First Quarter 2019

■ *Summary of condition and performance*

As of end-Mar. 2019, there were 38 domestic banks with 3,400 branches and 37 off-shore banking units in Taiwan. The largest banks were Bank of Taiwan, Taiwan Cooperative Bank and CTBC Bank Co., Ltd. in terms of assets, while the largest banks in terms of the net income before tax for the first quarter of 2019 were CTBC Bank Co., Ltd., Mega International Commercial Bank and Taipei Fubon Com. Bank.

As of end-Mar. 2019, the domestic banks as a whole the average capital adequacy ratio was well above the regulatory requirement of 10.5% 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 2019 while liquidity kept ample with the liquidity ratio well above the regulatory requirement of 10%.

■ Key trend

As of end-Mar. 2019, domestic banks' total assets and liabilities amounted to NT$50,715.0 billion and 46,848.4 billion, increasing by NT$922.6 billion and NT$792.8 billion or 1.85% and 1.72%, respectively, compared to end-Dec. 2018. Total equities amounted to NT$3,866.6 billion increasing by NT$129.8 billion or 3.47% compared to end-Dec. 2018. Domestic banks as a whole posed a net income before tax of NT$97.9 billion for the first quarter of 2019, increasing by NT$11.8 billion or 13.70% compared to the same period of previous year. The major income statement components are tabulated as follows:

Major Income Statement Components

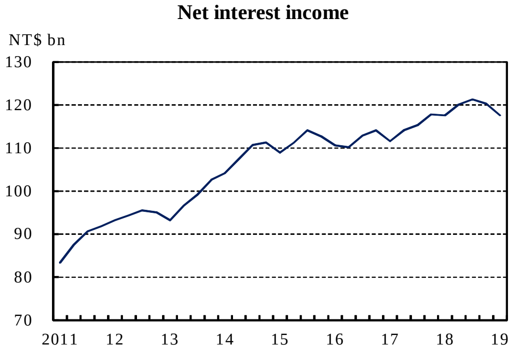
Unit: NT$ Billion

	Jan.-Mar. 2018	Jan.-Mar. 2019	Change %
Income			
Net interest income	117.6	117.7	0.09
Net income other than interest	79.0	100.1	26.71
Expense			
Loan loss provision	9.5	13.9	46.32
Other expenses	100.9	106.0	5.05
Loss from discontinued operations	0.1	-	-100.00
Net income before tax	86.1	97.9	13.70

Net interest income slightly decreased

Net interest income reported NT$117.7 billion for 2019Q1, decreasing by NT$2.6 billion or 2.16% compared to the previous quarter (Chart 1).

Chart 1

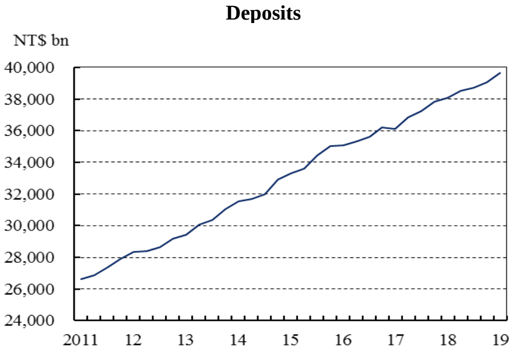


Note: Data are on a quarterly basis.

Deposits increased slightly

Total deposits amounted to NT$39,635.3 billion as of end-Mar. 2019, increasing by NT$569.3 billion or 1.46% compared to end-Dec. of 2018 (Chart 2). The annual growth rate of deposits was 3.81% as of end-Mar. 2019, increasing by 0.45 percentage points compared to the previous quarter.

Chart 2

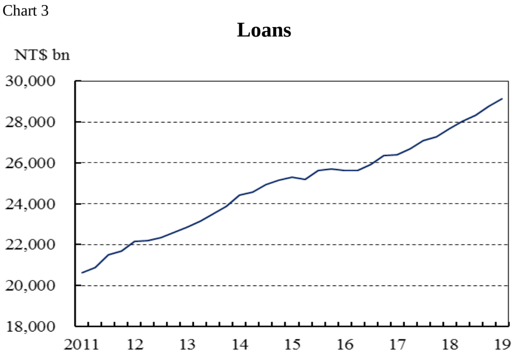


Note: Data are on a quarterly basis.

Loans kept on rising

Total loans amounted to NT$29,147.8 billion as of end-Mar. 2019, increasing by NT$369.7 billion or 1.28% compared to end-Dec. of 2018 (Chart 3). The annual growth rate of loans registered 4.92% as of end-Mar. 2019, decreasing by 0.87 percentage points compared to the previous quarter.

Chart 3

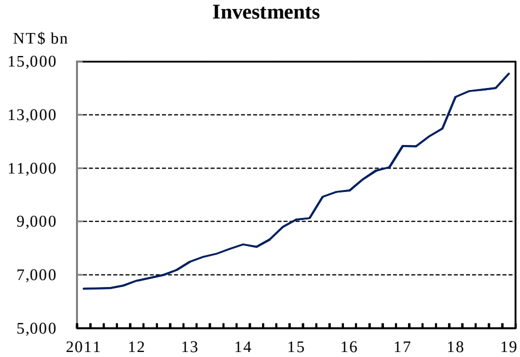


Note: Data are on a quarterly basis.

Investments increased mildly

Total investments amounted to NT$14,540.2 billion as of end-Mar. 2019, increasing by NT$541.7 billion or 3.87% compared to end-Dec. of 2018 (Chart 4). The annual growth rate of investment reached 5.24% as of end-Mar. 2019, decreasing by 2.21 percentage points compared to the previous quarter.

Chart 4

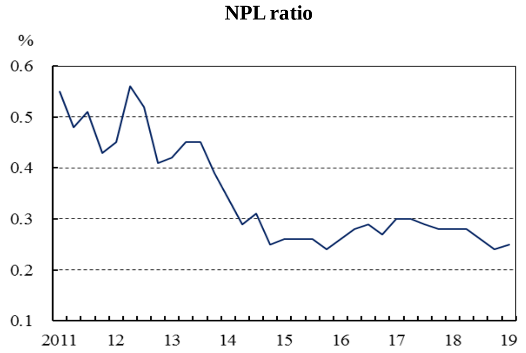


Note: Data are on a quarterly basis.

Asset quality kept satisfactory

The average NPL ratio was 0.25% as of end-Mar. 2019, increasing by 0.01 percentage points compared to end-Dec. 2018 (Chart 5). The asset quality of domestic banks kept satisfactory.

Chart 5

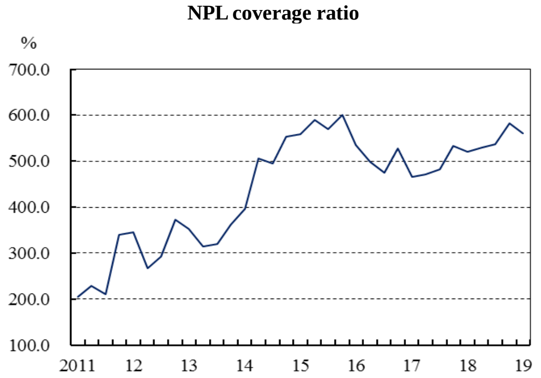


Note: Data are on a quarterly basis.

NPL coverage ratio decreased slightly

The NPL coverage ratio stood at 560.25%, decreasing by 22.78 percentage points compared to end-Dec. 2018 (Chart 6). The capability of domestic banks to cope with potential loan losses remained satisfactory.

Chart 6

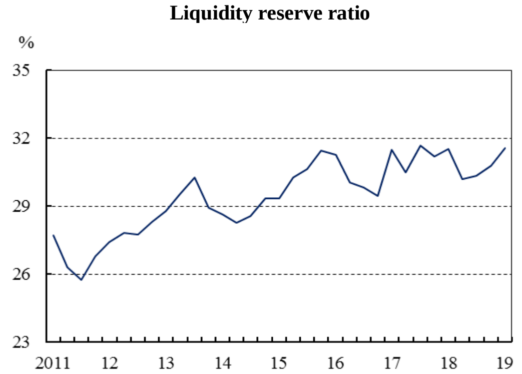


Note: Data are on a quarterly basis.

Liquidity remained ample

The average liquidity reserve ratio was 31.58% for domestic banks as a whole in Mar. 2019, increasing by 0.81 percentage points compared to that in Dec. 2018 (Chart 7). Every domestic bank met the regulatory liquidity ratio requirement of 10%. The overall liquidity of domestic banks remained abundant.

Chart 7

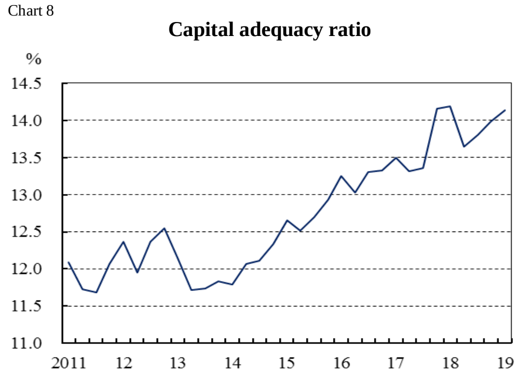


Note: Data are the average daily data in the last month of each quarter.

Capital adequacy ratio trended upward

The average capital adequacy ratio was 14.14% as of end-Mar. 2019, increasing by 0.15 percentage points compared to end-Dec. 2018 (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 10.50%.

Chart 8



Note: Data are on a quarterly basis.