

## *Condition and Performance of Domestic Banks*

### *First Quarter 2015*

#### ■ *Summary of condition and performance*

As of end-Mar. 2015, there were 40 domestic banks with 3,455 branches and 38 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 the first quarter of 2015 were CTBC Bank Co., Ltd., Mega international Commercial Bank and Cathay United Bank.

As of end-Mar. 2015, the domestic bank as a whole the average capital adequacy ratio registered 12.65% 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 quarter of 2015 while liquidity kept ample with the liquidity ratio well above the regulatory requirement of 10%.

#### ■ *Key trend*

As of end-Mar. 2015, domestic banks held a total of NT\$43,218.9 billion in assets, increasing by NT\$657.2 billion or 1.54% compared to end-Dec. 2014. Total liabilities and equities amounted to NT\$40,209.8 billion and 3,009.1 billion, increasing by NT\$563.2 billion and NT\$ 94.0 billion or 1.42% and 3.22%, respectively, compared to end-Dec. 2014. Domestic banks as a whole posed a net income before tax of NT\$83.6 billion for the first quarter of 2015, decreasing by NT\$ 0.3 billion or 0.35%. The major income statement components are tabulated as follows:

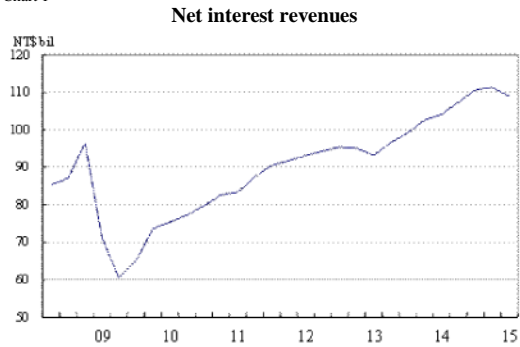
#### *Major Income Statement Components*

Unit: NT\$ Billion			
	Jan.-Mar. 2014	Jan.-Mar. 2015	Change %
<b><i>Income</i></b>			
Net interest revenues	104.2	109.0	4.61
Net revenues other than interest	73.5	70.0	-4.76
<b><i>Expense</i></b>			
Loan loss provision	6.4	4.2	-34.38
Other expense	87.4	91.2	4.35
<b><i>Net income before tax</i></b>	<b>83.9</b>	<b>83.6</b>	<b>-0.35</b>

*Net interest revenues slightly decreased*

Net interest revenues reported NT\$109.0 billion for 2015Q1, decreasing by NT\$2.3 billion or 2.07% compared to the previous quarter (Chart 1).

Chart 1

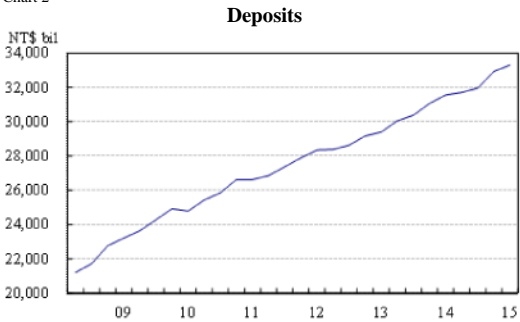


Note: Data are on a quarterly basis.

*Deposits slightly increased*

Total deposits amounted to NT\$33,302.5 billion as of end-Mar. 2015, increasing by NT\$374.0 billion or 1.14% compared to end-Dec. of 2014 (Chart 2). The annual growth rate of deposits was 6.21% as of end-Mar. 2015, decreasing by 0.60 percentage points compared to the previous quarter.

Chart 2

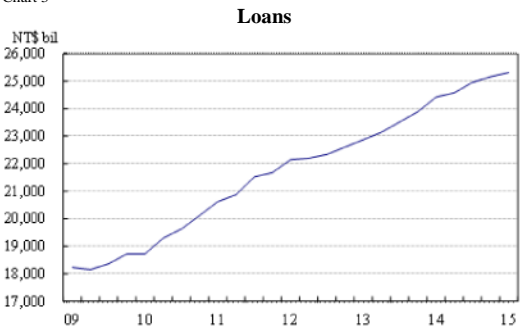


Note: Data are on a quarterly basis.

*Loans slightly increased*

Total loans amounted to NT\$25,303.3 billion as of end-Mar. 2015, increasing by NT\$145.3 billion or 0.58% compared to end-Dec. of 2014 (Chart 3). The annual growth rate of loans registered 5.16% as of end-Mar. 2015, decreasing by 1.51 percentage points compared to the previous quarter.

Chart 3

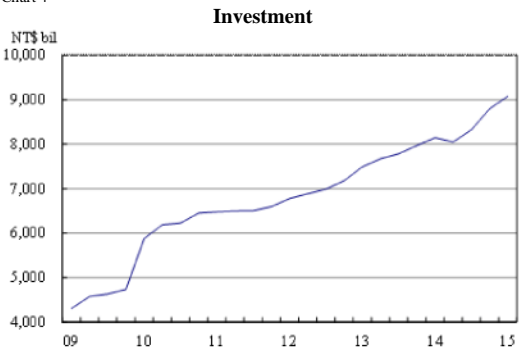


Note: Data are on a quarterly basis.

*Investments increased*

Total investments amounted to NT\$9,078.3 billion as of end-Mar. 2015, increasing by NT\$278.2 billion or 3.16% compared to end-Dec. of 2014 (Chart 4). The annual growth rate of investment reached 11.27% as of end-Mar. 2015, increasing by 0.82 percentage points compared the previous quarter.

Chart 4

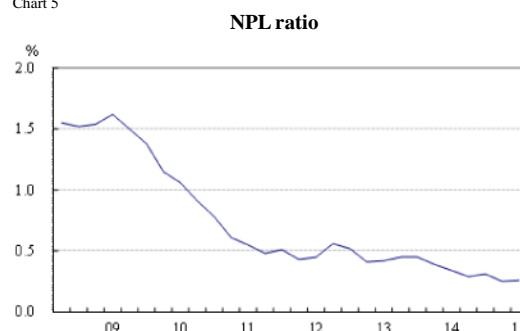


Note: Data are on a quarterly basis.

### ***Asset quality remained satisfactory***

The average NPL ratio stood at 0.26% as of end-Mar. 2015, increasing by 0.01 percentage points compared to end-Dec. 2014 (Chart 5). Asset quality for the overall banking sector kept satisfactory. The average provision coverage ratio was 559.36%, increasing by 5.60 percentage points compared to end-Dec. 2014.

Chart 5

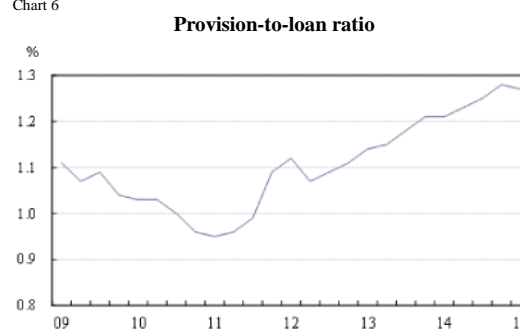


Note: Data are on a quarterly basis.

### ***Provision-to-loan ratio decreased***

The average provision-to-loan ratio was 1.27% as of end-Mar. 2015, slightly decreasing by 0.01 percentage points compared to end-Dec. 2014 (Chart 6).

Chart 6

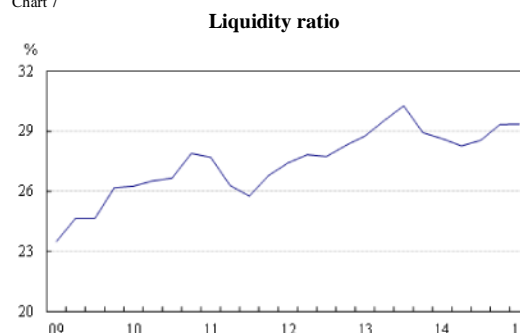


Note: Data are on a quarterly basis.

### ***Liquidity kept ample***

The average liquidity ratio was 29.36% for domestic banks as a whole in Mar. 2015, slightly increasing by 0.02 percentage points compared to that in Dec. 2014 (Chart 7). Every domestic bank met the regulatory liquidity ratio requirement of 10%. Liquidity for domestic banking sector kept ample.

Chart 7

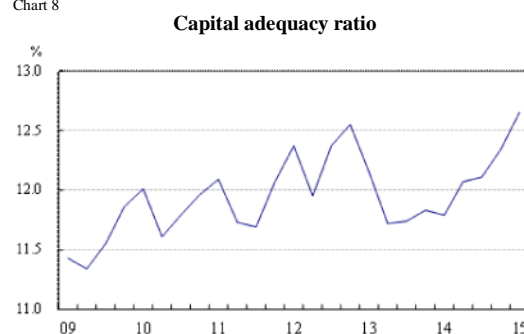


Note: Data are on a quarterly basis.

### ***Average capital adequacy remained satisfactory***

The average capital adequacy ratio was 12.65% as of end-Mar. 2015, increasing by 0.30 percentage points compared to end-Dec. 2014 (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



Note: Data are on a quarterly basis.

