

## Appendix: Financial soundness indicators

**Table 1: Domestic Banks**

Unit: %

Items	Year (end of year )	2007	2008	2009	2010	2011	2012
<b>Earnings and profitability</b>							
Return on assets (ROA)		0.28	0.12	0.28	0.57	0.58	0.67
Return on equity (ROE)		4.32	1.86	4.52	9.08	9.27	10.33
Net interest income to gross income		66.38	78.53	59.54	59.52	62.61	62.29
Non interest expenses to gross income		54.07	62.97	59.81	55.99	55.44	52.93
Gains and losses on financial instruments to gross income		9.08	3.91	16.43	9.93	6.92	11.63
Personnel expenses to non-interest expenses		55.93	54.80	57.56	57.67	57.71	58.61
Spread between lending and deposit rates (basis points)		1.82	1.75	1.22	1.36	1.41	1.42
<b>Asset quality</b>							
Non-performing loans to total loans		1.83	1.54	1.15	0.61	0.43	0.41
Provision coverage ratio		64.07	69.48	90.35	157.32	250.08	269.07
<b>Capital adequacy</b>							
Regulatory capital to risk-weighted assets		10.80	11.04	11.83	11.96	12.06	12.54
Tier 1 capital to risk-weighted assets		8.50	8.42	9.03	9.18	9.08	9.49
Capital to total assets		6.42	6.12	6.25	6.31	6.29	6.59
Non-performing loans net of provisions to capital		12.24	10.33	6.41	2.91	<sup>R</sup> -0.38	-0.82
<b>Liquidity</b>							
Customer deposits to total loans		117.98	122.34	133.13	132.28	128.66	129.06
Liquid assets to total assets		10.58	12.69	15.20	10.46	11.05	9.77
Liquid assets to short-term liabilities		15.66	18.39	20.98	14.65	15.67	14.00

Table 1 : Domestic Banks (cont.)

Unit: %

Items	Year (end of year )	2007	2008	2009	2010	2011	2012
<b>Credit risk concentration</b>							
Household loans to total loans		46.59	45.48	46.41	46.67	46.06	46.36
Corporate loans to total loans		43.90	45.27	43.26	43.66	44.91	44.82
Large exposures to capital		136.85	142.38	142.48	141.36	141.16	125.50
Gross asset positions in financial derivatives to capital		10.35	21.92	8.17	8.54	7.57	5.84
Gross liability positions in financial derivatives to capital		5.44	16.48	8.44	10.02	7.05	6.11
<b>Sensitivity to market risk</b>							
Net open position in foreign exchange to capital		5.02	2.41	2.43	2.72	2.71	2.91
Foreign-currency-denominated loans to total loans		15.57	16.54	16.22	16.28	18.14	19.04
Net open position in equities to capital		30.88	24.99	25.69	24.48	24.15	22.13
Foreign-currency-denominated liabilities to total liabilities		22.20	20.41	19.48	20.31	21.65	21.84

Notes: 1. The data of earnings and profitability in 2006 and 2007 exclude Chinese Bank and Bowa Bank.

2. The 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 with "R" are revised data.

Table 2: Non-financial Corporate Sector

Units: %, times

Items	Year (end of year )	2007	2008	2009	2010	2011	2012
<b>Total liabilities to equity</b>							
Corporate sector		82.20	90.02	86.88	85.59	96.66	-
TWSE-listed companies		63.28	67.54	65.43	68.45	73.53	76.72
OTC-listed companies		78.21	89.56	62.75	70.57	66.25	67.75
<b>Return on equity</b>							
Corporate sector		13.90	4.76	8.07	13.32	8.66	-
TWSE-listed companies		18.04	8.08	9.58	15.36	10.07	9.39
OTC-listed companies		8.20	-5.98	6.91	13.20	8.32	6.60
<b>Net income before interest and tax / interest expenses (times)</b>							
Corporate sector		10.78	3.39	8.54	16.73	9.64	-
TWSE-listed companies		19.07	8.26	15.03	29.75	18.89	16.16
OTC-listed companies		6.79	-	10.85	17.34	14.82	11.23

Notes: 1. The data of all corporates are from JCIC, and those of TWSE-listed and OTC-listed corporates are from TEJ.

2. The data of "net income before interest and tax / interest expenses" for OTC-listed companies in 2008 is nil due to the net loss of the same year.

**Table 3: Household Sector**

Unit: %

Items	Year (end of year )					
	2007	2008	2009	2010	2011	2012
Household borrowing to GDP	81.47	81.92	84.74	R 82.42	R 83.08	83.77
Borrowing service and principal payments to gross disposable income	42.09	40.72	36.80	R 36.04	R 36.93	37.98

Notes: 1. The figures of disposable income for 2012 are CBC estimates.

2. Figures with "R" are revised data.

**Table 4: Real Estate Market**

Unit: %

Items	Year (end of year )					
	2007	2008	2009	2010	2011	2012
Land price index	98.92	100.51	100.38	105.93	112.05	118.78
Residential real estate loans to total loans	30.14	29.16	30.57	29.99	28.64	28.21
Commercial real estate loans to total loans	11.84	12.14	12.47	13.25	13.70	14.14

Note: Figures of Land price index are on a end-September basis (March 2008 = 100).

**Table 5: Market Liquidity**

Unit: %

Items	Year (end of year )					
	2007	2008	2009	2010	2011	2012
The turnover ratio of trading value in stock market	153.28	145.45	178.28	136.74	119.87	97.33
The monthly average turnover ratio in bond market	74.65	47.93	31.56	32.40	19.39	12.06

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.