



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B1/15C
B9/187C
S4/7C

28 November 2019

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Interest Rate Risk in the Banking Book: Frequently Asked Questions

The HKMA has received a few more questions related to the local implementation of standards on interest rate risk in the banking book (IRRBB) since our last update to the list of frequently asked questions (FAQs) on 30 April 2019.

To help ensure a consistent implementation of the new local IRRBB framework, the HKMA has provided answers to some additional FAQs on the HKMA's Supervisory Communication Website (<https://www.stet.iclnet.hk>) under the main headings "Reporting Requirements" and "Supervisory Policy" (see the sub-item "FAQ" under these main headings and the links to the relevant subjects "MA(BS)12A" and "Interest Rate Risk in the Banking Book", respectively). All AIs not exempted from the new local IRRBB framework are encouraged to make reference to these FAQs for their IRRBB compliance. We also include an updated version of the spreadsheet containing calculation examples for the completion of the IRRBB return. The calculation of basis risk (item 19 on form 4) has been aligned with the methodology for the earnings perspective outlined in MA(BS)12A.

Should you have any questions on the implementation of the local IRRBB framework, please feel free to contact Mr Jule Chong (2878 1611 or jckchong@hkma.gov.hk) or Mr Marcel Bluhm (2878 1511 or mbluhm@hkma.gov.hk).

Yours faithfully,

Daryl Ho
Executive Director (Banking Policy)

cc: The Chairperson, The Hong Kong Association of Banks
The Chairman, The DTC Association
FSTB (Attn: Ms Eureka Cheung)