

Appendix: Financial soundness indicators⁶⁸

Table 1: Domestic Banks

Unit: %

Items	Year (end of year)					
	2019	2020	2021	2022	2023	2024
Asset size						
Assets to GDP	r 274.37	r 281.69	r 276.61	r 282.15	r 288.32	285.37
Earnings and profitability						
Return on assets (ROA)	0.70	0.58	0.58	0.62	0.70	0.73
Return on equity (ROE) (Pretax)	9.49	7.84	8.14	9.33	10.33	10.45
Return on equity (ROE) (After tax)	8.11	6.82	7.11	7.92	8.59	8.70
Net interest income to gross income	56.59	59.95	62.11	66.08	55.92	52.79
Non-interest expenses to gross income	51.30	53.93	53.88	51.89	49.75	48.75
Gains and losses on financial instruments to gross income	18.78	17.06	12.93	1.29	24.62	28.41
Employee benefits expenses to non-interest expenses	56.76	57.05	58.36	56.01	54.85	54.43
Spread between lending and deposit rates (basis points)	1.32	1.22	1.24	1.36	1.39	1.36
Spread between the highest and the lowest interest rates of interbank O/N lending	0.11	0.12	0.22	0.14	0.32	0.04
Asset quality						
Non-performing loans to total loans	0.22	0.22	0.17	0.15	0.14	0.15
Provision coverage ratio	650.30	623.74	781.47	916.53	960.96	919.15
Capital adequacy						
Regulatory capital to risk-weighted assets	14.07	14.84	14.80	14.68	15.33	15.03
Tier 1 capital to risk-weighted assets	12.08	12.79	12.97	12.46	13.22	12.98
Common equity Tier 1 capital to risk-weighted assets	11.32	11.84	11.96	11.13	11.93	11.81
Non-performing loans net of provisions to equity	-1.78	r -0.91	r -0.31	r -0.45	-0.39	-0.27
Leverage ratio	6.71	r 6.64	6.46	6.28	6.63	6.59

⁶⁸ In line with the IMF's 2019 *Financial Soundness Indicators Compilation Guide (FSI Guide)*, two new categories – life insurance companies and bills finance companies – have been added to the financial soundness indicators since 2020, while the market liquidity category has been removed. Consequently, the number of indicators increased from 42 to 58. The time series data for the 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 CBC (2021), *Financial Stability Report*, May (<https://www.cbc.gov.tw/en/cp-970-140474-7ae08-2.html>).

Table 1: Domestic Banks (cont.)

Unit: %

Items	Year (end of year)	2019	2020	2021	2022	2023	2024
Liquidity							
Customer deposits to total loans		137.27	142.04	144.30	141.14	141.46	138.65
Liquid assets to total assets		9.05	9.44	9.74	8.89	8.68	8.36
Liquid assets to short-term liabilities		12.53	13.19	13.37	12.20	11.86	11.56
Liquidity coverage ratio		134.82	141.60	136.60	134.13	132.60	125.38
Net stable funding ratio		132.71	136.51	138.56	138.41	137.71	134.28
Credit risk concentration							
Loan concentration by economic activity		71.43	71.95	72.04	70.90	70.52	70.38
Large exposures to tier 1 capital*		-	8.60	8.06	5.88	4.25	3.76
Gross asset positions in financial derivatives to regulatory capital		6.53	8.75	4.32	11.00	8.69	11.20
Gross liability positions in financial derivatives to regulatory capital		7.66	9.36	4.51	10.06	9.86	9.27
Geographical distribution of claims to total claims							
Domestic economy		79.49	80.96	81.23	79.64	79.21	78.90
Advanced economies		14.01	12.66	12.45	14.32	15.08	15.45
Emerging economies							
Emerging Asia		5.42	5.31	5.30	5.05	4.77	4.73
Emerging Europe		0.04	0.02	0.02	0.01	0.01	0.01
Latin America and the Caribbean		0.40	0.37	0.31	0.31	0.26	0.24
Middle East and Central Asia		0.35	0.42	0.47	0.46	0.46	0.54
Sub-Saharan Africa		0.29	0.26	0.22	0.21	0.21	0.13
Credit of private sector to GDP		r 154.60	r 158.36	r 159.06	r 159.73	r 165.74	167.39

Table 1: Domestic Banks (cont.)

Unit: %

Items	Year (end of year)	2019	2020	2021	2022	2023	2024
Sensitivity to market risk							
Net open position in foreign exchange to capital		3.20	3.45	3.58	2.47	1.80	2.48
Foreign-currency-denominated loans to total loans		20.67	18.80	18.06	18.48	17.84	16.52
Net open position in equities to capital		24.56	26.93	31.71	28.37	29.11	28.81
Foreign-currency-denominated liabilities to total liabilities		26.57	26.53	25.80	29.90	28.78	31.69

Notes: 1. Items marked with "" denote new indicators introduced for dissemination starting in 2020.

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 prior to 2019, specific provisions for credit losses refer to minimum provisions that banks are required to 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, in accordance with the IFRSs 9, represent provisions for the expected credit losses of financial assets identified as credit-impaired.

4. Credit risk concentration:

(1) For data prior to 2019, large exposures refer to the total credit exposures of domestic banks to the top 20 private enterprises, based on integrated reporting standards.

(2) Starting from 2020, large exposures have been redefined as the total credit exposures of domestic banks to a single enterprise that exceed 10% of the bank's Tier 1 capital, following integration.

5. Figures marked with "r" indicate revised data, based on updated GDP statistics released by DGBAS and revisions to financial institution data.

Table 2: Life Insurance Companies

Unit: %

Items	Year (end of year)	2019	2020	2021	2022	2023	2024
Assets to GDP		r 154.91	r 158.59	r 153.13	r 147.34	r 147.92	144.18
Return on assets (ROA)		0.55	0.67	1.19	0.51	0.24	0.88
Return on equity (ROE) (pretax)		10.24	9.27	14.83	7.97	4.20	13.06
Return on equity (ROE) (after tax)		9.65	9.38	13.78	6.77	4.60	12.38
Risk based capital (RBC) ratio		292.54	299.13	335.17	297.82	298.09	331.95
Equity to investment assets		7.29	8.80	9.10	5.34	7.27	8.00

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

2. Figures marked with "r" indicate revised data, based on updated GDP statistics released by DGBAS.

Table 3: Bills Finance Companies

Unit: %

Items	Year (end of year)	2019	2020	2021	2022	2023	2024
Assets to GDP		r 5.29	r 5.52	r 4.84	r 4.56	r 4.75	4.90
Return on assets (ROA)		0.99	1.18	1.27	0.89	0.71	0.70
Return on equity (ROE) (pretax)		8.05	9.33	9.78	7.28	5.93	6.16
Return on equity (ROE) (after tax)		6.67	7.56	8.01	5.92	4.90	4.97
Capital adequacy ratio		13.37	13.38	13.27	13.48	13.91	13.26
0-30 day maturity gap to assets (NTD)		-21.39	-18.01	-16.80	-13.76	-17.43	-15.88

Note: Figures marked with "r" indicate revised data, based on updated GDP statistics released by DGBAS.

Table 4: Non-financial Corporate Sector

Units: %, times

Items	Year (end of year)	2019	2020	2021	2022	2023	2024
Total liabilities to equity							
TWSE-listed companies		104.61	107.85	106.85	r 103.62	98.44	98.88
TPEx-listed companies		88.55	89.88	98.81	r 96.44	r 90.89	86.78
Return on equity (ROE)							
TWSE-listed companies		12.62	14.60	23.01	r 21.46	14.57	17.74
TPEx-listed companies		12.23	13.95	17.78	r 17.60	r 12.91	13.76
Net income before interest and tax / interest expenses (times)							
TWSE-listed companies		9.35	15.70	34.58	r 22.87	10.83	14.98
TPEx-listed companies		15.99	21.99	30.23	r 23.79	r 13.18	13.35
Foreign-currency-denominated liabilities to equity*							
TWSE-listed companies		-	32.48	r 32.85	r 28.12	23.45	24.87
TPEx-listed companies		-	20.11	r 21.07	r 20.01	16.36	15.07

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.

3. Figures marked with "r" indicate revised data, based on updated non-financial corporate sector statistics provided by TEJ.

Table 5: Household Sector

Units: %, times

Items	Year (end of year)	2019	2020	2021	2022	2023	2024
Household debt to GDP		r 86.40	r 88.04	r 87.43	r 87.55	r 90.07	92.62
Debt service and principal payments to total disposable income		r 46.26	r 46.63	r 48.47	r 47.43	r 47.33	48.32
Household debt to total disposable income (times)		1.39	1.46	r 1.52	r 1.47	r 1.51	1.52

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 2024 is a CBC estimate.

3. Figures marked with "r" indicate revised data, based on updated GDP and disposable income statistics released by DGBAS.

Table 6: Real Estate Market

Units: index, %

Items	Year (end of year)	2019	2020	2021	2022	2023	2024
National housing price index		104.14	108.17	117.50	127.51	136.20	150.98
Residential real estate loans to total loans		r 31.33	32.04	32.52	31.79	r 33.54	34.16
Commercial real estate loans to total loans		r 18.87	19.37	19.69	19.54	r 19.77	19.78

Note: Figures marked with "r" indicate revised data, based on revisions to financial institution data.