Implementation of Basel Ⅲ

1. The Basel Ⅲ issued by the Basel Committee on Banking Supervision (BCBS) on September 12, 2010 aims to promote financial market stability and ensure that banks are better able to withstand economic and financial stress, therefore to support economic growth.
2. Capital Adequacy： In order to assist domestic banks to comply with the Basel Ⅲ accord, the FSC promulgated the amendments to "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "Methods for Calculating Bank’s Regulatory Capital and Risk-Weighted Assets" on 26 November, 2012. The regulatory capital requirement was gradually raised annually starting from 2013. Since 2019, the minimum common equity ratio, Tier 1 ratio and total capital ratio will be up to 7%, 8.5% and 10.5%, respectively.
3. Leverage ratio： A simple, transparent, and non-risk based leverage ratio is adopted to supplement the risk based capital requirements, and will be effective on January 1, 2018. (BCBS amended the calculation of leverage ratio in 2014. The FSC amended "Illustrations and forms of computing capital and risk-weighted assets" on December 16, 2014)
4. Third Pillar： For domestic banks to meet the Basel Ⅲ Pillar 3 requirements, the FSC promulgated the amendments to “Regulations Governing the Disclosure of the Relevant Information Concerning the Capital Adequacy" on 21 May, 2013, which was effective on June 30, 2013. The amendments mandate the disclosure of capital composition. A template was established to provide for banks to disclose the regulatory capital components. For disclosing the information of leverage ratio and liquidity coverage ratio, the regulations were amended again on 10 April, 2015 and were effective on June 30, 2015.
5. Liquidity Standards： The BCBS issued the full text of the Liquidity Coverage Ratio in January 2013. Following the global regulatory standards

on bank short-term liquidity, the FSC promulgated "Standards Implementing the Liquidity Coverage Ratio of Banks" and "Methods for Calculating the Liquidity Coverage Ratio" on December 29, 2014, which took effect on January 1, 2015. It will promote banks to improve the liquidity risk management and strengthen financial market stability.