

Condition and Performance of Domestic Banks

Fourth Quarter 2015

■ *Summary of condition and performance*

As of end-Dec. 2015, there were 40 domestic banks with 3,444 branches and 37 off-shore banking units in Taiwan. The largest banks were Bank of Taiwan, Mega International Commercial Bank and Taiwan Cooperative Bank in terms of assets, while the largest banks in terms of the net income before tax for 2015 were CTBC Bank Co., Ltd., Mega international Commercial Bank, and Cathay United Bank.

As of end-Dec. 2015, the domestic banks as a whole the average capital adequacy ratio registered 12.93% was well above the regulatory requirement of 8%, indicating that capital adequacy for domestic banks kept satisfactory. Asset quality remained sound and the provisions for loans were sufficient to cover potential losses. The profitability for domestic banks remains stable in 2015 while liquidity kept ample with the liquidity ratio well above the regulatory requirement of 10%.

■ *Key trend*

As of end-Dec. 2015, domestic banks total assets and liabilities amounted to NT\$44,662.6 billion and NT\$41,481.4 billion, decreasing by NT\$94.7 billion and NT\$175.6 billion or 0.21% and 0.42%, respectively, compared to end-Sep. 2015. Total equities amounted to NT\$3,181.2 billion increasing by NT\$ 80.9 billion or 2.61% compared to end-Sep. 2015. Domestic banks as a whole posed a net income before tax of NT\$320.6 billion in 2015, decreasing by NT\$ 0.1 billion or 0.03% compared to the same period of previous year. The major income statement components are tabulated as follows:

Major Income Statement Components

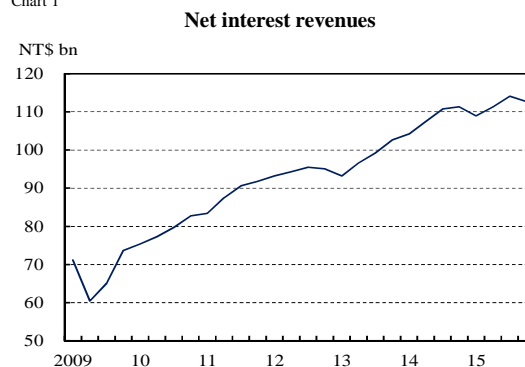
Unit: NT\$ Billion

	Jan.-Dec. 2014	Jan.-Dec. 2015	Change %
<i>Income</i>			
Net interest revenues	433.6	447.0	3.09
Net revenues other than interest	297.2	287.6	-3.23
<i>Expense</i>			
Loan loss provision	44.7	22.6	-49.44
Other expense	365.4	391.4	7.12
<i>Net income before tax</i>	320.7	320.6	-0.03

Net interest revenues slightly decreased

Net interest revenues reported NT\$112.7 billion for 2015Q4, decreasing by NT\$1.4 billion or 1.21% compared to the previous quarter (Chart 1).

Chart 1

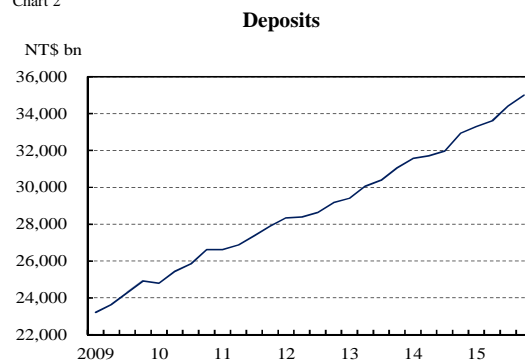


Note: Data are on a quarterly basis.

Deposits slightly increased

Total deposits amounted to NT\$35,006.3 billion as of end-Dec. 2015, increasing by NT\$589.7 billion or 1.71% compared to end-Sep. of 2015 (Chart 2). The annual growth rate of deposits was 5.43% as of end-Dec. 2015, decreasing by 1.54 percentage points compared to the previous quarter.

Chart 2

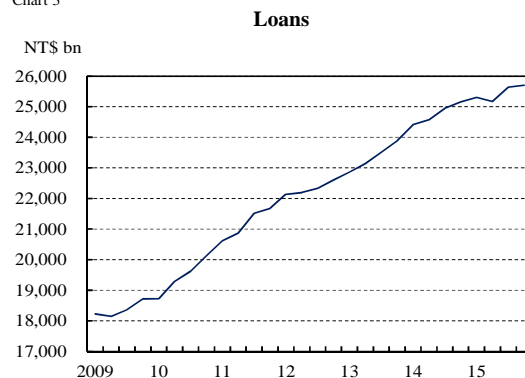


Note: Data are on a quarterly basis.

Loans slightly increased

Total loans amounted to NT\$25,699.6 billion as of end-Dec. 2015, increasing by NT\$61.7 billion or 0.24% compared to end-Sep. of 2015 (Chart 3). The annual growth rate of loans registered 2.52% as of end-Dec. 2015, decreasing by 0.95 percentage points compared to the previous quarter.

Chart 3

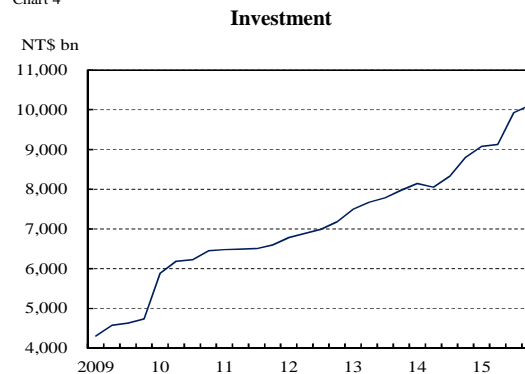


Note: Data are on a quarterly basis.

Investments increased

Total investments amounted to NT\$10,111.5 billion as of end-Dec. 2015, increasing by NT\$184.5 billion or 1.86% compared to end-Sep. of 2015 (Chart 4). The annual growth rate of investment reached 13.36% as of end-Dec. 2015, decreasing by 1.53 percentage points compared to the previous quarter.

Chart 4

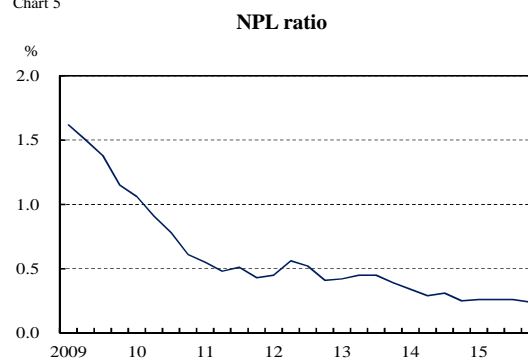


Note: Data are on a quarterly basis.

Asset quality remained satisfactory

The average NPL ratio stood at 0.24% as of end-Dec. 2015, decreasing by 0.02 percentage points compared to end-Sep. 2015 (Chart 5). Asset quality for the overall banking sector kept satisfactory. The average provision coverage ratio was 601.43%, increasing by 31.51 percentage points compared to end-Sep. 2015.

Chart 5

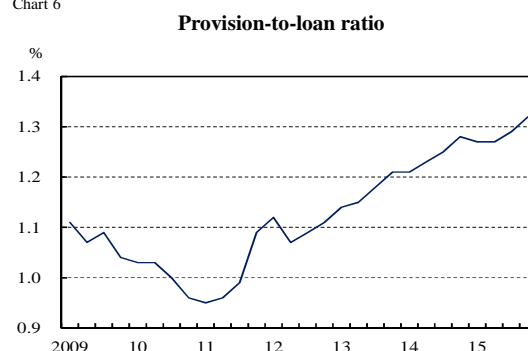


Note: Data are on a quarterly basis.

Provision-to-loan ratio increased

The average provision-to-loan ratio was 1.31% as of end-Dec. 2015, slightly increasing by 0.02 percentage points compared to end-Sep. 2015 (Chart 6).

Chart 6

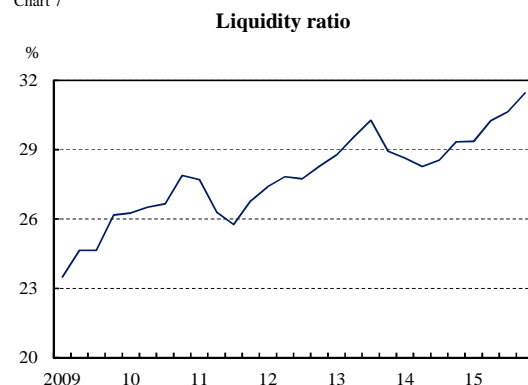


Note: Data are on a quarterly basis.

Liquidity kept ample

The average liquidity ratio was 31.45% for domestic banks as a whole in Dec. 2015, increasing by 0.81 percentage points compared to that in Sep. 2015 (Chart 7). Every domestic bank met the regulatory liquidity ratio requirement of 10%. Liquidity for domestic banking sector kept ample.

Chart 7

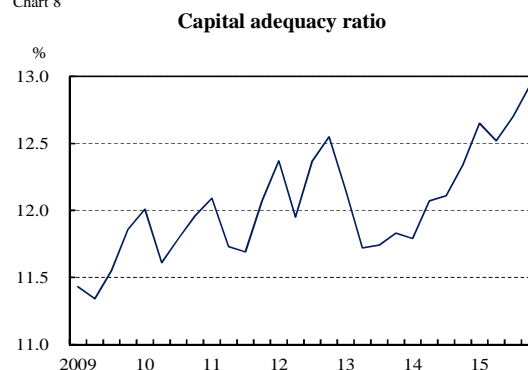


Note: Data are on a quarterly basis.

Average capital adequacy remained satisfactory

The average capital adequacy ratio was 12.93% as of end-Dec. 2015, increasing by 0.23 percentage points compared to end-Sep. 2015 (Chart 8). The capital adequacy for domestic banks as a whole remained satisfactory as the capital adequacy ratio of every domestic bank was well above the regulatory requirement of 8.625%.

Chart 8



Note: Data are on a quarterly basis.