



# Taiwan Academy of Banking and Finance (TABF) Taiwan Financial Risk Index (TAIFRI) Monthly Report

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## December TAIFRI Highlights

- TAIFRI scored 90.2 in December, down 4.4 from November**

TAIFRI			
90.2 (▼4.4)			
Asset valuation pressures	Non-financial sector stability	Financial sector stability	Spillover & contagion
95.3 (▼8.3)	64.2 (▼0.1)	77.9 (▼1.1)	123.4 (▼8.2)

- Stock market price volatility declined sharply**

Taiwan P/E ratio fell, and volatility slowed significantly. The Taiwan VIX has fallen for three months in a row, reaching a new low for 2022.

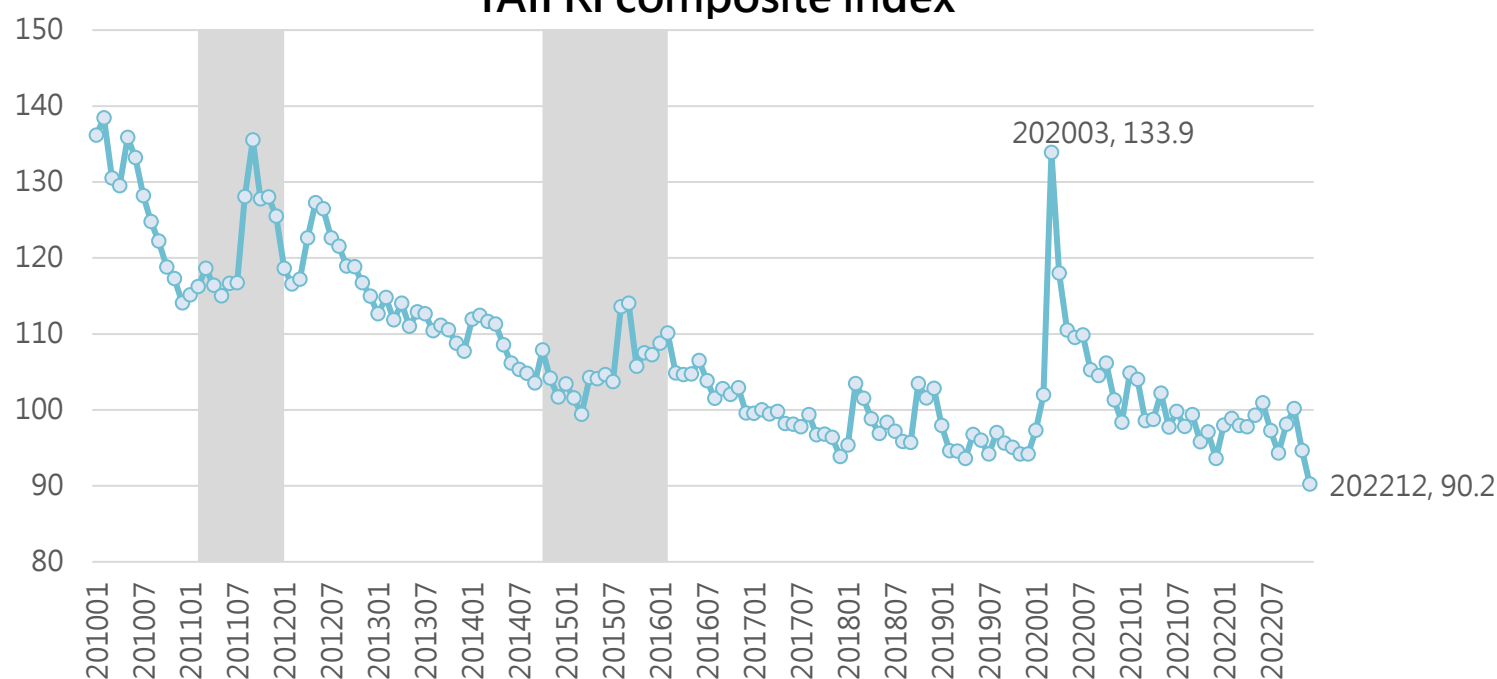
- Overseas market risks cooling down**

The VIX and CDS indexes of the US, China, Japan, and Europe all fell; overseas market risk fell to a nearly 10-month low. Domestic financial market contagion risk has declined for six months, reaching a new low since November 2021, indicating a lower risk of contagion among financial institutions.

- Corporate financing costs rose slightly, while corporate lending continued to grow steadily**

Overall NPL and bad debt coverage ratios were stable, and capital adequacy was also at a healthy 14%, indicating a sound capital structure. Bank lending to corporates has shown double-digit growth since July, with strong momentum. BBB corporate bond rates continue to rise, however, and the gap with 10-year government bonds has widened to 0.9 percentage points, a record high since 2021.

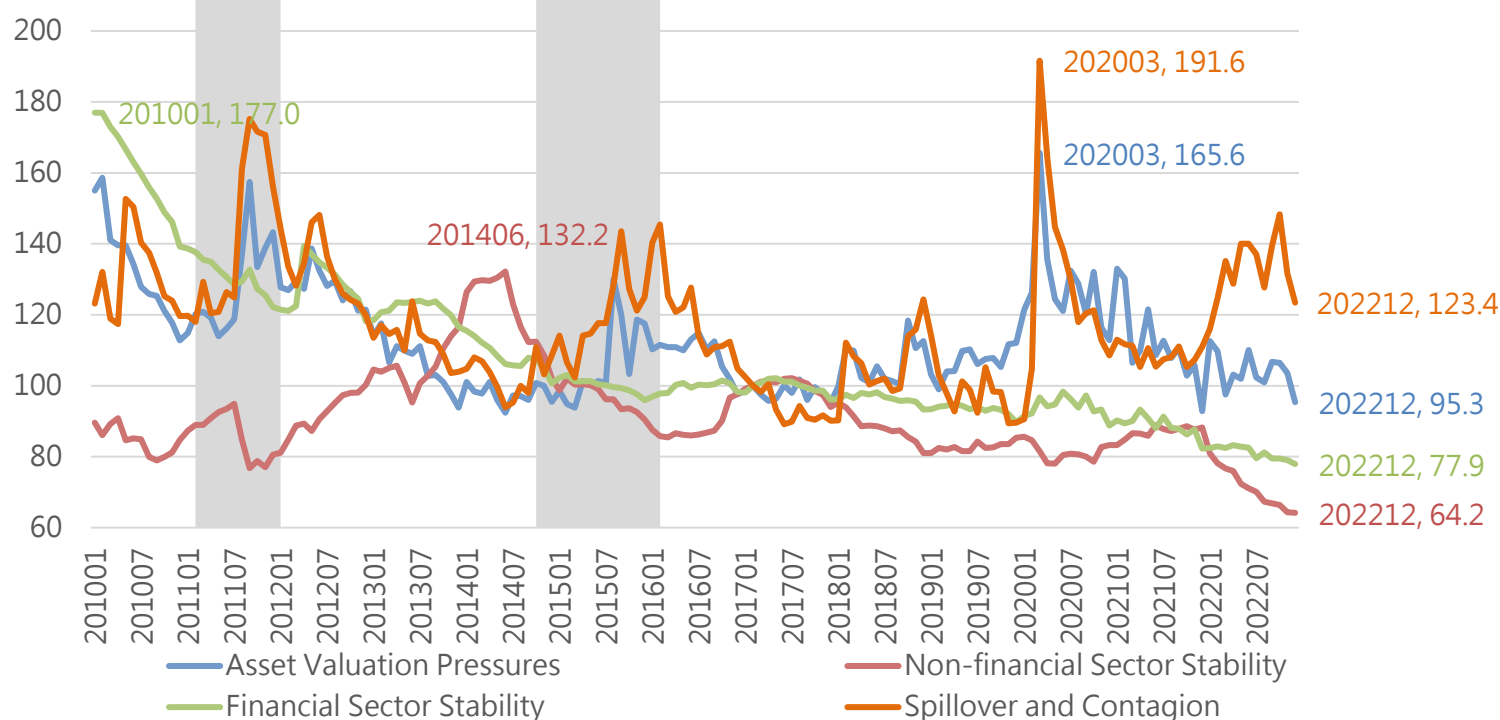
## TAIFRI composite index



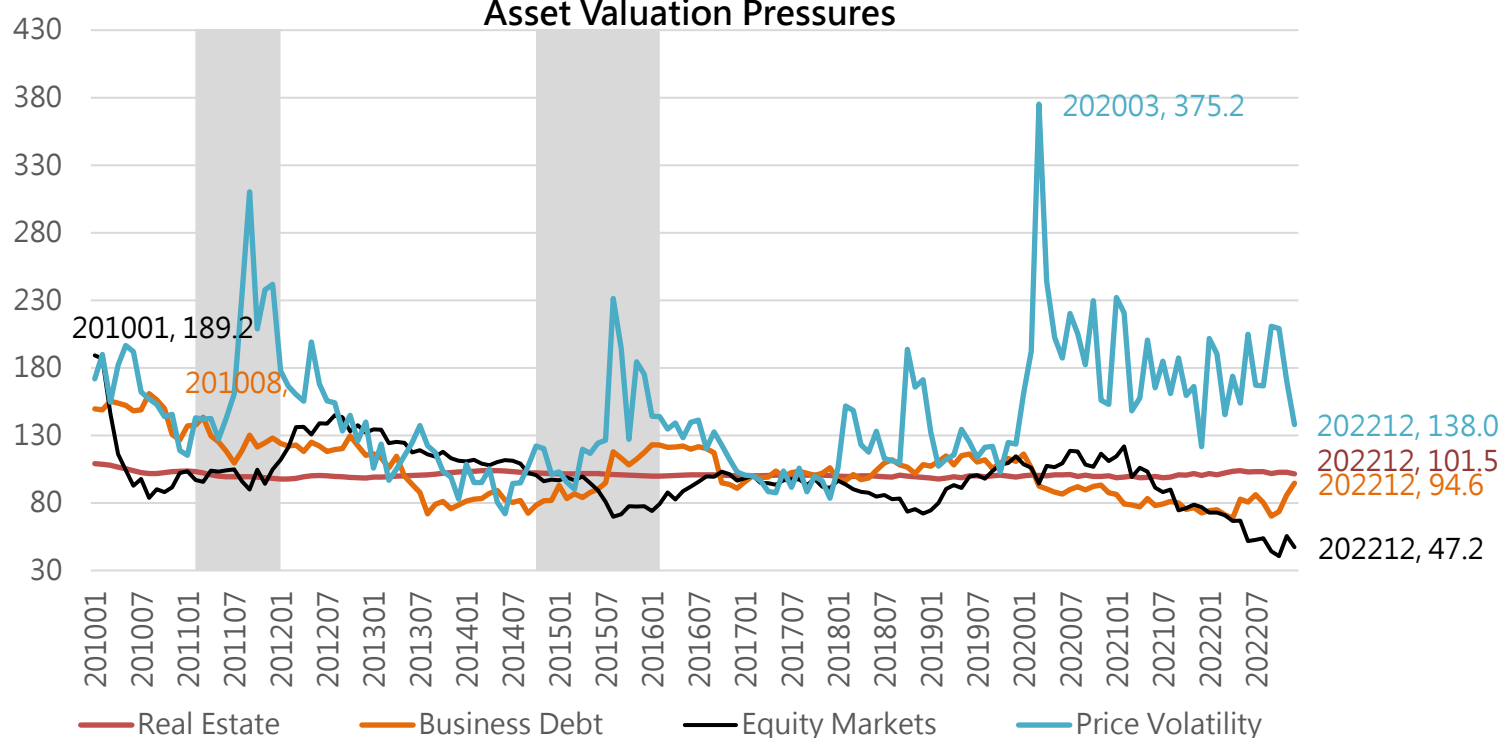
Source: TABF

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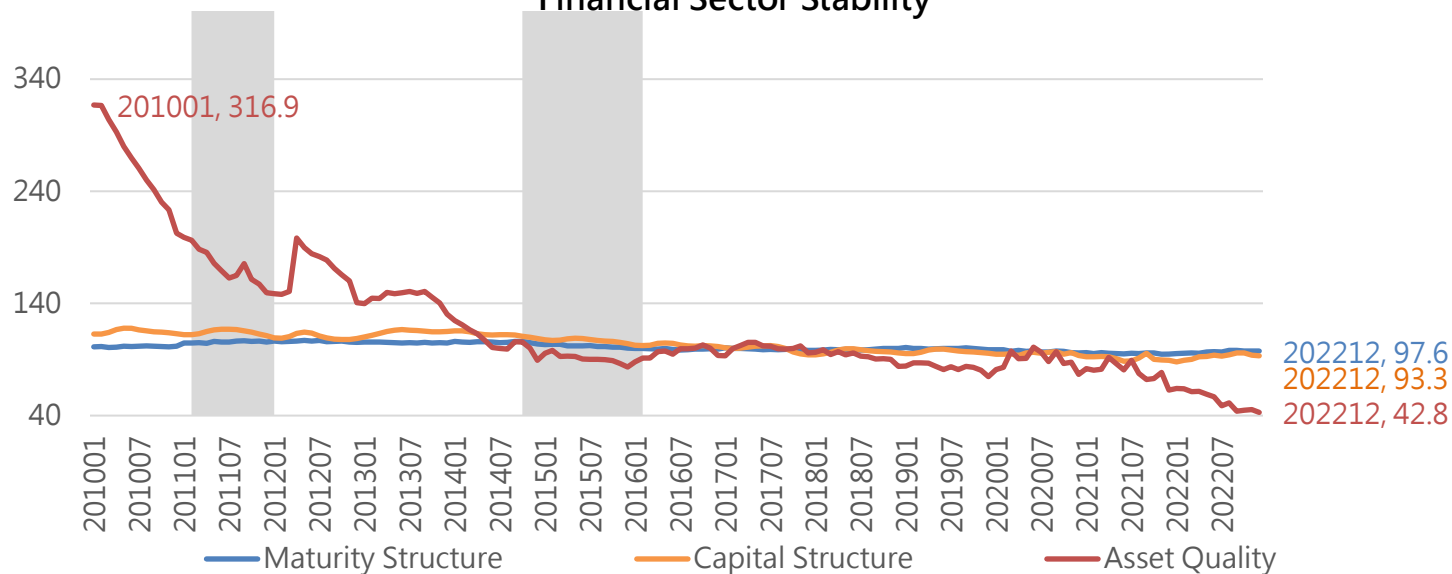
## Four Pillars of TAI FRI



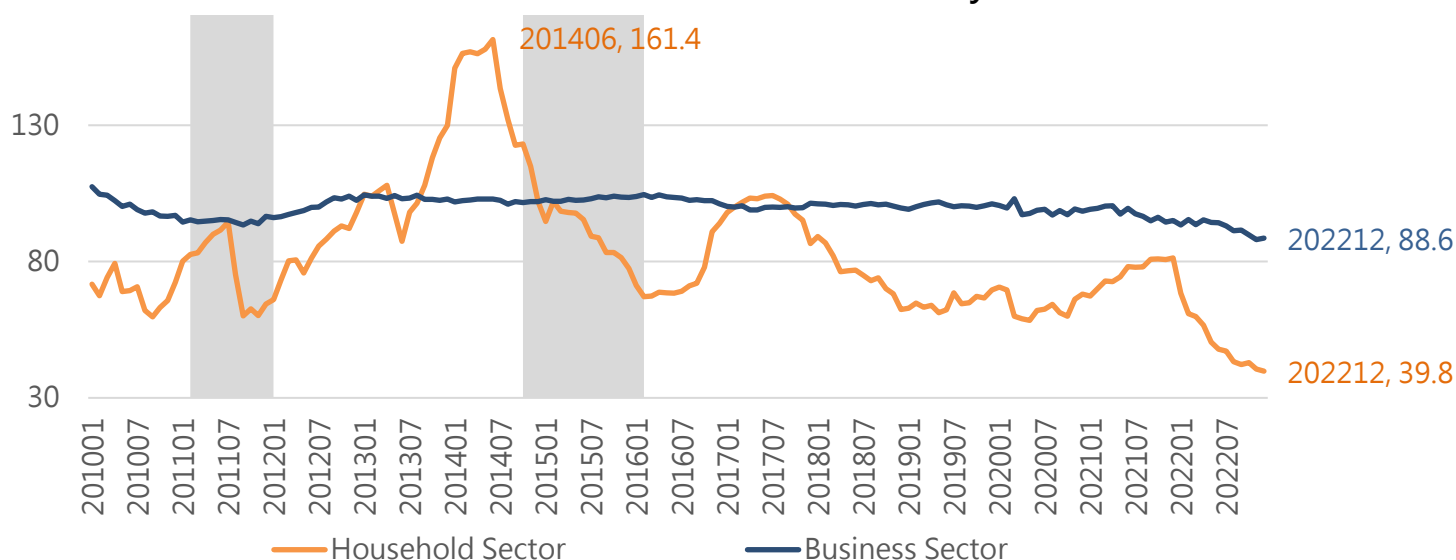
## Asset Valuation Pressures



## Financial Sector Stability



## Non-financial Sector Stability



## Spillover and Contagion

