

Examples of Reporting of Unhedged Credit Exposures in Form MA(BS)3(IIIb)

For illustrative purposes, rows and columns in the reporting template that are not relevant to the example concerned have been omitted.

An AI has the following unhedged credit exposures whose applicable risk-weights should be multiplied by a multiplier of 1.5, subject to a cap of 150%. All the unhedged credit exposures are not covered by any recognized CRM.					
	Exposure class	On-balance sheet	Off-balance sheet		Risk-weight (before multiplier)
		Principal amount (HK\$'000)	Principal amount (HK\$'000)	Credit equivalent amount (HK\$'000)	
Exposure A	Other retail exposure	100			100%
Exposure B	Regulatory retail exposure	200			75%
Exposure C	Regulatory retail exposure		125	50	75%
Exposure D	Regulatory residential real estate exposure	5,000			30%
Exposure E	Regulatory residential real estate exposure	3,000			60%

1. Retail exposures - calculations of weighted average risk-weight and risk-weighted amount of unhedged credit exposures

- Total exposure amount of unhedged credit exposures to be reported in item 9d under Class IX Retail Exposures

$$= 100 + 200 + 50$$

$$= 350$$

- Total risk-weighted amount to be reported in column A7 of item 9d

$$= (200 + 50) * 75\% * 1.5 + 100 * 100\% * 1.5$$

$$= 431.25$$

- The risk-weight to be reported in column A6 of item 9d

$$= \frac{431.25}{350}$$

$$= 123.21\%$$

or alternatively

$$= \frac{200+50}{350} * 75\% * 1.5 + \frac{100}{350} * 100\% * 1.5$$

$$= 123.21\%$$

2. Reporting arrangement

Division A1

(in HK\$'000)

Item	Nature of item	On-balance sheet exposures		Off-balance sheet exposures			Risk-weight % (A6)	Risk-weighted Amount (A7) = (A2+A4+A5) x A6
		Principal Amount (A1)	Principal Amount after CRM (A2)	Principal Amount / Notional Amount (A3)	Credit Equivalent Amount after CRM (A4)	Default Risk Exposure after CRM (A5)		
Class IX	Retail Exposures							
9a.	Regulatory retail exposures to transactors							
9a(i).	Risk-weight 45%						45	
9a(ii).	Risk-weight 75%						75	
9b.	Regulatory retail exposures to obligors other than transactors						75	
9c.	Other retail exposures						100	
9d.	Unhedged credit exposures	300	300	125	50		123	431
SUBTOTAL		300	300	125	50			431

Division B-I

(in HK\$'000)

Item	Nature of item	Credit Conversion Factor % (B1)	Total Principal Amount (net of specific provisions) (B2)	Total Credit Equivalent Amount (B3)	Out of which:					
					Sovereign exposures (B4)	PSE exposures (B5)	Corporate exposures (B9)	Retail exposures (B10)	Real estate exposures (B11)	Group 1a cryptoasset exposures (B13)
1.	Direct credit substitutes	100								
9	Note issuance and revolving underwriting facilities	50								
10a.	Exempt commitments	0		0			0	0		
10b.	Other commitments (CCF at 10%)	10								
10c.	Other commitments (CCF at 40%)	40	125	50				50		
11.	Off-balance sheet exposures not specified above									
11a.		100								
11d.										
SUBTOTAL			125	50				50		

3. Regulatory residential real estate exposures - calculations of weighted average risk-weight and risk-weighted amount of unhedged credit exposures

- Total exposure amount of unhedged credit exposures to be reported in item 11c under Class XIA Regulatory Residential Real Estate Exposures

$$= 5000 + 3000$$

$$= 8000$$

- Total risk-weighted amount to be reported in column A7 of item 11c

$$= 5000 * 30\% * 1.5 + 3000 * 60\% * 1.5$$

$$= 4950$$

- The risk-weight to be reported in column A6 of item 11c

$$= \frac{4950}{8000}$$

$$= 61.88\%$$

or alternatively

$$= \frac{5000}{8000} * 30\% * 1.5 + \frac{3000}{8000} * 60\% * 1.5$$

$$= 61.88\%$$

4. Reporting arrangement

Division A1

(in HK\$'000)

		On-balance sheet exposures		Off-balance sheet exposures				
Item	Nature of item	Principal Amount (A1)	Principal Amount after CRM (A2)	Principal Amount / Notional Amount (A3)	Credit Equivalent Amount after CRM (A4)	Default Risk Exposure after CRM (A5)	Risk-weight % (A6)	Risk-weighted Amount (A7) = (A2+A4+A5) x A6
Class XIA	Regulatory Residential Real Estate Exposures							
11a.	Not materially dependent on cash flows generated by mortgaged properties							
11a(i).	Risk-weight 20%						20	
11a(ii).	Risk-weight 25%						25	
11a(iii).	Risk-weight 30%						30	
11a(iv).	Risk-weight 40%						40	
11a(v).	Risk-weight 50%						50	
11a(vi).	Risk-weight 70%						70	
11b.	Materially dependent on cash flows generated by mortgaged properties							
11b(i).	Risk-weight 30%						30	
11b(ii).	Risk-weight 35%						35	
11b(iii).	Risk-weight 45%						45	
11b(iv).	Risk-weight 60%						60	
11b(v).	Risk-weight 75%						75	
11b(vi).	Risk-weight 105%						105	
11c.	Unhedged credit exposures	8,000	8,000				61.88	4,950
11d.	Exposures subject to risk-weights specified by other regulators							
SUBTOTAL		8,000	8,000					4,950