

## Glossary

### Data Sources

In order to publish this report on time, all data are collected based on unaudited figures submitted by each domestic bank's headquarter, including the domestic banking units, offshore banking units and overseas branches. However, the information disclosed on the banks' website was audited by the banks or Certified Public Accountant (CPA).

### Computation Methodology

The amounts displayed for all income and expense items in the report are shown for the year-to-date period. The Earnings related ratios have been annualized.

The peer-group average, if not noted, is a winsorized mean based on an average of banks within the 25<sup>th</sup> and 75<sup>th</sup> percentile values for a given ratio. The values below first quartile (Q1) are substituted by Q1. The values above third quartile (Q3) are substituted by Q3.

### Definitions

#### I. Capital Adequacy

1. Capital ratios included common equity ratio, Tier 1 capital ratio and capital adequacy ratio.

$$\text{Common equity ratio} = \frac{\text{Common equity Tier 1 capital}}{\text{Risk-weighted assets}}$$

$$\text{Tier 1 capital ratio} = \frac{\text{Tier 1 capital}}{\text{Risk-weighted assets}}$$

$$\text{Capital adequacy ratio} = \frac{\text{Regulatory capital}}{\text{Risk-weighted assets}}$$

$$\text{2. Leverage ratio} = \frac{\text{Tier 1 capital}}{\text{Exposure measurement}}$$

Above ratios are defined by "Regulations Governing the Capital Adequacy and Capital Category of Banks" amended by the Financial Supervisory Commission.

#### II. The non-performing loan ratio =

$$\frac{\text{Non-performing loans}}{\text{Total loans}}$$

According to "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", the definition of "non-performing loans" is :

1. Loans which repayment of principal or interest have been overdue for more than 3 months ;
2. Any loan of which the principal debtors and surety have been sued for non-payment or the underlying collateral has been disposed, although the repayment of principle or interest have not been overdue for more than 3 months.

#### III. The liquidity coverage ratio =

$$\frac{\text{Stock of high-quality liquid assets}}{\text{Total net cash outflows over the next 30 calendar days}} \times 100\%$$

High-quality liquid assets and net cash outflows are defined as "Standards Implementing the Liquidity Coverage Ratio of Banks."

#### IV. The net stable funding ratio =

$$\frac{\text{Available amount of stable funding (ASF)}}{\text{Required amount of stable funding (RSF)}} \times 100\%$$

ASF and RSF are defined by "Standards Implementing the Net Stable Funding Ratio of Banks."

#### V. The liquidity reserve ratio =

$$\frac{\text{Liquidity reserve assets}}{\text{NTD-denominated liabilities}}$$

Liquidity reserve assets and NTD-denominated liabilities are defined by "Directions for Auditing Liquidity of Financial Institutions."