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
					Residual maturity						
					6 months or less	Over 6 months to 24 months	Over 24 months			To be specified (%)	
				(0.00%)	(0.25%)	(1.00%)	(1.60%)	(8.00%)	(12.00%)		
		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								
	1.12	Credit quality grade 5	Long								
(13)			Short						1,000		
(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**	**4,179**

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
	1	1	≤1 month	≤1 month					0	0	0.00%		
(8), (11)		2	>1 to 3 months	>1 to 3 months			500	24,653	500	24,653	0.20%	1	49
(4), (5)		3	>3 to 6 months	>3 to 6 months			153,783	48,589	153,783	48,589	0.40%	615	194
(5), (6)		4	>6 to 12 months	>6 to 12 months			47,852	19,141	47,852	19,141	0.70%	335	134
(6)	2	5	>1 to 2 years	>1.0 to 1.9 years			18,531		18,531	0	1.25%	232	0
(4), (13)		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)		
	1	1	≤1 month	≤1 month	0	0	0	0				329 x 10%	33
(8), (11)		2	>1 to 3 months	>1 to 3 months	1	49	1	(48)	48	574	574		
(4), (5)		3	>3 to 6 months	>3 to 6 months	615	194	194	421				For the horizontal disallowance in zone 1	
(5), (6)		4	>6 to 12 months	>6 to 12 months	335	134	134	201				48 x 40%	19
(6)	2	5	>1 to 2 years	>1.0 to 1.9 years	232	0	0	232					
(4)		6	>2 to 3 years	>1.9 to 2.8 years	0	2,814	0	(2,814)	232	(2,582)		For the horizontal disallowance in zone 2	
		7	>3 to 4 years	>2.8 to 3.6 years	0	0	0	0				232 x 30%	70
	3	8	>4 to 5 years	>3.6 to 4.3 years									
		9	>5 to 7 years	>4.3 to 5.7 years								For the horizontal disallowance between zone 1 & zone 2	
		10	>7 to 10 years	>5.7 to 7.3 years								574 x 40%	230
		11	>10 to 15 years	>7.3 to 9.3 years									
		12	>15 to 20 years	>9.3 to 10.6 years								For the overall net open position	
		13	>20 years	>10.6 to 12 years								2,008 x 100%	2,008
		14		>12 to 20 years									2,360
		15		>20 years									
	TOTAL				1,183	3,191	329						
	OVERALL NET OPEN RISK-WEIGHTED POSITION				(2,008)								

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
	1	1	≤1 month	≤1 month					0	0	0.00%		
(3)		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
(2)		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	8	>4 to 5 years	>3.6 to 4.3 years					0	0	2.75%	0	0
(3)		9	>5 to 7 years	>4.3 to 5.7 years	8,283				8,283	0	3.25%	269	0
(1)		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
	1	1	≤1 month	≤1 month					0	0	0.00%		
(8)		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
	1	1	≤1 month	≤1 month					0	0	0.00%		
		2	>1 to 3 months	>1 to 3 months					0	0	0.20%	0	0
(7)		3	>3 to 6 months	>3 to 6 months				1,277	0	1,277	0.40%	0	5
(7)		4	>6 to 12 months	>6 to 12 months			1,234	3,813	1,234	3,813	0.70%	9	27
(7)	2	5	>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.