

## Appendix CA-7

### **Example: showing the calculation of risk weighted amount of an investment subject to fair value treatment**

Equity investment at fair value = 100

Fair value reserve applicable to this investment = 20

Fair value reserve eligible as Tier 2 =  $20 \times 0.45 = 9$

Risk weighted amount of the investment =  $100 - (20 \times 0.55) = 89$