Taiwan Banking On Track For Stable Profitability And Credit Trends In 2024, Says Chartbook

April 9, 2024

This report does not constitute a rating action.

Taiwan’s strengthening economy and banks’ manageable asset quality underpins stable profitability and credit trends for the banking sector in 2024. This, together with banks’ solid capitalization should also provide a sufficient buffer for potential global economic volatility over the same period.

This is according to a chartbook-style commentary published by Taiwan Ratings Corp. today, titled, "2024 Taiwan Banking Sector Credit Trends."

Other key takeaways from the presentation:

- Higher loan growth in 2024 along with better GDP prospects in Taiwan and recovering corporate lending demand.
- We expect steady profitability from sustained interest income and recovered fee revenues, which should be able to offset potentially weaker foreign-exchange swap gains in 2024 from a high base set in 2023.
- Asset quality is likely to continue amid stable economic conditions domestically and banks’ prudent overseas growth trend. This is despite a slight increase in nonperforming asset recognition and accordingly--credit costs, given the expiration of the government’s loan moratorium program in 2024.
- Banks are likely to keep a prudent risk appetite for property-related lending; their exposure to the overseas commercial real estate market is small and manageable under tightened risk controls.
- Capitalization in the banking sector ranges from adequate to strong, which can buffer against potential global economic and market volatility over the coming year.
- High retail deposit base supports banking sector’s funding resilience.

The full report is available to subscribers of TRC's Rating Research Service (https://rrs.taiwanratings.com.tw/) and for members of the media by contacting Simon Chen at +886-2-2175-6871 or via email at simon.chen@taiwanratings.com.tw.

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