

Appendix: Financial soundness indicators⁸⁴

Items	Year (end of year)	2014	2015	2016	2017	2018	2019
Earnings and profitability							
Return on assets (ROA)		0.77	0.73	0.66	0.66	0.68	0.70
Return on equity (ROE)		11.62	10.65	9.23	9.03	9.34	9.49
Net interest income to gross income		59.34	60.85	60.04	60.03	59.33	56.59
Non-interest expenses to gross income		50.15	52.62	52.01	52.74	51.55	51.30
Gains and losses on financial instruments to gross income		14.11	9.60	11.37	14.85	11.23	18.78
Employee benefits expenses to non-interest expenses		57.50	55.90	56.29	56.75	57.15	56.76
Spread between lending and deposit rates (basis points)		1.42	1.44	1.38	1.36	1.35	1.32
Asset quality							
Non-performing loans to total loans		0.25	0.24	0.27	0.28	0.24	0.22
Provision coverage ratio		502.87	547.66	503.45	490.59	573.67	650.30
Capital adequacy							
Regulatory capital to risk-weighted assets		12.35	12.93	13.33	14.17	13.99	14.07
Tier 1 capital to risk-weighted assets		9.60	10.33	10.97	11.78	11.86	12.08
Common equity Tier 1 capital to risk-weighted assets		9.38	10.03	10.50	11.19	11.19	11.32
Capital to total assets		6.85	7.12	7.37	7.35	7.50	7.72
Non-performing loans net of provisions to capital		-3.86	-3.03	-2.49	-2.18	-1.86	-1.78
Leverage ratio		-	5.90	6.29	6.42	6.56	6.71
Liquidity							
Customer deposits to total loans		130.89	136.21	137.25	138.76	135.75	137.27
Liquid assets to total assets		13.17	12.18	10.55	9.75	9.46	9.05
Liquid assets to short-term liabilities		18.32	16.85	14.98	13.37	13.36	12.53
Liquidity coverage ratio		-	125.13	125.81	134.54	133.89	134.82
Net stable funding ratio		-	-	-	-	132.44	132.71

⁸⁴ 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)					
	2014	2015	2016	2017	2018	2019
Credit risk concentration						
Household loans to total loans	48.67	49.79	50.10	50.93	51.16	51.64
Corporate loans to total loans	44.32	43.74	43.79	43.63	43.80	43.36
Large exposures to capital	42.21	36.97	34.74	31.88	28.95	27.46
Gross asset positions in financial derivatives to capital	15.61	16.62	12.33	6.29	6.92	6.95
Gross liability positions in financial derivatives to capital	15.53	17.35	12.67	7.76	9.36	8.16
Sensitivity to market risk						
Net open position in foreign exchange to capital	2.69	2.91	4.21	3.95	3.78	3.20
Foreign-currency-denominated loans to total loans	21.22	21.55	20.80	20.35	20.14	20.67
Net open position in equities to capital	24.33	22.52	21.73	21.42	22.51	24.56
Foreign-currency-denominated liabilities to total liabilities	29.01	30.58	29.49	26.31	29.21	26.57

Notes: 1. Figures for "Return on assets" and "Return on equity" 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" 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)					
	2014	2015	2016	2017	2018	2019
Total liabilities to equity						
TWSE-listed companies	101.77	94.29	98.33	100.07	99.48	104.61
OTC-listed companies	76.76	76.26	82.52	82.73	82.36	88.55
Return on equity						
TWSE-listed companies	14.78	13.73	14.38	15.81	14.92	12.62
OTC-listed companies	12.21	10.36	10.39	10.44	13.02	12.23
Net income before interest and tax / interest expenses (times)						
TWSE-listed companies	13.38	13.45	13.18	13.60	11.18	9.35
OTC-listed companies	14.50	12.75	12.59	12.88	16.23	15.99

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

Table 3: Household Sector

Unit: %

Items	Year (end of year)					
	2014	2015	2016	2017	2018	2019
Household borrowing to GDP	r 81.91	r 81.54	r 81.57	r 83.43	r 85.26	86.74
Borrowing service and principal payments to gross disposable income	r 43.31	r 45.70	r 46.32	r 46.67	r 45.07	44.98

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 2019 is a CBC estimate.

3. Figures with “r” are revised data.

Table 4: Real Estate Market

Unit: index, %

Items	Year (end of year)					
	2014	2015	2016	2017	2018	2019
Land price index	115.07	119.28	118.91	117.24	100.22	100.74
Residential real estate loans to total loans	28.04	28.96	29.35	29.82	29.73	29.44
Commercial real estate loans to total loans	14.70	15.87	16.60	17.54	17.78	17.73

Note: 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)					
	2014	2015	2016	2017	2018	2019
The turnover ratio of trading value in stock market	84.63	77.54	64.60	78.40	92.55	80.36
The monthly average turnover ratio in bond market	8.64	7.67	6.62	5.10	4.25	3.68

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.