

## Condition and Performance of Domestic Banks

### Third Quarter 2019

#### ■ Summary of condition and performance

As of end-Sep. 2019, there were 37 domestic banks with 3,409 branches and 36 off-shore banking units in Taiwan. The largest banks were Bank of Taiwan, CTBC Bank Co., Ltd. and Taiwan Cooperative Bank in terms of assets, while the largest banks in terms of the net income before tax for the first three quarters of 2019 were CTBC Bank Co., Ltd., Mega International Commercial Bank and Cathay United Bank.

As of end-Sep. 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 three quarters of 2019 while liquidity kept ample with the liquidity ratio well above the regulatory requirement of 10%.

#### ■ Key trend

As of end-Sep. 2019, domestic banks' total assets and liabilities amounted to NT\$51,655.1 billion and 47,714.2 billion, increasing by NT\$587.3 billion and NT\$475.4 billion or 1.15% and 1.01%, respectively, compared to end-Jun. 2019. Total equity amounted to NT\$3,940.9 billion increasing by NT\$111.9 billion or 2.92% compared to end-Jun. 2019. Domestic banks as a whole posed a net income before tax of NT\$287.7 billion for the first three quarters of 2019, increasing by NT\$19.2 billion or 7.15% 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. 2018	Jan.-Sep. 2019	Change %
<b>Income</b>			
Net interest income	359.0	358.7	-0.08
Net income other than interest	257.9	289.3	12.18
<b>Expense</b>			
Loan loss provision	35.1	37.3	6.27
Other expenses	313.2	323.0	3.13
<b>Loss from discontinued operations</b>	0.1	-	-100.00
<b>Net income before tax</b>	268.5	287.7	7.15

### ***Net interest income slightly increased***

Net interest income reported NT\$121.6 billion for 2019Q3, increasing by NT\$2.2 billion or 1.84% compared to the previous quarter (Chart 1).

### ***Deposits saw stable growth***

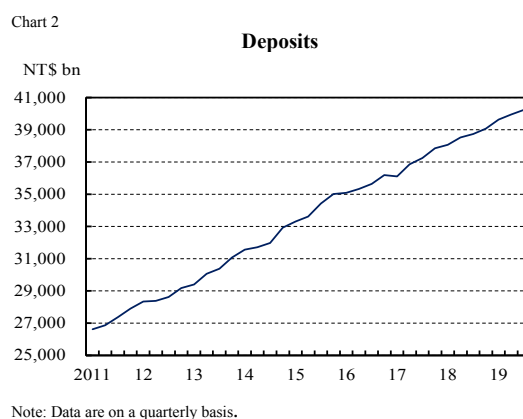
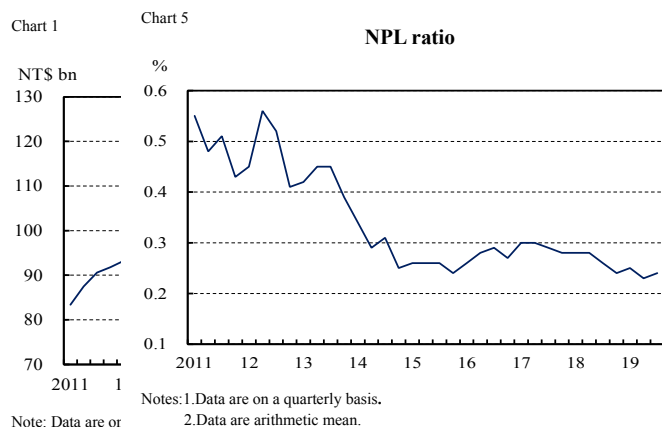
Total deposits amounted to NT\$40,230.4 billion as of end-Sep. 2019, increasing by NT\$275.6 billion or 0.69% compared to end-Jun. of 2019 (Chart 2). The annual growth rate of deposits was 3.17% as of end-Sep. 2019, decreasing by 0.26 percentage points compared to the previous quarter.

### ***Loans kept on rising***

Total loans amounted to NT\$29,793.7 billion as of end-Sep. 2019, increasing by NT\$365.8 billion or 1.24% compared to end-Jun. of 2019 (Chart 3). The annual growth rate of loans registered 3.79% as of end-Sep. 2019, decreasing by 0.06 percentage points compared to the previous quarter.

### ***Investments increased mildly***

Total investments amounted to NT\$14,785.9 billion as of end-Sep. 2019, increasing by NT\$208.5 billion or 1.43% compared to end-Jun. of 2019 (Chart 4). The annual growth rate of investment reached 6.95% as of end-Sep. 2019, increasing by 0.63 percentage points compared to the previous quarter.



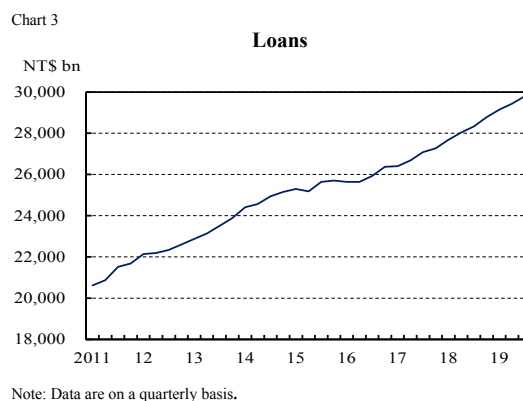
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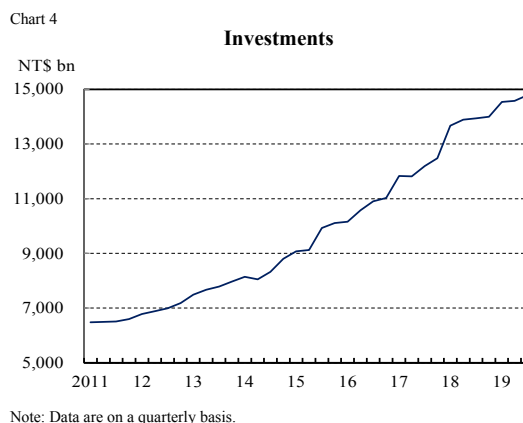
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The average NPL ratio was 0.24% as of end-Sep. 2019, increasing by 0.01 percentage points compared to end-Jun. 2019 (Chart 5). The asset quality of domestic banks kept satisfactory.

#### ***NPL coverage ratio decreased slightly***

The NPL coverage ratio stood at 585.71%, decreasing by 28.35 percentage points compared to end-Jun. 2019 (Chart 6). The capability of domestic banks to cope with potential loan losses remained satisfactory.

#### ***Liquidity remained ample***

The average liquidity reserve ratio was 30.58% for domestic banks as a whole in Sep. 2019, increasing by 0.44 percentage points compared to that in Jun. 2019 (Chart 7). Every domestic bank met the regulatory liquidity ratio requirement of 10%. The overall liquidity of domestic banks remained abundant.

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

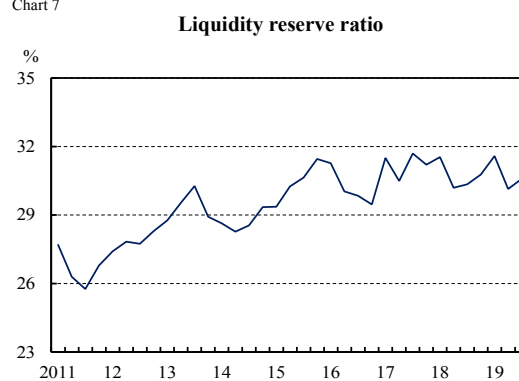
The average capital adequacy ratio was 13.86% as of end-Sep. 2019, increasing by 0.19 percentage points compared to end-Jun. 2019 (Chart 8). The capital adequacy for domestic banks as a whole remained satisfactory as the capital adequacy ratio of every domestic bank was well above the regulatory requirement of 10.50%.

Chart 6



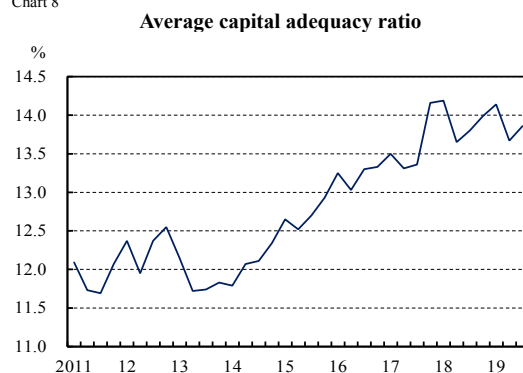
Note: Data are on a quarterly basis.

Chart 7



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

Chart 8



Notes: 1. Data are on a quarterly basis.  
2. Data are arithmetic mean.