Completion Instructions

Quarterly Reporting on the Countercyclical Capital Buffer (CCyB)

Form MA(BS)25

Introduction

1. This return collects information on the constituent items used by an Authorized Institution (AI) incorporated in Hong Kong to calculate its ***CCyB ratio***[1] in accordance with Banking (Capital) Rules (BCR) section 3O(1), which is used in turn to calculate the AI's ***buffer level*** under BCR section 3G.

2. The return covers information as of the end of the current reporting quarter (Q_0), as well as forward-looking information as of the end of each of the four quarters immediately subsequent to the current reporting quarter (i.e. Q_{0+1}, Q_{0+2}, Q_{0+3} and Q_{0+4}). AIs are required to report according to the completion instructions below.

Section A: General Instructions

Definitions

3. Unless otherwise specified, terminology used in this return follows that of the BCR. For ease of reference, most of the main terms are printed in ***bold italics*** on their first appearance in these instructions. Reporting institutions should refer to the BCR for definitions of these terms.

Application and layout

4. This return applies to all AIs incorporated in Hong Kong.

5. For each numbered column (except columns (8), (10), (12), (14) and (16)), the cell in the row labeled "Total across jurisdictions" reports the total of the contents of the cells below it in the respective column. The cells in each column under the "Total across jurisdictions" row report relevant information for each geographic

[1] This term is referred to as "AI-specific CCyB" in the SPM modules CA-B-1 and CA-B-3.

jurisdiction in which the AI has ***private sector credit exposures*** (as defined in BCR section 3N), beginning with Hong Kong, China (in the cell immediately below the "Total across jurisdictions" row), followed by Mainland China and then in alphabetical order by all other jurisdictions relevant for the AI. The AI should designate relevant geographic jurisdictions after Mainland China in the two leftmost columns, adopting, respectively, the name and code used in the Return of International Banking Statistics (MA(BS)29).

6. Columns (1) through (9) report information on the items used by the AI to calculate its CCyB ratio as of the end of the current reporting quarter (Q_0), as well as the result of that calculation.

7. Columns (10) through (17) report additional relevant forward-looking information as of the end of each of the four quarters immediately subsequent to the current reporting quarter (i.e. Q_{0+1}, Q_{0+2}, Q_{0+3} and Q_{0+4}) needed to calculate the AI's forecasted CCyB ratio as of the end of each of these future quarters, as well as the results of those calculations. This forward-looking information should be useful in the context of the AI's capital planning.

Combined/consolidated return

8. The form should be completed on a solo (or solo-consolidated) basis (i.e. the Combined Return) and on a consolidated basis (i.e. the Consolidated Return), corresponding to the bases in which the AI is required to report under the Return of Capital Adequacy Ratio of an Authorized Institution Incorporated in Hong Kong (MA(BS)3). Reporting institutions should follow, as applicable, the instructions provided in this respect in the Completion Instructions (Introduction) for MA(BS)3[2].

Submission dates

9. The return should show the position as at the last calendar day of each quarter and should be submitted jointly with MA(BS)3 as follows:

   (a) Combined return – within 1 month after the end of each quarter in the case of reporting institutions without overseas branches, or within 6 weeks in all other cases;

   (b) Consolidated return – within 6 weeks after the end of each quarter unless otherwise advised by the HKMA; and

   (c) If the submission deadline falls on a public holiday, it will be deferred to the

[2] Refer to the sections *"Combined/consolidated return"* and *"Instructions applicable to consolidated basis"* (currently paragraphs 6 through 11).

next working day.

Other

10. Amounts should be shown to the nearest thousand, in HK$ or HK$ equivalents in the case of foreign currency items. The closing middle market T/T rates prevailing at the reporting date should be used for conversion purposes.

Section B: Specific Instructions

Information as of the end of the current reporting quarter Q_0

11. Columns (1) through (5) report, in the cells under the row labeled "Total across jurisdictions", the ***risk-weighted amounts*** (RWA) for credit risk that relate to the AI's private sector credit exposures in each jurisdiction, calculated under the STC Approach (BCR Part 4), or under the BSC Approach (BCR Part 5), or under the IRB Approach (BCR Part 6); for exposures to CCPs (under BCR Division 4 of Part 6A); and for securitisation exposures (under BCR Part 7) (see BCR section 3O(1)), as the case requires, and allocated to each jurisdiction in accordance with SPM module CA-B-3 "Countercyclical Capital Buffer (CCyB) – Geographic Allocation of Private Sector Credit Exposures". The respective totals across jurisdictions are reported for each column in the "Total across jurisdictions" row.

12. Column (6) reports, in the cells under the row labeled "Total across jurisdictions", the RWA for market risk that relates to the AI's private sector credit exposures in each jurisdiction, derived by multiplying by 12.5 the aggregate of the SA-DRC under the STM approach (BCR Part 8, Division 1D), the default risk charge under the IMA (BCR Part 8, Division 13 and Schedule 3, Section 2), or the specific risk charge under the SSTM approach (BCR Part 8, Division 2), as the case requires, and allocated to each jurisdiction in accordance with SPM module CA-B-3 "Countercyclical Capital Buffer (CCyB) – Geographic Allocation of Private Sector Credit Exposures". The respective total across jurisdictions is reported in the row labelled "Total across jurisdictions".

13. Column (7) calculates, in the cells under the row labeled "Total across jurisdictions", the total of Columns (1) through (6) for each jurisdiction (this corresponds to $\boldsymbol{RWA_j}$ in BCR section 3O(1), Formula 1A). The respective total across jurisdictions is reported in the "Total across jurisdictions" row (this corresponds to the denominator $\boldsymbol{\Sigma RWA_j}$ in BCR section 3O(1), Formula 1A).

14. Column (8) reports, in the cells under the row labeled "Total across jurisdictions", the ***applicable JCCyB ratio***[3]**,** as defined in BCR section 3N, for each jurisdiction

[3] This term is referred to as "applicable JCCyB" in the SPM modules CA-B-1 and CA-B-3.

in which the AI has private sector credit exposure, which is in effect on the latest practicable date referred to in BCR section 3H(2) as at which the AI calculates its CCyB ratio for calculating its buffer level under BCR section 3G (i.e., in the case of Column (8), for purposes of reporting as of end-Q_0; this corresponds to $\boldsymbol{AJCCyB_j}$ in BCR section 3O(1), Formula 1A).

In the same column (8), the row labeled "CCyB ratio" calculates the CCyB ratio for calculating the AI's buffer level under BCR section 3G as of the end of the reporting quarter (Q_0) (this corresponds to ***CCyB*** in BCR section 3O(1), Formula 1A).

15. Column (9) calculates, in the cells under the row labeled "Total across jurisdictions", the product of Column (7) times Column (8) for each jurisdiction, for the purposes of weighting the respective applicable JCCyB ratios. The respective total across jurisdictions is reported in the "Total across jurisdictions" row (this corresponds to the numerator $\boldsymbol{\Sigma(RWAj \cdot AJCCyBj)}$ in BCR section 3O(1), Formula 1A).

Forward-looking information as of the end of the subsequent four quarters after Q_0

16. Columns (10), (12), (14) and (16) report, in the cells under the row labeled "Total across jurisdictions", the applicable JCCyB ratios in respect of each jurisdiction in which the AI has private sector credit exposure, which have been announced to be in effect (corresponding to the most recent relevant announcement)[4] as of the end of each of the four quarters immediately subsequent to the current reporting quarter Q_0 (i.e. Q_{0+1}, Q_{0+2}, Q_{0+3} and Q_{0+4}).

    In the same Columns (10), (12), (14) and (16), the row labeled "CCyB ratio" calculates, respectively for each quarter immediately subsequent to Q_0 (in a similar way as Column (8) does for Q_0 (see paragraph 14 above)), the corresponding CCyB ratio by dividing the total across jurisdictions of each of Columns (11), (13), (15) and (17) by the total across jurisdictions of Column (7) (this applies Formula 1A in BCR section 3O(1) as appropriate for each subsequent quarter).

17. Columns (11), (13), (15) and (17) calculate, in the cells under the row labeled "Total across jurisdictions", respectively for each quarter subsequent to Q_0 (i.e. Q_{0+1}, Q_{0+2}, Q_{0+3} and Q_{0+4}) and for each jurisdiction, the product of Total RWA in the jurisdiction as of the end of Q_0 (Column (7)) and the corresponding applicable JCCyB ratio for the relevant future quarter (i.e. the ratio reported in Column (10), Column (12), Column (14) or Column (16), as the case may be), in a similar way as Column (9) does for Q_0 (see paragraph 15 above). In other words, for the

[4] An announced applicable JCCyB ratio (including one that is currently in effect) should be assumed to continue in effect in respect of future quarters unless an announcement has been made changing its level as of the end of a particular future quarter (and any subsequent quarters).

purposes of calculating future CCyB ratios, the same amount of RWA and the same geographic allocation of the RWA for private sector credit exposures (RWA_j) are assumed as for calculating the CCyB ratio corresponding to the current reporting quarter Q_0.

Hong Kong Monetary Authority
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