

## Condition and Performance of Domestic Banks

### Fourth Quarter 2019

#### ■ Summary of condition and performance

As of end-Dec. 2019, there were 37 domestic banks with 3,411 branches and 36 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 in 2019 were CTBC Bank Co., Ltd., Mega International Commercial Bank and Cathay United Bank.

As of end-Dec. 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 in 2019 while liquidity kept ample with the liquidity ratio well above the regulatory requirement of 10%.

#### ■ Key trend

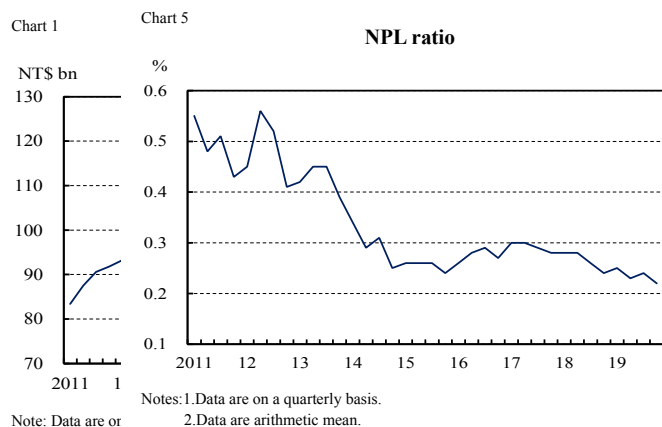
As of end-Dec. 2019, domestic banks' total assets and liabilities amounted to NT\$52,059.3 billion and 48,039.9 billion, increasing by NT\$404.2 billion and NT\$325.7 billion or 0.78% and 0.68%, respectively, compared to end-Sep. 2019. Total equity amounted to NT\$4,019.4 billion increasing by NT\$78.5 billion or 1.99% compared to end-Sep. 2019. Domestic banks as a whole posed a net income before tax of NT\$362.1 billion in 2019, increasing by NT\$26.7 billion or 7.96% 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.-Dec. 2018	Jan.-Dec. 2019	Change %
<b>Income</b>			
Net interest income	479.3	480.2	0.19
Net income other than interest	328.6	368.4	12.11
<b>Expense</b>			
Loan loss provision	52.4	51.1	-2.48
Other expenses	419.9	435.4	3.69
<b>Loss from discontinued operations</b>	0.2	-	-100.00
<b>Net income before tax</b>	335.4	362.1	7.96

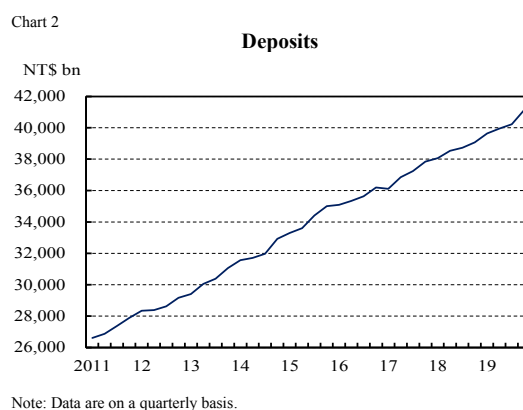
### ***Net interest income slightly decreased***

Net interest income reported NT\$121.5 billion for 2019Q4, decreasing by NT\$0.1 billion or 0.08% compared to the previous quarter (Chart 1).



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

Total deposits amounted to NT\$41,129.2 billion as of end-Dec. 2019, increasing by NT\$898.8 billion or 2.23% compared to end-Sep. of 2019 (Chart 2). The annual growth rate of deposits was 4.54% as of end-Dec. 2019, increasing by 1.37 percentage points compared to the previous quarter.



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

Total loans amounted to NT\$29,963.0 billion as of end-Dec. 2019, increasing by NT\$169.3 billion or 0.57% compared to end-Sep. of 2019 (Chart 3). The annual growth rate of loans registered 3.68% as of end-Dec. 2019, decreasing by 0.11 percentage points compared to the previous quarter.

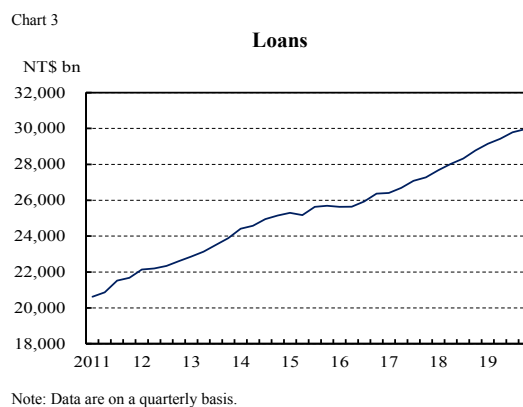
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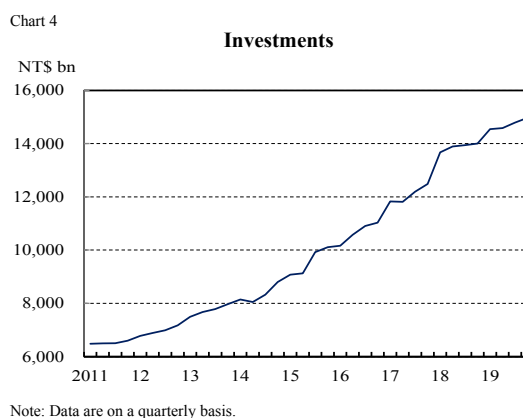


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### ***Investments increased mildly***

Total investments amounted to NT\$14,967.2 billion as of end-Dec. 2019, increasing by NT\$181.3 billion or 1.23% compared to end-Sep. of 2019 (Chart 4). The annual growth rate of investment reached 6.54% as of end-Dec. 2019, decreasing by 0.41 percentage points compared to the previous quarter.



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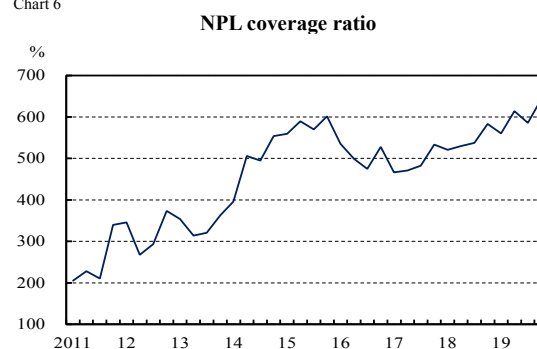
## ***satisfactory***

The average non-performing loan (NPL) ratio was 0.22% as of end-Dec. 2019, decreasing by 0.02 percentage points compared to end-Sep. 2019 (Chart 5). The asset quality of domestic banks kept satisfactory.

## ***NPL coverage ratio increased moderately***

The NPL coverage ratio stood at 643.06%, increasing by 57.35 percentage points compared to end-Sep. 2019 (Chart 6). The capability of domestic banks to cope with potential loan losses remained satisfactory.

Chart 6

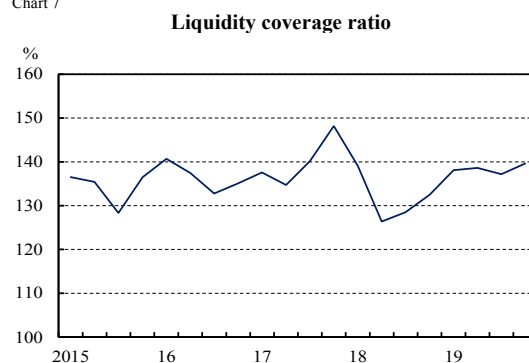


Note: Data are on a quarterly basis.

## ***Liquidity coverage ratio increased slightly***

The average liquidity coverage ratio (LCR) was 139.61% of domestic banks as of end-Dec. 2019, increasing by 2.45 percentage points compared to end-Sep. 2019 (Chart 7). Every domestic bank met the minimum LCR requirement in 2019.

Chart 7

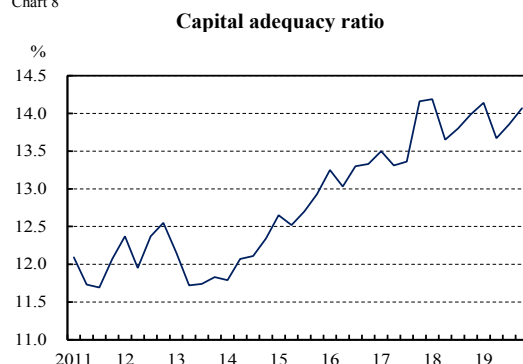


Notes: 1. Data are on a quarterly basis.  
2. Data are disclosed since 2015.

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

The average capital adequacy ratio was 14.07% as of end-Dec. 2019, increasing by 0.21 percentage points compared to end-Sep. 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 8



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