Second Quarter 2015

■ *Summary of condition and performance*

As of end-June 2015, there were 40 domestic banks with 3,449 branches and 38 off-shore banking units in Taiwan. The largest banks were Bank of Taiwan, Taiwan Cooperative Bank and Mega International Commercial Bank in terms of assets, while the largest banks in terms of the net income before tax for the first half of 2015 were Mega international Commercial Bank, CTBC Bank Co., Ltd., and Cathay United Bank.

As of end-June 2015, the domestic bank as a whole the average capital adequacy ratio registered 12.52% 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 for the first half of 2015 while liquidity kept ample with the liquidity ratio well above the regulatory requirement of 10%.

■ Key trend

As of end-June 2015, domestic banks held a total of NT$43,090.1 billion in assets, decreasing by NT$128.7 billion or 0.30% compared to end-Mar. 2015. Total liabilities and equities amounted to NT$40,101.2 billion and 2,988.9 billion, decreasing by NT$108.6 billion and NT$ 20.1 billion or 0.27% and 0.67%, respectively, compared to end-Mar. 2015. Domestic banks as a whole posed a net income before tax of NT$169.6 billion for the first half of 2015, decreasing by NT$ 10.1 billion or 5.61% compared to the same period of previous year. The major income statement components are tabulated as follows:

Major Income Statement Components

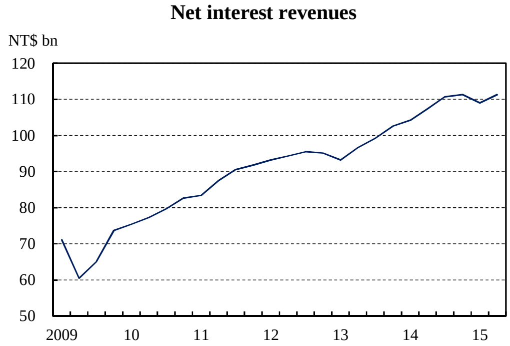
Unit: NT$ Billion

	Jan.-June 2014	Jan.-June 2015	Change %
Income			
Net interest revenues	211.6	220.2	4.09
Net revenues other than interest	156.5	140.7	-10.13
Expense			
Loan loss provision	13.0	3.6	-72.23
Other expense	175.4	187.7	6.98
Net income before tax	179.7	169.6	-5.61

Net interest revenues slightly increased

Net interest revenues reported NT$111.3 billion for 2015Q2, increasing by NT$2.3 billion or 2.15% compared to the previous quarter (Chart 1).

Chart 1

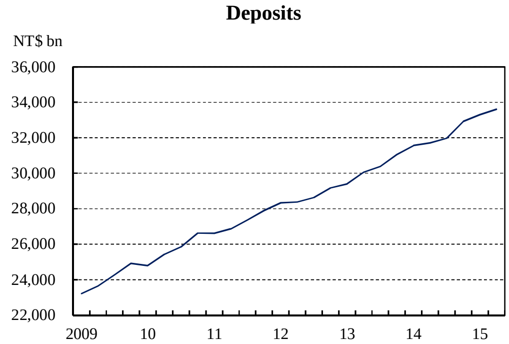


Note: Data are on a quarterly basis.

Deposits slightly increased

Total deposits amounted to NT$33,609.0 billion as of end-June 2015, increasing by NT$306.5 billion or 0.92% compared to end-Mar. of 2015 (Chart 2). The annual growth rate of deposits was 5.15% as of end-June 2015, decreasing by 1.06 percentage points compared to the previous quarter.

Chart 2

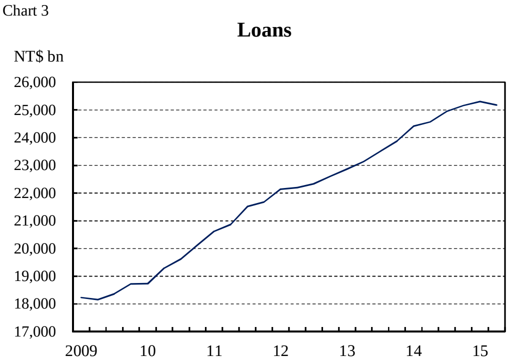


Note: Data are on a quarterly basis.

Loans slightly decreased

Total loans amounted to NT$25,177.9 billion as of end-June 2015, decreasing by NT$125.4 billion or 0.50% compared to end-Mar. of 2015 (Chart 3). The annual growth rate of loans registered 3.79% as of end-June 2015, decreasing by 1.37 percentage points compared to the previous quarter.

Chart 3

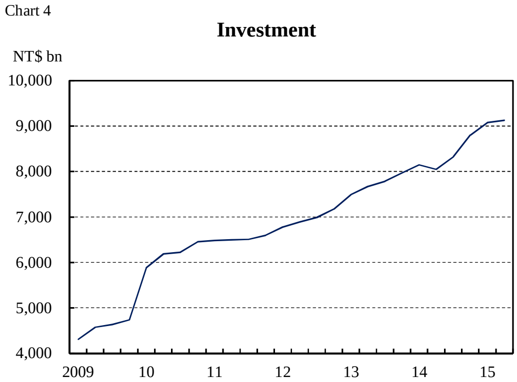


Note: Data are on a quarterly basis.

Investments slightly increased

Total investments amounted to NT$9,125.8 billion as of end-June 2015, increasing by NT$47.5 billion or 0.52% compared to end-Mar. of 2015 (Chart 4). The annual growth rate of investment reached 15.33% as of end-June 2015, increasing by 4.06 percentage points compared to the previous quarter.

Chart 4



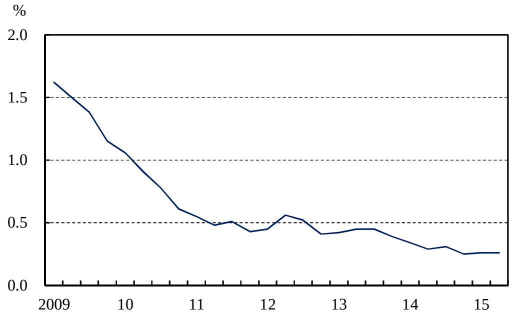
Note: Data are on a quarterly basis.

Asset quality remained satisfactory

The average NPL ratio stood at 0.26% as of end-June 2015, levelling off compared to end-Mar. 2015 (Chart 5). Asset quality for the overall banking sector kept satisfactory. The average provision coverage ratio was 589.41%, increasing by 30.1 percentage points compared to end-Mar. 2015.

Chart 5

NPL ratio



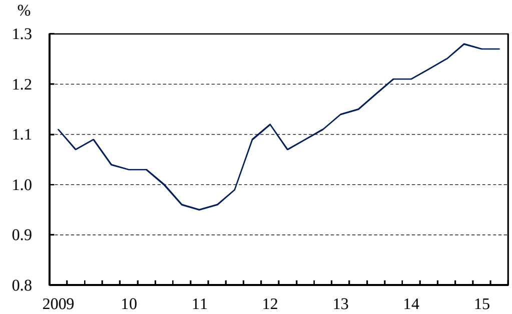
Note: Data are on a quarterly basis.

Provision-to-loan ratio remained the same level

The average provision-to-loan ratio was 1.27% as of end-June 2015, levelling off compared to end-Mar. 2015 (Chart 6).

Chart 6

Provision-to-loan ratio



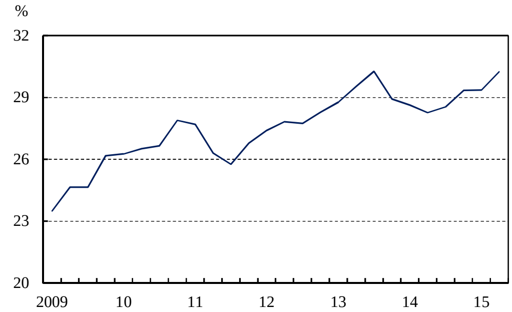
Note: Data are on a quarterly basis.

Liquidity kept ample

The average liquidity ratio was 30.25% for domestic banks as a whole in June 2015, increasing by 0.89 percentage points compared to that in Mar. 2015 (Chart 7). Every domestic bank met the regulatory liquidity ratio requirement of 10%. Liquidity for domestic banking sector kept ample.

Chart 7

Liquidity ratio



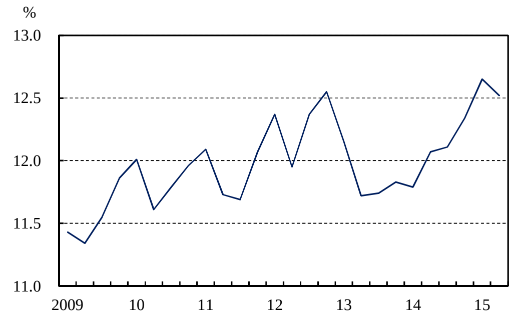
Note: Data are on a quarterly basis.

Average capital adequacy remained satisfactory

The average capital adequacy ratio was 12.52% as of end-June 2015, decreasing by 0.13 percentage points compared to end-Mar. 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%.

Chart 8

Capital adequacy ratio



Note: Data are on a quarterly basis.