

Part Five

Forms for Calculating Bank's Regulatory Capital and Risk-weighted Assets

Forms for Calculating Bank's Regulatory Capital and Risk-weighted Assets

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I. Summary Forms

【Form 1-A1】

_____ Bank

Ratio of Eligible Regulatory Capital to Risk-Weighted Assets Worksheet

Date: _____

Unit: NT\$1,000

Risk-weighted assets (Form 1-C)	Minimum capital charge	Capital available ¹ (Form 1-B)	Minimum capital requirements calculated	Eligible Regulatory capital	Illegible capital
(1) Credit risk: \$ _____	(5) \$ _____	(8) Tier 1 capital : \$ _____ (9) Tier 2 capital : \$ _____	(11) Tier 1 capital : \$ _____ (12) Tier 2 capital : \$ _____	(18) Tier 1 capital : \$ _____ (19) Tier 2 capital : \$ _____ (20) Tier 3 capital: \$ _____	(22) Tier 2: \$ _____ (23) Tier 3: \$ _____
(2) Operational risk: \$ _____	(6) \$ _____	(10) Tier 3 capital: \$ _____	(13) Tier 1 capital : \$ _____ (14) Tier 2 capital : \$ _____		
(3) Market risk: \$ _____	(7) \$ _____		(15) Tier 1 capital : \$ _____ (16) Tier 2 capital : \$ _____ (17) Tier 3 capital: \$ _____		
(4) Total: (4)=(1) + (2) + (3)	Notes: (5)=(1)×8% (6)=(2)×8% (7)=(3)×8%	Limiting conditions for calculating minimum capital requirements • (12) ≤ (11) ² • (14) ≤ (13) ³ • 【(16)+(17)】 ≤ (15) × 250% ⁴ Eligible capital requirements • (8) = (18) • (17) = (20) (Tier 3 capital must be eligible and used) • 【(19)+(20)】 ≤ (18) ⁵	(21) Total: \$ _____ (21)=(18)+(19)+(20)	Notes: • (22)=(9) – (19) • (23)=(10) – (20) • (23) Including eligible and unused Tier 3 capital	

Ratio of eligible regulatory capital to risk-weighted assets = (21) / (4) =
_____ Eligible regulatory capital

Risk-weighted assets for credit risk + capital charge for 【market risk + operational risk】 × 12.5

¹ All capital deductions have been deducted.

² Tier 2 capital for covering credit risk shall not be greater than Tier 1 capital for covering credit risk.

³ Tier 2 capital for covering operational risk shall not be greater than Tier 1 capital for covering operational risk.

⁴ Capital for covering market risk must include Tier 1 capital and Tier 2 capital for covering market risk plus Tier 3 capital shall not be greater than 250% of Tier 1 capital.

⁵ Eligible Tier 2 capital plus eligible Tier 3 capital shall not be greater than Tier 1 capital.

【Form 1-B】

Bank

Regulatory Capital Worksheet

Date:

Unit: NT\$1,000

Item	Amount
Tier 1 capital	
Common shares	
Perpetual non-cumulative preferred shares ⁶	
Non-cumulative subordinated bonds without maturity date	
Pre-paid capital	
Capital surplus (excluding capital surplus from increment of fixed assets)	
Legal reserve	
Special reserve	
Cumulative surplus	
Minority interest	
Shareholders' equity - others (excluding unrealized gain on revaluation increment and financial assets held for trade ⁷)	
less: Goodwill	
Unamortized loss on disposal of non-performing loans	
Capital deductions (Form 1-B1)	
Tier 1 capital (A)	
Tier 2 capital :	
Perpetual cumulative preferred shares	
Cumulative subordinated debt without maturity date	
Capital surplus from increment of fixed assets	
Revaluation increment	
45% of unrealized gain on financial assets held for trade	
Convertible bonds	
Operating reserve and loss provision ^{8 9}	
Long-term subordinated debt ¹⁰¹¹	
Non-perpetual preferred shares (with a term more than 5 years) ³	
The part of perpetual non-cumulative preferred shares and non-cumulative subordinated debt without maturity date combined exceeding 15% of Tier 1 capital	
Less: capital deduction (Form 1-B1)	
Tier 2 capital (B)	
Tier 3 capital	
Short-term subordinated debt	
Non-perpetual preferred shares (with a term more than 2 years)	
Tier 3 capital (C)	
Total regulatory capital (D) = (A) + (B) + (C)	

⁶ The amount of perpetual non-cumulative preferred shares and non-cumulative subordinated debt without maturity date included in the figure of Tier 1 capital may not exceed 15% of the sum of the following amounts:

- (1) Amount of Tier 1 capital calculated according to paragraph 1, Article 4 of the Act; and
- (2) Amount of investments in other businesses that is deducted from Tier 1 capital.

⁷ "Unrealized loss on financial assets held for trade" shall still be deducted from Tier 1 capital, and "45% of unrealized gain on financial assets held for trade" is included in Tier 2 capital. Thus both unrealized loss and gain on financial assets held for trade should be recorded at the amount before offset.

⁸ Loss provision that may be included in Tier 2 capital refers to the part of loss provision set aside by the bank that exceeds the expected loss (EL) estimated by the bank based on historical loss experience.

⁹ For banks using the standardized approach to credit risk, the operating reserve and loss provision combined included in Tier 1 capital shall not exceed 1.25% of the total risk-weighted assets; for banks using the IRB approach to credit risk, the figure shall not exceed 0.6% of the total risk-weighted assets for credit risk.

¹⁰ The amount of long-term subordinated debt and non-perpetual preferred shares with a term of more than 5 years included in Tier 2 capital may not exceed 50% of Tier 1 capital.

¹¹ For long-term subordinated debt and non-perpetual preferred shares with a term of more than 5 years, the amount will be decremented 20% each year in the last 5 years of the term at the ratio of (5-residual term) x 20%.

【Form 1-B1】

Bank

Capital Deductions Summary Sheet

Date:

Unit: NT\$1,000

Risk category	(1) Deduction from Tier 1 capital	(2) Deductions from Tier 2 capital
Standardized approach to credit risk (Form 2-F)		
IRB approach to credit risk (Form 3-D)		
Asset securitization (Form 4-H)		
Market risk (Form 6-G)		
Total	【Form 1-B】	【Form 1-B】

【Form 1 – C】

_____ Bank

**Risk-Weighted Asset Amount for Credit Risk, Operational Risk and Market Risk Capital Charge
Summary Sheet**

Date:

Unit: NT\$1,000

Risk category	Item		Amount
(1) Total risk-weighted assets for credit risk	Standardized approach (A) (Form 2-A)		
	IRB approach (B) (Form 3-A)		
	Asset securitization	Standardized approach (C) (Form 4-A-1, Form 4-A-2)	
		FIRB approach (D) (Form 4-B-1, Form 4-B-2)	
Supervisory formula approach (E) (Form 4-C-1, Form 4-C-2)			
Total risk-weighted assets for credit risk (1) = (A) + (B) + (C) + (D) + (E) 【Form 1-A, (1)】			
(2) Operational risk capital charge (Form 5-A ~ 5-E) 【Form 1-A, (6)】			
Operational risk capital charge converted to risk-weighted assets (2) ×12.5 【Form 1 – A, (2)】			
(3) Market risk capital charge	Interest rate risk	Market risk capital charge (F) (Form 6-A)	
	Equity risk	Market risk capital charge (G) (Form 6-B)	
	Foreign exchange risk	Market risk capital charge (H) (Form 6-C)	
	Commodities risk	Market risk capital charge (I) (Form 6-D)	
	Options under the treatment of simplified approach	Market risk capital charge (J) (Form 6-E - exempted if delta-plus approach is used)	
Market risk capital charge (3) = (F)+(G)+(H)+(I)+(J) 【Form 1-A, (7)】			
Market risk capital charge converted to risk-weighted assets (3) ×12.5 【Form 1 – A, (3)】			

II. Credit Risk—The Standardized Approach

【Form 2—A】

_____ Bank

Credit Risk - Risk-Weighted Assets Summary Sheet (Standardized Approach)

Date:

Unit: NT\$1,000

Type of exposure	Risk-weighted asset
Sovereign (A)	
Public-sector entities (PSEs) (B)	
Bank (including multi-development banks, MDB) (C)	
Corporate (including securities firms and insurance companies) (D)	
Retail exposures (E)	
Residential real estate (F)	
Equities (G)	
Other assets (H)	
Total (I)	【Form 1-C】

Note: Assets other than the eligible exposures specified in (A) - (G) should be categorized under other assets.

Credit Risk - Risk-Weighted Asset Amount Worksheet

Date:

Unit: NT\$1,000

Type of exposure	Risk weight	Risk-weighted assets for on-balance sheet credit risk exposures (1)	Risk-weighted assets for off-balance sheet credit risk exposures (2)	Risk-weighted assets for counterparty credit risk exposures (3)	Risk-weighted assets for credit risk (4) = [(1) + (2) + (3)]
Sovereign	0%				
	10%				
	20%				
	50%				
	100%				
	150%				
	Subtotal				
PSEs	0%				
	10%				
	20%				
	50%				
	100%				
	150%				
	Subtotal				
Bank (including MDB)	0%				
	10%				
	20%				
	50%				
	100%				
	150%				
	Subtotal				
Corporate (including securities firms and insurance companies)	0%				
	10%				
	20%				
	50%				
	100%				
	150%				
	Subtotal				
Retail exposures (note)	0%				
	10%				
	20%				
	50%				
	75%				
	100%				
	150%				
	Subtotal				
Residential real estate	20%				
	35%				
	45%				
	50%				
	75%				
	100%				
	Subtotal				
Equities	300%				
	400%				
	Subtotal				
Others	0%				
	20%				
	50%				
	100%				
	150%				
Subtotal					【Form 2-A, (H)】
Total					【Form 2-A, (I)】

Note: Except for past-due retail exposures, this column also applies to non-eligible retail exposures to individuals (e.g. consumer loan exceeding NT\$10 million).

【Form 2 – C】

Bank

On-balance Sheet Items - Risk-Weighted Asset Amount for On-balance Sheet Credit Risk Worksheet

Date:

Unit: NT\$1,000

Type of exposure	Risk weight (1)	Book value (2)	Loss provision (3) (Note 1)	Exposure, net of provision (4)=(2)-(3) (Note 2)	Exposure without CRM (5)(Note 3)	Exposure with netting and/or guarantees (Notes 4, 5)		Exposure with credit protection (Note 6)		Risk-weighted asset amount for credit risk (10)=[(5)+(7)+(9)]x(1)	
						Exposure before netting and guarantees (6)	Exposure after netting and guarantees (7)	Exposure before credit protection (8)	Exposure after credit protection (9)		
Sovereign	0%										
	10%										
	20%										
	50%										
	100%										
	150%										【Form 2-B,(1)】
PSEs	0%										
	10%										
	20%										
	50%										
	100%										
	150%										【Form 2-B,(1)】
Banks (including MDB)	0%										
	10%										
	20%										
	50%										
	100%										
	150%										【Form 2-B,(1)】
Corporate (including securities firms and insurance companies)	0%										
	10%										
	20%										
	50%										
	100%										
	150%										【Form 2-B,(1)】
Retail exposures	0%										
	10%										
	20%										
	50%										
	75%										
	100%										
	150%										【Form 2-B,(1)】
Residential real estate	20%										
	35%										
	45%										
	50%										
	75%										
	100%										【Form 2-B,(1)】
Equities	300%										
	400%										【Form 2-B,(1)】
Other assets	0%										
	20%										
	50%										
	100%										
	150%										【Form 2-B,(1)】
Total											【Form 2-B,(1)】

Note1: The part of loss provision not exceeding the expected loss.

Note 2: Exposure net of provision=(exposure without CRM)+(exposure before netting and guarantees)+(exposure before credit protection), i.e. (4)=(5)+(6)+(8).

Note 3: This column is for exposures without using credit risk mitigant (CRM); if the guarantee or protection for the loan is partial, enter the original exposure amount in column (6) or (8).

Note 4: For banks adopting simplified approach for calculating the CRM effect of guarantee, the figures in (6) should be entered into the row corresponding to risk weight for counterparty, while the figures in (7) should be entered into the row corresponding to risk weight for guarantees.

Note 5: For banks using netting and comprehensive approach to CRM, figures in (6) and (7) should be entered into the row corresponding to risk weight for counterparty.

Note 6: Figures in (8) should be entered into the row corresponding to counterparty risk weight, while figures in (9) should be entered into the row corresponding to the risk weight for credit protection provider.

**Off-balance Sheet Items - Risk-Weighted Asset Amount for Off-balance Sheet Credit Risk
Worksheet**

Date:

Unit: NT\$1,000

Type of exposure	Risk weight (1)	Credit equivalent (2)	Exposure without CRM (3) (Note 1)	Exposure with guarantees (Notes 2 & 3)		Exposure with credit protection (Note 4)		Risk-weighted asset amount for credit risk (8) = [(3) + (5) + (7)] × (1)
				Exposure before guarantees (4)	Exposure after guarantees (5)	Exposure before credit protection (6)	Exposure after credit protection (7)	
Sovereign	0%							
	10%							
	20%							
	50%							
	100%							
	150%							【Form 2-B,(2)】
PSEs	0%							
	10%							
	20%							
	50%							
	100%							
	150%							【Form 2-B,(2)】
Banks (including MDB)	0%							
	10%							
	20%							
	50%							
	100%							
	150%							【Form 2-B,(2)】
Corporate (including securities firms and insurance companies)	0%							
	10%							
	20%							
	50%							
	100%							
	150%							【Form 2-B,(2)】
Retail exposures	0%							
	10%							
	20%							
	50%							
	75%							
	100%							
	150%							【Form 2-B,(2)】
Other assets	0%							
	20%							
	50%							
	100%							
	150%							【Form 2-B,(2)】
Total								【Form 2-B,(2)】

Note 1: This column is for exposures without using credit risk mitigant (CRM); if the guarantee or protection for the loan is partial, enter the original exposure amount in column (4) or (6).

Note 2: For banks adopting simplified approach for calculating the CRM effect of guarantee, the figures in (4) should be entered into the row corresponding to risk weight for counterparty, while the figures in (5) should be entered into the row corresponding to risk weight for guarantees.

Note 3: For banks comprehensive approach to CRM, figures in (4) and (5) should be entered into the row corresponding to risk weight for counterparty.

Note 4: Figures in (6) should be entered into the row corresponding to counterparty risk weight, while figures in (7) should be entered into the row corresponding to the risk weight for credit protection provider.

Off-balance Sheet Items - Credit Equivalent for Off-balance Sheet Credit Risk Worksheet

Date:

Unit: NT\$1,000

Type of exposure	Risk weight	Credit conversion factor (CCF) (note 1)				Credit equivalent amount (9) =(1)×(2) + (3)×(4) + (5)×(6) + (7)×(8)
		0%(1)	20%(3)	50%(5)	100%(7)	
		Book value less loss provision (Note 2) (2)	Book value less loss provision (Note 2) (4)	Book value less loss provision (Note 2) (6)	Book value less loss provision (Note 2) (8)	
Sovereign	0%					
	20%					
	50%					
	100%					【Form 2-D】
	150%					
PSEs	0%					
	20%					
	50%					
	100%					
	150%					【Form 2-D】
Banks (including MDB)	0%					
	20%					
	50%					
	100%					
	150%					【Form 2-D】
Corporate (including securities firms and insurance companies)	20%					
	50%					
	100%					
	150%					【Form 2-D】
Retail exposures	75%					
	100%					
	150%					【Form 2-D】
Other assets	0%					
	20%					
	50%					
	100%					
	150%					【Form 2-D】
Total						

Note 1:

Item	CCF
1. Any commitments that are unconditionally cancellable at any time by the bank without prior notice or Any commitments that effectively provide for automatic cancellation due to deterioration in borrower's creditworthiness.	0%
2. Commitments with an original maturity up to one year.	20%
3. For short-term self-liquidating trade letters of credit arising from the movement of goods, its issuing bank or confirming bank.	20%
4. Certain transaction-related standby letters of credit or contingent items, such as performance bonds, bid bonds, and warranties.	50%
5. Note issuance facilities (NIFs) and revolving underwriting facilities (RUFs).	50%
6. Commitments with an original maturity over one year.	50%
7. On the base date of calculation, undrawn credit line extended to credit card and cash card holders who have drawn the revolving credit line.	50%
8. Banks' securities that are on loan or posted as collateral by banks, (e.g. repurchase/reverse repurchase and securities lending/securities borrowing transactions) that are listed as off-balance sheet items (there is no need to calculate capital charge for items already listed as on-balance sheet items).	100%
9. Asset sales with recourse where the credit risk remains with the bank.	100%
10. Contingent items as direct credit substitutes, e.g. standby letters of credit serving as financial guarantees and banks acceptances.	100%

Note 2: The part of loss provision not exceeding the expected loss.

Counterparty Credit Risk - Risk-Weighted Asset Amount Worksheet

Date:

Unit: NT\$1,000

Type of exposure	Risk weight (1)	Credit equivalent (2)	Exposure without CRM (3)	Exposures with guarantees (Note)		Exposure with credit protection		Risk-weighted asset amount for credit risk (8) = 【(3) + (5) + (7)】 × (1)
				Exposure before guarantees (4)	Exposure after guarantees (5)	Exposure before credit protection (6)	Exposure after credit protection (7)	
Sovereign	0%							
	10%							
	20%							
	50%							
	100%							
	150%							【Form 2-B,(3)】
PSEs	0%							
	10%							
	20%							
	50%							
	100%							
	150%							【Form 2-B,(3)】
Banks (including MDB)	0%							
	10%							
	20%							
	50%							
	100%							
	150%							【Form 2-B,(3)】
Corporate (including securities firms and insurance companies)	0%							
	10%							
	20%							
	50%							
	100%							
	150%							【Form 2-B,(3)】
Retail exposures	0%							
	10%							
	20%							
	50%							
	75%							
	100%							
	150%							【Form 2-B,(3)】
Other assets	0%							
	20%							
	50%							
	100%							
	150%							【Form 2-B,(3)】
Total								【Form 2-B,(3)】

Note: For banks comprehensive approach to CRM, figures in (4) and (5) should be entered into the row corresponding to risk weight for counterparty.

Securities Financing Transactions¹²Counterparty Credit Risk Exposures or Exposure at Default (EAD) Worksheet^{13 14}

Date:

Unit: NT\$1,000

Type of exposure	Risk weight	Calculated by comprehensive approach ¹⁵		Exposure amount calculated by internal model method ¹⁶
		Exposure before CRM	Exposure after CRM	
Sovereign	0%			
	10%			
	20%			
	50%			
	100%			
	150%			
PSEs	0%			
	10%			
	20%			
	50%			
	100%			
	150%			
Banks (including MDB)	0%			
	10%			
	20%			
	50%			
	100%			
	150%			
Corporate (including securities firms and insurance companies)	0%			
	10%			
	20%			
	50%			
	100%			
	150%			
Retail exposures	0%			
	10%			
	20%			
	50%			
	75%			
	100%			
	150%			
Total		【Form 2-E, (2) & (4)】	【Form 2-E, (5)】	【Form 2-E, (2)】

¹² SFTs include transactions such as repurchase agreements, reverse repurchase agreements, security lending and borrowing, and margin lending transactions,

¹³ Enter the figures according the method adopted (according to the rules for CRM under the standardized approach to credit risk or internal model method).

¹⁴ Banks using the IRB approach to credit risk should fill in 【Form 3-A1】 or 【Form 3-B】 and then apply the risk weights under the IRB approach for the calculation of risk-weighted assets.

¹⁵ Calculate according to the comprehensive approach for CRM calculation under the standardized approach to credit risk.

¹⁶ Enter the exposure amount or EAD calculated according to the internal model method provided in Annex 3.

OTC Credit Derivatives

Counterparty Credit Risk - Credit Equivalent Worksheet¹⁷

Date:

Unit: NT\$1,000

Type of exposure ¹⁸	Transaction	Risk weight	Credit equivalent - current exposure method	Exposure - standardized approach	Exposure - internal model method ¹⁹
1.Sovereign 2.PSEs 3.Banks (including MDB) 4. Corporate (including securities firms and insurance companies) 5.Retail exposures	1. Interest rate	0%			
		20%			
		50%			
		75%			
		100%			
		150%			
	2. Credit derivative	0%			
		20%			
		50%			
		75%			
		100%			
		150%			
	3. FX (including gold)	0%			
		20%			
		50%			
		75%			
		100%			
		150%			
	4. Equity	0%			
		20%			
		50%			
		75%			
		100%			
		150%			
	5. Previous metal except gold	0%			
		20%			
		50%			
		75%			
		100%			
		150%			
6. Other commodities	0%				
	20%				
	50%				
	75%				
	100%				
	150%				
Total			【Form 2-E,(2)】	【Form 2-E, (2)】	【Form 2-E,(2)】

¹⁷ Banks using the IRB approach to credit risk should fill in 【Form 3-A1】 or 【Form 3-B】 and then apply the risk weights under the IRB approach for the calculation of risk-weighted assets.

¹⁸ List by type of exposure (counterparty type).

¹⁹ Enter the exposure amount or EAD calculated according to the internal model method provided in Annex 3.

Failed Trades and Non-DvP Transactions²⁰

Counterparty Credit Risk - Credit Equivalent Worksheet

Date:

Unit: NT\$1,000

A. DvP transactions²¹

Type of exposure ²²	Transaction	Number of business days past the agreed settlement date	Risk multiplier (1)	Positive current exposure (2)	Capital charge (3) = (1) × (2)	Credit equivalent (4) = (3) × 12.5
1.Sovereign 2.PSEs	1. Securities	5-15 days	8%			
		16-30 days	50%			
		31-45 days	75%			
		>46 days	100%			
3.Banks (including MDB) 4. Corporate (including securities firms and insurance companies)	2. FX	5-15 days	8%			
		16-30 days	50%			
		31-45 days	75%			
		>46 days	100%			
5.Retail exposures	3. Commodity	5-15 days	8%			
		16-30 days	50%			
		31-45 days	75%			
		>46 days	100%			
	Total					【Form 2-E,(2)】 ²³

B. Non-DvP transactions

Transaction type	Credit equivalent	Capital deduction
Not yet due for settlement or less than 5 business days past the agreed settlement date ²⁴		
More than 5 business days past the agreed settlement date ²⁵		
Total	【Form 2-E,(2)】	【Form 2-F】

²⁰Banks using the IRB approach to credit risk should fill in 【Form 3-A1】 or 【Form 3-B】 and then apply the risk weights under the IRB approach for the calculation of risk-weighted assets.

²¹ According to Annex 4, banks using the IRB approach to credit risk can determine the risk weight for failed free-delivery exposures as follows:

- (1) adopting the risk weights under the standardized approach.
- (2) adopting 100% risk weight.
- (3) assigning PDs to counterparties for which they have no other banking book exposure on the basis of the counterparty's external rating; banks using the advanced IRB approach may use a 45% LGD in place of the estimate.

²² List by type of exposure (counterparty type).

²³ Because the credit equivalent for DvP transaction is capital charge multiplied by 12.5, this enter 100% risk weight applicable in 【Form 2-E】 .

²⁴ A bank that has made the payment or record it as a payable according to the contract will treat its exposure as a loan if it has not received the receivable by the end of the business day, that is, take the exposure as credit equivalent:

- (1) Banks under the standardized approach will use the standardized risk weights under the standardized approach to credit risk.
- (2) Banks under the IRB approach will apply the appropriate IRB formula for the exposure to the counterparty in the same way as it does for all other banking book exposures under the IRB approach to credit risk.
- (3) When exposures are not material, the bank may choose to apply a uniform 100% risk-weight to these exposures.

²⁵ If a bank has not received the payment or securities 5 business days after the agreed delivery date, the bank will deduct the full amount of the securities delivered or payment made plus replacement cost from capital by deducting 50% each from Tier 1 capital and Tier 2 capital.

Standardized Approach to Credit Risk - Capital Deductions Summary Sheet

Date:

Unit: NT\$1,000

Deductions			Deduction from Tier 1 capital	Deduction from Tier 2 capital
Shortfall of operating reserve and loss provision ²⁶				
Deductions for equity exposures ²⁷	Commercial bank	Investment in finance-related enterprises ²⁸		
		Excess investment in non-finance related enterprises ²⁹		
	Industrial bank	Required deduction for direct investment and investment in real estate ³⁰		
Deductions for Non-DvP transactions ³¹				
Default payment threshold ³²				
Total			【Form 1-B1,(1)】	【Form 1-B1,(2)】

²⁶For banks adopting the standardized approach to credit risk, any shortfall of the operating reserve and loss provision must be deducted from Tier 1 capital.

²⁷Required deductions for equity investment should in principle be deducted by its book value. However for financial assets held for trade that have unrealized profit, the deduction should be cost plus 45% of the unrealized profit. But for financial assets held for trade that have unrealized loss, the deduction should be made by their book value.

²⁸The book value of investment in eligible capital instruments issued by banks, securities firms, insurance companies, bills finance companies, financial holding companies, and other finance related enterprises shall be deducted 50% each from Tier 1 capital and Tier 2 capital, except for investments that have been included in the calculation of capital adequacy ratio.

²⁹Where the investment in one single non-finance related enterprise exceeds 15% of the bank's paid-in capital, or the total investment in non-finance related enterprises exceeds 60% of the bank's paid-in capital, the excess portion on the book shall be deducted 50% each from the Tier 1 capital and eligible Tier 2 capital.

³⁰ The total amount of direct investments made by an industrial bank in manufacturing businesses, finance related enterprises, venture capital enterprises and real estate pursuant to Article 8 of the Regulations Governing the Establishment and Administration of Industrial Bank should be deducted 50% each from Tier 2 capital and eligible Tier 2 capital.

³¹If a bank has not received the payment or securities 5 business days after the agreed delivery date, the bank will deduct the full amount of the securities delivered or payment made plus replacement cost from capital by deducting 50% each from Tier 1 capital and Tier 2 capital.

³²Materiality thresholds on payments below which no payment is made in the event of loss are equivalent to retained first loss positions of the bank and must be deducted 50% each from Tier 1 capital and eligible Tier 2 capital.

III. Internal-ratings Based Approach to Credit Risk (IRB Approach)

【Form 3-A】

Bank

Credit Risk Exposures and Risk-Weighted Assets Summary Sheet (IRB Approach)

Date:

Unit: NT\$1,000

Type of exposure	Exposures calculated by IRB risk components				SL exposures subject to the supervisory slotting criteria				Total			
	Ave. risk weight	RWA	Expected loss (EL)	Loss provision	Ave. risk weight	RWA	Expected loss (EL)	Loss provision	Ave. risk weight	RWA	Expected loss (EL)	Loss provision ³³
Sovereign												
Bank												
Corporate												
General corporate exposures												
Size-adjusted corporate exposures												
Specialized lending (SL) exposures												
Income-producing real estate												
High-volatility commercial real estate												
Equity exposures by market-based approach												
Equity exposures by PD/LGD approach												
Retail												
Residential mortgage loan												
Revolving retail												
Other retail exposures												
Eligible purchased receivables												
Corporate												
Retail												
Other assets												
Total (a)		(Form 3-B)	(Form 3-B)	(Form 3-B)								
Risk-weighted assets under standardized approach (B)										(Form 3-A1)		
Risk-weighted assets to which capital floor applies (C)												
Total (a) +(B)+ (C)												

³³ When the aggregate EL calculated is less than the total loss provision set aside by the bank, the excess provision may be recognized as eligible Tier 2 capital up to 0.6% of the risk-weighted assets for credit risk.

【Form 3—A1】

_____ Bank

Credit Risk - Risk-weighted Asset Amount Worksheet (IRB Approach)- Using Fixed Risk Weights under Standardized Approach

Date:

Unit: NT\$1,000

Type of exposure	Risk weight	On-balance sheet credit risk - risk-weighted asset amount (1)	Off-balance sheet credit risk - risk-weighted asset amount (2)	Counterparty credit risk - risk-weighted asset amount (3)	Risk-weighted asset amount for credit risk (4) = [(1) + (2) + (3)]
Sovereign	0%				
	10%				
	20%				
	50%				
	100%				
	150%				
	Subtotal				
PSEs	0%				
	10%				
	20%				
	50%				
	100%				
	150%				
	Subtotal				
Banks (including MDB)	0%				
	10%				
	20%				
	50%				
	100%				
	150%				
	Subtotal				
Corporate (including securities firms and insurance companies)	0%				
	10%				
	20%				
	50%				
	100%				
	150%				
	Subtotal				
Retail exposures	0%				
	10%				
	20%				
	50%				
	75%				
	100%				
	150%				
	Subtotal				
Commercial real estate	35%				
	45%				
	50%				
	75%				
	100%				
	Subtotal				
Equities	300%				
	400%				
	Subtotal				
Other assets	0%				
	20%				
	50%				
	100%				
	150%				
Subtotal					【Form 3-A】
Total					【Form 3-A】

Note: IRB banks that adopt the standardized approach for certain exposures can refer to **【Form 2-C】**, **【Form 2-D】**, **【2-E】** in relation to the standardized approach.

Risk-Weighted Asset Amount Worksheet - by IRB Risk Components (IRB Approach)

Date:

Unit: NT\$1,000

Type of exposure		Ave. risk weight ³⁴ (1)	Expected loss (EL) (2)	Loss provision (3)	On-balance sheet EAD ³⁵ (4)	Off-balance sheet EAD (5)	Counterparty credit risk EAD (6)	Risk-weighted asset amount (7) = [(4) + (5) + (6)] × (1)	
Sovereign	Non-defaulted								
	Defaulted								
	Subtotal								
Bank	Non-defaulted								
	Defaulted								
	Subtotal								
Corporate	General corporate	Non-defaulted							
		Defaulted							
	Size-adjusted corporate exposures	Non-defaulted							
		Defaulted							
	SL exposures	Income-producing real estate	Non-defaulted						
			Defaulted						
		High-volatility commercial real estate	Non-defaulted						
			Defaulted						
	Subtotal								
Equity exposures by market-based approach									
Equity exposures by PD/LGD approach									
Retail exposures	Residential mortgage loan	Non-defaulted							
		Defaulted							
	Other retail exposures	Non-defaulted							
		Defaulted							
	Revolving retail	Non-defaulted							
		Defaulted							
	Subtotal								
Eligible purchased receivables	Corporate	Non-defaulted							
		Defaulted							
	Retail	Non-defaulted							
		Defaulted							
	Subtotal								
Total			【Form 3-A】	【Form 3-A】				【Form 3-A】	

³⁴ Risk weight = capital requirement (K) × 12.5.

³⁵ On the basis of book value or credit equivalent according to the standardized approach and considering EAD estimated for additional drawing prior to default.

_____ Bank

Specialized Lending exposures subject to the supervisory slotting criteria - Risk-weighted Asset Amount Worksheet (IRB Approach) - Using Fixed Risk Weights

Date: _____

Unit: NT\$1,000

Type of exposure	Risk weight (1)	Expected loss (EL) (2)	Loss provision (3)	On-balance sheet EAD ³⁶ (4)	Off-balance sheet EAD(5)	Risk-weighted asset amount (6) = [(4) + (5)] x (1)
SL (excluding high-volatility commercial real estate)	50%					
	70%					
	90%					
	115%					
	250%					
	Default - 0%					
	Subtotal					
High-volatility commercial real estate	95%					
	120%					
	140%					
	250%					
	Default -0%					
Subtotal						
Total						

³⁶On the basis of book value or credit equivalent according to the standardized approach and considering EAD estimated for additional drawing prior to default.

Bank

IRB Approach to Credit Risk - Capital Deductions Summary Sheet

Date:

Unit: NT\$1,000

Deductions		Deduction from Tier 1 capital	Deduction from Tier 2 capital
Shortfall of operating reserve and loss provision ³⁷			
Deductions for equity exposures ³⁸	Commercial bank	Investment in finance-related enterprises ³⁹	
		Excess investment in non-finance related enterprises ⁴⁰	
	Industrial bank	Required deduction for direct investment and investment in real estate ⁴¹	
Deductions for Non-DvP transactions ⁴²			
Default payment threshold ⁴³			
Total		【Form 1-B1,(1)】	【Form 1-B1,(2)】

³⁷For banks adopting the IRB approach, when the estimated EL is higher than the total loss provision set aside by the bank (including operating reserve, loan loss provision and partial write-off), the excess amount shall be deducted 50% each from Tier 1 capital and Tier 2 capital.

³⁸Required deductions for equity investment should in principle be deducted by its book value. However for financial assets held for trade that have unrealized profit, the deduction should be cost plus 45% of the unrealized profit. But for financial assets held for trade that have unrealized loss, the deduction should be made by their book value.

³⁹The book value of investment in eligible capital instruments issued by banks, securities firms, insurance companies, bills finance companies, financial holding companies, and other finance related enterprises shall be deducted 50% each from Tier 1 capital and Tier 2 capital, except for investments that have been included in the calculation of capital adequacy ratio.

⁴⁰Where the investment in one single non-finance related enterprise exceeds 15% of the bank's paid-in capital, or the total investment in non-finance related enterprises exceeds 60% of the bank's paid-in capital, the excess portion on the book shall be deducted 50% each from the Tier 1 capital and eligible Tier 2 capital.

⁴¹The total amount of direct investments made by an industrial bank in manufacturing businesses, finance related enterprises, venture capital enterprises and real estate pursuant to Article 8 of the Regulations Governing the Establishment and Administration of Industrial Bank should be deducted 50% each from Tier 2 capital and eligible Tier 2 capital.

⁴²If a bank has not received the payment or securities 5 business days after the agreed delivery date, the bank will deduct the full amount of the securities delivered or payment made plus replacement cost from capital by deducting 50% each from Tier 1 capital and Tier 2 capital.

⁴³Materiality thresholds on payments below which no payment is made in the event of loss are equivalent to retained first loss positions of the bank and must be deducted 50% each from Tier 1 capital and eligible Tier 2 capital.

IV. Asset Securitization

【Form 4-A-1】

Bank

Asset Securitization -Risk-Weighted Assets Summary Sheet - Standardized Approach (Investing Bank)

Date:

Unit: NT\$1,000

Type of exposure	External rating	Risk weight (1)	On-balance sheet items ⁴⁴ - book value (2)	Off-balance sheet items - credit equivalent (3) (Form 4--D-1)	Exposures without CRM (4)	Exposure with guarantees		Exposure with credit protection		Risk-weighted asset amount(9)=[(4)+(6)+(8)]×(1)	Capital deductions (10)
						Exposure before guarantees (4)	Exposure after guarantees (5)	Exposure before credit protection (6)	Exposure after credit protection (7)		
Long-term category	AAA ~ AA-	20%									
	A+ ~ A-	50%									
	BBB+ ~ BBB-	100%									
	BB+ ~ BB-	350%									
	B+ and below or unrated	Full deduction (Enter in (10))									
Short-term category	A-1/P-1	20%									
	A-2/P-2	50%									
	A-3/P-3	100%									
	All other grades or unrated	Full deduction (Enter in (10))									
Unrated-most senior exposure	--	Average risk weight									
Unrated - asset-backed commercial paper	--	Max (100%, highest risk weight assigned to any individual exposure covered by the facility)									
Unrated - eligible liquidity facility		Any individual exposure covered by the facility assigned with the highest risk weight									
Other unrated exposures ⁴⁵		Full deduction (Enter in (10))									
Total										【Form 1-C】	【Form 4-H】 46

⁴⁴ For the book value of on-balance sheet items (2) or credit equivalent of off-balance sheet items (3), refer to 【Form 2-C】 under the standardized approach, depending on whether CRM is used; enter the exposure amount before CRM in (4), (5) or (7), and exposure amount after CRM in (6) or (8). Apply the same treatment in the forms below.

⁴⁵ Except for exceptions provided below, unrated securitization exposures shall be deducted in full from capital:

- (1) The most senior exposure in a securitization - the unrated most senior position receives the average risk weight of the underlying asset pool
- (2) Asset-backed commercial papers that are in a second loss position or better- 100% risk weight or the highest risk weight assigned to any of individual exposures covered by the facility.
- (3) Eligible liquidity facilities - highest risk weight assigned to any individual exposure covered by the facility)

⁴⁶ Deducted 50% each from Tier 1 capital and Tier 2 capital.

Asset Securitization -Risk-Weighted Assets Summary Sheet - Standardized Approach (Originating Bank)

Date:

Unit: NT\$1,000

Type of exposure	External rating	Risk weight (1)	On-balance sheet items-book value (2)	Off-balance sheet items - credit equivalent (3) (Form 4- D-2)	Exposure without CRM(4)	Exposure with guarantees		Exposure with credit protection		Risk-weighted asset amount (9)=[(4)+(6)-(8)]×(1)	Capital deductions (10)
						Exposure before guarantees (4)	Exposure after guarantees (5)	Exposure before credit protection (6)	Exposure after credit protection (7)		
Traditional securitization	Long-term rating category	AAA ~ AA-	20%								
		A+ ~ A-	50%								
		BBB+ ~ BBB-	100%								
		BB+ ~ BB-	Full deduction								
	Short-term rating category	B+ and below or unrated	Full deduction (Enter in (10))								
		A-1/P-1	20%								
		A-2/P-2	50%								
		A-3/P-3	100%								
	Unrated-most senior exposure ⁴⁷	All other grades or unrated	Full deduction (Enter in (10))								
		--	Average risk weight								
Unrated - asset-backed commercial paper	--	Max (100%, highest risk weight assigned to any individual exposure covered by the facility)									
Unrated - eligible liquidity facility		Any individual exposure covered by the facility assigned with the highest risk weight									
Other unrated exposures		Full deduction (Enter in (10))									
Traditional securitization transactions - total											
Synthetic securitization transactions - total											
"Controlled" early amortization - risk-weighted asset amount (enter in column 9)										(Form 4 - F)	
"Uncontrolled early amortization" -risk-weighted asset amount (enter in column 9)										(Form 4 - G)	
Total										【A】【Form 1-C】	
First deduct from Tier 1 capital expected future margin income from gain-on-sale										【B】 ⁴⁸ 【Form 4-H】	
Capital requirement according to securitization rules = $RWA \times 8\% + \text{Capital deductions} = \text{【A】} \times 8\% + \text{【B】}$										【C】 (Enter into Regulatory Capital Worksheet)	
Capital requirement before the securitization of underlying assets										【D】 (when $D < E$, deduct 【A】 and 【B】 from capital, see notes).	
										【E】 (when $D > E$., deduct【E】from capital; see notes.	

Notes: After comparing the results before and after securitization, the capital charge is set as follows:

- (1) When $D > E$, deduct 50% each from Tier 1 capital and Tier 2 capital.
- (2) When $D < E$, include A in credit risk-weighted asset amount for credit risk and deduct 50% of B each from Tier 1 capital and Tier 2 capital.

⁴⁷ The calculation of unrated securitization exposures is the same as that for investing bank in Form 4-A-1.

⁴⁸ Deduct 50% each from Tier 1 capital and Tier 2 capital.

Asset Securitization - Risk-weighted Assets Worksheet - Ratings Based Approach and Internal Assessment Approach (Investing Bank)

Date:

Unit: NT\$1,000

Type of exposure	External rating	Risk weight (1)	On-balance sheet items-book value (2)	Off-balance sheet items (note) - credit equivalent (3) (Form 4--E-1)	Exposure without CRM(4)	Exposure with guarantees		Exposure with credit protection		Risk-weighted asset amount (9)=[(4)+(6)-(8)]×(1)	Capital deductions (10)
						Exposure before guarantees (4)	Exposure after guarantees (5)	Exposure before credit protection (6)	Exposure after credit protection (7)		
Granular pool and applicable long-term rating risk weight for most senior position	AAA	7%									
	AA	8%									
	A+	10%									
	A	12%									
	A-	20%									
	BBB+	35%									
	BBB	60%									
	BBB-	100%									
	BB+	250%									
	BB	425%									
	BB-	650%									
	Below BB- or unrated	Full deduction									
Granular pool and applicable long-term rating base risk weight	AAA	12%									
	AA	15%									
	A+	18%									
	A	20%									
	A-	35%									
	BBB+	50%									
	BBB	75%									
	BBB-	100%									
	BB+	250%									
	BB	425%									
	BB-	650%									
	Below BB- or unrated	Full deduction									
Non-granular pool and applicable long-term rating risk	AAA	20%									
	AA	25%									
	A+	35%									
	A	35%									
	A-	35%									

(Cont'd)

Type of exposure	External rating	Risk weight (1)	On-balance sheet items-book value (2)	Off-balance sheet items (note) - credit equivalent (3) (Form 4--E-1)	Exposure without CRM(4)	Exposure with guarantees		Exposure with credit protection		Risk-weighted asset amount (9)=[(4)+(6)-(8)]×(1)	Capital deductions (10)
						Exposure before guarantees (4)	Exposure after guarantees (5)	Exposure before credit protection (6)	Exposure after credit protection (7)		
weight	BBB+	50%									
	BBB	75%									
	BBB-	100%									
	BB+	250%									
	BB	425%									
	BB-	650%									
	Below BB- or unrated	Full deduction									
Granular pool and applicable short-term rating risk weight for most senior position	A-1/P-1	7%									
	A-2/P-2	12%									
	A-3/P-3	60%									
	All other grades or unrated	Full deduction									
Granular pool and applicable short-term rating base risk weight	A-1/P-1	12%									
	A-2/P-2	20%									
	A-3/P-3	75%									
	All other grades or unrated	Full deduction									
Non-granular pool and applicable short-term rating risk weight	A-1/P-1	20%									
	A-2/P-2	35%									
	A-3/P-3	75%									
	All other grades or unrated	Full deduction									
Total	--	--								【A】 【Form 1-C】	【B】 ⁴⁹ 【Form 4-H】

Note: Off-balance sheet securitization exposures (including eligible and non-eligible liquidity facilities) will be calculated according to the treatment for on-balance sheet items that the applicable risk weight or capital deduction will be determined based on the external rating or the unrating of the underlying asset.

⁴⁹ Deducted 50% each from Tier 1 capital and Tier 2 capital.

Asset Securitization - Risk-weighted Assets Worksheet - Ratings Based Approach and Internal Assessment Approach (Originating Bank)

Date:

Unit: NT\$1,000

Type of exposure	External rating	Risk weight (1)	On-balance sheet items - book value (2)	Off-balance sheet items - credit equivalent (3) (Form 4-E-2)	Exposure without CRM(4)	Exposure with guarantees		Exposure with credit protection		Risk-weighted asset amount(9)=[(4)+(6)+(8)]×(1)	Capital deductions (10)
						Exposure before guarantees (4)	Exposure after guarantees (5)	Exposure before credit protection (6)	Exposure after credit protection(7)		
Granular pool and applicable long-term rating risk weight for most senior position	AAA	7%									
	AA	8%									
	A+	10%									
	A	12%									
	A-	20%									
	BBB+	35%									
	BBB	60%									
	BBB-	100%									
	BB+	250%									
	BB	425%									
	BB-	650%									
	Below BB- or unrated	Full deduction									
Granular pool and applicable long-term rating base risk weight	AAA	12%									
	AA	15%									
	A+	18%									
	A	20%									
	A-	35%									
	BBB+	50%									
	BBB	75%									
	BBB-	100%									
	BB+	250%									
	BB	425%									
	BB-	650%									
	Below BB- or unrated	Full deduction									
Non-granular pool and applicable long-term rating risk weight	AAA	20%									
	AA	25%									
	A+	35%									
	A	35%									
	A-	35%									
	BBB+	50%									
	BBB	75%									
	BBB-	100%									
	BB+	250%									
	BB	425%									
BB-	650%										
	Below BB- or unrated	Full deduction									
Granular	A-1/P-1	7%									

(Con'td)

Type of exposure	External rating	Risk weight (1)	On-balance sheet items - book value (2)	Off-balance sheet items - credit equivalent (3) (Form 4-E-2)	Exposure without CRM(4)	Exposure with guarantees		Exposure with credit protection		(Con'td)	
						Exposure before guarantees (4)	Exposure after guarantees (5)	Exposure before credit protection (6)	Exposure after credit protection(7)	Risk-weighted asset amount(9)=[(4)+(6)+(8)]×(1)	Capital deductions (10)
pool and applicable short-term rating risk weight for most senior position	A-2/P-2	12%									
	A-3/P-3	60%									
	All other grades or unrated	Full deduction									
Granular pool and applicable short-term rating base risk weight	A-1/P-1	12%									
	A-2/P-2	20%									
	A-3/P-3	75%									
	All other grades or unrated	Full deduction									
Non-granular pool and applicable short-term rating risk weight	A-1/P-1	20%									
	A-2/P-2	35%									
	A-3/P-3	75%									
	All other grades or unrated	Full deduction									
Traditional securitization transactions – total											
Synthetic securitization transactions - total											
“Controlled” early amortization - risk-weighted asset amount (enter in column 9)										(4 - F)	
“Uncontrolled early amortization” -risk-weighted asset amount (enter in column 9)										(4 - G)	
Total										【A】 【Form 1-C】	【B】⁵⁰ 【Form 4-H】
First deduct from Tier 1 capital expected future margin income from gain-on-sale										【C】 (Enter into Regulatory Capital Worksheet)	
Capital requirement according to securitization rules = RWA×8% + Capital deductions = 【A】 ×8% + 【B】										【D】 (when D < E, deduct 【A】 and 【B】 from capital, see notes).	
Capital requirement before the securitization of underlying assets										【E】 (when D > E., deduct 【E】 from capital; see notes).	

Notes:

- (1) After comparing the results before and after securitization, the capital charge is set as follows:
 1. When D > E, deduct 50% each from Tier 1 capital and Tier 2 capital.
 2. When D < E, include A in credit risk-weighted asset amount for credit risk and deduct 50% of B each from Tier 1 capital and Tier 2 capital.
- (2) Off-balance sheet securitization exposures (including eligible and non-eligible liquidity facilities) will be calculated according to the treatment for on-balance sheet items that the applicable risk weight or capital deduction will be determined based on the external rating or the unrating of the underlying asset.

⁵⁰ Deduct 50% each from Tier 1 capital and Tier 2 capital.

Asset Securitization - Risk-Weighted Assets Worksheet - Supervisory Formula (Investing Bank)

Date: _____

Unit: NT\$1,000

Securitization exposure	Risk weight	On-balance sheet items- book value (2)	Off-balance sheet items - credit equivalent (3) (Form 4 - E)	Exposure without CRM(4)	Exposure with guarantees		Exposure with credit protection		Risk-weighted asset amount (9)=[(4)+(6)+(8)]×(1)	Capital deductions (10)
					Exposure before guarantees (4)	Exposure after guarantees (5)	Exposure before credit protection (6)	Exposure after credit protection (7)		
1										
2										
3										
4										
5										
6										
7										
8										
:										
:										
:										
:										
Total	--								【A】 【Form 1-C】	【B】 ⁵¹ 【Form 4-H】

Notes:

1. Risk weights for various securitization exposures are entered according to calculation by Supervisory Formula. If K_{IRB} for eligible liquidity facility is not available, the highest risk weight assigned to any individual exposure covered by the facility under the standardized approach applies.
2. List off-balance sheet exposures (e.g. eligible or non-eligible liquidity facilities) in order.

⁵¹ Deduct 50% each from Tier 1 capital and Tier 2 capital.

Asset Securitization - Risk-Weighted Assets Worksheet - Supervisory Formula (Original Bank)

Date: _____

Unit: NT\$1,000

Securitization exposure	Risk weight ⁵²	On-balance sheet items- book value (2)	Off-balance sheet items - credit equivalent (3) (Form 4 - E)	Exposure without CRM(4)	Exposure with guarantees		Exposure with credit protection		Risk-weighted asset amount (9)=[(4)+(6)+(8)]×(1)	Capital deductions (10)
					Exposure before guarantees (4)	Exposure after guarantees (5)	Exposure before credit protection (6)	Exposure after credit protection(7)		
1										
2										
3										
4										
5										
:										
Total	--									
*Controlled ⁵³ early amortization - risk-weighted asset amount (enter in column 9)									(Form 4 - F)	
*Uncontrolled early amortization ⁵³ -risk-weighted asset amount (enter in column 9)									(Form 4 - G)	
Total									【A】 【Form 1-C】	【B】 ⁵³ 【Form 4-H】
First deduct from Tier 1 capital expected future margin income from gain-on-sale									【C】 (Enter into Regulatory Capital Worksheet)	
Capital requirement according to securitization rules =RWA×8% + Capital deductions = 【A】 ×8% + 【B】									【D】 (when D<E, deduct 【A】 and 【B】 from capital, see notes).	
Capital requirement before the securitization of underlying assets									【E】 (when D>E., deduct 【E】 from capital; see notes).	

- Notes:
- After comparing the results before and after securitization, the capital charge is set as follows:
 - When D>E, deduct 50% each from Tier 1 capital and Tier 2 capital.
 - When D<E, include A in credit risk-weighted asset amount for credit risk and deduct 50% of B each from Tier 1 capital and Tier 2 capital.
 - List off-balance sheet exposures (e.g. eligible or non-eligible liquidity facilities) in order.

⁵²Risk weights for various securitization exposures are entered according to calculation by Supervisory Formula. If K_{IRB} for eligible liquidity facility is not available, the highest risk weight assigned to any individual exposure covered by the facility under the standardized approach applies.

⁵³Deduct 50% each from Tier 1 capital and Tier 2 capital.

_____ **Bank**
Credit Equivalents of Off-Balance Sheet Items - Standardized Approach (Investing Bank)

Date:

Unit: NT\$1,000

Type of exposure		Credit conversion factor (CCF) (1)	Exposure amounts of liquidity facilities or other off-balance sheet securitization items (2)	Credit equivalent (3)=(1)×(2)
Eligible liquidity facility	Risk weight determined based on external rating	100%		
	Risk weight determined by a method other than external rating	The facility has an original maturity of one year or less	20%	
		The facility has an original maturity of more than one year	50%	
		The facility is available only in the event of a general market disruption	0%	
Eligible servicer cash advance facilities— unconditionally cancellable without prior notice	--	0%		
Other off-balance securitization exposures and non-eligible liquidity facilities	--	100%		
Total				

Notes: (1) When the same bank provides multiple liquidity facilities to the same securitization transaction and different CCF applies to those facilities, the highest CCF shall apply.

(2) If multiple liquidity facilities are provided by different banks, each bank must estimate capital charge for the highest amount of liquidity facility.

_____ **Bank**
Credit Equivalents of Off-Balance Sheet Items - Standardized Approach (Originating Bank)

Date:

Unit: NT\$1,000

Type of exposure		Credit conversion factor (CCF) (1)	Exposure amounts of liquidity facilities or other off-balance sheet securitization items (2)	Credit equivalent (3)=(1)×(2)
Eligible liquidity facility	Risk weight determined based on external rating	100%		
	Risk weight determined by a method other than external rating	The facility has an original maturity of one year or less	20%	
		The facility has an original maturity of more than one year	50%	
		The facility is available only in the event of a general market disruption	0%	
Eligible servicer cash advance facilities — unconditionally cancellable without prior notice	--	0%		
Other off-balance securitization exposures and non-eligible liquidity facilities	--	100%		
Total				

Notes: (1) When the same bank provides multiple liquidity facilities to the same securitization transaction and different CCF applies to those facilities, the highest CCF shall apply.

(2) If multiple liquidity facilities are provided by different banks, each bank must estimate capital charge for the highest amount of liquidity facility.

**Credit Equivalents of Off-Balance Sheet Items - Ratings-based Approach, Internal Assessment Approach, and Supervisory Formula
(Investing Bank)**

Date:

Unit: NT\$1,000

Type of exposure		Credit conversion factor (CCF) (1)	Exposure amounts of liquidity facilities or other off-balance sheet securitization items (2)	Credit equivalent (3)=(1)×(2)	Capital deductions (4)
Eligible liquidity facility	Risk weight determined by ratings-based approach or internal assessment approach	100%			
	Risk weight determined by supervisory formula	The facility has an original maturity of one year or less	50%		
		The facility has an original maturity of more than one year	100%		
		The facility is available only in the event of a general market disruption	20%		
Eligible servicer cash advance facilities— unconditionally cancellable without prior notice	--	0%			
Non-eligible liquidity facilities	--	Full deduction (enter in column 4)			【A】 (Enter the deduction amount in appropriate column according to the method used)
Total					

Notes: (1) When the same bank provides multiple liquidity facilities to the same securitization transaction and different CCF applies to those facilities, the highest CCF shall apply.

(2) If multiple liquidity facilities are provided by different banks, each bank must estimate capital charge for the highest amount of liquidity facility.

Credit Equivalents of Off-Balance Sheet Items - Ratings-based Approach, Internal Assessment Approach, and Supervisory Formula (Originating Bank)

Date:

Unit: NT\$1,000

Type of exposure		Credit conversion factor (CCF) (1)	Exposure amounts of liquidity facilities or other off-balance sheet securitization items (2)	Credit equivalent (3)=(1)×(2)	Capital deductions (4)
Eligible liquidity facility	Risk weight determined by ratings-based approach or internal assessment approach	100%			
	Risk weight determined by supervisory formula	The facility has an original maturity of one year or less	50%		
		The facility has an original maturity of more than one year	100%		
		The facility is available only in the event of a general market disruption	20%		
Eligible servicer cash advance facilities – unconditionally cancellable without prior notice	--	0%			
Non-eligible liquidity facilities	--	Full deduction (enter in column 4)			【A】 (Enter the deduction amount in appropriate column according to the method used)
Total					

Notes: (1) When the same bank provides multiple liquidity facilities to the same securitization transaction and different CCF applies to those facilities, the highest CCF shall apply.

(2) If multiple liquidity facilities are provided by different banks, each bank must estimate capital charge for the highest amount of liquidity facility.

“Controlled” Early Amortization - Risk-weighted Asset Amount

Date:

Unit: NT\$1,000

Type of exposure	Ratio of three-month average excess spread to excess spread trapping point (denoted by R)	Credit conversion factor (CCF) (1)	Investors' interest (2)	Credit equivalent for “controlled” early amortization (3) = (1) × (2)	Risk weight applied prior to securitization of underlying pool (4)	Risk-weighted asset amount (5) = (3) × (4)
Retail credit line - uncommitted	$133.33\% \leq R$	0%				
	$100\% \leq R < 133.33\%$	1%				
	$75\% \leq R < 100\%$	2%				
	$50\% \leq R < 75\%$	10%				
	$25\% \leq R < 50\%$	20%				
	$R < 25\%$	40%				
Retail credit line - committed	--	90%				
Non-retail credit line-uncommitted	--	90%				
Non-retail credit line-committed	--	90%				
Total						【Form 4-A-2】

“Uncontrolled” Early Amortization - Risk-weighted Asset Amount

Date:

Unit: NT\$1,000

Type of exposure	Ratio of three-month average excess spread to excess spread trapping point (denoted by R)	Credit conversion factor (CCF) (1)	Investors' interest (2)	Credit equivalent for “controlled” early amortization (3) = (1) × (2)	Risk weight applied prior to securitization of underlying pool (4)	Risk-weighted asset amount (5) = (3) × (4)
Retail credit line - uncommitted	$133.33\% \leq R$	0%				
	$100\% \leq R < 133.33\%$	5%				
	$75\% \leq R < 100\%$	15%				
	$50\% \leq R < 75\%$	50%				
	$R < 50\%$	100%				
Retail credit line - committed	--	100%				
Non-retail credit line-uncommitted	--	100%				
Non-retail credit line-committed	--	100%				
Total						【Form 4-A-2】

【Form 4—H】

_____ Bank

Asset Securitization - Capital Deductions Summary Sheet (Originating Bank and Investing Bank)

Date:

Unit: NT\$1,000

Deduction	Deduction from Tier 1 capital	Deduction from Tier 2 capital
expected future margin income (FMI) from gain-on-sale ⁵⁴		
The amount of specific securitization exposure deductible from capital ⁵⁵		
Credit-enhancing interest-only strip receivable ⁵⁶		
Total	【Form 1-B1,(1)】	【Form 1-B1,(2)】

Note: This form applies to (1) investing banks and (2) originating banks that do not estimate capital charge on assets “before securitization.”

_____ Bank

Asset Securitization - Capital Deductions Summary Sheet (Originating Bank)

Date:

Unit: NT\$1,000

Deduction	Deduction from Tier 1 capital	Deduction from Tier 2 capital
Capital deduction if capital requirement after asset securitization is greater than capital requirement before asset securitization (Form 4-A-2, 4-B-2 and 4-C-2)		
Total	【Form 1-B1,(1)】	【Form 1-B1,(2)】

Note: This form applies to originating banks that estimate capital charge on assets “before securitization.”

⁵⁴Banks must deduct from Tier 1 capital any expected future margin income (FMI) resulting from a securitization transaction that results in a gain-on-sale and is recognized.

⁵⁵Except for the aforesaid gain-on-sale, when a bank is required to deduct a securitization exposure from regulatory capital, the deduction must be taken 50% from Tier 1 and 50% from Tier 2 capital. The amount of securitization exposure deductible from capital may be the net after deducting its loss provision. Similarly, any specific provisions against securitization exposures are not to be included in the measurement of eligible loss provisions.

⁵⁶When deducting credit-enhancing interest-only strip from capital, a bank shall first deduct the portion of recognized “gain-on-sale” as described above from Tier 1, and deduct 50% of the remainder from Tier 1 and 50% of the remainder from Tier 2 capital.

V. Operational Risk

【Form 5 – A】

Bank

Operational Risk Capital Charge Worksheet (Basic Indicators Approach)

Date:

Unit: NT\$1,000

Account	Year	Year	Year
Interest income (1)			
Interest expense (2)			
Net interest income (3)=(1)-(2)			
Net fee income (4)			
Gain/loss on financial assets and liabilities at fair value through profit or loss (5)			
Gain/loss on investment carried on equity basis (gain/loss on disposal of investment excluded)			
Translation gain/loss (7)			
Other net non-interest gain/loss (8)			
Net non-interest income ⁵⁷ (9)=(4)+(5)+(6)+(7)+(8)			
Gross income ⁵⁸ (10)=(3)+(9)	(A)	(B)	(C) ⁵⁹
Operational risk capital charge ⁶⁰ 【Form 1-C, (2)】 (11)= 【 [(A) + (B) + (C)] ×15% 】 /n			

Note: Gross income is defined as “net interest income” plus “net non-interest income”, where (1) Loss provisions other than loan loss (e.g. guarantee reserve, securities trading loss reserve, and default loss reserve), gain/loss from disposal of fixed assets and bad debt expenses may not be deducted; (2) operating expenses and fees paid to outsourced service providers may not be deducted, but fees received by banks that provide outsourcing services shall be included; (3) Realized profits/losses from disposal of securities held in the banking book are excluded; and (4) extraordinary or irregular items as well as income derived from insurance are excluded.

⁵⁷ Realized gain/loss from disposal of financial assets in available-for-sale and realized gain/loss from disposal of financial assets in held-to-maturity are excluded net non-interest income.

⁵⁸ Use 【Form 5-A1】 for calculating gross income in 2004 and 2005.

⁵⁹ When calculating intra-period capital adequacy ratio, gross income is determined by the average gross income in the past three years in principle. However banks has the discretion to raise the level of gross income for capital charge purpose.

⁶⁰ When any of (A), (B), or (C) is a negative or zero, remove it from calculation of (11); n= number of positive (A), (B), and (C).

【Form 5 – A1】

Bank

Operational Risk Capital Charge Worksheet (Basic Indicators Approach) - for year 2004 and 2005

Date:

Unit: NT\$1,000

Operating income	Year	Year	Year	Operating cost	Year	Year	Year
Interest income				Interest expense			
Fee income				Fee expense			
Gain on sale of securities held for operation				Loss on sale of securities held for operation			
Gain on market price recovery of short-term investment.				Loss on market price recovery of short-term investment.			
Brokerage and underwriting income				Brokerage and underwriting expense			
Gain on bills trade (deduct the part in banking book)				Loss on bills trade (deduct the part in banking book)			
Gain on disposal of long-term equity investment (deduct gain on disposal of investment)				Loss on disposal of long-term equity investment (deduct loss on disposal of investment)			
Gain on investment - real estate				Loss on investment - real estate			
Foreign exchange gain				Foreign exchange loss			
Gain on derivatives				Cash in transit expense			
Rental income on operating assets				Loss on derivatives			
Other operating income				Rental expense on operating assets			
				Other operating cost			
Total operating income	(1)	(2)	(3) ⁶¹	Total operating cost	(4)	(5)	(6)
Gross income (operating income - operating cost)	(7) = (1) - (4)	(8) = (2) - (5)	(9) = (3) - (6)				
Operational risk capital charge ⁶² (10) = 【 [(7) + (8) + (9)] × 15% 】 / n	(10)						

⁶¹ When calculating intra-period capital adequacy ratio, gross income is determined by the average gross income in the past three years in principle. However banks has the discretion to raise the level of gross income for capital charge purpose.

⁶² When any of (7), (8), or (9) is a negative or zero, remove it from calculation of (10); n= number of positive (7), (8), and (9).

【Form 5—B】

_____ Bank
Operational Risk Capital Charge Worksheet (Standardized Approach)

Date:

Unit: NT\$1,000

Business line ⁶³	Year		Year		Year ⁶⁴		Risk factor (β)
	Gross income (1)	Capital charge ⁶⁵ (1) $\times \beta$	Gross income (2)	Capital charge (2) $\times \beta$	Gross income (3)	Capital charge (3) $\times \beta$	
Corporate Finance							18%
Trading & Sales							18%
Retail Banking							12%
Commercial Banking							15%
Payment and Settlement							18%
Agency Services							15%
Asset Management							12%
Retail Brokerage							12%
Total capital charge		(4)		(5)		(6)	
Operational risk capital charge ⁶⁶ (7) = [(4) + (5) + (6)] / n	(7) 【Form 1-C, (2)】						

⁶³ The mapping of operational activities shall comply with the categorization principles outlined in Annex 2 of Operational Risk

⁶⁴ When calculating intra-period capital adequacy ratio, gross income is determined by the average gross income in the past three years in principle. However banks has the discretion to raise the level of gross income for capital charge purpose.

⁶⁵ Capital charge = Gross income from respective business income in each year \times risk factor for the business line (β).

⁶⁶ If any of the capital charges in any year after summing up all business lines as in (4), (5), and (6) is negative, use zero for calculation purpose.

【Form 5 – C】

_____ Bank

Operational Risk Capital Charge Worksheet (Alternative Standardized Approach (1))

Date: _____

Unit: NT\$1,000

Business line ⁶⁷	Year			Year			Year ⁶⁸			Risk factor (β)
	Outstandings	M	Charge	Outstandings	M	Charge	Outstandings	M	Charge	
Retail banking	(1)	0.035	(2) ⁶⁹		0.035			0.035		12%
Trading & Sales	(3)	0.035	(4) ⁷⁰		0.035			0.035		15%
	Gross income	Capital charge		Gross income	Capital charge		Gross income	Capital charge		
Corporate Finance	(5)	(6) ⁷¹								18%
Trading & Sales		(7)								18%
Payment and Settlement		(8)								18%
Agency Services		(9)								15%
Asset Management		(10)								12%
Retail Brokerage		(11)								12%
Total capital charge		(12) ⁷²			(13)			(14)		
Operational risk capital charge ⁷³ 【Form 1-C, (2)】										(15) = [(12)+(13)+(14)]/n

⁶⁷The mapping of operational activities shall comply with the categorization principles outlined in Annex 2 of Operational Risk.

⁶⁸When calculating intra-period capital adequacy ratio, gross income is determined by the average gross income in the past three years in principle. However banks has the discretion to raise the level of gross income for capital charge purpose.

⁶⁹ (2) = (1) × 0.035 × 12%.

⁷⁰ (4) = (3) × 0.035 × 15%.

⁷¹ (6) = (5) × 18% (the same applies for other business lines).

⁷² (12) = (2) + (4) + (6) + (7) + (8) + (9) + (10) + (11)

⁷³ If any of the capital charges in any year after summing up all business lines as in (12), (13), and (14) is negative, use zero for calculation purpose.

【Form 5—D】

_____ Bank

Operational Risk Capital Charge Worksheet (Alternative Standardized Approach (2))

Date: _____

Unit: NT\$1,000

Business line ⁷⁴	Year			Year			Year ⁷⁵			Risk factor (β)
	Outstandings	M	Charge	Outstandings	M	Charge	Outstandings	M	Charge	
Retail banking	(1)	0.035	(2) ⁷⁶		0.035			0.035		15%
Trading & Sales										
	Gross income	Capital charge		Gross income	Capital charge	Gross income	Capital charge			
Corporate Finance	(3)	(4) ⁷⁷								18%
Trading & Sales		(5)								18%
Payment and Settlement		(6)								18%
Agency Services		(7)								15%
Asset Management		(8)								12%
Retail Brokerage		(9)								12%
Total capital charge		(10) ⁷⁸			(11)			(12)		
Operational risk capital charge ⁷⁹ 【Form 1-C, (2)】	(13) = [(10)+(11)+(12)]/n									

⁷⁴The mapping of operational activities shall comply with the categorization principles outlined in Annex 2 of Operational Risk.

⁷⁵When calculating intra-period capital adequacy ratio, gross income is determined by the average gross income in the past three years in principle. However banks has the discretion to raise the level of gross income for capital charge purpose.

⁷⁶ (2) = (1) × 0.035 × 15%.

⁷⁷ (4) = (3) × 18% (the same applies for other business lines).

⁷⁸ (10) = (2) + (4) + (5) + (6) + (7) + (8) + (9)

⁷⁹ If any of the capital charges in any year after summing up all business lines as in (10), (11), and (12) is negative, use zero for calculation purpose.

【Form 5—E】

_____ Bank

Operational Risk Capital Charge Worksheet (Alternative Standardized Approach (3))

Date:

Unit: NT\$1,000

Business line ⁸⁰	Year			Year			Year ⁸¹			Risk factor (β)
	Outstandings	M	Charge	Outstandings	M	Charge	Outstandings	M	Charge	
Retail banking	(1)	0.035	(2) ⁸²		0.035			0.035		15%
Trading & Sales										
	Gross income	Capital charge		Gross income	Capital charge		Gross income	Capital charge		
Corporate Finance	(3)		(4) ⁸³							18%
Trading & Sales										
Payment and Settlement										
Agency Services										
Asset Management										
Retail Brokerage										
Total capital charge		(5) ⁸⁴			(6)			(7)		
Operational risk capital charge ⁸⁵ 【Form 1-C, (2)】 (8)=[(5)+(6)+(7)]/n										

⁸⁰ The mapping of operational activities shall comply with the categorization principles outlined in Annex 2 of Operational Risk.

⁸¹ When calculating intra-period capital adequacy ratio, gross income is determined by the average gross income in the past three years in principle. However banks has the discretion to raise the level of gross income for capital charge purpose.

⁸² (2) = (1) × 0.035 × 15%.

⁸³ (4) = (3) × 18%.

⁸⁴ (5) = (2) + (4)

⁸⁵ If any of the capital charges in any year after summing up all business lines as in (5), (6), and (7) is negative, use zero for calculation purpose.

【Form 6-A1】

Bank
Interest Risk - Specific Risk Capital Charge Worksheet

Date:

Unit: \$1,000

Currency:

Item	Term	Capital charge rate	Market		Capital charge (2) (1%)	Capital deductions
			Charge	Amount		
A. government debt instruments						
1. Debt instruments issued, warranted or guaranteed by domestic central government or central bank.	All	0.00%	0.00%			
2. Debt instruments issued, warranted or guaranteed by a central government or a central bank with external rating subject to 0% risk weight under the standardized approach to credit risk.						
Subtotal						
B. Qualifying debt instruments						
1. Debt instruments issued, warranted or guaranteed by a central government or a central bank with external rating subject to 20%-50% risk weight under the standardized approach to credit risk.	1. Residual term to maturity 6 months or less	0.25%	0.25%			
			1.00%			
			1.60%			
2. Debt instruments issued by a PSE International Bank for Reconstruction and Development (IBRD) or other multilateral development banks (MDB).	2.. Residual term to maturity greater than 6 months and up to 24 months	1.00%	0.25%			
			1.00%			
			1.60%			
3. Debt instruments issued, warranted or guaranteed by a bank or a bills finance company with investment-grade external rating.	3. Residual term to maturity exceeding 24 months	1.60%	0.25%			
			1.00%			
			1.60%			
4. Debt instruments meeting one of the conditions below: (1) Rated investment-grade by at least two qualified external credit rating agencies. (2) Rated investment-grade by one qualified credit rating agency and rated by a non-qualified credit rating agency at a grade higher than that given by the qualified credit rating agency. (3) Subject to supervisory approval, unrated, but deemed to be of comparable investment quality by the bank, and the issuer has securities traded normally on a recognized stock exchange.						
Subtotal						
C. Trading book securitization debt instruments						
	All	1.60%	1.60%			
		4.00%	4.00%			
		8.00%	8.00%			
		28.00%	28.00%			
		Full deduction	Full deduction			
Subtotal						
D. Qualifying capital instruments of other financial institutions held in the trading book ⁸⁶						
	All	Full deduction	Full deduction			
Subtotal						
E. Other non-qualifying debt instruments						
1. Debt instruments with external credit rating of B+ or lower or with bad credit record	All	12.00%	12.00%			
2. All other non-qualifying debt instruments.		8.00%	8.00%			
Subtotal						
Total						
					Form 6-A,(a)	Form 6-A,(b)

Note (1): The capital deduction is made 50% each from Tier 1 capital and Tier 2 capital.

Note (2): If the options transactions with interest rate or bond as underlying is charged by simplified approach, the specific and general market risk charges for the option exposure are entered into Form 6-E with being included in this form.

Note (3): If the options transactions with interest rate or bond as underlying is charged by delta-plus approach, the delta-weighted position is treated as the equivalent position and included in this form directly for calculating the specific risk capital charge for the option (the absolute value of delta-weighted position multiplied by the specific risk charge rate for the underlying asset of the option).

Note (4): Investment grade is BBB or higher taking the example of Standard & Poor.

⁸⁶The book value of investment in eligible capital instruments issued by banks, securities firms, insurance companies, bills finance companies, financial holding companies, and other finance related enterprises shall be deducted 50% each from Tier 1 capital and Tier 2 capital, except for investments that have been included in the calculation of capital adequacy ratio. Instruments in the trading book shall be listed as a capital deduction item for market risk.

Interest Risk - General Market Risk Capital Charge Worksheet (Maturity Method)

Date:

Unit: \$1,000

Currency:

Zone	Timeband time		Charge rate (1)	Net position		Weighted position		Same time band		Within the same zone		Cross-zone matching		
	Coupon 3% or more	Coupon less than 3%		Longs (2)	Shorts (3)	Longs (1)*(2)	Shorts (1)*(3)	Matched position	Unmatched position	Matched position	Unmatched position	Zone 1 and zone 2	Zone 2 and zone 3	Zone 1 and zone 3
Zone 1	1 month or less	1 month or less	0.00%							(D1)		(E)		(G)
	1 to 3 months	1 to 3 months	0.20%											
	3 to 6 months	3 to 6 months	0.40%											
	6 to 12 months	6 to 12 months	0.70%											
Zone 2	1 to 2 years	1 to 1.9 years	1.25%							(D2)		(F)		
	2 to 3 years	1.9 to 2.8 years	1.75%											
	3 to 4 years	2.8 to 3.6 years	2.25%											
Zone 3	4 to 5 years	3.6 to 4.3 years	2.75%							(D3)				
	5 to 7 years	4.3 to 5.7 years	3.25%											
	7 to 10 years	5.7 to 7.3 years	3.75%											
	10 to 15 years	7.3 to 9.3 years	4.50%											
	15 to 20 years	9.3 to 10.6 years	5.25%											
	Over 20 years	10.6 to 12 years	6.00%											
		12 to 20 years	8.00%											
		Over 20 years	12.50%											
Total						(A)	(B)	(C)						

Note (1) : Total net open position = 【Net of (A) – (B)】

Note (2) : Vertical disallowance = (C)*10%

Note (3) : Horizontal disallowance = (D1)*40%+(D2)*30%+(D3)*30%+(E)*40%+(F)*40%+(G)*100%

Note (4) : If options transactions are charged by simplified approach -

General market risk capital charge (1) = Total net open position+ vertical disallowance + horizontal disallowance

= 【net of (A)-(B)】 +(C)*10%+(D1)*40%+(D2)*30%+(D3)*30%+(E)*40%+(F)*40%+(G)*100% =Form 6-A, (c)

Note (5) : If options transactions are charged by delta-plus approach, their delta-weighted position is the “net position”, which is included in the net long or net short depending on whether it is positive or negative value for calculation of matched and unmatched positions, and based on which, the general market risk capital charge; general market risk charge (1*)=Form 6-A, (c)

Note (6) : ** C+D1+D2+D3+E+F+G= A or B; the smaller of them.

Note (7) : The time-band in this form adopts the decimal system. Thus 2.8 years are in fact 2 years and 9.6 months.

【Form 6-A2-b】

Bank

Interest Risk - General Market Risk Capital Charge Worksheet (Duration Method)

Date:

Unit: \$1,000

Currency:

Zone	Time band	Assumed change in yield(1)	Residential term (2)	Net position		Weighted position		Same time band		Within the same		Cross-zone matching		
				Longs (3)	Shorts (4)	Longs (1)*(2)*(3)	Shorts (1)*(2)*(4)	Matched position	Unmatched position	Matched position	Unmatched position	Zone 1 and zone 2	Zone 2 and zone 3	Zone 1 and zone 3
Zone 1	1 month or less	1.00%								(D1)		(E)		(G)
	1 to 3 months	1.00%												
	3 to 6 months	1.00%												
	6 to 12 months	1.00%												
Zone 2	1 to 1.9 years	0.90%								(D2)		(F)		
	1.9 to 2.8 years	0.80%												
	2.8 to 3.6 years	0.75%												
Zone 3	3.6 to 4.3 years	0.75%								(D3)				
	4.3 to 5.7 years	0.70%												
	5.7 to 7.3 years	0.65%												
	7.3 to 9.3 years	0.60%												
	9.3 to 10.6 years	0.60%												
	10.6 to 12 years	0.60%												
	12 to 20 years	0.60%												
	Over 20 years	0.60%												
Total					(A)	(B)	(C)							

Note (1) : Total net open position = **【Net of (A) – (B)】**

Note (2) : Vertical disallowance =(C)*5%

Note (3) : Horizontal disallowance =(D1)*40%+(D2)*30%+(D3)*30%+(E)*40%+(F)*40%+(G)*100%

Note (4) : If options transactions are charged by simplified approach -

General market risk capital charge (1) = Total net open position+ vertical disallowance + horizontal disallowance

= **【net of (A)-(B)】** +(C)*5%+(D1)*40%+(D2)*30%+(D3)*30%+(E)*40%+(F)*40%+(G)*100%=Form 6-A, **(c)**

Note (5) : If options transactions are charged by delta-plus approach, their delta-weighted position is the “net position”, which is included in the net long or net short depending on whether it is positive or negative value for calculation of matched and unmatched positions, and based on which, the general market risk capital charge; general market risk charge (1*)=Form 6-A, (c)

Note (6) : ** C+D1+D2+D3+E+F+G=A or B, the smaller of them.

Note (7) : The time-band in this form adopts the decimal system. Thus 2.8 years are in fact 2 years and 9.6 months.

【Form 6-B】

Bank

Equity Risk - Market Risk Capital Charge Summary Sheet

Date:

Unit: NT\$1,000

Banks adopting the simplified approach to the market risk of options transactions will use the following form for calculating capital charge:

Country \ Capital charge	Specific risk capital charge (1)	General market risk capital charge (2)	Total (3)=(1)+(2)	Capital deductions
Total			【Form 1-C, (G)】	【Form 6-G】

Banks adopting the delta-plus approach to the market risk of options transactions⁸⁷ will use the following form for calculating capital charge:

Estimate in addition gamma risk capital charge and vega risk capital charge when delta-plus approach is adopted for options transactions: (4)	
Capital charge (5)=(3)+(4)	【Form 1-C, (G)】

⁸⁷ When delta-plus approach is adopted for calculating the capital charge for options transactions with equity security as underlying, the bank should include the delta-weighted positions in Form 6-B1 for estimating the specific risk and general market risk capital charges, and in addition, calculate the gamma risk capital charge and vega risk capital charge (enter the amounts in Form 6-E1 (2)), and then enter the total in 6-E1 (2) in Form 6-B (4).

【Form 6-B1】

Bank

Equity Risk - Specific Risk Capital Charge Worksheet (by Country)

(Country)

Date:

Unit: NT\$1,000

Item Equities and related derivatives (Note 2)	Individual equity security or stock index		Net position (3)=(1) - (2)		Specific risk capital charge (4) = (3) × capital charge	Capital deductions
	Longs Total (1)	Shorts Total (2)	Net long (3) > 0	Net short (3) < 0		
<u>Full deduction</u>						
<u>8% capital charge rate</u>						
⁸⁸						
<u>4% capital charge rate</u>						
<u>2% capital charge rate</u>						
Total			Form 6-B2, (a)	Form 6-B2, (b)	【Form 6-B, (1)】	【Form 6-B】

Note 1: The foreign currency positions of equity securities should first be converted into NTD by the spot exchange rate on the date of calculation.

Note 2: The positions on equity futures, forward contracts, swaps and stock index futures shall all be included; refer to related provisions for equity derivatives for the calculation methods and capital charge.

⁸⁸ When delta-plus approach is adopted for calculating the capital charge for options transactions with equity security as underlying, the bank should include the delta-weighted position of the option into the calculation of said equity as a percentage of the gross portfolio investment in that country so as to determine the applicable capital charge rate; also include the “delta-weighted position” into the long or short position depending on whether it has positive or negative value for the calculation of specific risk and general market risk.

【Form 6-B2】

_____ **Bank**

**Equity Risk - General Market Risk Capital Charge Worksheet (by
Country)**

_____ (**Country**)

Date:

Unit: NT\$1,000

Net long total (a)	-	Net short total (b)	=	Difference between net long and nets short (1)= (a) - (b)

Absolute value of the difference between net long and net short (2)= (1)	×	8%	=	General market risk capital charge (3)= (2) × 8%
				【Form 6-B, (2)】

【Form 6-C】

Bank

FX (Gold) Risk - Market Risk Capital Charge Summary Sheet

Date:

Unit: NT\$1,000

Banks adopting the simplified approach to the market risk of options transactions will use the following form for calculating capital charge:

Net short position per currency(a) (net short position)	
Net long position per currency (b)	
The higher of absolute value of (a) or (b) (1)	
Absolute value of net gold position (2)	
Subtotal (capital charge) (3) = [(1) + (2)] × 8%	【Form 1-C, (H)】

Banks adopting the delta-plus approach to the market risk of options transactions⁸⁹ will use the following form for calculating capital charge:

Estimate in addition gamma risk capital charge and vega risk capital charge when delta-plus approach is adopted for options transactions: (4)	
Capital charge (5) = (3) + (4)	【Form 1-C, (H)】

⁸⁹ When delta-plus approach is adopted for calculating the capital charge for options transactions with foreign exchange or gold as underlying, the bank should include the delta-weighted positions in Form 6-C2 for estimating the market risk capital charge, and in addition, calculate the gamma risk capital charge and vega risk capital charge (enter the amounts in Form 6-E1 (3)), and then enter the total in 6-E1 (3) in Form 6-C (4).

FX (Gold) Risk - Net Position Summary Sheet (by Currency)

Date: _____

Currency _____

Unit: NT\$1,000

Banks adopting the simplified approach to the market risk of options transactions will use the following form for calculating long and short positions:

	Long position	Short position
Spot position		
Forward position (Note 2)		
Guarantees (and similar instruments) that are certain to be called and are likely to be irrecoverable		
Net future income/expenses not yet accrued but already fully hedged in cash flow		
Other gain/loss items denominated in foreign currency		
Total	【Form 6-C1, (a)】	【Form 6-C1, (b)】

Banks adopting the delta-plus approach to the market risk of options transactions will use the following form for calculating long and short positions:

Delta-weighted position of options transaction	Long position	Short position
Total	【Form 6-C1, (a)】	【Form 6-C1, (b)】

Note 1: All positions should be converted into domestic currency at spot exchange rate.

Note 2: Forward positions include forward rate agreement, futures and swaps.

Note 3: For FX futures, forward contracts, and swaps, refer to related provisions for foreign exchange derivatives and off-balance sheet transactions for the calculation methods and capital charge.

Note 4: Refer to other gain/loss items denominated in foreign currency not reflected above.

【Form 6-D】

Bank

Commodities Risk - Market Risk Capital Charge Summary Sheet

Date:

Unit: NT\$1,000

Banks adopting the simplified approach to the market risk of options transactions will use the following form for calculating capital charge:

Commodity	Capital charge
	Form 6-D1, (e) or Form 6-D2, (2)
(1) Total	【Form 1-C , (I)】

Banks adopting the delta-plus approach to the market risk of options transactions⁹² will use the following form for calculating capital charge:

(2) Estimate in addition gamma risk capital charge and vega risk capital charge when delta-plus approach is adopted for options	
(3) Capital charge =(1) + (2)	【Form 1-C, (I)】

⁹² When delata-plus approach is adopted for calculating the capital charge for options transactions with commodity as underlying, the bank should include the delta-weighted positions in Form 6-D1 or Form 6-D2 for calculating net long or net short position, and in addition, calculate the gamma risk capital charge and vega risk capital charge (enter the amounts in Form 6-E1 (4)), and then enter the total in 6-E1 (4) in Form 6-D (2) for market risk capital charge.

【Form 6-D1】

_____ **Bank**

Commodities Risk - Market Risk Capital Charge Worksheet
(Simplified Approach)

Date: _____

Commodity : _____

Unit: NT\$1,000

Banks adopting the simplified approach to the market risk of options transactions will use the following form for calculating capital charge:

Long position (a)	
Short position (b)	
Absolute value of net open position (c) = $ (a) - (b) $	
Gross position (d) = 【(a) + (b)】	
Capital charge (e) = $(c) \times 15\% + (d) \times 3\%$	【Form 6-D】

Banks adopting the delta-plus approach to the market risk of options transactions will include the “delta-weighted position” into the “long position” (a) or “short position” (b) in the form above.

Note: The net position of each commodity should be converted into the domestic currency based on the spot exchange rate.

Commodities Risk - Market Risk Capital Charge Worksheet (Maturity Ladder Method)

Date: _____

Commodity : _____

Unit: NT\$1,000

Banks adopting the simplified approach to the market risk of options transactions will use the following form for calculating capital charge:

Time band	Net position		Matched position (a)		Unmatched position ⁰ (b)		Cross time band (c)	Capital charge (Note 3) (1)
	Longs	Shorts	Longs	Shorts	Longs	Shorts		
0-1 months								
1-3 months								
3-6 months								
6-12 months								
1-2 years								
2-3 years								
> 3 years								
<p>Note 1: The net position of each commodity should be converted into the domestic currency based on the spot exchange rate. Note 2: Unmatched position will be carried forward to the time band with net position for matching. Note 3: Capital charge for 0-1 month ~ 2-3 years time band = (a) × 2 × 1.5% + (b) × (c) × 0.6%。 Capital charge for > 3 years time band = (a) × 2 × 1.5% + (b) × 15%。</p> <p>※ If the options transactions are charged by delta-plus approach: 1. Include the delta-weighted position into the “net long position” or “net short position” in this form.</p>								<p>Total (2) = Σ (1) 【Form 6-D】</p>

【Form 6-E】 Capital Charge Worksheet for Options (Simplified Approach)

In the simplified approach to options, the options or the options and the underlying assets should be carved-out from the calculation of capital charge for market risk associated with interest rate, equity, foreign exchange or commodities.

(A) Naked position

Unit: \$1,000

Currency:

Underlying asset	Long call	Long put	Short call	Short put	Total
Bond or interest rate					
Equity					
FX or gold					
Commodity					
Total					(A)

Notes:

1. The application of capital charge rates shall follow the same treatment under the standardized approach for market risk.
2. Capital charge will be calculated according to Table 17 concerning capital charge by simplified approach.

(B) Hedged position

Unit: \$1,000

Currency:

Underlying asset	Long call	Long put	Short call	Short put	Total
Bond or interest rate					
Equity					
FX or gold					
Commodity					
Total					(B)

Notes:

1. The application of capital charge rates shall follow the same treatment under the standardized approach for market risk.
2. Capital charge will be calculated according to Table 17 concerning capital charge by simplified approach.

Total capital charge for options under the simplified approach = (A) + (B)

(Enter into Form 1-C (J))

【Form 6-E1】 Delta-Plus Approach to Options - Gamma and Vega Risk

Capital Charge Worksheet

(For the delta risk of the option, the delta-weighted position is treated as the market capitalization equivalent of the asset and included in the form for the underlying asset according to the underlying asset (interest rate, equity, foreign exchange or commodity). This form calculates the gamma and vega risk capital charges of the option only)

Unit: \$1,000

Currency:

(1) Options with bond or interest rate as underlying

Time band	Negative gamma impact	Vega
1 month or less		
1 to 3 months		
3 to 6 months		
6 to 12 months		
1 to 2 years		
2 to 3 years		
3 to 4 years		
4 to 5 years		
5 to 7 years		
7 to 10 years		
10 to 15 years		
15 to 20 years		
Over 20 years		
Total	(A1)	(A2)

Total(A) = (A1) + (A2) = _____ (Enter into Form 6-A, (2))

(2) Options with equity security as underlying

Underlying asset	Negative gamma impact	Vega
Total	(B1)	(B2)

Total(B) = (B1) + (B2) = _____ (Enter into Form 6-B, (4))

(3) Options with FX or gold as underlying

Underlying asset	Negative gamma impact	Vega
Total	(C1)	(C2)

Total(C) = (C1) + (C2) = _____ (Enter into Form 6 – C, (4))

(4) Options with commodity as underlying

Underlying asset	Negative gamma impact	Vega
Total	(D1)	(D2)

Total(D) = (D1) + (D2) = _____ (Enter into Form 6 – D, (2))

【Form 6-F】 Internal Model Method

Value-at-Risk Modeling Result

		Interest rate risk	Equity risk	Foreign exchange risk	Commodities risk	Bank's overall position 【Note 1】
(1) VaR	Previous day's VaR (a)					
	Average VaR (b) 【Note 2】					
(2) Number of exceptions in backtesting						
(3) Multiplication factor 【Note 3】						
(4) Ave. VaR x multiplication factor						
(5) General market risk capital charge 【the maximum of (1) (a) and (4)】						
(6) Specific risk capital charge 【Note 4】						
7. Total market risk capital charge using the internal model (equal to (5) + (6))						

Note 1: This is the market risk charge for the bank's total position. Given that correlation between different risk categories, the total position is not necessarily equal to the sum of the four items.

Note 2: The "average VaR" is the average of daily VaR in the past 60 business days.

Note 3: The bank must report the multiplication factor to the FSC for approval.

Note 4: This column is waived if the bank's VaR model has included the specific risk and complied with relevant rules for the internal model approach as recognized by the FSC. Otherwise, the bank needs to calculate specific risk capital charge according to the treatment under the standardized approach.

【Form 6-G】

_____ Bank

Market Risk Capital Deductions Summary Sheet

Date:

Unit: NT\$1,000

Deductions	Deduction from Tier 1 capital	Deduction from Tier 2 capital
Shortfall of valuation reserve ⁹³		
Capital deductions for interest rate risk (Form 6-A)		
Capital deductions for equity risk (Form 6-B)		
Total	【Form 1-B1,(1)】	【Form 1-B1,(2)】

⁹³ If the valuation allowance or reserve set aside according to market risk related provisions exceeds the amount in asset valuation account set aside according to the Financial Accounting Standards, the difference should be deducted from Tier 1 capital.