2. Banking Sector

Number of Monetary Financial Institutions

At the end of 2024, the number of monetary financial institutions (defined hereafter in this chapter as excluding the central bank) was 405, the same as 2023. The numbers of all types of monetary financial institutions all stood unchanged. As for money market mutual funds, the number stayed zero after the last remaining fund was liquidated in May 2017.

In addition to monetary financial institutions, the number of financial holding companies remained 15.

Number of Monetary Financial Institutions by Type

Types of Institutions	End of 2024	End of 2023	Annual Change
Total Number of Main Offices	405	405	0
Domestic Banks	39	39	0
Foreign and Mainland Chinese Banks	31	31	0
Credit Cooperatives	23	23	0
Credit Departments of Farmers' and Fishermen's Associations	311	311	0
Chunghwa Post	1	1	0
Total Number of Branches	6,065	6,079	-14
Local Branches	5,852	5,866	-14
Overseas Branches	154	154	0
Offshore Banking Units	59	59	0

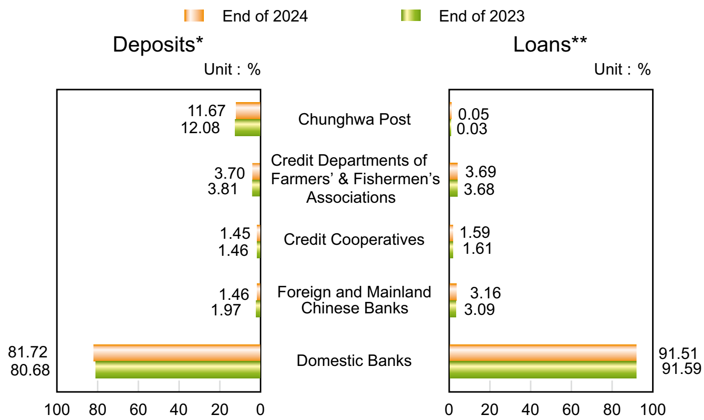
Sources: 1. *Financial Statistics Monthly* (February 2025), CBC.
2. Department of Financial Inspection, CBC.

Market Shares of Deposits and Loans

At the end of 2024, domestic banks maintained a dominant role in the deposit market, with the market share rising to 81.72%. This was primarily due to a more sizeable increase in the deposits of domestic banks, resulting from continued credit growth and ample market liquidity, as well as preferential interest rates for time deposits successively provided by some domestic banks. By contrast, the deposit market shares shrank for the other types of monetary financial institutions, with the departments of savings and remittances of Chunghwa Post taking up a share of 11.67%, the credit departments of farmers' and fishermen's associations 3.70%, branches of foreign and Mainland Chinese banks 1.46%, and credit cooperatives 1.45%.

In terms of loans, the market share of domestic banks decreased to 91.51%, mainly because of slower annual growth in loans to private enterprises in the second half of the year. In contrast, foreign and Mainland Chinese banks' market share climbed to 3.16%, mainly because of an increase in foreign currency loans extended to private enterprises. Chunghwa Post's market share continued to rise to 0.05%, reflecting an increase in lending to bills finance companies. As for the other institution types, the market share of credit departments of farmers' and fishermen's associations edged up to 3.69%, whereas that of credit cooperatives fell to 1.59%.

Market Shares of Deposits and Loans by Type of Monetary Financial Institutions



Notes: * Excluding the values of the host contracts of structured products issued by banks.
** Including data for securities acquired under reverse repurchase agreements.

Source: *Financial Statistics Monthly* (February 2025), CBC.

Main Uses of Funds in Monetary Financial Institutions

At the end of 2024, the total amount of funds in monetary financial institutions was NT$68,878 billion, increasing by NT$2,603 billion compared to the end of 2023. The combined share of transaction and nontransaction deposits was around 87%. The balances of transaction deposits and nontransaction deposits posted annual growth rates of 3.52% and 5.04%, respectively.

In the case of fund uses, bank loans accounted for over 60% of total uses of funds at the end of 2024. Owing to faster growth in loans to the private sector, the annual growth rate of NT dollar loans increased from 6.02% at the end of the previous year to 9.10%. Net foreign assets accounted for a share of 9.10%, lower than the 10.45% recorded a year ago due to the decrease in investment in foreign securities.

Portfolio investments by monetary financial institutions measured on a cost basis dropped from 12.77% at the end of the previous year to 3.69%, mainly due to the substantial increase in banks' securities investment in the previous year, resulting in a higher base effect.

Main Uses of Funds in Monetary Financial Institutions[1]

Unit: NT$billion

	End of 2024			End of 2023			Annual Change	
	Balance	Share (%)	Annual Growth Rate (%)	Balance	Share (%)	Annual Growth Rate (%)	Balance	Share (%)
Funds Balance:								
Transaction Deposits [2]	24,546	35.64	3.52	23,711	35.78	3.73	835	-0.14
Nontransaction Deposits [3]	35,631	51.73	5.04	33,922	51.19	9.96	1,709	0.54
NT Dollar Deposits	27,150	39.42	8.79	24,958	37.66	8.41	2,193	1.76
Foreign Currency Deposits [4]	8,480	12.31	-5.40	8,964	13.53	14.52	-484	-1.22
Government Deposits	1,563	2.27	4.59	1,494	2.25	4.79	69	0.02
Other Items	7,138	10.36	-0.13	7,149	10.78	-0.37	-9	-0.42
Total	68,878	100.00	3.93	66,275	100.00	6.36	2,603	0.00
Uses:								
Net Foreign Assets [4]	6,267	9.10	-9.51	6,926	10.45	22.68	-659	-1.35
Loans	41,539	60.31	9.13	38,065	57.43	5.54	3,474	2.88
NT Dollar Loans	40,840	59.29	9.10	37,433	56.48	6.02	3,407	2.81
Foreign Currency Loans [4]	700	1.02	10.73	632	0.95	-17.01	68	0.07
Portfolio Investments [5]	8,731	12.68	3.69	8,420	12.70	12.77	311	-0.02
Purchases of CDs Issued by CBC	7,245	10.52	-10.32	8,079	12.19	-5.44	-834	-1.67
Deposits with CBC	5,096	7.39	6.49	4,786	7.23	4.35	310	0.16

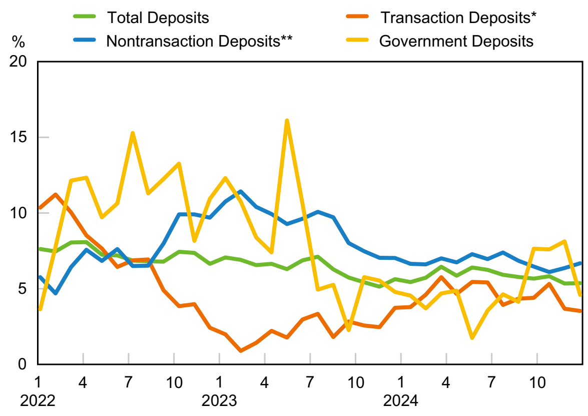
Notes: 1. Monetary Financial Institutions include domestic banks, local branches of foreign and Mainland Chinese banks, credit cooperatives, credit departments of farmers' and fishermen's associations, Chunghwa Post and money market mutual funds.
2. Including checking accounts, passbook deposits and passbook savings deposits.
3. Including time deposits, time savings deposits, foreign currency deposits, postal savings deposits, non-residents' NT dollar deposits, repurchase agreements and money market mutual funds.
4. Excluding valuation changes in the exchange rate of the NT dollar against foreign currencies.
5. Measured at original costs.
6. Figures may not add up to the total due to rounding.
Source: *Financial Statistics Monthly* (February 2025), CBC.

Deposits

Because the net capital outflow in 2024 was higher than in 2023, the annual growth rate of deposits held by monetary financial institutions decreased to 5.36% at the end of 2024 from 5.62% a year earlier. Regarding the composition of deposits, the drop in the annual growth rate was mainly due to slower growth in nontransaction deposits and transaction deposits.

In terms of nontransaction deposits, its annual growth rate decreased to 6.68% at

Annual Growth Rates of Deposits



Notes: * Including checking accounts, passbook deposits and passbook savings deposits.
** Including time deposits, time savings deposits, foreign currency deposits, postal savings deposits, nonresidents' NT dollar deposits, repurchase agreements, and money market mutual funds.

Source: *Financial Statistics Monthly* (February 2025), CBC.

the end of 2024 from 7.02% a year earlier, mainly due to slower growth in time savings deposits and foreign currency deposits. However, its annual growth rate remained higher than that of total deposits and its share in total deposits thus increased to 58.09% at the end of 2024 from 57.38% a year earlier.

The annual growth rate of time savings deposits dropped to 7.43% at the end of 2024 from 10.84% a year earlier, while its share in total deposits increased to 18.45% from 18.10%. With the stock market repeatedly reaching new highs in the first half of 2024, retail investors and social insurance and pension funds adjusted asset allocations to meet investment demand, slowing capital movement from passbook savings deposits to time savings deposits. In the second half of the year, as several banks successively provided preferential time deposit rates, some individuals and social insurance and pension funds transferred time savings deposits into time deposits.

The annual growth rate of foreign currency deposits first rose then fell in 2024. In the first half of the year, inward remittances of overseas sales revenue and increased foreign currency loan balances pushed the annual growth rate of foreign currency deposits upwards to 5.16% by the end of June from 3.35% at the end of the previous year. However, in the second half of 2024, some firms deployed foreign currency deposits for outward direct investments, and some transferred foreign currency deposits into preferential time deposits and into passbook deposits for short-term working capital. Meanwhile, some individuals and social insurance and pension funds invested in overseas long-term bonds and notes. As a result, the annual growth rate of foreign currency deposits dropped to 0.81% at the end of 2024, and its share in total deposits decreased to 14.52% from 15.17% a year earlier.

The annual growth rate of time deposits (including negotiable certificates of deposit) remained stable in the first half of 2024 but surged in the second half to 19.21% at the end of 2024 from 10.66% a year earlier, with its share in total deposits going up to 13.31% from 11.77%. This was primarily because several banks offered preferential interest rates on time deposits in the second half of the year to solicit large-amount time deposits by retail and corporate customers and social insurance and pension funds.

Regarding postal savings deposits, the annual growth rate declined to 1.77% at the end of 2024 from 3.50% a year earlier, and its share in total deposits decreased to 11.41% from 11.81%.

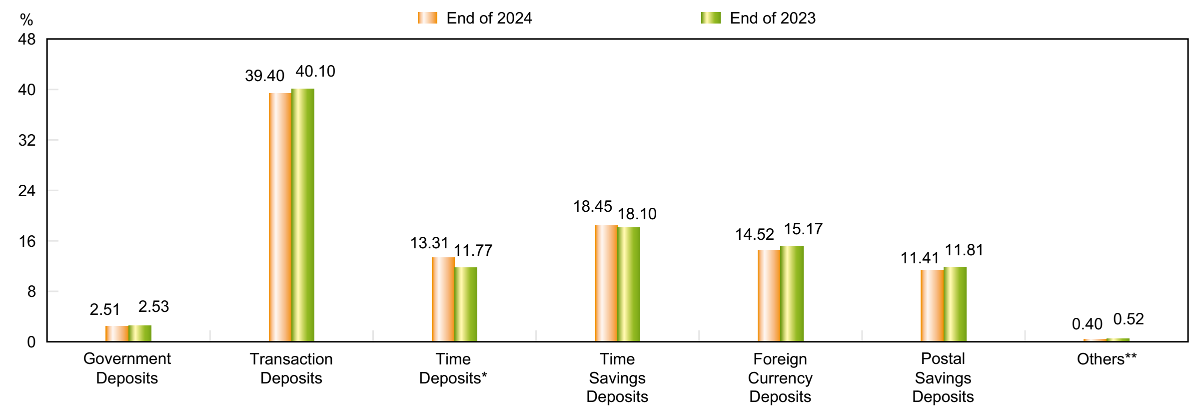
In terms of transaction deposits, its annual growth rate fell to 3.52% at the end of 2024 from 3.73% a year earlier and its share in total deposits shrank to 39.40% from 40.10%, primarily due to a decline in the annual growth rate of passbook savings deposits.

In the first half of 2024, as the stock market repeatedly reached new highs, the trading value and balances in securities giro accounts both remained at relatively high levels. Therefore, the annual growth rate of passbook savings deposits increased from 4.26% at the end of the previous year to 5.15% by the end of May, its peak in 2024. However, later in the year, a host of depositors moved money from passbook savings deposits into time deposits to avail the higher preferential interest rates of some banks. Additionally, the cash dividends distributed by firms in the second half were lower than the same period of the previous year, and the annual growth rates of the trading value and balances in securities giro accounts also slowed down. As a result, the annual growth rate of passbook savings deposits declined to 1.73% at the end of 2024.

The annual growth rate of passbook deposits rose to 8.32% at the end of 2024 from 2.97% a year earlier. This was mainly owing to the stronger economic performance compared to the previous year, which increased demand for short-term working capital by firms. In addition, as the Fed began cutting the policy rate in September 2024, some domestic firms transferred foreign currency deposits into passbook deposits.

With regard to government deposits, its annual growth rate fluctuated month by month in 2024. This was mainly because the profit growth of exchange-listed and OTC-listed companies and active trading in the stock and real estate markets combined to result in an increase in the revenue of government taxes, such as securities transaction tax, individual income tax, enterprise income tax, business tax, and house and land transactions income tax. With ample tax revenue, the national treasury administration was able to repay loans ahead of time, causing the annual growth rate of government deposits to decrease to 4.59% at the end of 2024 from 4.79% a year earlier. Its share in total deposits also slightly decreased to 2.51% from 2.53%.

Shares of Deposits by Type

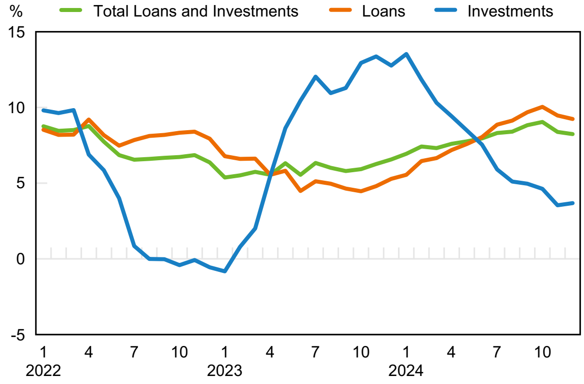


Notes: * Including NCDs.
** Including repurchase agreements, nonresidents' NTD deposits and money market mutual funds.
Source: *Financial Statistics Monthly* (February 2025), CBC.

Bank Loans and Investments

The annual growth rate of loans and investments of monetary financial institutions was 8.24% at the end of 2024, up from 6.58% at the end of 2023. Growth in loans increased to an annual pace of 9.25% at the end of 2024 from 5.30% at the end of the previous year, whereas growth in portfolio investment decelerated to 3.69% at the end of 2024 from 12.77% a year earlier.

Annual Growth Rates of Loans and Investments



Source: *Financial Statistics Monthly* (February 2025), CBC.

Loans by Sector

The annual growth rate of private sector loans extended by banks (defined in the following paragraphs as including domestic banks and local branches of foreign and Mainland Chinese banks) climbed to 9.80% at the end of 2024 from 5.33% a year earlier. The increase was largely due to faster annual growth in house-purchasing loans and investment loans, as well as an increase in private enterprises' demand for funds driven by steady export growth. The annual growth rate of loans to government enterprises fell into negative territory at -2.25% as of the end of 2024 from 6.98% a year earlier, owing to a larger debt repayment by the former Taiwan Railways Administration in the wake of the agency being restructured as a state-owned corporation. Meanwhile, the annual growth rate of loans to government agencies turned positive from -5.93% to 2.50% at the end of 2024 because of an increase in demand for funds by the government.

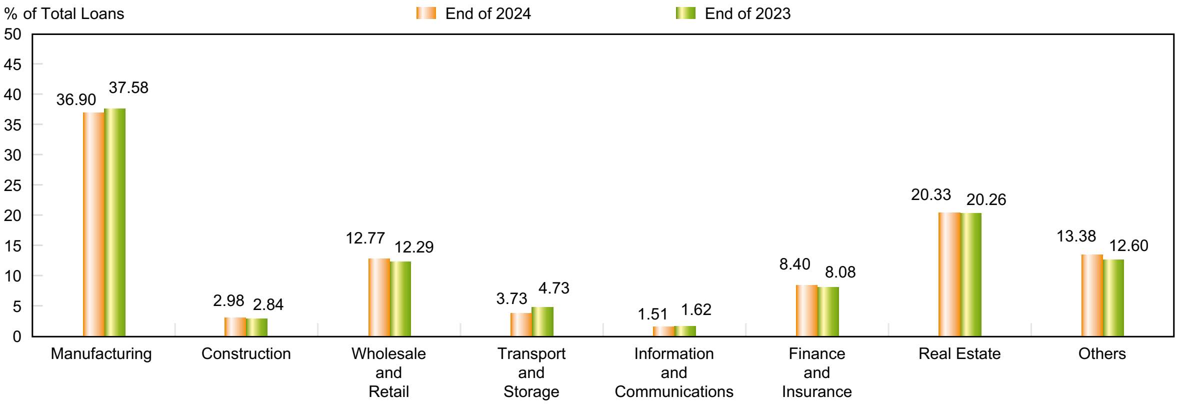
In terms of loan composition, loans extended to the private sector accounted for 94.04% of total loans at the end of 2024, higher than the 93.52% recorded at the end of 2023. Loans extended to government agencies and government enterprises accounted for 3.38% and 2.57%, respectively, at the end of 2024, lower than 3.61% and 2.87% at the end of 2023.

Loans by Industry

Broken down by industry sector, bank loans to the manufacturing sector continued to account for the largest portion, at 36.90% at the end of 2024 compared to 37.58% at the end of 2023, with its annual growth rate up from 0.93% to 4.79%. This was mainly attributable to an increase in loans extended to electronic parts and components manufacturing as export growth turned positive in 2024. Meanwhile, the share of loans extended to the construction industry continued to rise, with its annual growth rate up from 7.86% to 12.05% at the end of 2024, reflecting sustained growth in the real estate market.

The growing housing market also helped buoy the share and the annual growth rate of loans extended to the real estate industry. Meanwhile, the share and the annual growth rate of loans extended to the wholesale and retail industry both rose because of stronger export growth. As for the finance and insurance industry, the share and the annual growth rate of loans to this sector both increased because of more borrowing by securities firms and investment holding companies.

Loans by Industry



Note: Figures include the data of domestic banks and local branches of foreign and Mainland Chinese banks but exclude their data on securities acquired under reverse repurchase agreements.

Source: *Financial Statistics Monthly* (February 2025), CBC.

Consumer loans

The annual growth rate of consumer loans extended by banks increased from 6.37% at the end of 2023 to 9.81% at the end of 2024. Among them, house-purchasing loans increased the most by NT$1,045.4 billion or 10.42% in 2024, a faster year-on-year increase than 7.04% in 2023. This was mainly due to support for homebuyers from the government's new Preferential Housing Loans for the Youth program, a picked up in domestic economic growth compared to the previous year, and an impressive uptrend in the stock market, along with a surge in loan applications for newly-completed pre-sale housing units in the latter half of 2024.

As for the shares of various types of consumer loans, house-purchasing loans remained the largest component, with its share increasing from 85.30% at the end of 2023 to 85.77% at the end of 2024. Car loans accounted for 1.85%, decreasing from 1.87%, mainly because the automobile market in 2024 experienced slower growth than the previous year. Meanwhile, house-repairing loans, revolving credit for credit cards, employee welfare loans, and other consumer loans accounted for 0.27%, 0.89%, 0.27%, and 10.94%, respectively.

Portfolio Investment

Owing to valuation changes, portfolio investment by monetary financial institutions, measured at fair value, recorded a year-on-year increase of NT$362.2 billion, while the increase was smaller, at NT$310.7 billion, when measured on a cost basis.

Portfolio investment by monetary financial institutions (measured on a cost basis) grew at a slower pace of 3.69% in 2024, mainly because of a higher base effect in 2023 when a significant expansion in the total balance of corporate bonds and commercial paper caused banks to increase portfolio investment.

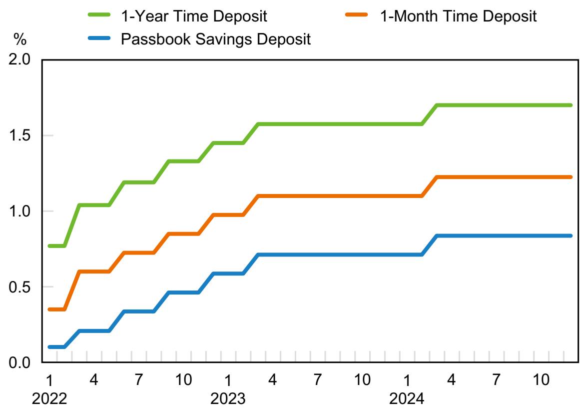
In terms of tool types, government bonds accounted for a share of 51.31%, slightly smaller than the 51.84% recorded a year ago, reflecting slower growth in banks' investment in government bonds. At the end of 2024, commercial paper accounted for a share of 21.40%, higher than a year ago, as enterprises increasingly issued commercial paper to meet their funding needs. In addition, corporate bonds accounted for a share of 19.67%, increasing from the end of 2023.

Bank Interest Rates

The Bank raised the policy rates by 0.125 percentage points in March 2024, in order to contain domestic inflation expectations. As a result, banks' posted interest rates on deposits and loans trended upward. In the case of the five major domestic banks, the average fixed rates on one-month and one-year time deposits moved upward to 1.23% and 1.70% at the end of March from 1.10% and 1.58% at the end of February, respectively, while remaining steady for the rest of the year.

After the March hike, the Bank decided to keep the policy rates on hold in June, September and December in 2024 in view of the gradual decline in domestic inflation, downside risks facing the global economy, and mild growth expectations for the domestic economy thanks to a boost from domestic demand. Furthermore, in order to enhance the management of bank credit resources and curb real estate speculation and hoarding, the Bank adjusted the selective credit control measures and raised the reserve requirement ratios by 0.25 percentage points both in June and September. By strengthening the

Average Deposit Rates of the Five Major Domestic Banks*



Note: * The five major domestic banks are Bank of Taiwan, Taiwan Cooperative Bank, First Commercial Bank, Hua Nan Commercial Bank and Land Bank of Taiwan.

Source: *Financial Statistics Monthly* (February 2025), CBC.

quantitative management of monetary credit, these measures would reinforce the effectiveness of the selective credit control measures and help mitigate excessive allocation of credit resources to the real estate market.

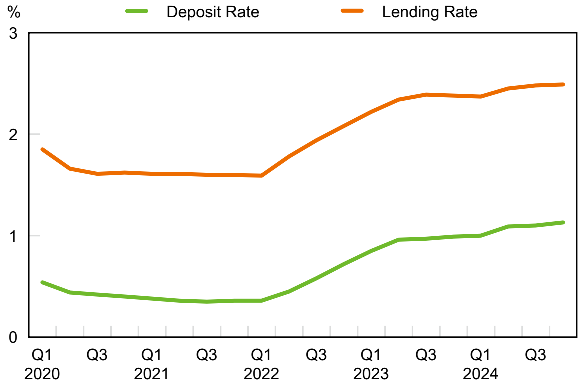
The weighted average interest rates on deposits and loans of domestic banks generally showed an upward trend in 2024. In terms of deposit interest rates, following the Bank's policy rate hike in late March 2024, banks' posted interest rates on deposits went upward. This, and the increases in both the amount of time deposits and their share in total deposits, contributed to the rise in the weighted average deposit interest rate to 1.13% in the fourth quarter of 2024 from 0.99% in the fourth quarter of the previous year. On the whole, the weighted average deposit interest rate of domestic banks was 1.08% in 2024, which was 0.14 percentage points higher than that recorded in the previous year.

In terms of loan interest rates, after the Bank's March policy rate hike, various banks successively increased their base lending rates and the index rates on adjustable-rate mortgages. In addition, lower-rate borrowings from government enterprises also increased. As a result, the weighted average interest rate on new loans of the five major domestic banks trended upward from 1.949% in January to 2.141% in December. For the year as a whole, the rate increased from 1.885% in the previous year to 2.103%, up by 0.218 percentage points. Excluding central government loans, the weighted average interest rate on new loans increased from 1.899% in the previous year to 2.121% in 2024, up by 0.222 percentage points. Moreover, the average base lending rate increased to 3.264% at the end of 2024 from 3.133% at the previous year-end.

In the first quarter of 2024, the weighted average interest rate on total loans of domestic banks slightly declined from 2.38% in the fourth quarter of 2023 to 2.37%, owing to an increase in low-rate large-amount loans to governments and corporations and rate reductions for loans to large or prime corporate borrowers by some banks. From the second quarter on, guided by the Bank's policy rate hike in March, banks successively increased their base lending rates and the index rates on adjustable-rate mortgages. Combined with increased mortgage lending at some banks and a higher proportion of long-term loans, the weighted average interest rate on loans of domestic banks continued rising to 2.49% in the fourth quarter. For the year as a whole, the weighted average interest rate on loans of domestic banks was 2.45%, which was 0.12 percentage points higher than that recorded in the previous year.

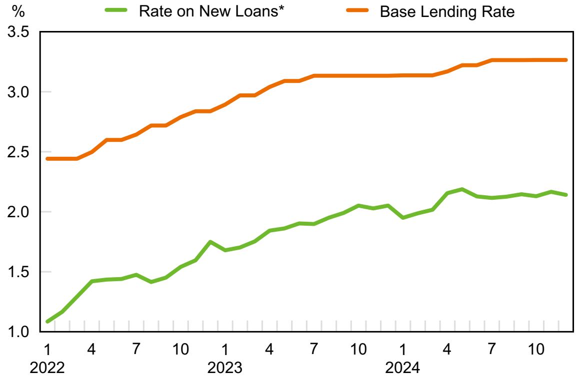
As some banks offered preferential loan interest rate programs for prime borrowers and some other banks used better interest rates to attract deposits, the increase in the average lending rate was thus smaller than that in the average deposit rate. As a result, the average interest rate spread between deposits and loans decreased to 1.37 percentage points in 2024, which was 0.02 percentage points lower than that recorded in the previous year.

Weighted Average Interest Rates of Domestic Banks



Source: *Financial Statistics Monthly* (February 2025), CBC.

Average Lending Rates of the Five Major Domestic Banks



Note: * Including housing loans, capital expenditure loans, current operations loans and consumer loans.

Source: *Financial Statistics Monthly* (February 2025), CBC.