

## *Condition and Performance of Domestic Banks*

### *Third Quarter 2015*

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

As of end-Sep. 2015, there were 40 domestic banks with 3,444 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 three quarters of 2015 were Mega international Commercial Bank, CTBC Bank Co., Ltd., and Cathay United Bank.

As of end-Sep. 2015, the domestic bank as a whole the average capital adequacy ratio registered 12.70% 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 three quarters of 2015 while liquidity kept ample with the liquidity ratio well above the regulatory requirement of 10%.

#### ■ *Key trend*

As of end-Sep. 2015, domestic banks held a total of NT\$44,757.3 billion in assets, increasing by NT\$1,667.2 billion or 3.87% compared to end-June 2015. Total liabilities and equities amounted to NT\$41,657.0 billion and 3,100.3 billion, increasing by NT\$1,555.8 billion and NT\$ 111.4 billion or 3.88% and 3.73%, respectively, compared to end-June 2015. Domestic banks as a whole posed a net income before tax of NT\$248.9 billion for the first three quarters of 2015, decreasing by NT\$ 13.4 billion or 5.11% compared to the same period of previous year. The major income statement components are tabulated as follows:

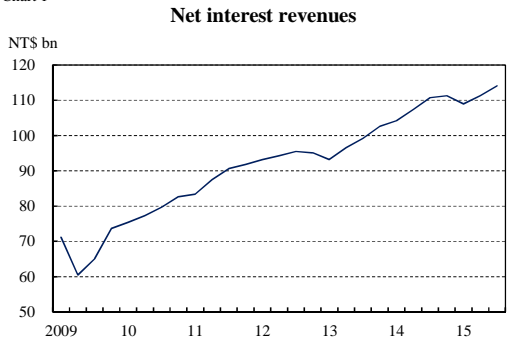
#### *Major Income Statement Components*

	Unit: NT\$ Billion		
	Jan.-Sep. 2014	Jan.-Sep. 2015	Change %
<i>Income</i>			
Net interest revenues	322.3	334.3	3.72
Net revenues other than interest	233.2	212.0	-9.08
<i>Expense</i>			
Loan loss provision	24.2	13.1	-45.82
Other expense	269.0	284.3	5.69
<i>Net income before tax</i>	262.3	248.9	-5.11

*Net interest revenues slightly increased*

Net interest revenues reported NT\$114.1 billion for 2015Q3, increasing by NT\$2.8 billion or 2.49% compared to the previous quarter (Chart 1).

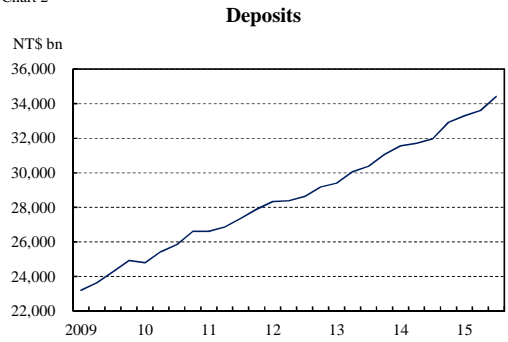
Chart 1



*Deposits slightly increased*

Total deposits amounted to NT\$34,416.5 billion as of end-Sep. 2015, increasing by NT\$807.6 billion or 2.40% compared to end-June of 2015 (Chart 2). The annual growth rate of deposits was 6.97% as of end-Sep. 2015, increasing by 1.82 percentage points compared to the previous quarter.

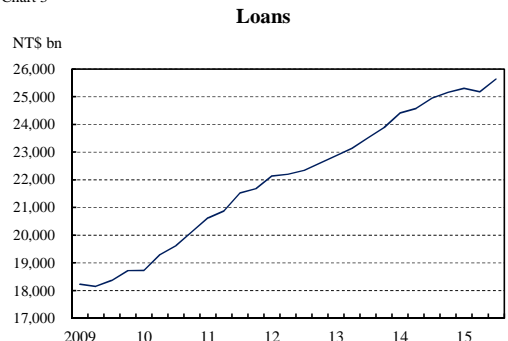
Chart 2



*Loans slightly decreased*

Total loans amounted to NT\$25,637.9 billion as of end-Sep. 2015, increasing by NT\$460.0 billion or 1.83% compared to end-June of 2015 (Chart 3). The annual growth rate of loans registered 3.47% as of end-Sep. 2015, decreasing by 0.32 percentage points compared to the previous quarter.

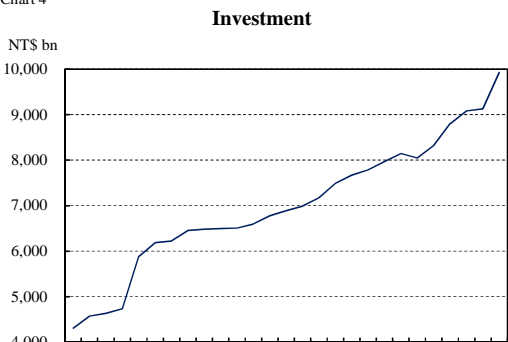
Chart 3



*Investments increased*

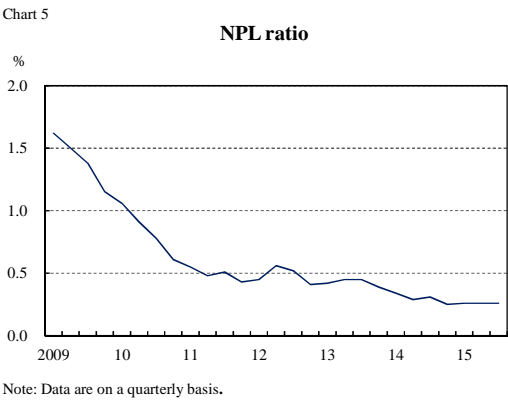
Total investments amounted to NT\$9,927.0 billion as of end-Sep. 2015, increasing by NT\$801.3 billion or 8.78% compared to end-June of 2015 (Chart 4). The annual growth rate of investment reached 14.89% as of end-Sep. 2015, decreasing by 0.44 percentage points compared to the previous quarter.

Chart 4



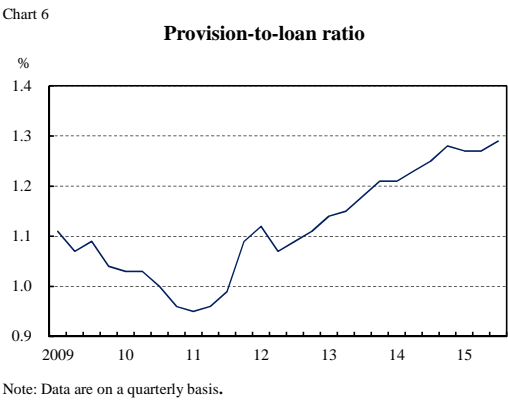
**Asset quality remained satisfactory**

The average NPL ratio stood at 0.26% as of end-Sep. 2015, levelling off compared to end-June 2015 (Chart 5). Asset quality for the overall banking sector kept satisfactory. The average provision coverage ratio was 569.92%, decreasing by 19.49 percentage points compared to end-June 2015.



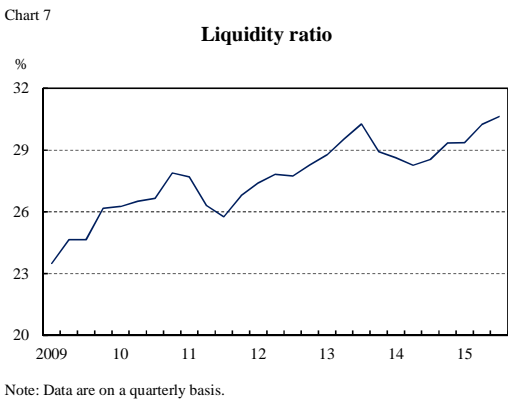
**Provision-to-loan ratio increased**

The average provision-to-loan ratio was 1.29% as of end-Sep. 2015, slightly increasing by 0.02 percentage points compared to end-June 2015 (Chart 6).



**Liquidity kept ample**

The average liquidity ratio was 30.64% for domestic banks as a whole in Sep. 2015, increasing by 0.39 percentage points compared to that in June 2015 (Chart 7). Every domestic bank met the regulatory liquidity ratio requirement of 10%. Liquidity for domestic banking sector kept ample.



**Average capital adequacy remained satisfactory**

The average capital adequacy ratio was 12.70% as of end-Sep. 2015, increasing by 0.18 percentage points compared to end-June 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%.

