

Appendix: Financial soundness indicators⁶⁴

Table 1: Domestic Banks

Unit: %

| Items | Year (end of year) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------------------|--------|--------|--------|----------|----------|--------|
| Asset size | | | | | | | |
| Assets to GDP | | 264.95 | 270.98 | 275.32 | r 283.23 | r 277.05 | 284.06 |
| Earnings and profitability | | | | | | | |
| Return on assets (ROA) | | 0.66 | 0.68 | 0.70 | 0.58 | 0.58 | 0.62 |
| Return on equity (ROE) (Pretax) | | 9.03 | 9.34 | 9.49 | 7.84 | 8.14 | 9.33 |
| Return on equity (ROE) (After tax) | | 7.80 | 8.09 | 8.11 | 6.82 | 7.11 | 7.92 |
| Net interest income to gross income | | 60.03 | 59.33 | 56.59 | 59.95 | 62.11 | 66.08 |
| Non-interest expenses to gross income | | 52.74 | 51.55 | 51.30 | 53.93 | 53.88 | 51.89 |
| Gains and losses on financial instruments to gross income | | 14.85 | 11.23 | 18.78 | 17.06 | 12.93 | 1.29 |
| Employee benefits expenses to non-interest expenses | | 56.75 | 57.15 | 56.76 | 57.05 | 58.36 | 56.01 |
| Spread between lending and deposit rates (basis points) | | 1.36 | 1.35 | 1.32 | 1.22 | 1.24 | 1.36 |
| Spread between the highest and the lowest interest rates of interbank O/N lending | | 0.13 | 0.13 | 0.11 | 0.12 | 0.22 | 0.14 |
| Asset quality | | | | | | | |
| Non-performing loans to total loans | | 0.28 | 0.24 | 0.22 | 0.22 | 0.17 | 0.15 |
| Provision coverage ratio | | 490.59 | 573.67 | 650.30 | 623.74 | 781.47 | 916.53 |
| Capital adequacy | | | | | | | |
| Regulatory capital to risk-weighted assets | | 14.17 | 13.99 | 14.07 | 14.84 | 14.80 | 14.68 |
| Tier 1 capital to risk-weighted assets | | 11.78 | 11.86 | 12.08 | 12.79 | 12.97 | 12.46 |
| Common equity Tier 1 capital to risk-weighted assets | | 11.19 | 11.19 | 11.32 | 11.84 | 11.96 | 11.13 |
| Non-performing loans net of provisions to equity | | -2.18 | -1.86 | -1.78 | -0.51 | 0.09 | -0.06 |
| Leverage ratio | | 6.42 | 6.56 | 6.71 | 6.82 | 6.46 | 6.28 |

⁶⁴ In consideration of the IMF 2019 *Financial Soundness Indicators Compilation Guide (FSI Guide)*, two categories of indicators comprising life insurance companies and bills finance companies have been added to the financial soundness indicators while the category of market liquidity has been removed since 2020. Thus, the number of indicators increased from 42 to 58. The time series data of removed and pre-adjusted indicators are available on the CBC's website (<https://www.cbc.gov.tw/en/cp-486-862-AE8D1-2.html>). For more details about explanatory notes for the compilation of financial soundness indicators, please refer to the CBC *Financial Stability Report* May 2021 (<https://www.cbc.gov.tw/dl-179551-40697ea7b2d2405bb25f264d2a4987e2.html>).

Table 1: Domestic Banks (cont.)

Unit: %

| Items | Year (end of year) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|---------------------|--------|--------|--------|----------|----------|--------|
| Liquidity | | | | | | | |
| Customer deposits to total loans | | 138.76 | 135.75 | 137.27 | 142.04 | 144.30 | 141.14 |
| Liquid assets to total assets | | 9.75 | 9.46 | 9.05 | 9.44 | 9.74 | 8.89 |
| Liquid assets to short-term liabilities | | 13.37 | 13.36 | 12.53 | 13.19 | 13.37 | 12.20 |
| Liquidity coverage ratio | | 134.54 | 133.89 | 134.82 | 141.60 | 136.60 | 134.13 |
| Net stable funding ratio | | - | 132.44 | 132.71 | 136.51 | 138.56 | 138.41 |
| Credit risk concentration | | | | | | | |
| Loan concentration by economic activity | | 71.29 | 70.94 | 71.43 | 71.95 | 72.04 | 70.90 |
| Large exposures to tier 1 capital* | | - | - | - | 8.60 | 8.06 | 5.88 |
| Gross asset positions in financial derivatives to regulatory capital | | 5.69 | 6.38 | 6.53 | 8.75 | 4.32 | 11.00 |
| Gross liability positions in financial derivatives to regulatory capital | | 7.02 | 8.64 | 7.66 | 9.36 | 4.51 | 10.06 |
| Geographical distribution of loans to total loans | | | | | | | |
| Domestic economy | | 80.62 | 80.33 | 79.49 | 80.96 | 81.23 | 79.64 |
| Advanced economies | | 13.30 | 13.49 | 14.01 | 12.66 | 12.45 | 14.32 |
| Emerging economies | | | | | | | |
| Emerging Asia | | 4.91 | 5.12 | 5.42 | 5.31 | 5.30 | 5.05 |
| Emerging Europe | | 0.06 | 0.04 | 0.04 | 0.02 | 0.02 | 0.01 |
| Latin America and the Caribbean | | 0.48 | 0.44 | 0.40 | 0.37 | 0.31 | 0.31 |
| Middle East and Central Asia | | 0.31 | 0.27 | 0.35 | 0.42 | 0.47 | 0.46 |
| Sub-Saharan Africa | | 0.33 | 0.32 | 0.29 | 0.26 | 0.22 | 0.21 |
| Credit of private sector to GDP | | 146.27 | 150.92 | 155.13 | r 159.23 | r 159.31 | 160.82 |

Table 1: Domestic Banks (cont.)

Unit: %

| Items | Year (end of year) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------------------|-------|-------|-------|-------|-------|-------|
| Sensitivity to market risk | | | | | | | |
| Net open position in foreign exchange to capital | | 3.95 | 3.78 | 3.20 | 3.45 | 3.58 | 2.47 |
| Foreign-currency-denominated loans to total loans | | 20.35 | 20.14 | 20.67 | 18.80 | 18.06 | 18.48 |
| Net open position in equities to capital | | 21.42 | 22.51 | 24.56 | 26.93 | 31.71 | 28.37 |
| Foreign-currency-denominated liabilities to total liabilities | | 26.31 | 29.21 | 26.57 | 26.53 | 25.80 | 29.90 |

Notes: 1. Item with "***" is a new indicator to be disseminated from 2020 onward.

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. Non-performing loans net of provisions to equity:

(1) For data before 2019, specific provisions for credit losses refers to minimum provisions that a bank should allocate for classified loans and liabilities on guarantees in accordance with *Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans*.

(2) Beginning 2020, specific provisions for credit losses, based on the IFRSs 9, refers to the provisions for expected credit losses of financial assets whose credit is impaired.

4. Figures for "Net stable funding ratio" are published from 2018.

5. Credit concentration:

(1) For the data before 2019, large exposures prior refer to the total amount of credit exposures to the first 20 private enterprises at domestic banks (after integration).

(2) Beginning 2020, large exposures are revised to the total amount of credit exposures to an enterprise at domestic banks (after integration) exceeding 10% of its Tier 1 capital.

6. Figures preceded with "r" use revised data based on GDP statistics updated by DGBAS.

Table 2: Life Insurance Companies

Unit: %

| Items | Year (end of year) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------------|---------------------|--------|--------|--------|----------|----------|--------|
| Assets to GDP | | 136.03 | 143.22 | 155.44 | r 159.45 | r 153.37 | 148.34 |
| Return on assets (ROA) | | 0.50 | 0.33 | 0.55 | 0.67 | 1.19 | 0.51 |
| Return on equity (ROE) (pretax) | | 9.42 | 6.82 | 10.24 | 9.27 | 14.83 | 7.97 |
| Return on equity (ROE) (after tax) | | 9.92 | 7.81 | 9.65 | 9.38 | 13.78 | 6.77 |
| Risk based capital (RBC) ratio | | 304.90 | 268.43 | 292.54 | 299.13 | 335.17 | 297.82 |
| Equity to investment assets | | 6.20 | 4.60 | 7.29 | 8.80 | 9.10 | 5.34 |

Notes: 1. Investment assets include financial assets such as cash, bank deposits, loans, securities, derivatives, and non-financial assets for investment.

2. Figures preceded with "r" use revised data based on GDP statistics updated by DGBAS.

Table 3: Bills Finance Companies

Unit: %

| Items \ Year (end of year) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------------|--------|--------|--------|--------|--------|--------|
| Assets to GDP | 5.75 | 5.52 | 5.31 | r 5.55 | r 4.84 | 4.59 |
| Return on assets (ROA) | 1.06 | 0.96 | 0.99 | 1.18 | 1.27 | 0.89 |
| Return on equity (ROE) (pretax) | 8.80 | 8.00 | 8.05 | 9.33 | 9.78 | 7.28 |
| Return on equity (ROE) (after tax) | 7.46 | 6.72 | 6.67 | 7.56 | 8.01 | 5.92 |
| Capital adequacy ratio | 13.93 | 13.63 | 13.37 | 13.38 | 13.27 | 13.48 |
| 0-30 day maturity gap to assets (NTD) | -24.27 | -26.66 | -21.39 | -18.01 | -16.80 | -13.76 |

Note: Figures preceded with "r" use revised data based on GDP statistics updated by DGBAS.

Table 4: Non-financial Corporate Sector

Units: %, times

| Items \ Year (end of year) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|--------|-------|--------|--------|--------|--------|
| Total liabilities to equity | | | | | | |
| TWSE-listed companies | 100.07 | 99.48 | 104.61 | 107.85 | 106.85 | 103.65 |
| OTC-listed companies | 82.73 | 82.36 | 88.55 | 89.88 | 98.81 | 96.79 |
| Return on equity | | | | | | |
| TWSE-listed companies | 15.81 | 14.92 | 12.62 | 14.60 | 23.01 | 21.44 |
| OTC-listed companies | 10.44 | 13.02 | 12.23 | 13.95 | 17.78 | 17.49 |
| Net income before interest and tax / interest expenses (times) | | | | | | |
| TWSE-listed companies | 13.60 | 11.18 | 9.35 | 15.70 | 34.58 | 23.17 |
| OTC-listed companies | 12.88 | 16.23 | 15.99 | 21.99 | 30.23 | 24.91 |
| Foreign liabilities to equity* | | | | | | |
| TWSE-listed companies | - | - | - | 32.48 | 32.62 | 30.78 |
| OTC-listed companies | - | - | - | 20.11 | 21.64 | 19.10 |

Notes: 1. Data of TWSE-listed and OTC-listed companies are from TEJ.

2. Item with "*" is a new indicator to be disseminated from 2020 onward and the reference date of figures in 2022 is the end of September 2022.

Table 5: Household Sector

Unit: %

| Items | Year (end of year) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|---------------------|-------|-------|-------|---------|---------|-------|
| Household debt to GDP | | 83.43 | 85.11 | 86.70 | r 88.52 | r 87.57 | 88.15 |
| Debt service and principal payments to total disposable income | | 46.67 | 45.23 | 46.13 | r 46.48 | r 48.46 | 48.87 |
| Household debt to total disposable income | | 1.37 | 1.36 | 1.39 | 1.46 | r 1.52 | 1.51 |

Notes: 1. Figures for "total disposable income" are the sum of household disposable income, rent expense and interest expense.

2. Figure for "total disposable income" for 2022 is a CBC estimate.

3. Figures preceded with "r" use revised data based on GDP and disposable income statistics updated by DGBAS.

Table 6: Real Estate Market

Units: index, %

| Items | Year (end of year) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|---------------------|--------|--------|--------|--------|--------|--------|
| National housing price index | | 100.60 | 100.80 | 104.14 | 108.17 | 117.50 | 127.51 |
| Residential real estate loans to total loans | | 29.82 | 29.73 | 29.44 | 32.04 | 32.52 | 31.79 |
| Commercial real estate loans to total loans | | 17.54 | 17.78 | 17.73 | 19.37 | 19.69 | 19.54 |