

MUFG Alternative Fund Services (Cayman) Limited

PILLAR 3 - Market Discipline Disclosure Requirements



Reporting Date:	September-30-2023
Reporting Year	2023
Reporting Period	Quarter 3
Reporting Frequency	Quarterly
Reporting Type:	Regulatory Reporting
Submission Date:	December-31-2023

Prepared by:	Banking Risk
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**MUFG ALTERNATIVE FUND SERVICES (CAYMAN) LIMITED**

**OV1 - Overview of RISK WEIGHTED ASSETS (RWA)**

Purpose: Overview of the Risk Weighted Assets of the Bank

Frequency: Quarterly

Reporting Format: Fixed

Index	Description	a	b **	c
		RWA (In USD 000's)		Minimum Capital Requirements (In USD 000's)
		Sep-30-2023	Jun-30-2023	Sep-30-2023
1	Credit risk (excluding counterparty credit risk) [standardised approach (SA)]	\$2,873,384	\$2,707,166	\$287,338
2	Counterparty credit risk			
3	Of which: standardised approach	\$315,532	\$334,967	\$31,553
4	Of which: other CCR			
5	Credit valuation adjustment (CVA)	\$0	\$0	
6	Equity positions under the simple risk weight approach	\$0	\$0	
7	Equity investments in funds – look-through approach	\$0	\$0	
8	Equity investments in funds – mandate-based approach	\$0	\$0	
9	Equity investments in funds – fall-back approach	\$0	\$0	
10	Settlement risk	\$0	\$0	
11	Securitisation exposures in banking book (SA)	\$0	\$0	
12	Market risk	\$532	\$484	\$53
13	Capital charge for switch between trading book and banking book	\$0	\$0	
14	Operational risk	\$280,641	\$280,641	\$28,064
15	Amounts below the thresholds for deduction (subject to 250% risk weight)	\$0	\$0	
16	Floor adjustment	\$0	\$0	
17	<b>Total:</b>	<b>\$3,470,090</b>	<b>\$3,323,259</b>	<b>\$347,009</b>

Total Risk Weighted Assets (RWA) was reported at USD 3.471 Billion for MUFG AFS Cayman Ltd as of Sep 30, 2023. Credit Risk charge was reported at 82.8% of the Total RWA, primarily attributed to Overnights and (USD/EUR) term deposit placements (maximum 1 year) with counterparty banks and from the credit assets from the banks overdraft lending facilities(credit facilities) to its fund administration clients.

Counterparty Credit Risk(CCR) Charge was reported at 9.09% of the Total RWA. CCR is attributed mainly to the Foreign exchange derivatives (FX Forward positions) that the bank places on behalf of its participating clients, as a part of its foreign exchange hedging services and the swap positions (riskless principal trading) on USD/EUR currency exposures.

Operational Risk charges reported at 8.09 % of the Total RWA, is at annualized figure under the basic indicator approach.

Market Risk (Foreign Exchange Risk) is reported at a minor 0.02% of the Total RWA as of Sep 30 ,2023. The Market risk charges are calculated for its net open FX positions (Long or Short Positions) on balance sheet assets and liabilities.

**MUFG ALTERNATIVE FUND SERVICES (CAYMAN) LIMITED****LR1: Summary comparison of accounting assets vs leverage ratio exposure measure**

Purpose: To reconcile the total assets in the published financial statements with the leverage ratio exposure measure.

Frequency: Quarterly

Format: Fixed.

Index	Description	a
		Amounts (In USD)
		Sep-30-2023
1	Total consolidated assets as per published financial statements	\$6,785,040
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	\$0
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	\$0
4	Adjustments for temporary exemption of central bank reserves (if applicable)	\$0
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	\$0
6	Adjustments for regular way purchases and sales of financial assets subject to trade date accounting	\$0
7	Adjustments for eligible cash pooling transactions	\$0
8	Adjustments for derivative financial instruments	\$436,306
9	Adjustment for securities financing transactions (i.e. repurchase agreements and similar secured lending)	\$0
10	Adjustment for off balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	\$902,306
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	\$0
12	Other adjustments	\$0
13	<b>Leverage Ratio Exposure Measure</b>	<b>\$8,123,652</b>

**Validations:**

TRUE

Linkages across templates

[LR1:13/a] is equal to [LR2:24/a]

MAFS Cayman reported a Leverage Ratio Exposure Measure of USD 8.124 Billion as of Sep 30, 2023 and a total consolidated assets (net of on-balance sheet derivatives) of USD 6.785 billion. The Bank reported adjustments for off-balance sheet items converted to credit equivalent amounts (undrawn amounts from committed facilities) of USD 902 Million. The Bank reports no material differences between the total balance sheet assets as reported in the financial statements and the on-balance sheet exposures of the leverage ratio exposure measure.

**MUFG ALTERNATIVE FUND SERVICES (CAYMAN) LIMITED**

**LR2: Leverage Ratio Common Disclosure**

Purpose: To describe the components of the leverage ratio denominator, as well as information on the actual leverage ratio, minimum requirements and buffers.

Frequency: Quarterly

Format: Fixed.

Index	Description	a	b
		Amounts (In USD) Sep-30-2023	Amounts (In USD) Jun-30-2023
	<b>On-Balance Sheet Exposures:</b>		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	\$6,785,040	\$5,057,028
2	Gross up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	\$0	\$0
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	\$0	\$0
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	\$0	\$0
5	(Specific and general provisions associated with on balance sheet exposures that are deducted from Basel III Tier 1 capital)	\$0	\$0
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)	\$0	\$0
7	<b>Total on balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)</b>	<b>\$6,785,040</b>	<b>\$5,057,028</b>
	<b>Derivative Exposures:</b>		
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	\$149,546	\$166,282
9	Add on amounts for potential future exposure associated with all derivatives transactions	\$286,760	\$299,766
10	(Exempted central counterparty (CCP) leg of client cleared trade exposures)	\$0	\$0
11	Adjusted effective notional amount of written credit derivatives	\$0	\$0
12	(Adjusted effective notional offsets and add on deductions for written credit derivatives)	\$0	\$0
13	<b>Total derivative exposures (sum of rows 8 to 12)</b>	<b>\$436,306</b>	<b>\$466,048</b>
	<b>Securities financing transaction exposures:</b>		
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	\$0	\$0
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	\$0	\$0
16	Counterparty credit risk exposure for SFT assets	\$0	\$0
17	Agent transaction exposures	\$0	\$0
18	<b>Total securities financing transaction exposures (sum of rows 14 to 17)</b>	<b>\$0</b>	<b>\$0</b>
	<b>Other off-balance sheet exposures:</b>		
19	Off-balance balance sheet exposure at gross notional amount	\$4,152,432	\$3,817,227
20	(Adjustments for conversion to credit equivalent amounts)	-\$3,250,125	-\$3,000,119
21	(Specific and general provisions associated with off balance sheet exposures deducted in determining Tier 1 capital)	\$0	\$0
22	<b>Off-balance sheet items (sum of rows 19 to 21)</b>	<b>\$902,306</b>	<b>\$817,108</b>
	<b>Capital and total exposures:</b>		
23	Tier 1 capital	\$732,408	\$732,408
24	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	<b>\$8,123,652</b>	<b>\$6,340,184</b>
	<b>Leverage ratio:</b>		
25	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	9.02%	11.55%
25A	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	9.02%	11.55%
26	National minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	NA	NA
	<b>Total Exposures Measure:</b>	<b>8,123,651.92</b>	<b>6,340,183.63</b>

MAFS Cayman reported a higher Leverage Ratio of 9.02% as of Sep 30, 2023 compared to a figure of 11.55% as of Jun 30, 2023, as the bank's total exposures increased by USD 1.728 Billion with no change in its capital measure. Available Capital was reported at USD 732 million as of Sep 30, 2023. The Total Exposure measures was noted to increase as the Bank's balance sheet in deposit balances (assets and liabilities).