

Appendix: Financial soundness indicators⁶¹

Table 1: Domestic Banks

Unit: %

Items	Year (end of year)	2013	2014	2015	2016	2017	2018
Earnings and profitability							
Return on assets (ROA)		0.67	0.77	0.73	0.66	0.66	0.68
Return on equity (ROE)		10.29	11.62	10.65	9.23	9.03	9.34
Net interest income to gross income		60.97	59.34	60.85	60.04	60.03	59.33
Non-interest expenses to gross income		52.81	50.15	52.62	52.01	52.74	51.55
Gains and losses on financial instruments to gross income		14.63	14.11	9.60	11.37	14.85	11.23
Employee benefits expenses to non-interest expenses		59.32	57.50	55.90	56.29	56.75	57.15
Spread between lending and deposit rates (basis points)		1.42	1.42	1.44	1.38	1.36	1.35
Asset quality							
Non-performing loans to total loans		0.39	0.25	0.24	0.27	0.28	0.24
Provision coverage ratio		311.65	502.87	547.66	503.45	490.59	573.67
Capital adequacy							
Regulatory capital to risk-weighted assets		11.83	12.35	12.93	13.33	14.17	13.99
Tier 1 capital to risk-weighted assets		9.14	9.60	10.33	10.97	11.78	11.86
Common equity Tier 1 capital to risk-weighted assets		9.06	9.38	10.03	10.50	11.19	11.19
Capital to total assets		6.60	6.85	7.12	7.37	7.35	7.50
Non-performing loans net of provisions to capital		-3.24	-3.86	-3.03	-2.49	-2.18	-1.86
Leverage ratio		-	-	5.90	6.29	6.42	6.56
Liquidity							
Customer deposits to total loans		130.06	130.89	136.21	137.25	138.76	135.75
Liquid assets to total assets		13.40	13.17	12.18	10.55	9.75	9.46
Liquid assets to short-term liabilities		18.42	18.32	16.85	14.98	13.37	13.36
Liquidity coverage ratio		-	-	125.13	125.81	134.76	133.89
Net stable funding ratio		-	-	-	-	-	132.44

⁶¹ For more details, please refer to CBC (2017), “Explanatory notes: Compilation of financial soundness indicators,” *Financial Stability Report*, May.

Table 1: Domestic Banks (cont.)

Unit: %

Items	Year (end of year)	2013	2014	2015	2016	2017	2018
Credit risk concentration							
Household loans to total loans		47.73	48.67	49.79	50.10	50.93	51.16
Corporate loans to total loans		44.65	44.32	43.74	43.79	43.63	43.80
Large exposures to capital		52.40	42.21	36.97	34.74	31.88	28.95
Gross asset positions in financial derivatives to capital		6.79	15.61	16.62	12.33	6.29	6.92
Gross liability positions in financial derivatives to capital		8.09	15.53	17.35	12.67	7.76	9.36
Sensitivity to market risk							
Net open position in foreign exchange to capital		3.04	2.69	2.91	4.21	3.95	3.78
Foreign-currency-denominated loans to total loans		19.90	21.22	21.55	20.80	20.35	20.14
Net open position in equities to capital		22.71	24.33	22.52	21.73	21.42	22.51
Foreign-currency-denominated liabilities to total liabilities		27.01	29.01	30.58	29.49	26.31	29.21

Notes: 1. Figures for “Return on assets” and “Return on equity” from 2013 are based on the daily average assets and daily average equity.
2. Figures for “Spread between lending and deposit rates” exclude the data of preferred deposits rates of retired government employees and central government lending rates.
3. Figures for “Capital adequacy” from 2013 are on the Basel III basis.
4. Figures for “Leverage ratio” and “Liquidity coverage ratio” are published from 2015, while figures for “Net stable funding ratio” are published from 2018.
5. Figures for “Large exposures” are revised to the total amount of credit to the first 20 private enterprises at domestic banks after integration.
6. Figures with “R” are revised data.

Table 2: Non-financial Corporate Sector

Units: %, times

Items	Year (end of year)	2013	2014	2015	2016	2017	2018
Total liabilities to equity							
TWSE-listed companies		105.35	101.77	94.29	98.33	100.07	99.48
OTC-listed companies		81.22	76.76	76.26	82.52	82.73	82.36
Return on equity							
TWSE-listed companies		14.06	14.78	13.73	14.38	15.81	14.92
OTC-listed companies		9.92	12.21	10.36	10.39	10.44	13.02
Net income before interest and tax / interest expenses (times)							
TWSE-listed companies		13.11	13.38	13.45	13.18	13.60	11.18
OTC-listed companies		11.12	14.50	12.75	12.59	12.88	16.23

Notes: Data of TWSE-listed and OTC-listed companies are from TEJ.

Table 3: Household Sector

Unit: %

Items	Year (end of year)	2013	2014	2015	2016	2017	2018
Household borrowing to GDP		82.46	82.66	R 82.92	R 83.37	R 85.72	87.89
Borrowing service and principal payments to gross disposable income		42.14	43.74	46.28	47.16	R 47.78	48.15

Notes: 1. Figures for “gross disposable income” are the sum of household disposable income, rent expense and interest expense.

2. Figure of “gross disposable income” for 2018 is a CBC estimate.

3. Figures with “R” are revised data.

Table 4: Real Estate Market

Unit: index, %

Items	Year (end of year)	2013	2014	2015	2016	2017	2018
Land price index		105.79	115.07	119.28	118.91	117.24	100.22
Residential real estate loans to total loans		27.91	28.04	28.96	29.35	29.82	29.73
Commercial real estate loans to total loans		14.26	14.70	15.87	16.60	17.54	17.78

Notes: The land price index is published semiannually, and the reference dates are the end of March and September, respectively, while these figures are based on end-September data every year (March 2013 = 100).

Table 5: Market Liquidity

Unit: %

Items	Year (end of year)	2013	2014	2015	2016	2017	2018
The turnover ratio of trading value in stock market		82.64	84.63	77.54	64.60	78.40	92.55
The monthly average turnover ratio in bond market		8.59	8.64	7.67	6.62	5.10	4.25

Notes: 1. The turnover ratio in terms of trading value in stock market is the cumulative figure of the period.

2. The monthly average turnover ratio in bond market is the average figure of the period.