

## Appendix: Financial soundness indicators<sup>71</sup>

**Table 1: Domestic Banks**

Unit: %

Items	Year (end of year )					
	2012	2013	2014	2015	2016	2017
<b>Earnings and profitability</b>						
Return on assets (ROA)	0.67	0.67	0.77	0.73	0.66	0.66
Return on equity (ROE)	10.44	10.29	11.62	10.65	9.23	9.03
Net interest income to gross income	63.37	60.97	59.34	60.85	60.04	60.03
Non-interest expenses to gross income	54.71	52.81	50.15	52.62	52.01	52.74
Gains and losses on financial instruments to gross income	11.74	14.63	14.11	9.60	11.37	14.75
Employee benefits expenses to non-interest expenses	59.66	59.32	57.50	55.90	56.29	56.75
Spread between lending and deposit rates (basis points)	1.42	1.42	1.42	1.44	1.38	1.36
<b>Asset quality</b>						
Non-performing loans to total loans	0.41	0.39	0.25	0.24	0.27	0.28
Provision coverage ratio	269.07	311.65	502.87	547.66	503.45	490.59
<b>Capital adequacy</b>						
Regulatory capital to risk-weighted assets	12.54	11.83	12.35	12.93	13.33	14.17
Tier 1 capital to risk-weighted assets	9.49	9.14	9.60	10.33	10.97	11.78
Common equity Tier 1 capital to risk-weighted assets	-	9.06	9.38	10.03	10.50	11.19
Capital to total assets	6.59	6.60	6.85	7.12	7.37	7.35
Non-performing loans net of provisions to capital	-0.82	-3.24	-3.86	-3.03	-2.49	-2.18
Leverage ratio	-	-	-	5.90	6.29	6.42
<b>Liquidity</b>						
Customer deposits to total loans	129.06	130.06	130.89	136.21	137.25	138.76
Liquid assets to total assets	9.77	13.40	13.17	12.18	10.55	9.75
Liquid assets to short-term liabilities	14.00	18.42	18.32	16.85	14.98	13.37
Liquidity coverage ratio	-	-	-	125.13	125.81	134.76

<sup>71</sup> For more details, please refer to CBC (2017), *Financial Stability Report*, Explanatory notes: Compilation of financial soundness indicators, May.

**Table 1: Domestic Banks (cont.)**

Unit: %

Items	Year (end of year )					
	2012	2013	2014	2015	2016	2017
<b>Credit risk concentration</b>						
Household loans to total loans	46.36	47.73	48.67	49.79	50.10	50.93
Corporate loans to total loans	44.82	44.65	44.32	43.74	43.79	43.63
Large exposures to capital	60.60	52.40	42.21	36.97	34.74	31.88
Gross asset positions in financial derivatives to capital	5.84	6.79	15.61	16.62	12.33	6.29
Gross liability positions in financial derivatives to capital	6.11	8.09	15.53	17.35	12.67	7.76
<b>Sensitivity to market risk</b>						
Net open position in foreign exchange to capital	2.91	3.04	2.69	2.91	4.21	3.95
Foreign-currency-denominated loans to total loans	18.10	19.90	21.22	21.55	20.8	20.35
Net open position in equities to capital	22.13	22.71	24.33	22.52	21.73	21.42
Foreign-currency-denominated liabilities to total liabilities	21.84	27.01	29.01	30.58	29.49	26.31

Notes: 1. Figures for "Earnings and profitability" from 2012 are on the TIFRSs basis, while prior years are on the ROC GAAP basis.  
2. Figures for "return on assets" and "return on equity" from 2013 are based on the daily average assets and daily average equity.  
3. Figures for "Spread between lending and deposit rates" exclude the data of preferred deposits rates of retired government employees and central government lending rates.  
4. Figures for "Capital adequacy" from 2013 are on the Basel III basis.  
5. Figures for "Leverage ratio" and "Liquidity coverage ratio" are published from 2015.  
6. Figures for "Large exposures" are revised to the total amount of credit to the first 20 private enterprises at domestic banks after integration.  
7. Figures with "R" are revised data.

**Table 2: Non-financial Corporate Sector**

Units: %, times

Items	Year (end of year )					
	2012	2013	2014	2015	2016	2017
<b>Total liabilities to equity</b>						
TWSE-listed companies	110.61	105.35	101.77	94.29	98.33	100.07
OTC-listed companies	87.95	81.22	76.76	76.26	82.52	82.73
<b>Return on equity</b>						
TWSE-listed companies	10.45	14.06	14.78	13.73	14.38	15.81
OTC-listed companies	6.91	9.92	12.21	10.36	10.39	10.44
<b>Net income before interest and tax / interest expenses (times)</b>						
TWSE-listed companies	8.55	13.11	13.38	13.45	13.18	13.60
OTC-listed companies	6.75	11.12	14.50	12.75	12.59	12.88

Notes: Data of TWSE-listed and OTC-listed companies are from TEJ.

**Table 3: Household Sector**

Unit: %

Items	Year (end of year )					
	2012	2013	2014	2015	2016	2017
Household borrowing to GDP	80.09	82.46	82.66	82.98	R 83.49	86.07
Borrowing service and principal payments to gross disposable income	39.21	42.14	43.74	R 46.28	R 47.16	48.34

Notes: 1. Figures for "gross disposable income" are the sum of household disposable income, rent expense and interest expense.

2. Figure of gross disposable income for 2017 is a CBC estimate.

3. Figures with "R" are revised data.

**Table 4: Real Estate Market**

Unit: index, %

Items	Year (end of year )					
	2012	2013	2014	2015	2016	2017
Land price index	96.32	105.79	115.07	119.28	118.91	117.24
Residential real estate loans to total loans	28.21	27.91	28.04	28.96	29.35	29.82
Commercial real estate loans to total loans	14.14	14.26	14.70	15.87	16.60	17.54

Notes: The land price index is published semiannually, and the reference dates are the end of March and September, respectively, while these figures are based on end-September data every year (March 2013 = 100).

**Table 5: Market Liquidity**

Unit: %

Items	Year (end of year )					
	2012	2013	2014	2015	2016	2017
The turnover ratio of trading value in stock market	97.33	82.64	84.63	77.54	64.60	78.40
The monthly average turnover ratio in bond market	12.26	8.59	8.64	7.67	6.62	5.10

Notes: 1. The turnover ratio in terms of trading value in stock market is the cumulative figure of the period.

2. The monthly average turnover ratio in bond market is the average figure of the period.