>1 to 3 months	>1 to 3 months	1	49	1	(48)				329 x 10%	33
	3	>3 to 6 months	>3 to 6 months	615	194	194	421				For the horizontal disallowance in zone 1	19
	4	>6 to 12 months	>6 to 12 months	335	134	134	201				48 x 40%	
(6) (4)	5	>1 to 2 years	>1.0 to 1.9 years	232	0	0	232	232	(2,582)		For the horizontal disallowance in zone 2	
	6	>2 to 3 years	>1.9 to 2.8 years	0	2,814	0	(2,814)				232 x 30%	70
	7	>3 to 4 years	>2.8 to 3.6 years	0	0	0	0					
3	8	>4 to 5 years	>3.6 to 4.3 years								For the horizontal disallowance between zone 1 & zone 2	
	9	>5 to 7 years	>4.3 to 5.7 years								574 x 40%	230
	10	>7 to 10 years	>5.7 to 7.3 years									
	11	>10 to 15 years	>7.3 to 9.3 years									
	12	>15 to 20 years	>9.3 to 10.6 years									
	13	>20 years	>10.6 to 12 years									
	14		>12 to 20 years									
15		>20 years							For the overall net open position			
TOTAL				1,183	3,191	329					2,008	
OVERALL NET OPEN RISK-WEIGHTED POSITION				(2,008)							<u>2,360</u>	

A.2

Interest rate exposures - general market risk

Currency : USD (separate form for each currency)

Maturity method

(HK\$'000)

Zone	Time band	Coupon		Individual positions						Risk-weight	Risk-weighted positions	
		Coupon of not less than 3% per annum	Coupon of less than 3% per annum	Debt securities & debt-related derivative contracts		Interest rate derivative contracts		Total			Long	Short
				Long	Short	Long	Short	Long	Short			
(3)	1	≤1 month	≤1 month					0	0	0.00%		
	2	>1 to 3 months	>1 to 3 months		8,283			0	8,283	0.20%	0	17
	3	>3 to 6 months	>3 to 6 months					0	0	0.40%	0	0
	4	>6 to 12 months	>6 to 12 months	40,732				40,732	0	0.70%	285	0
2	5	>1 to 2 years	>1.0 to 1.9 years					0	0	1.25%	0	0
	6	>2 to 3 years	>1.9 to 2.8 years					0	0	1.75%	0	0
	7	>3 to 4 years	>2.8 to 3.6 years					0	0	2.25%	0	0
(3) (1)	8	>4 to 5 years	>3.6 to 4.3 years					0	0	2.75%	0	0
	9	>5 to 7 years	>4.3 to 5.7 years	8,283				8,283	0	3.25%	269	0
	10	>7 to 10 years	>5.7 to 7.3 years	79,833				79,833	0	3.75%	2,994	0
	11	>10 to 15 years	>7.3 to 9.3 years					0	0	4.50%	0	0
	12	>15 to 20 years	>9.3 to 10.6 years					0	0	5.25%	0	0
	13	>20 years	>10.6 to 12 years					0	0	6.00%	0	0
	14		>12 to 20 years					0	0	8.00%	0	0
	15		>20 years					0	0	12.50%	0	0
TOTAL				128,848	8,283	0	0	128,848	8,283		3,548	17
OVERALL NET OPEN RISK-WEIGHTED POSITION										3,531		

Calculation	Vertical disallowance	Horizontal disallowance in			Horizontal disallowance between			Overall net open risk-weighted position	Total market risk capital charge for general market risk
		Zone 1	Zone 2	Zone 3	Zones 1 & 2	Zones 2 & 3	Zones 1 & 3		
TOTAL MARKET RISK CAPITAL CHARGE FOR GENERAL MARKET RISK FOR INTEREST RATE EXPOSURES	0	7 (17X40%)	0	0	0	0	0	3,531	3,538

Note: For debt-related option contracts, the delta-weighted positions should be reported above or, if the reporting institution engages only in the purchase of option contracts as defined in the completion instructions, such option contracts can be carved out and reported in Division E.1.

A.2

Interest rate exposures - general market risk

Currency : _____ EUR _____ (separate form for each currency)

Maturity method

(HK\$'000)

Zone	Time band	Coupon		Individual positions						Risk-weight	Risk-weighted positions	
		Coupon of not less than 3% per annum	Coupon of less than 3% per annum	Debt securities & debt-related derivative contracts		Interest rate derivative contracts		Total			Long	Short
				Long	Short	Long	Short	Long	Short			
(8) 1	1	≤1 month	≤1 month					0	0	0.00%		
	2	>1 to 3 months	>1 to 3 months			49,597		49,597	0	0.20%	99	0
	3	>3 to 6 months	>3 to 6 months					0	0	0.40%	0	0
	4	>6 to 12 months	>6 to 12 months					0	0	0.70%	0	0
2	5	>1 to 2 years	>1.0 to 1.9 years					0	0	1.25%	0	0
	6	>2 to 3 years	>1.9 to 2.8 years					0	0	1.75%	0	0
	7	>3 to 4 years	>2.8 to 3.6 years					0	0	2.25%	0	0
3	8	>4 to 5 years	>3.6 to 4.3 years					0	0	2.75%	0	0
	9	>5 to 7 years	>4.3 to 5.7 years					0	0	3.25%	0	0
	10	>7 to 10 years	>5.7 to 7.3 years					0	0	3.75%	0	0
	11	>10 to 15 years	>7.3 to 9.3 years					0	0	4.50%	0	0
	12	>15 to 20 years	>9.3 to 10.6 years					0	0	5.25%	0	0
	13	>20 years	>10.6 to 12 years					0	0	6.00%	0	0
	14		>12 to 20 years					0	0	8.00%	0	0
	15		>20 years					0	0	12.50%	0	0
TOTAL				0	0	49,597	0	49,597	0		99	0
OVERALL NET OPEN RISK-WEIGHTED POSITION											99	

Calculation	Vertical disallowance	Horizontal disallowance in			Horizontal disallowance between			Overall net open risk-weighted position	Total market risk capital charge for general market risk
		Zone 1	Zone 2	Zone 3	Zones 1 & 2	Zones 2 & 3	Zones 1 & 3		
TOTAL MARKET RISK CAPITAL CHARGE FOR GENERAL MARKET RISK FOR INTEREST RATE EXPOSURES	0	0	0	0	0	0	0	99	99

Note: For debt-related option contracts, the delta-weighted positions should be reported above or, if the reporting institution engages only in the purchase of option contracts as defined in the completion instructions, such option contracts can be carved out and reported in Division E.1.

A.2

Interest rate exposures - general market risk

Currency : GBP (separate form for each currency)

Maturity method

(HK\$'000)

Zone	Time band	Coupon		Individual positions						Risk-weight	Risk-weighted positions			
		Coupon of not less than 3% per annum	Coupon of less than 3% per annum	Debt securities & debt-related derivative contracts		Interest rate derivative contracts		Total			Long	Short		
				Long	Short	Long	Short	Long	Short					
(7)	1	≤1 month	≤1 month					0	0	0.00%				
	2	>1 to 3 months	>1 to 3 months					0	0	0.20%	0	0		
	3	>3 to 6 months	>3 to 6 months				1,277	0	1,277	0.40%	0	5		
	4	>6 to 12 months	>6 to 12 months			1,234	3,813	1,234	3,813	0.70%	9	27		
(7)	2	>1 to 2 years	>1.0 to 1.9 years			3,676	4,865	3,676	4,865	1.25%	46	61		
(7)	6	>2 to 3 years	>1.9 to 2.8 years			4,683		4,683	0	1.75%	82	0		
	7	>3 to 4 years	>2.8 to 3.6 years					0	0	2.25%	0	0		
	3	8	>4 to 5 years	>3.6 to 4.3 years				0	0	2.75%	0	0		
		9	>5 to 7 years	>4.3 to 5.7 years				0	0	3.25%	0	0		
		10	>7 to 10 years	>5.7 to 7.3 years				0	0	3.75%	0	0		
		11	>10 to 15 years	>7.3 to 9.3 years				0	0	4.50%	0	0		
		12	>15 to 20 years	>9.3 to 10.6 years				0	0	5.25%	0	0		
		13	>20 years	>10.6 to 12 years				0	0	6.00%	0	0		
		14		>12 to 20 years				0	0	8.00%	0	0		
		15		>20 years				0	0	12.50%	0	0		
TOTAL						0	0	9,593	9,955	9,593	9,955		137	93
OVERALL NET OPEN RISK-WEIGHTED POSITION											44			

Calculation	Vertical disallowance	Horizontal disallowance in			Horizontal disallowance between			Overall net open risk-weighted position	Total market risk capital charge for general market risk
		Zone 1	Zone 2	Zone 3	Zones 1 & 2	Zones 2 & 3	Zones 1 & 3		
TOTAL MARKET RISK CAPITAL CHARGE FOR GENERAL MARKET RISK FOR INTEREST RATE EXPOSURES	6 (55X10%)	0	5 (15X30%)	0	9 (23X40%)	0	0	44	64

Note: For debt-related option contracts, the delta-weighted positions should be reported above or, if the reporting institution engages only in the purchase of option contracts as defined in the completion instructions, such option contracts can be carved out a

Division B: STM Approach - Equity Exposures (Trading Book)

(HK\$'000)

	Item	Nature of item	Positions	Stock or futures exchanges						Total	
				Hong Kong	Outside Hong Kong (Note (1))						
(9), (10)	1.	Common stocks	Long	750	11,000					11,750	
			Short							0	
	2.	Convertible securities	Long							0	
			Short							0	
	3.	Commitments to buy or sell equities and equity forward contracts	Long							0	
			Short							0	
	4.	Equity swap contracts (Note (2))	Long							0	
			Short							0	
(11)	5.	Futures contracts relating to equity indices	Long							0	
			Short	500						500	
	6.	Futures contracts relating to individual equities	Long							0	
			Short							0	
	7.	Option contracts relating to equity indices (Note (3))	Long							0	
			Short							0	
	8.	Option contracts relating to individual equities (Note (3))	Long							0	
			Short							0	
	9.	Others	Long							0	
			Short							0	
TOTAL			Long	750	11,000	0	0	0	0	11,750	
			Short	500	0	0	0	0	0	500	

Calculation

(A)	Gross (long plus short) positions		1,250	11,000	0	0	0	0	12,250
		Market risk capital charge factor	8%	8%	8%	8%	8%	8%	
		Market risk capital charge for specific risk	100	880	0	0	0	0	980
(B)	Net long or short positions (in absolute value)		250	11,000	0	0	0	0	11,250
		Market risk capital charge factor	8%	8%	8%	8%	8%	8%	
		Market risk capital charge for general market risk	20	880	0	0	0	0	900
TOTAL MARKET RISK CAPITAL CHARGE FOR EQUITY EXPOSURES			120	1,760	0	0	0	0	1,880

- Note: (1) The reporting institution should report its equity exposures on an exchange-by-exchange basis (i.e. separate column for each stock or futures exchange) and use separate reporting form(s) if the columns of this form are not enough.
- (2) Where an equity swap contract involves a leg requiring the receipt or payment of fixed or floating rate interest, that leg should be regarded as an interest rate exposure and reported in Division A.2.
- (3) For equity-related option contracts, the delta-weighted positions should be reported above or, if the reporting institution engages only in the purchase of option contracts as defined in the completion instructions, such option contracts can be carved out and reported in Division E.1.

Division E: STM Approach - Option Exposures

E.1 Simplified approach (For reporting institutions which purchase only option contracts as defined in the completion instructions.)

1(a) Long option contract with a related position in the underlying exposure of the option contract

Report the market risk capital charge for each option contract as well as the related position in the underlying exposure below.

Market risk capital charge = (Fair value of the underlying exposure of the option contract) x (Sum of the market risk capital charge factors for general market risk and specific risk for the underlying exposure) – (The amount by which the option contract is in-the-money)

(HK\$'000)

Item	Nature of the underlying exposure	Market risk capital charge factor		Long underlying exposure & long put option contract	Short underlying exposure & long call option contract	Total market risk capital charge
		Specific risk	General market risk			
1.1	Debt instruments (Note (1))	0.00%	(Note(2))	Note (3)		0
		0.25%	(Note(2))	Note (3)		0
		1.00%	(Note(2))	Note (3)		0
		1.60%	(Note(2))	Note (3)		0
		8.00%	(Note(2))	Note (3)		0
		12.00%	(Note(2))	Note (3)		0
		To be specified	(Note(2))	Note (3)		0
1.2	Interest rate, i.e. non-debt related (Note (1))	0.00%		Note (3)		0
(10) 1.3	Equity (Note(1))	8.00%		8.00%	45	45
1.4	Foreign exchange	0.00%		8.00%		0
1.5	Commodity	0.00%		15.00%		0
TOTAL MARKET RISK CAPITAL CHARGE FOR OPTION EXPOSURES						45

- Note:
- (1) Only trading book positions should be reported.
 - (2) The classes are same as those in Division A.1(a).
 - (3) The general market risk capital charge should be calculated as per the risk-weights according to the time bands set out in Division A.2.