First Quarter 2020

■ *Summary of condition and performance*

As of end-Mar. 2020, there were 37 domestic banks with 3,410 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 quarter of 2020 were CTBC Bank Co., Ltd., Cathay United Bank and E. Sun Com. Bank, Ltd.

The average capital adequacy ratio of domestic banks was well above the regulatory requirement of 10.5% as of end-Mar. 2020, indicating that capital adequacy kept satisfactory. Asset quality remained sound and loan loss provisions were sufficient to cover potential losses. The profitability for domestic banks weakened for the first quarter of 2020, while liquidity kept ample with the liquidity related ratios well above the regulatory requirement.

■ Key trend

As of end-Mar. 2020, total assets and liabilities of domestic banks amounted to NT$53,261.8 billion and NT$49,242.5 billion, increasing by 2.31% and 2.50%, respectively, while total equity almost remained the same at NT$4,019.3 billion, compared to end-Dec. 2019. Domestic banks as a whole posed a net income before tax of NT$81.3 billion for the first quarter of 2020, significantly decreasing by NT$16.6 billion or -16.96%, compared to the same period of previous year. The major income statement components are tabulated as follows:

Major Income Statement Components

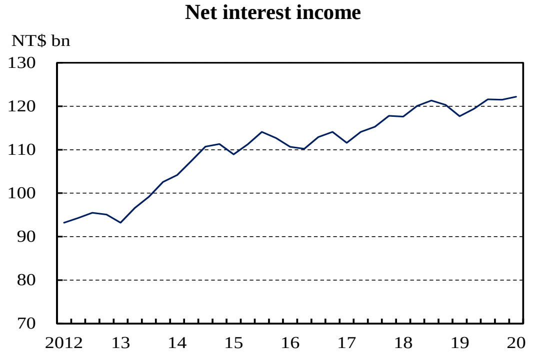
Unit: NT$ Billion

	2019 Q1	2020 Q1	Change %
Income			
Net interest income	117.7	122.2	3.82
Net income other than interest	100.1	74.2	-25.87
Expense			
Loan loss provision	13.9	10.4	-25.18
Other expenses	106.0	104.7	-1.23
Loss from discontinued operations	-	-	-
Net income before tax	97.9	81.3	-16.96

Net interest income slightly increased

Net interest income reported NT$122.2 billion for the first quarter of 2020, increasing by NT$0.7 billion or 0.58% compared to the previous quarter (Chart 1).

Chart 1

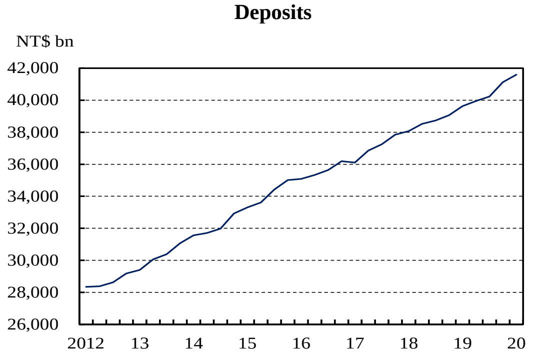


Note: Data are on a quarterly basis.

Deposits saw stable growth

Total deposits amounted to NT$41,600.4 billion as of end-Mar. 2020, increasing by NT$471.2 billion or 1.15% compared to end-Dec. 2019 (Chart 2). The annual growth rate of deposits was 4.40%, decreasing by 0.14 percentage points compared to the previous quarter.

Chart 2

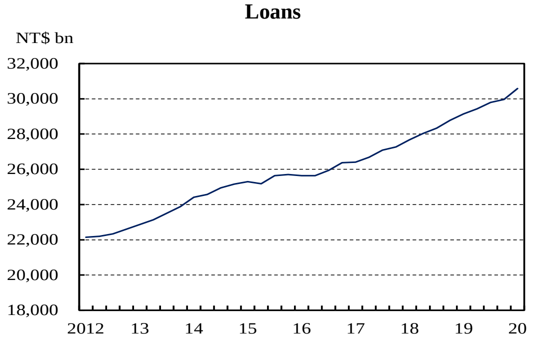


Note: Data are on a quarterly basis.

Loans kept on rising

Total loans stood at NT$30,579.9 billion as of end-Mar. 2020, rising by NT$616.9 billion or 2.06% compared to end-Dec. 2019 (Chart 3). The annual growth rate of loans registered 4.91%, increasing by 1.23 percentage points compared to the previous quarter.

Chart 3

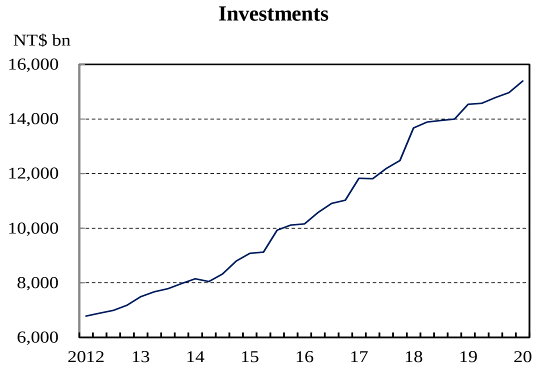


Note: Data are on a quarterly basis.

Investments increased moderately

Total investments mounted to NT$15,392.3 billion as of end-Mar. 2020, increasing by NT$425.1 billion or 2.84% compared to end-Dec. 2019 (Chart 4). The annual growth rate of investment reached 3.11%, declining by 3.43 percentage points compared to the previous quarter.

Chart 4

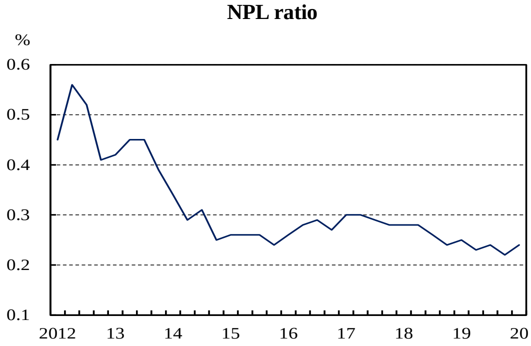


Note: Data are on a quarterly basis.

Asset quality kept satisfactory

The average non-performing loan (NPL) ratio was 0.24% as of end-Mar. 2020, increasing by 0.02 percentage points compared to end-Dec. 2019 (Chart 5). However, the asset quality of domestic banks kept satisfactory.

Chart 5

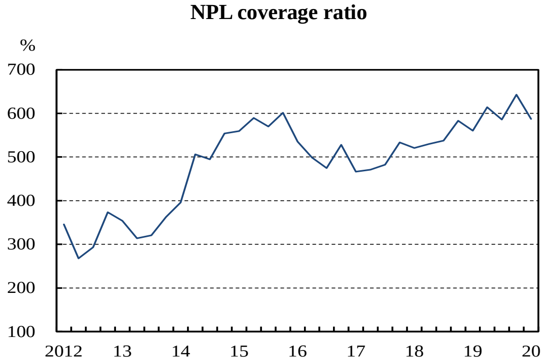


Notes:1.Data are on a quarterly basis.
2.Data are arithmetic mean.

NPL coverage ratio declined mildly

The average NPL coverage ratio stood at 587.29% as of end-Mar. 2020, down by 55.77 percentage points compared to end-Dec. 2019 (Chart 6). Nevertheless, the capability of domestic banks to cope with potential loan losses remained solid.

Chart 6

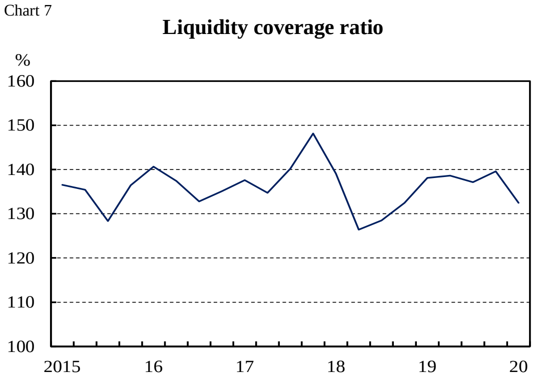


Note: Data are on a quarterly basis.

Liquidity coverage ratio decreased slightly

The average liquidity coverage ratio (LCR) was 132.46% as of end-Mar. 2020, with a decline of 7.15 percentage points in the first quarter (Chart 7). Every domestic bank met the minimum LCR requirement.

Chart 7

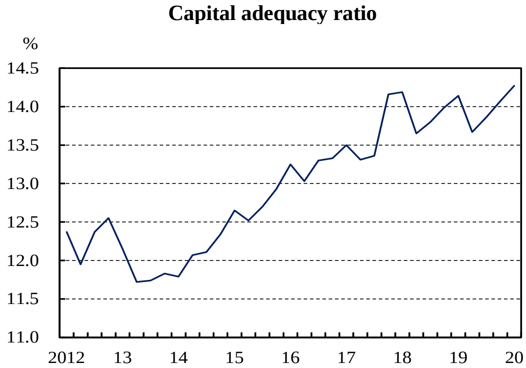


Notes:1.Data are on a quarterly basis.
2.Data are disclosed since 2015.

Capital adequacy ratio remained sound

The average capital adequacy ratio was 14.27% as of end-Mar. 2020, increasing by 0.20 percentage points compared to end-Dec. 2019 (Chart 8). The capital adequacy for domestic banks remained sound 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.