

## Appendix: Financial soundness indicators<sup>70</sup>

Table 1: Domestic Banks

Unit: %

Items	Year (end of year )	2018	2019	2020	2021	2022	2023
<b>Asset size</b>							
Assets to GDP		270.98	275.32	283.23	r 278.02	r 283.90	288.95
<b>Earnings and profitability</b>							
Return on assets (ROA)		0.68	0.70	0.58	0.58	0.62	0.70
Return on equity (ROE) (Pretax)		9.34	9.49	7.84	8.14	9.33	10.33
Return on equity (ROE) (After tax)		8.09	8.11	6.82	7.11	7.92	8.59
Net interest income to gross income		59.33	56.59	59.95	62.11	66.08	55.92
Non-interest expenses to gross income		51.55	51.30	53.93	53.88	51.89	49.75
Gains and losses on financial instruments to gross income		11.23	18.78	17.06	12.93	1.29	24.62
Employee benefits expenses to non-interest expenses		57.15	56.76	57.05	58.36	56.01	54.85
Spread between lending and deposit rates (basis points)		1.35	1.32	1.22	1.24	1.36	1.39
Spread between the highest and the lowest interest rates of interbank O/N lending		0.13	0.11	0.12	0.22	0.14	0.32
<b>Asset quality</b>							
Non-performing loans to total loans		0.24	0.22	0.22	0.17	0.15	0.14
Provision coverage ratio		573.67	650.30	623.74	781.47	916.53	960.96
<b>Capital adequacy</b>							
Regulatory capital to risk-weighted assets		13.99	14.07	14.84	14.80	14.68	15.33
Tier 1 capital to risk-weighted assets		11.86	12.08	12.79	12.97	12.46	13.22
Common equity Tier 1 capital to risk-weighted assets		11.19	11.32	11.84	11.96	11.13	11.93
Non-performing loans net of provisions to equity		-1.86	-1.78	-0.51	0.09	-0.06	-0.39
Leverage ratio		6.56	6.71	6.82	6.46	6.28	6.63

<sup>70</sup> 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>).

**Table 1: Domestic Banks (cont.)**

Unit: %

Items	Year (end of year )	2018	2019	2020	2021	2022	2023
<b>Liquidity</b>							
Customer deposits to total loans		135.75	137.27	142.04	144.30	141.14	141.46
Liquid assets to total assets		9.46	9.05	9.44	9.74	8.89	8.68
Liquid assets to short-term liabilities		13.36	12.53	13.19	13.37	12.20	11.86
Liquidity coverage ratio		133.89	134.82	141.60	136.60	134.13	132.60
Net stable funding ratio		132.44	132.71	136.51	138.56	138.41	137.71
<b>Credit risk concentration</b>							
Loan concentration by economic activity		70.94	71.43	71.95	72.04	70.90	70.52
Large exposures to tier 1 capital*		-	-	8.60	8.06	5.88	4.25
Gross asset positions in financial derivatives to regulatory capital		6.38	6.53	8.75	4.32	11.00	8.69
Gross liability positions in financial derivatives to regulatory capital		8.64	7.66	9.36	4.51	10.06	9.86
Geographical distribution of claims to total claims							
Domestic economy		80.33	79.49	80.96	81.23	79.64	79.21
Advanced economies		13.49	14.01	12.66	12.45	14.32	15.08
Emerging economies							
Emerging Asia		5.12	5.42	5.31	5.30	5.05	4.77
Emerging Europe		0.04	0.04	0.02	0.02	0.01	0.01
Latin America and the Caribbean		0.44	0.40	0.37	0.31	0.31	0.26
Middle East and Central Asia		0.27	0.35	0.42	0.47	0.46	0.46
Sub-Saharan Africa		0.31	0.29	0.26	0.22	0.21	0.21
Credit of private sector to GDP		150.92	155.13	159.23	r 159.87	r 160.72	166.11

Table 1: Domestic Banks (cont.)

Unit: %

Items	Year (end of year )	2018	2019	2020	2021	2022	2023
<b>Sensitivity to market risk</b>							
Net open position in foreign exchange to capital		3.78	3.20	3.45	3.58	2.47	1.80
Foreign-currency-denominated loans to total loans		20.14	20.67	18.80	18.06	18.48	17.84
Net open position in equities to capital		22.51	24.56	26.93	31.71	28.37	29.11
Foreign-currency-denominated liabilities to total liabilities		29.21	26.57	26.53	25.80	29.90	28.78

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) Starting from 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. Credit risk 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) Starting from 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.

5. 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 )	2018	2019	2020	2021	2022	2023
Assets to GDP		143.22	155.44	159.45	r 153.91	r 148.25	148.24
Return on assets (ROA)		0.33	0.55	0.67	1.19	0.51	0.24
Return on equity (ROE) (pretax)		6.82	10.24	9.27	14.83	7.97	4.20
Return on equity (ROE) (after tax)		7.81	9.65	9.38	13.78	6.77	4.60
Risk based capital (RBC) ratio		268.43	292.54	299.13	335.17	297.82	298.09
Equity to investment assets		4.60	7.29	8.80	9.10	5.34	7.27

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 )	2018	2019	2020	2021	2022	2023
Assets to GDP		5.52	5.31	5.55	r 4.86	r 4.58	4.76
Return on assets (ROA)		0.96	0.99	1.18	1.27	0.89	0.71
Return on equity (ROE) (pretax)		8.00	8.05	9.33	9.78	7.28	5.93
Return on equity (ROE) (after tax)		6.72	6.67	7.56	8.01	5.92	4.90
Capital adequacy ratio		13.63	13.37	13.38	13.27	13.48	13.91
0-30 day maturity gap to assets (NTD)		-26.66	-21.39	-18.01	-16.80	-13.76	-17.43

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 )	2018	2019	2020	2021	2022	2023
<b>Total liabilities to equity</b>							
TWSE-listed companies		99.48	104.61	107.85	106.85	103.65	98.44
TPEx-listed companies		82.36	88.55	89.88	98.81	96.79	90.88
<b>Return on equity (ROE)</b>							
TWSE-listed companies		14.92	12.62	14.60	23.01	21.44	14.57
TPEx-listed companies		13.02	12.23	13.95	17.78	17.49	12.92
<b>Net income before interest and tax / interest expenses (times)</b>							
TWSE-listed companies		11.18	9.35	15.70	34.58	23.17	10.83
TPEx-listed companies		16.23	15.99	21.99	30.23	24.91	13.19
<b>Foreign-currency-denominated liabilities to equity*</b>							
TWSE-listed companies		-	-	32.48	32.62	30.78	26.02
TPEx-listed companies		-	-	20.11	21.64	19.10	16.38

Notes: 1. Data of TWSE-listed and TPEx-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 2023 is the end of September 2023.

**Table 5: Household Sector**

Units: %, times

Items	Year (end of year )	2018	2019	2020	2021	2022	2023
Household debt to GDP		85.11	86.70	88.52	r 87.88	r 88.10	90.27
Debt service and principal payments to total disposable income		45.23	46.13	46.48	r 48.11	r 46.92	48.72
Household debt to total disposable income (times)		1.36	1.39	1.46	r 1.51	r 1.45	1.55

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 2023 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 )	2018	2019	2020	2021	2022	2023
National housing price index		100.80	104.14	108.17	117.50	127.51	136.20
Residential real estate loans to total loans		29.73	29.44	32.04	32.52	31.79	33.54
Commercial real estate loans to total loans		17.78	17.73	19.37	19.69	19.54	19.77