

Attachments: Instructions and Forms for the Calculation of Liquidity Reserve Ratio

1. Calculation method

$$\text{Liquidity reserve ratio} = \frac{\text{Sum of eligible liquidity reserve assets}}{\text{Sum of liabilities subject to liquidity reserve requirements}} \times 100\%$$

The liabilities subject to liquidity reserve requirements in the denominator, are those provided in Direction 3 of the Directions for Auditing Liquidity of Financial Institutions; the eligible liquidity reserve assets in the numerator, shall be limited to those specified in Direction 4 of the Directions for Auditing Liquidity of Financial Institutions.

Financial institutions shall calculate liquidity reserve ratio and fill out a Report of Liquidity Reserve Ratio according to the instructions below; the entrusted banks designated by the Bank shall fill out an Audit Summary of Liquidity Reserves with summarized and audited data of the credit departments of farmers' and fishermen's associations as well as credit cooperatives.

2. New Taiwan Dollar (NTD)-denominated liabilities subject to liquidity reserve requirements and calculation instructions

Code	Item	Description
L01	Balance of NTD deposits (all types)	This item shall be the sum of all types of NTD deposits (L011 ~ L015).
L011	Checking deposits	This item includes checking deposits and certified checks.
L012	Demand deposits	
L013	Savings deposits	This item includes demand savings deposits, lump-sum deposits and withdrawal savings deposits, installment deposits and lump-sum withdrawal savings deposits, lump-sum deposits and installment payments savings deposits, interest-paying savings deposits, and bank employees' demand and time savings deposits. This item shall deduct the pledged amount.

Code	Item	Description
L014	Time deposits	This item includes time deposits and negotiable certificates of deposit. This item shall deduct the pledged amount.
L015	Government treasury deposits	This item shall deduct the re-deposits at the Bank's Department of the Treasury.
L02	Net borrowing from financial institutions in the call loan market	This item shall be the net balance of a financial institution's borrowing minus its lending in the call loan market. <u>Enter zero if the net balance is negative.</u>
L03	Liability of bills/bonds sold under repurchase agreements	This item shall be the actual amount received from counterparties of bills/bonds sold under repurchase agreements.
L04	Principals received from the sale of structured products by banks	
L05	Other liabilities as prescribed by the Central Bank	

3. Definitions of eligible NTD-denominated liquidity reserve assets

Code	Item	Description
Level 1		
A01	Excess reserves	This item shall be the net balance of a financial institution's actual reserves set aside minus its required reserves; the pledged amount of "reserves account B" with the Bank shall be deducted as well. Enter the negative value if the net balance is negative.
A02	Net lending to financial institutions in the call loan market	This item shall be the net balance of a financial institution's lending minus its borrowing in the call loan market. Enter zero if the net balance is negative.
A03	Re-deposits at designated banks with a maturity not exceeding one year	This item shall be the re-deposits at the Bank or designated banks. This item refers to the re-deposits with remaining terms of one year or less.
A04	Certificates of deposit issued by the Central Bank	
A05	Government bonds	
A06	Treasury bills	

Code	Item	Description
Level 2		
A07	Negotiable certificates of deposit issued by banks(NCDs)	This item shall be the net balance of NCDs held by a financial institution minus the NCDs issued by the financial institution. Enter zero if the net balance is negative.
A08	Banker's acceptances (B/As)	This item shall be limited to B/As that comply with the provisions of the Act Governing Bills Finance Business. This item shall be the net balance of the B/As held by a financial institution minus the B/As accepted by the financial institution.
A09	Commercial papers (CPs)	This item shall be limited to CPs that comply with the provisions of the Act Governing Bills Finance Business. This item shall be the net balance of the CPs held by a financial institution minus the CPs guaranteed by the financial institution.
A10	Commercial acceptances	This item shall be limited to commercial acceptances that comply with the provisions of the Act Governing Bills Finance Business.
A11	Bank debentures	This item includes senior and subordinated bank debentures. This item shall be the net balance of a financial institution's holdings of bank debentures issued by other financial institutions minus the debentures issued by the financial institution.
A12	Corporate bonds	This item shall be the net balance of the corporate bonds held by a financial institution minus the corporate bonds guaranteed by the financial institution. Enter zero if the net balance is negative.
A13	NTD-denominated bonds issued in Taiwan by international financial organizations approved by the competent authority	

Code	Item	Description
A14	NTD-denominated corporate bonds issued in Taiwan by foreign issuers in accordance with the Regulations Governing the Offering and Issuance of Securities by Foreign Issuers	
Others		
A15	Other liquid assets approved by CBC	
<p>Notes:</p> <ol style="list-style-type: none"> Balances of bills/bonds under A04 - A15 include reverse repurchase agreements (RS) but exclude repurchase agreements (RP). For the assets under A03 - A15, the amount already pledged or provided as collateral shall be deducted. However, for the assets pledged to the Bank as collateral for intraday overdrafts, rediscounts, short-term accommodations, or accommodations with collateral, and those pledged by credit departments of farmers' and fishermen's associations, and credit cooperatives for the purpose of participating in the emergency funding mutual support program using their re-deposits with designated banks with a maturity not exceeding one year, the outstanding balance of borrowing shall be deducted from the liquidity reserve assets on a daily basis. The amounts of liquidity reserve assets under A04 - A15 shall be those after deducting accumulated impairment and adding/deducting valuation adjustment; the assets under A07 - A15 that are not measured at fair value are not eligible for liquidity reserve assets. 		

4. Miscellaneous

- (1) The Report of Liquidity Reserve Ratio is used to report the amounts of NTD-denominated liabilities and assets of financial institutions in Taiwan, including those of the head office and branches. Except for branches of foreign banks and Mainland-Area commercial banks or Mainland-funded banks in Taiwan where the report shall be produced by their Taipei branch, the head office of a financial institution is responsible for compiling relevant data and producing the report. In case of merger, the surviving bank or the newly established bank is responsible for producing the report.
- (2) Unless it is otherwise provided, all amounts reported shall be based on those stated in the account books.