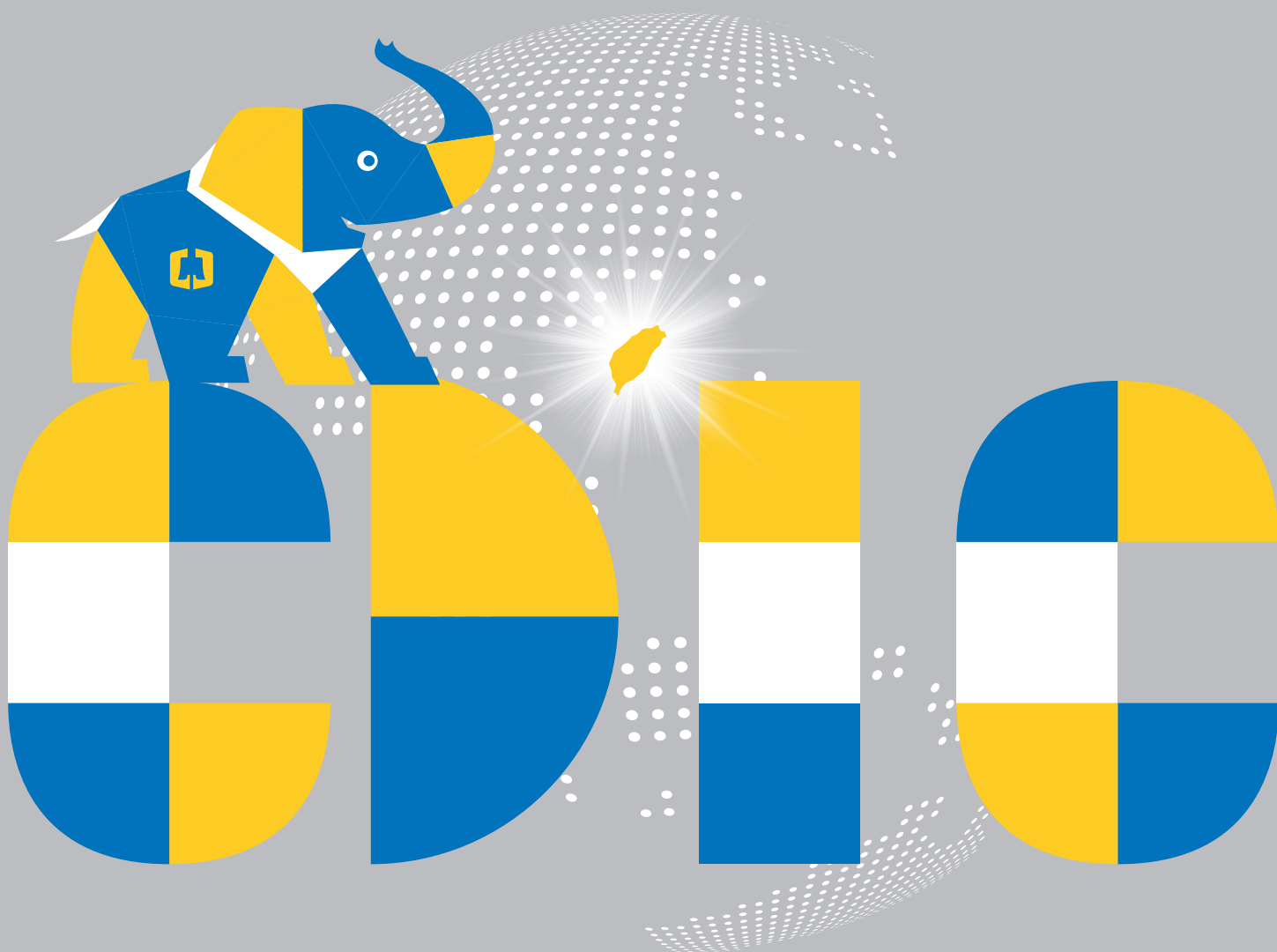




中央存款保險公司
Central Deposit Insurance Corporation

2020 Annual Report





Protecting deposits • Stabilizing finance

For the year of 2020, using color blue to represent steady and fair, yellow to represent active advancement, to echo CDIC's policy objectives – protecting the rights and interests of depositors, maintaining credit order and enhancing sound development of financial businesses.



中央存款保險公司

Central Deposit Insurance Corporation

Deposit insurance: Public peace of mind

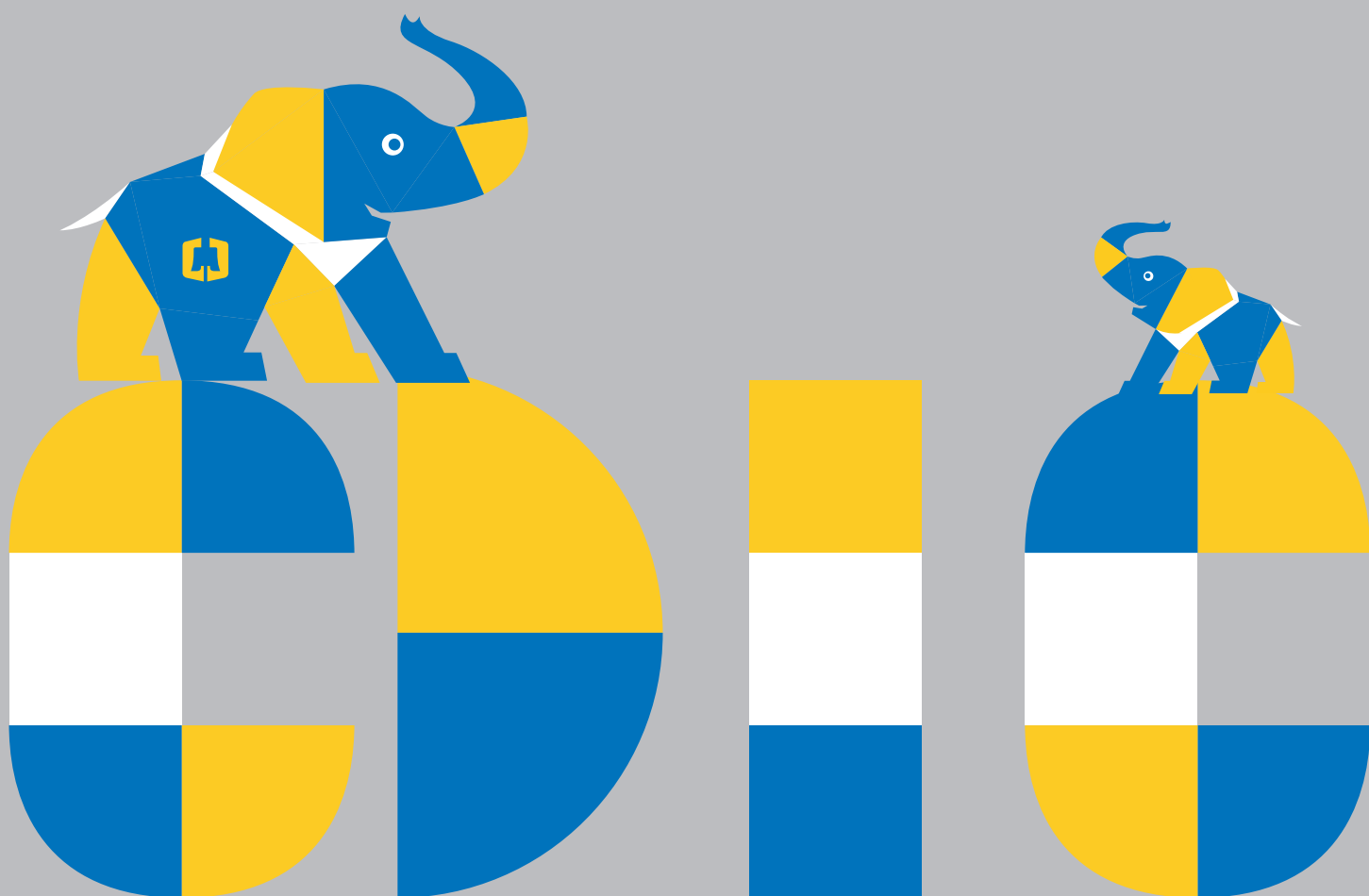
CDIC enhances risk control and protects your
deposits for dreams coming true

CDIC protects your deposits

Coverage Limit up to NT\$ **3 million**
per depositor for each insured institution



2020 Annual Report





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Message from the Chairman and the President

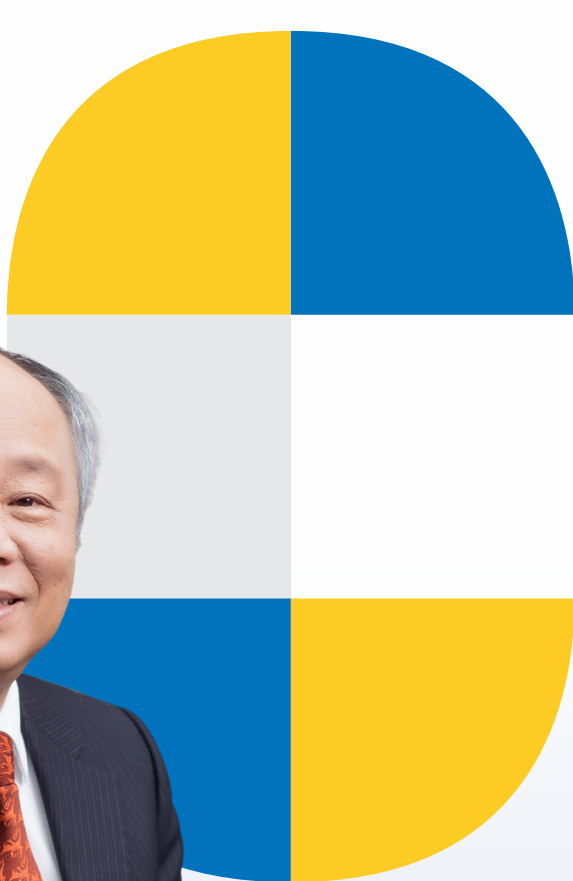
Due to the impact of COVID-19 pandemic in 2020, tourism and many other activities came to a virtual standstill around the world, causing many national economies into recession. Taiwan, fortunately, has fought the disease with considerable success, and the domestic economy has continued to steadily expand with the benefit of increased use of emerging technologies, strong demand and opportunity for remote businesses and Taiwan's highly competitive semiconductor industry. To meet the need for industrial development and transformation, the Taiwan government has actively sought to bring the financial markets more closely in line with international practices, and has carried out deregulatory measures and openness in business designed to expand the scope of financial services. Other measures include: optimizing corporate governance at financial service firms while implementing legal compliance and anti-money laundering operations; creating a customer-friendly digital finance environment and raising the percentage of payments made electronically; encouraging fintech innovation and introducing a diverse range of financial products and services while promoting financial inclusion; and guiding financial sector to support the green economy by promoting the Green Finance Action Plan 2.0.

To maintain financial stability and support insured institutions in the sound development of financial businesses, the Central Deposit Insurance Corporation (CDIC), in addition to controlling the insured risks of insured institutions, also uses the National Financial Early-Warning System (NFEWS) and the Account Officer System to carry out risk-based off-site monitoring mechanism in order to dynamically adjust and enhance risk control operations. By doing so, the CDIC actively plays the role of a risk minimizer. Furthermore, in order to strengthen its risk-bearing capacity, the CDIC this year continued replenishing its Deposit Insurance Payout Special Reserves, and conducted campaigns to raise public awareness of the deposit insurance system. At the same time, in the capacity of either conservator or receiver, the CDIC continued maintaining social fairness, justice, and the interests of the national treasury by disposing of the retained assets of failed financial institutions resolved by the Executive Yuan's Financial Restructuring Fund (FRF), concluding such institutions' pending litigations, and sought civil damages for the illegal acts of such institutions' person-in-charge and employees. In addition, to respond to the COVID-19 pandemic, the CDIC aligned with government policies by implementing the *Temporary Deposit Insurance Premiums Deduction Measures* for best-performing domestic banks and all credit departments of farmers' and fishermen's associations in expedited processing of relief and stimulus loans. These measures were designed to encourage insured institutions to respond actively to government policies aimed to encourage providing relief and stimulus loans.

The CDIC is charged with the dual responsibilities of maintaining financial stability and safeguarding the interests of depositors. In 2020, the CDIC continued to execute its duties in line with the supervisory policies of the Financial Supervisory Commission (FSC), the competent authority for Taiwan's financial sector, and to handle the tasks entrusted by the FSC. These tasks included utilization and management of the Financial Industry Special Reserve Fund, carrying out closer monitoring of domestic banks' risk exposures overseas (including countries targeted by the Taiwan government's New Southbound Policy) and in mainland China, as well as risks arising from banks' handling of OTC derivatives and domestic structured products. The objective was to effectively fulfill the function of deposit insurance in maintaining financial stability. In addition, following the approval of the establishment of internet-only banks by the FSC, the CDIC has handled applications by three such banks to join the deposit insurance system, and set up a Supervisory System for Internet-only Banks which has implemented new methods of data reporting in order to strengthen supervision of liquidity at internet-only banks.



To promote international cooperation, CDIC officials hold a number of important posts at the International Association of Deposit Insurers (IADI). For example, CDIC officials serve on the Executive Council (EXCO) and chair the Core Principles and Research Council Committee (CPRC). They are responsible in these positions for promoting research on global deposit insurance systems, for formulating international deposit insurance guidances, and for carrying out specialized studies focusing on specific deposit insurance issues. Faced with the COVID-19 pandemic in 2020, the CDIC attended virtual international conferences and engaged in experience sharing. The CDIC also contacted peer deposit insurance institutions around the world to share information on measures taken by Taiwan and the CDIC. In the process, we have been able to deepen partnership and cooperative ties.

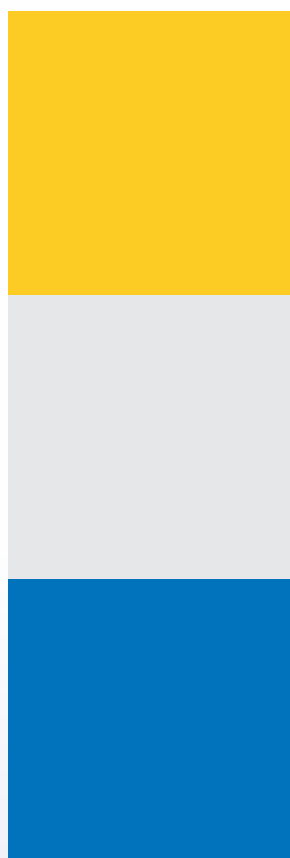


Chairman Michael M.K. Lin

Michael M. K. Lin

Looking to the future, the CDIC will continue to replenish the Deposit Insurance Payout Special Reserves, actively control insured risks, improve market exit and resolution mechanisms for troubled insured institutions, draft amendments to deposit insurance regulations, and actively raise public awareness level of deposit insurance. Also, to align with the supervisory policies of the competent authority, the CDIC will strengthen supervision of liquidity at internet-only banks. All the above policies and measures aim to establish a more fully developed deposit insurance system, promote the sound operation of the financial sector, and protect the rights and interests of depositors.

Thanks to the long-term support we've enjoyed from all sectors of society, as well as the diligence of our staff, the CDIC has been able to smoothly fulfill its responsibilities. Thus, we would like to extend our sincere appreciation, and solicit your ongoing support and encouragement.



President William Su

William Su





Organizational Chart and Department Overview

Board of Shareholders

Board of Directors

Chairman

President

Executive Vice Presidents

Resident Supervisor
Supervisors

Deposit Insurance
Consultative
Committee

Valuation Task Force
for Failing Insured
Institutions

Department of Business
Department of Risk Management
Department of Resolution
Department of Special Inspection
Department of Legal Affairs
Department of Information Technology
International Relations and Research Office
Department of Accounting
Secretariat
Personnel Office
Civil Service Ethics Office
Central Taiwan Regional Office
Southern Taiwan Regional Office

Board of Directors and Supervisors

Board of Directors

Chairman

Michael M.K. Lin

Representative of the Financial Supervisory Commission

Directors

William Su

Representative of the Financial Supervisory Commission

Tsui-Wen Hsu

Representative of the Financial Supervisory Commission

Tzu-Min Chang

Representative of the Financial Supervisory Commission

Wen-Heng Chao

Representative of the Financial Supervisory Commission

Shuen-Chiao Chang

Representative of the Financial Supervisory Commission

Hau-Min Chu

Representative of the Financial Supervisory Commission

Ling-Yang Wu

Representative of the Financial Supervisory Commission

Wei Chi

Representative of the Financial Supervisory Commission

Supervisors

Resident Supervisor

Dou-Ming Su

Representative of the Central Bank

Supervisors

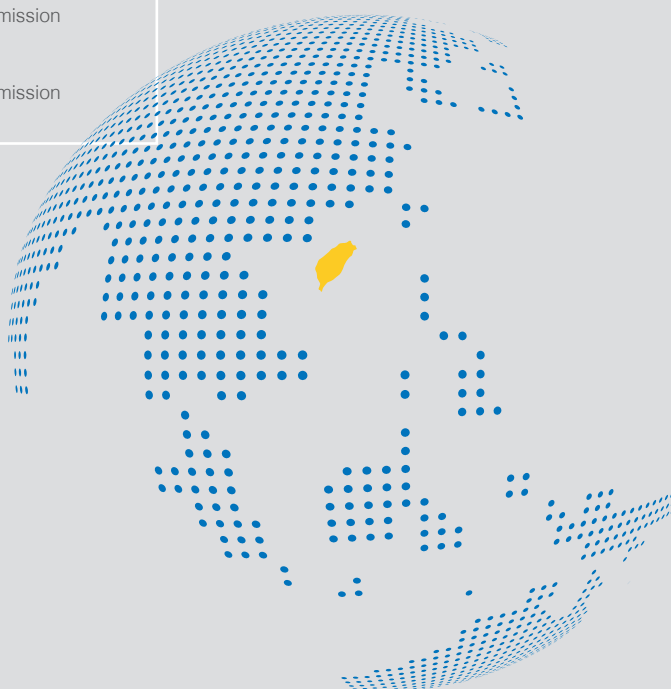
Ming-Yi Lee

Representative of the Central Bank

Wan-Ning Chen

Representative of the Central Bank

Note: Names and current titles as of 31 March 2021.





Board of Directors and Supervisors



中央存款保險股份
CENTRAL DEPOSIT INSURANCE

發揮存保機制
確保金



1. Michael M.K. Lin, Chairman
2. William Su, Director
3. Dou-Ming Su, Resident Supervisor

4. Tsui-Wen Hsu, Director
5. Tzu-Min Chang, Director
6. Wen-Heng Chao, Director

有限公司
ANCE CORP.

融安定



11 | 9 | 10 | 12

8 | 6 | 4 | 2 | 1 | 3 | 5 | 7

7. Shuen-Chiao Chang, Director

8. Hau-Min Chu, Director

9. Ming-Yi Lee, Supervisor

10. Wan-Ning Chen, Supervisor

11. Wei Chi, Director

12. Lin-Yang Wu, Director



Overview of Departments

Department of Business

Handles matters related to the planning and research of deposit insurance, coverage limits, risk-based premiums, fund investment and management, funding for insured institutions and bridge banks, public awareness activities of deposit insurance, and termination of deposit insurance agreements.

Department of Risk Management

Handles matters related to the National Financial Early-Warning System, management of insured risk, off-site monitoring of insured institutions, guidance or superintendence of troubled insured institutions, issuance of warnings of termination of the deposit insurance agreement, and assistance in handling bank runs.

Department of Resolution

Handles matters related to strategic planning of conservatorship or resolution of troubled insured institutions, provision of financial assistance, depositor payouts, advance payments to uninsured creditors, liquidation of failed institutions, and the establishment, operation, management, and disposition of bridge banks.

Department of Special Inspection

Handles matters related to inspections of deposit insurance applications by financial institutions, the accuracy of the deposit assessment base, the content of electronic data files of insured institutions, the Risk-based Premium Rating System risk indicators, and assets and liabilities of insured institutions prior to termination of deposit insurance agreements or fulfillment of insurance responsibilities. Also handles matters related to internal controls and internal audits.

Department of Legal Affairs

Handles matters related to contracts, litigation, research of laws and regulations related to deposit insurance, and civil litigation related to the illegal acts of employees of troubled insured institutions; inspects evidence needed to pursue civil damages; and handles other legal matters.

Department of Information Technology

Handles matters related to planning, design, implementation, and management of information systems as well as control, protection, and monitoring of information security matters.

International Relations and Research Office

Handles matters pertaining to international affairs and activities related to the IADI, research on deposit insurance and financial safety net issues, and public awareness activities in the English language.

Department of Accounting

Handles matters related to annual budgeting, accounting, statistics, and auditing.

Secretariat

Handles matters related to secretarial matters, documentation, procurement, cashier affairs, property management, publication management, public relations, meeting logistics, and other general affairs.

Personnel Office

Handles matters related to personnel management and training.

Civil Service Ethics Office

Handles matters related to ethics of the government officials and employees.

Central Taiwan Regional Office

Handles matters related to the collection, processing, analysis and monitoring of operational information, provision of guidance, carrying out inspections, assistance with handling of bank runs as well as conservatorship and deposit insurance payouts of insured institutions in the area from Taichung to Chiayi.

Southern Taiwan Regional Office

Handles matters related to the collection, processing, analysis and monitoring of operational information, provision of guidance, carrying out inspections, assistance with handling of bank runs as well as conservatorship and deposit insurance payouts of insured institutions in the area from Tainan to Taitung.





Chairman, President, Executive Vice Presidents and Directors of Departments



1. Michael M.K. Lin, Chairman
2. William Su, President
3. Annie Cheng, Executive Vice President
4. Yvonne Fan, Executive Vice President
5. Shu-Mei Chen, Director, Department of Resolution
6. Chien-Ching Tsai , Director, Civil Service Ethics Office
7. Yong-Huei Peng, Director, Southern Taiwan Regional Office
8. Lisa Hsi, Director, Department of Business



14 | 12 | 10 | 9 | 11 | 13 | 15
8 | 6 | 4 | 2 | 1 | 3 | 5 | 7

9. Li-Fang Chan, Director, Personnel Office
10. Ming-Ren Shih, Director, Department of Accounting
11. Mei-Ping Yang, Director, Department of Risk Management
12. Tung-Bo Huang, Acting Director, Central Taiwan Regional Office
13. Shun-Ching Su, Director, Secretariat
14. Li-Ying Teng, Director, Department of Special Inspection
15. Margaret Chuang, Director, International Relations and Research Office



Stability

**Exert deposit
insurance functions,
promote financial
stability**



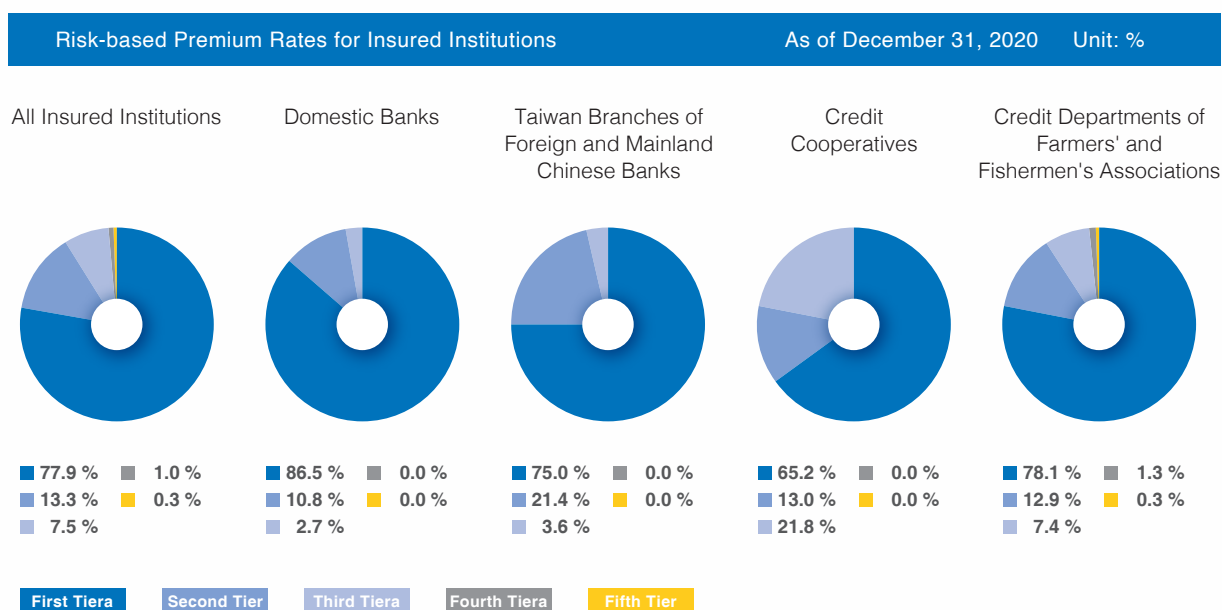
Business Operations

As Taiwan's sole provider of deposit insurance, the CDIC was established for the purposes of safeguarding the rights and interests of depositors, maintaining credit order, and enhancing the sound development of financial businesses. To achieve these legislative objectives, the *Deposit Insurance Act* assigns to the CDIC the major duties of administering deposit insurance, controlling insured risks, conducting special inspections of insured institutions, and resolving troubled or failed insured institutions. The following is a brief overview of the CDIC's major tasks and policy missions in 2020:

I. Deposit Insurance

1. Participation of financial institutions in deposit insurance

Three internet-only banks applied in 2020 to participate in deposit insurance in accordance with Article 10 of the *Deposit Insurance Act* and the provisions of the *Approval Standards for Financial Institutions Applying to Participate in Deposit Insurance*. After review of the applications, one internet-only bank has commenced business and become an insured institution. As of 31 December 2020, a total of 400 financial institutions were insured, including three domestic government-owned financial institutions, 35 private banks, 28 Taiwan branches of foreign and mainland Chinese banks, 23 credit cooperatives, 283 credit departments of farmers' associations, and 28 credit departments of fishermen's associations.



Note: The term "all insured institutions" does not include Chunghwa Post Co., Ltd.; the term "domestic banks" includes the Agricultural Bank of Taiwan but excludes Chunghwa Post Co., Ltd.

2. Implementation of differential premium rates

A. Article 16, paragraph 3 of the *Deposit Insurance Act* stipulates that deposit insurance premium rates shall be drawn up by the CDIC and submitted to the FSC for its approval. The premium rates are as follows:

- Domestic banks and Taiwan branches of foreign and mainland Chinese banks have a five-tiered system of risk-based premium rates (0.05%, 0.06%, 0.08%, 0.11%, and 0.15%) for covered deposits, with a flat premium rate of 0.005% for eligible deposits in excess of the coverage limit.
- Credit cooperatives have a five-tiered system of risk-based premium rates (0.04%, 0.05%, 0.07%, 0.10%, and 0.14%) for covered deposits, with a flat premium rate of 0.005% for eligible deposits in excess of the coverage limit.
- The credit departments of farmers' and fishermen's associations have a five-tiered system of risk-based premium rates (0.02%, 0.03%, 0.04%, 0.05%, and 0.06%) for covered deposits, with a flat premium rate of 0.0025% for eligible deposits in excess of the coverage limit.

B. As of 31 December 2020, the first-tier premium rate was applied at 77.9% of all insured institutions, second-tier rate at 13.3%, third-tier rate at 7.5%, fourth-tier rates at 1.0%, and fifth-tier rate at 0.3%.

3. Coverage limit and coverage status

Since January 2011 the coverage limit has been raised to NT\$3 million and the scope of coverage expanded to include foreign currency deposits and interest on deposits. As of 31

December 2020 the total amount of eligible deposits stood at approximately NT\$50 trillion, and deposits within the NT\$3 million coverage limit totaled roughly NT\$24 trillion. The ratio of deposits within the coverage limit to all eligible deposits was 49%, while the ratio of covered deposit accounts to the total number of deposit accounts was 98.1%. This indicates that the NT\$3 million deposit insurance coverage limit has protected the majority of small depositors and effectively increased the confidence of depositors in financial institutions.

4. Accumulation of deposit insurance payout special reserves

Premium revenues in 2020 came to NT\$10.4 billion, including NT\$10.1 billion from general financial institutions and NT\$0.3 billion from agricultural financial institutions. As of year-end 2020, the general financial deposit insurance payout special reserves stood at roughly NT\$108.2 billion, while the agricultural financial deposit insurance payout special reserves stood at roughly NT\$5.7 billion. These figures translate to ratios of deposit insurance payout special reserves to covered deposits of 0.47% and 0.40%, respectively.

5. Implementation of the *CDIC Temporary Measures for Deductions on Deposit Insurance Premiums for Best-performing Domestic Banks in Providing Relief and Stimulus Loans*

In response to the serious global economic impact on the COVID-19 pandemic, domestic banks have taken measures to support the government policy of encouraging the provision of relief loans to enterprises and individuals. To coordinate with this policy, the CDIC is also encouraging domestic banks to expedite the processing of pandemic-related relief and stimulus loans. Toward that end, the CDIC adopted a set of *Temporary Measures for Deductions on Deposit Insurance Premiums for Best-performing Domestic Banks in Providing Relief and Stimulus Loans*. Under these Measures, the CDIC will provide up to a maximum of NT\$300 million in total deductions on deposit insurance premiums to qualified domestic banks. The Measures, which are being implemented in two phases (2nd half of 2020 and 1st half of 2021), were approved by the FSC on 13 July 2020. During Phase One, 13 domestic banks that had performed well in providing relief and stimulus loans received premium deductions (totaling NT\$151 million) on the basis of a evaluation by the FSC.

6. Implementation of the *CDIC Temporary Measures for Deductions on Deposit Insurance Premiums for Credit Departments of Farmers' and Fishermen' Associations That Provide Relief and Stimulus Loans*

Credit departments of farmers' and fishermen' associations have responded to the COVID-19 pandemic by supporting relief, subsidy, and stimulus measures that the Council of Agriculture and other central government agencies have adopted in an effort to ensure business continuity in the agriculture and fishing industries. The CDIC has joined these undertakings by implementing the *Temporary Measures for Deductions on Deposit Insurance Premiums for Credit Departments of Farmers' and Fishermen' Associations in Providing Relief and Stimulus Loans* for one year. These Measures were launched following their approval by the FSC on 30 October 2020, and were designed to provide eligible credit departments with a 5% reduction on 2021 deposit insurance premiums.



7. Active promotion of public awareness of the deposit insurance system

Acting via insured institutions as well as various other channels—television, the Internet, radio, posters and brochures, newspapers, magazines, public transportation, and outdoor public welfare events—the CDIC continued to inform the public that the maximum coverage limit is NT\$3 million and that domestic and foreign currency deposits and interest on deposits are included within the scope of coverage. The aim was to enhance depositors' awareness of their rights, and their knowledge of the deposit insurance system.



CDIC held a signing ceremony on 28 December 2020 to mark participation by Rakuten International Commercial Bank (Rakuten) in the deposit insurance system. Shown above are: Rakuten General Manager Kazuhiko Saeki (1st from left); Rakuten Chairman Ming-jen Chien (2nd from left); Deputy Director General Chih-Chi Lin of the FSC Banking Bureau (3rd from left); Deputy Director General Teng-Chang Wu of the Central Bank's Department of Financial Inspection (3rd from right); CDIC Chairman Michael M.K. Lin (2nd from right); and CDIC President William Su (1st from right).

8. Handled the underwriting review on deposit insurance applications by three internet-only banks, and held signing ceremony to mark participation by Rakuten International Commercial Bank in the deposit insurance system

- A. In August 2019, the FSC approved applications for the establishment of three internet-only banks, and the three entities applied for participation in the deposit insurance system in June and July of 2020, submitting the supporting documents required per the provisions of the *Approval Standards for Financial Institutions Applying to Participate in Deposit Insurance*. The CDIC carried out the underwriting review, determined that two of the applicants met all eligibility requirements, and the Board of Directors meeting of the CDIC passed a resolution on 26 November 2020 approving those two applicants for admission to the deposit insurance system.
- B. After getting approval of the membership from the CDIC and obtaining a banking license issued by the FSC on 8 December 2020, the Rakuten International Commercial Bank (hereinafter referred to as "Rakuten Bank"), announced that it would commence business operations on 30 December 2020, which was also the date from which its deposit insurance contract entered into force. As Rakuten Bank became an insured institution of the CDIC, its depositors enjoyed deposit insurance protection by law. The opening of an internet-only bank marked a new financial services milestone for Taiwan, so the CDIC held a signing ceremony on 28 December 2020 and invited related competent authorities and media reporters to attend the event.
- C. In response to the digitized operations that are the unique hallmark of internet-only banks, the CDIC has adopted a design for the digital image of the official sign "MEMBER OF DEPOSIT INSURANCE SYSTEM" that any internet-only bank as an insured institution is asked to display prominently on its website homepage and on the screens of its mobile banking app. When a consumer clicks on the above-mentioned digital official sign, the website or app will display text indicating that the coverage limit is NT\$3 million, along with the scope of coverage and other information. This familiarizes depositors with the protections they are entitled, and helps them safeguard their interests. At the same time, in order to improve disclosure of information on deposit insurance protections during the era of digital finance, the CDIC has also asked insured institutions that operate internet banking services to do likewise.



CDIC held a signing ceremony on 28 December 2020 to mark participation by Rakuten International Commercial Bank (Rakuten) in the deposit insurance system. Shown above are: CDIC President William Su (right) and Rakuten General Manager Kazuhiko Saeki (left).

II. Risk Management

To control insured risks, the CDIC, acting pursuant to Article 22 of the *Deposit Insurance Act*: (a) uses the FSC Single Window for Reporting of Financial Supervisory Information and the National Financial Early-Warning System (NFEWS) to obtain the financial and business information of insured institutions; (b) implements the Account Officer System and strengthens the mechanism for supervisory information sharing and coordination in handling risk exposure with other financial supervisory authorities; (c) continues working to enhance its risk control capabilities; and (d) actively plays the role of a risk minimizer. These measures are designed to ensure that deposit insurance can safeguard the interests of depositors and maintain financial stability.

Since 2013, in order to manage better risk control, the CDIC has standardized and clarified the types of information, alerts, and exceptional items to be targeted in off-site monitoring. It has also determined different monitoring frequencies depending on each insured institution's risk level to allow for standardized differential off-site monitoring mechanisms, and has made dynamic adjustments based on each financial institution's changing risks. Principal measures taken in 2020 include the following:

1. Operated the National Financial Early-Warning System (NFEWS) to implement off-site monitoring

A. Produced monthly or quarterly routine management reports and shared information with the competent authorities.

The CDIC's National Financial Early-Warning System includes various sub-systems, including the Call Report Data Rating System, the Business Analysis Quarterly Report System, the Internet Monitoring System, and the Account Officer System, which are regularly used to produce related management reports and share information with the competent authorities.

B. Continued working to improve the quality of reported information and the operation of the Call Report Data Rating System in order to adapt to a changing economic and financial environment, and to coordinate with evolving financial supervision methods.

- a. To encourage insured institutions to properly address the importance of information security management, the CDIC since 2018 has factored additional information security items into the scoring formula of the "Declaration Form for Risk-Adjusted Management Ability of Insured Institutions," and included them among the items to be considered when performing inspections to check the accuracy of risk indicators for risk-based premium rates. In 2020, the CDIC issued revised inspection procedures and a revised inspection checklist to spur insured institutions to strengthen their control of cybersecurity risks.
- b. The CDIC enhanced the monitoring of liquidity at internet-only banks to control insured risks.

2. Strengthened assessment and analysis of financial institutions' businesses related to special risks and completed related analytical reports to control insured risks

Acting in line with the FSC's supervisory policies, the CDIC prepared reports on domestic banks' risk exposures overseas and in mainland China, as well as risks arising from banks' handling of OTC derivatives. The purpose of such reports was to strengthen the monitoring and control of specific-risk businesses. The reports were submitted to the FSC for further supervision and to strengthen the CDIC's risk control measures.

3. Implemented the Account Officer System and risk-based off-site monitoring

A. CDIC account officers continued to collect and analyze the financial and operational data of insured institutions through various channels, including NFEWS alerts, financial examination reports, directives issued by the competent authority, mechanisms for sharing financial supervisory information, the Material Event Reporting (MER) system, CPA-certified financial reports, and various channels for public information disclosure. The CDIC also continued to monitor the changing operational risks of insured institutions, and prepared business management reports issued at varying frequencies depending on the risk levels of different insured institutions.



CDIC took part in the 2020 Financial Services Charity Fair in Chiayi County on 28 October 2020. Among those shown above are: FSC Chairperson Tien-Mu Huang (4th from right); CDIC Chairman Michael M.K. Lin (6th from right); CDIC President William Su (1st from right); and CDIC Executive Vice President Annie Cheng (4th from left).



- B. Special monitoring was conducted on the financial reports of insured institutions that had highly concentrated credit risks or were in poor financial condition, and the CDIC continued requesting insured institutions to provide monthly or quarterly financial and business information. Account officers conducted special off-site audits, and tracked risk adjustments or improvements in financial performance. Where deficiencies were found, the CDIC either asked the insured institutions to make improvements, or reported their cases to the competent authority for further supervision.
- C. During the COVID-19 pandemic, the CDIC has closely monitored the liquidity risks of insured institutions and tracked changes in the asset quality of domestic banks in order to maintain a clear understanding of lending by domestic banks to enterprises that have been relatively hard hit by the pandemic.

4. Actively participated in information sharing and coordination mechanisms with domestic financial supervisory agencies

- A. The CDIC Chairman regularly attended meetings of the FSC's Financial Supervisory Joint Committee, where participants extensively discussed and put forward suggestions regarding the overall risks assumed by insured institutions.
- B. Acting pursuant to the *Operating Guidelines of the Financial Supervisory Commission for Off-site Monitoring*, the CDIC prepared an analytical report on the financial and business conditions of insured institutions, and shared risk monitoring information with other financial supervisory authorities, in order to achieve more effective off-site monitoring.
- C. Participated in the Task Force on Financial Supervisory Information Reporting Window for Banks and Bills Finance Companies, and handled amendments and updates to the single-window reporting system and reporting data, in order to improve related supervisory information.
- D. Attended meetings of the various task forces set up by the Bankers Association for Basel Accord III—including the Credit Risk Task Force No. 1, the Credit Risk Task Force No. 2, and the Market Risk Task Force—in order to facilitate the drafting of related rules.
- E. Participated in guidance meetings convened by the competent authorities for the credit departments of farmers' and fishermen's associations, and coordinated closely with the competent authority to strengthen guidance for those credit departments.

III. Resolution of Failed Insured Institutions

The CDIC has continued (acting as either conservator or receiver) to manage some of the undisposed retained assets of failed financial institutions resolved by the Financial Restructuring Fund (FRF) since the termination of the FRF at the end of 2011. The retained assets include real estate, stocks, creditor's claims, and artwork.

1. Actively handled retained assets and unresolved issues as a conservator of two failed insured institutions

- A. Chinfon Commercial Bank:
 - a. Retained artwork: 12 paintings and one bronze statue. Notices of sale are currently posted on the CDIC website for all these items.

b. Retained real estate: Four pieces of retained real estate remain unsold. One of these could not be sold because it was the subject of litigation. The other three pieces of retained real estate had been put up for sale by public tender twice during the current year with no bids.

c. In 2020, the CDIC recovered NT\$37,526,286 on tax and expense claims.

B. China United Trust and Investment Corporation (CUTIC):

a. The CUTIC held a 15.116% equity stake in the Taipei Financial Center Corporation (Taipei 101). In order to strengthen shareholding management, the CDIC recommended two representatives for appointment to the board of supervisors at Taipei 101 to oversee the company's business and financial matters. In the future, the CDIC will act in a timely manner to have the stocks put up for sale by public tender in accordance with the company's condition and the competent authority's instructions.

b. In 2020, the CUTIC received cash dividends of NT\$299,599,129 and compensation of NT\$1,667,432 paid to its supervisors.

2. Continued handling retained assets and unresolved issues as the receiver of four failed insured institutions

The CDIC continued working on resolution of the following four banks: the Chung Shing Commercial Bank (CSB), the Enterprise Bank of Hualien (EBH), the Taitung Business Bank (TBB), and the Chinese Bank.

3. Revised mechanisms for fulfillment of insurance responsibilities and handling of liquidation matters

A. Drafted and adopted the Advance Payments Handbook to serve as the basis for handling of advance payments to uninsured creditors.

B. Adopted the *Emergency Response Measures for Conservatorship and Receivership Operations* to ensure prompt and effective handling of emergencies arising from the CDIC resolving the troubled insured institutions and fulfilling its insurance responsibilities.





IV. Handling of Litigation Following Expiration of the FRF

1. Acting in accordance with Article 17 of the *Act for the Establishment and Administration of the Financial Restructuring Fund* and resolutions adopted at FRF Management Committee meetings, the CDIC has actively pursued civil damages against law-breaking individuals at failed financial institutions to recoup the losses of the FRF and serve the interests of social justice. After termination of the FRF at the end of 2011, responsibility for pursuing the aforementioned civil damages was handed off to the FSC, which subsequently entrusted the CDIC to handle these cases. By the end of 2020, 143 civil suits were filed, resulting in 107 favorable judgments and 23 unfavorable judgments. In addition, 13 suits are still being litigated.
2. Five unfinished lawsuits over failed insured institutions were under litigation as of the end of 2019, and a total of two lawsuits were concluded in 2020.

V. Inspections

Exercising the power of inspections conferred by the *Deposit Insurance Act*, the CDIC continued to conduct inspections of statutorily specified matters at insured institutions, and performed on-site inspections at newly established financial institutions applying for deposit insurance membership. In 2020, the CDIC carried out the following inspections:

1. The CDIC conducted on-site inspections at 50 insured institutions to verify the accuracy of the deposit insurance assessment base based on the deposit insurance premium data reported. Where deficiencies and/or errors were detected in the above-mentioned inspections, the CDIC requested in writing that the inspected insured institutions make improvements to ensure the accuracy of the data and the deposit insurance premium calculations.

2. The CDIC conducted on-site inspections at 62 insured institutions to verify the accuracy of the format and content of the electronic data files they are required by law to create. Where deficiencies and/or errors were detected in the above-mentioned inspections, the CDIC oversaw efforts by the inspected institutions to make improvements to ensure that the CDIC, when fulfilling insurance responsibilities, can use the data in the electronic data files to accurately calculate payout amounts.
3. The CDIC conducted on-site inspections of the data and files for risk indicators for risk-based premium rates submitted by 59 insured institutions to verify the accuracy of information. Where deficiencies and/or errors were detected in the above-mentioned inspections, the CDIC requested in writing that the inspected insured institutions make corrections to ensure the accuracy of the reported information.
4. To support the competent authority's efforts to understand the state of preparations for commencement of business by the three internet-only banks, the CDIC collaborated by jointly dispatching personnel to carry out on-site inspections of the entities applying for membership in the deposit insurance system including their implementation of reporting to the Supervisory System for Internet-only Banks. Where deficiencies were found, the CDIC supervised the completion of improvements before permitting membership.





VI. Information Management

1. Development and maintenance of business information systems

To meet operational needs and provide for more effective work, the Department of Information Technology installed, repaired, or updated 176 software programs for 38 different CDIC information application systems.

2. Improvement of information security and related equipment

- A. Acting in accordance with the provisions of the *Cyber Security Management Act*, the CDIC outsourced a professional consulting firm to assist with CDIC's rollout of an information security management system (ISMS). The CDIC has completed four phases of documentation. In addition, the CDIC established an information security management committee, carried out an information assets inventory, and performed a core information system risk assessment. The CDIC carrying out preparatory work in 2021 to complete the launch of the ISMS system.
- B. The CDIC outsourced a professional service provider to perform a website vulnerability scan and a system penetration test, and repair vulnerabilities according to the results.
- C. The CDIC continued to outsource a professional service provider to operate a network firewall, an intrusion detection system, and a web application firewall (WAF) that analyzes and controls network traffic. The service provider also helped the CDIC respond to cybersecurity incidents to strengthen information security protection.
- D. The CDIC updated its licenses for antivirus software, email and filtering systems, computer endpoint protection systems, database security audit equipment, and other cybersecurity systems in order to safeguard against computer viruses and hacking, and to enable safe operation of personal computers and servers.

VII. Research and Development

To ensure that its business develops in a way that conforms to changes in the financial environment, the CDIC conducted various research projects in collaboration with the IADI, collected and studied the latest domestic and international information related to its business, and used it to prepare special reports. The following important studies were carried out in 2020:

1. IADI international research

- A. The CDIC chaired a research project on "Public Policy Objectives". The Guidance Paper entitled *Public Policy Objectives for Deposit Insurance Systems* was released by the IADI.
- B. The CDIC took part in the research projects on "Risk Management and Internal Control System of Deposit Insurers", "Deposit Insurance and Financial Inclusion" and "Evaluation of Differential Premium Systems for Deposit Insurance". The guidance paper on the first project and research papers on the last two projects were released by the IADI.

- C. The CDIC continued to participate in the research projects entitled "Resolution Issues for Financial Cooperatives", "Coverage Level and Scope of Deposit Insurance", "Financial Technology", and "Core Principles for Effective Islamic Deposit Insurance Systems".

2. Research activities and summary translation reports

The CDIC completed the following research projects and summary translation reports in 2020:

- A. Research report entitled *Application of Optimal Portfolio Models and Interest Risk Management Models for Bonds*.
- B. Summary translation reports:
- Summary translation of the IADI's *Survey on COVID-19 Implications for Deposit Insurers* and the accompanying briefing note on *Ensuring Business Continuity and Effective Crisis Management Activities for Deposit Insurers*.
 - Summary translation of the IADI's *Impact of the COVID-19 Pandemic on Deposit Insurance and Financial Stability: IADI Survey Results Summary*.



- Summary translation of the IADI's brief on *Depositor Preference and Implications for Deposit Insurance*.
- Summary translation of the IADI's *Membership Profile of the Asia-Pacific Regional Committee*.
- Summary translation of the IADI research paper entitled *Purchase and Assumption*.
- Summary translation of the IADI research paper entitled *Deposit Insurance Fund Target Ratio*.
- Summary translation of the Financial Stability Institute (FSI) research paper entitled *Policy responses to fintech: a cross-country overview*.
- Summary translation of the FSI research paper entitled *Cross-border resolution cooperation and information-sharing: an overview of home and host authority experience*.



- i. Summary translation of a research report entitled *Digital Financial Services* by the World Bank Group and the Consultative Group to Assist the Poor.
- j. Summary translation of a research report by the G7 Working Group on Stablecoins entitled *Investigating the Impact of Global Stablecoins*.
- k. Summary translation of the European System of Central Banks (ESCB) *Integrated Reporting Dictionary & Framework (BIRD & IReF)*.
- l. Summary translation of a staff study by the Federal Deposit Insurance Corporation (FDIC) entitled *A History of Risk-Based Premiums at the FDIC*.
- m. Summary translation of a staff study by the FDIC entitled *Two Crises: A Comparison*.

C. Summary reports on the following events:

- a. IADI Asia Pacific Regional Committee (APRC) Webinar: Preparing our Path to the New Normal.
- b. FSI-IADI Joint Webinar on the Ongoing and Expected Impact of the Covid-19 Crisis on Resolution Authorities and Deposit Insurers.
- c. SEACEN-BoJ-FSI Virtual Seminar on Financial Crisis Planning & Management.
- d. Global Knowledge Sharing Initiative virtual program held by Canada Deposit Insurance Corporation.

3. Releases "CDIC Company Profile" E-book in Chinese & English versions, and "Insured Risk Management of CDIC Taiwan" video document in English



CDIC adopted alternative workplace arrangements in response to the COVID-19 pandemic from 16 March to 31 May 2020.

4. Meeting of the CDIC Deposit Insurance Consultative Committee

The CDIC brought up a number of topics for discussion in 2020 by the Deposit Insurance Consultative Committee, including lawsuits over retained loans, and what to do if depositors and rights holders in reimbursement or resolution & distribution procedures fail to file claim. Committee members presented many valuable comments and suggestions regarding the issues at hand.

5. Publication of Deposit Insurance Quarterly Bulletin

- A. The CDIC's Deposit Insurance Quarterly Bulletin features articles by experts, scholars and CDIC colleagues on deposit insurance, business management of financial institutions, and trends in financial supervision. The Quarterly Bulletin is distributed to related government agencies, insured institutions, universities, legislators, and libraries to provide for the research and reference needs of all interested parties.
- B. To improve the quality of articles published in the Deposit Insurance Quarterly Bulletin, the CDIC in 2020 began to solicit contributions from scholars and experts at colleges and universities, and also added an "international financial supervisory news updates" section and other new regular features to the Quarterly Bulletin.

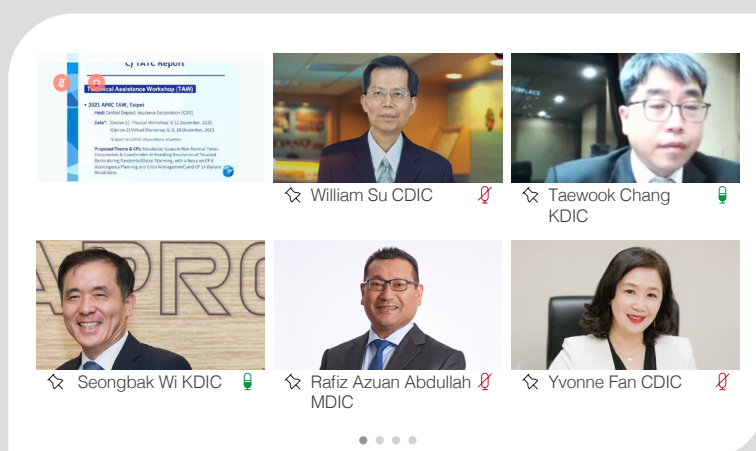
6. Publication of the CDIC Monograph Series

The CDIC produced research reports by CDIC colleagues on three important overseas study trips and published them as a series for public reference:

- A. Report on participation in the 2019 IADI Annual Conference, which focused on the theme of "Realizing Reforms: What has Changed in Deposit Insurance Systems since the Crisis?"
- B. Report on participation in the 17th IADI APRC Annual Meeting and International Conference
- C. Report on participation in the FSI-IADI 9th Conference on the theme of "Crisis Management, Bank Resolution and Deposit Insurance: What's Next and How to Prepare"

VIII. International Affairs

The CDIC, acting in line with government policies, joined the IADI as a founding member in 2002 and has been actively involved ever since then in its activities and research work. Over the years, deposit insurers around the world have come to recognize the CDIC's professional capabilities. The CDIC held a number of important positions at the IADI in 2020, serving as a member of the Executive Council, Chairperson of the Core Principles and Research Council Committee, and a member of the Strategic Planning Working Group. The CDIC is responsible at the IADI for promoting research development of deposit insurance systems, and supporting the planning and issuance of international deposit insurance research and guidance papers, as well as involved in setting the IADI's strategic objectives for the fiscal years 2022 to 2026. To promote international cooperation and enhance its international visibility, the CDIC continued in 2020 to participate in international affairs and activities, and to promote cooperation, experiences exchanges, and information sharing with peer institutions throughout the world, including the following:



During the period of IADI's 19th Annual General Meeting in November 2020, CDIC President William Su took part in the Asia-Pacific Regional Committee Virtual Meeting on 26 November 2020.

1. Held virtual meetings with peer institutions to discuss issues of mutual concern and promote exchange and experience sharing

- A. The CDIC held a virtual meeting in mid-May with the Kenya Deposit Insurance Corporation. Under the leadership of the CDIC's executive vice presidents, staff from the Departments of Risk Management, Business, Resolution, Information Technology, as well as the International Relations and Research Office briefed their Kenyan counterparts on the CDIC's differential premium systems, early-warning systems, resolution mechanism of troubled institutions, and establishment of database systems. In addition, the two sides shared experience in many areas.
- B. The CDIC and the Deposit Protection Fund of Uganda (DPF) held a virtual meeting in early November 2020. This meeting was chaired by CDIC Executive Vice President (EVP) Yvonne Fan, and was attended by CDIC EVP Annie Cheng as well as staff from the Departments of Information Technology and Resolution, as well as the International Relations and Research Office. Participants discussed issues related to payout systems, and CDIC personnel introduced the company's information system framework as well as functions of its payout system. Lastly, the two sides shared a wide range of experience.

2. Actively took part in international virtual conferences and activities, accepted invitations to speak at international seminars, and shared Taiwan's experience with peer institutions

CDIC dispatched personnel in 2020 to attend numerous IADI events and speak at many international virtual conferences and seminars, including: (a) In late October, CDIC personnel spoke at an international virtual conference (on the theme of Financial System Stability, Fintech & Emerging Risks: Challenges for Bank Supervisors) hosted by the Nigeria Deposit Insurance Corporation, sharing information on digital finance in Taiwan and the use of technology to supervise internet-

only banking; (b) In early November, CDIC personnel acted as a speaker at an APRC technical assistance virtual workshop on differential premium systems, where Taiwan's experience with deposit insurance systems and differential premium systems was shared.

3. Renewed, and extended memorandums of understanding (MOUs) for cooperation with peer deposit insurers around the world in order to strengthen bilateral information sharing and cooperation

To enhance cooperative exchanges with other deposit insurers around the world, the CDIC continued to sign MOUs and Letters of Exchange (LOEs) with international peer organizations. In 2020, the CDIC renewed an MOU with the Korea Deposit Insurance Corporation and extended an MOU with the National Deposit Insurance Fund of Hungary (NDIF). As of year-end 2020, the CDIC had signed MOUs or LOEs with 24 international financial safety net members. The severity of the COVID-19 pandemic prompted countries worldwide to adopt border controls, so the CDIC contacted cooperative partners by mail to share information on disease control measures taken by the CDIC and the Taiwan government.





IX. Human Resources

1. Workforce structure over past 5 years

Year	No. of employees	Avg. age of employees	Educational attainment of employees		
			Graduate school	College	Other
2020	153	49	54	96	3
2019	147	50	48	96	3
2018	153	49	48	102	3
2017	151	50	44	104	3
2016	155	49	46	106	3

Department breakdown of CDIC staff for 2020:

Senior Executives and Secretariat (19)	International Relations and Research Office (8)	Dept. of Information Technology (15)
Dept. of Risk Management (34)	Dept. of Legal Affairs (10)	Civil Service Ethics Office (2)
Dept. of Resolution (6)	Dept. of Accounting (8)	Central Taiwan Regional Office (5)
Dept. of Special Inspection (15)	Personnel Office (5)	Southern Taiwan Regional Office (8)
Dept. of Business (18)		

2. Personnel training

To upgrade the quality of staff and enhance employees' professional knowledge, the CDIC arranged training programs in 2020 that attracted a total attendance of 2,333, for an average of 15.2 instances of attendance per staff member. Training programs included the following:

- Staff participated in professional training programs arranged by the Taiwan Academy of Banking and Finance and other institutes that provide expertise training needed to support CDIC operations.
- The CDIC regularly arranged business seminars with lectures provided by outstanding senior employees or outside expert speakers, and held case study workshops.
- Staff participated in online international conferences to study topics related to deposit insurance.
- The CDIC arranged one to two English and Japanese language classes per week to improve employees' language proficiency.



35th Anniversary company trip: CDIC employees pose for a group photo on 18 October 2020 at the Sun Moon Lake Xiangshan Visitor Center, in Nantou County.

X. Internal Controls

1. Internal control system

On March 3, 2011, the CDIC set up an Internal Controls Task Force, which was convened by an EVP of the CDIC and consisted of the directors of each CDIC department and office. The Task Force convened three meetings in 2020. It was responsible for implementing work related to internal controls and advocating important measures. It also continued to arrange educational training on internal controls and internal audits, reviewed and strengthened internal control operations, carried out internal audit and self-assessment operations, and progressively implemented internal control mechanisms.

2. Internal audits

- A. The CDIC Internal Audit Task Force, which implements internal audits, is convened by an EVP of the CDIC. Acting in accordance with the provisions of the Executive Yuan's *Directions for Public Sector Internal Control and Oversight*, the Internal Audit Task Force has developed a set of *Rules for the Conduct of Internal Audits* and a Handbook for Internal Audits, and has amended them as necessary to provide a basis for the execution of internal audits, and to ensure regulatory compliance.
- B. The Internal Audit Task Force conducts general internal audits and special internal audits of the CDIC's various departments and offices in accordance with the annual internal audit plan, and compiles its findings into audit reports that are signed and presented to the Chairman for approval. Corrective actions taken by the audited units to address identified deficiencies are tracked through semiannual follow-up reviews.
- C. The chief audit executive reports semiannually to the board of directors on the results of internal audits, the implementation status of self-assessments, and corrective actions taken to address identified deficiencies.



35th Anniversary company trip: CDIC employees pose for a group photo on 17 October 2020 at the Wufeng Lin Family Mansion and Garden in Taichung City.

- D. The Internal Audit Task Force in February 2020 completed a self-assessment of the CDIC's 2019 internal control operations, signed off on the "Internal Control Statement of the Central Deposit Insurance Corporation," and reported its findings to the board of directors.

XI. Cooperation with the Competent Authority's Key Financial Industry Policies

1. Utilized and managed the Financial Industry Special Reserve Fund on behalf of the FSC

The FSC has entrusted the utilization and management of the Financial Industry Special Reserve Fund to the CDIC since May 2017 in accordance with the provisions of the *Regulations on the Utilization and Management of the Financial Industry Special Reserve Fund*. The CDIC has diversified the Reserve Fund's asset allocations to give balanced consideration to the needs for safety, liquidity, and returns. As of year-end 2020, the Special Reserve Fund assets under the CDIC management stood at approximately NT\$97.7 billion.

2. Strengthened the monitoring of specific-risk businesses in line with the supervisory policies of the competent authority

Acting pursuant to the *Operating Guidelines of the Financial Supervisory Commission for Off-site Monitoring*, the CDIC issued analytical reports on the financial and business conditions of insured institutions in order to share supervisory information. Also, the FSC entrusted the CDIC to analyze or monitor domestic banks' risk exposures overseas (including in New Southbound Policy countries) and in mainland China, as well as risks arising from banks' handling of OTC financial derivatives and domestic structured products. Moreover, to assist with financial supervision and strengthen risk controls, the CDIC presented periodic and occasional reports to the FSC and arranged the handling and follow-up tracking of significant credit risk cases reported by insured institutions.

3. Supported the competent authority's supervision of systemically important banks

To provide for proper review of the *Response Measures for Business Crises* that systemically important banks are required to file for the first time in 2021, the CDIC drafted rules on the required contents of call reports and drew up a set of proposed review criteria, then submitted these to the FSC for approval. After obtaining approval, the CDIC held meetings for five systemically important banks for further explanation. In the future, the CDIC will conduct reviews in accordance with the timetable adopted by the competent authority.

4. Supported the competent authority by sending personnel to assist with information security examinations

To help the FSC enhance the quality of information security examinations at domestic financial institutions, the CDIC once again in 2020 sent three staff members with information systems expertise to help the FSC's Financial Examination Bureau carry out information security examinations. Two of those staff members returned to the CDIC on 30 September 2020.

5. Established the Supervisory System for Internet-only Banks

In response to the establishment of internet-only banks, the CDIC, acting in compliance with an instruction from the FSC, established the Supervisory System for Internet-only Banks. To accommodate the unique features of internet-only banking, this Supervisory System uses an application programming interface (API) to provide real-time alerts to the CDIC when: (a) a deposit or transfer transaction is interrupted; or (b) an internet-only bank has insufficient funds in its Interbank Funds Transfer Guarantee Special Account. Internet-only banks use the Supervisory System's API to file periodic reports with the CDIC, which collects, interprets, analyzes, and visualizes data in order to better supervise the liquidity of internet-only banks. The CDIC requires internet-only banks to file periodic reports from the next day after they commence business operations to facilitate the control of insured risks.



35th Anniversary company trip: CDIC employees pose for a group photo on 18 October 2020 at Xuanguang Temple, at Sun Moon Lake in Nantou County.



Peace of mind

Monitor and control risks,
maintain financial order



Financial Statements





CENTRAL DEPOSIT STATEMENTS OF



DECEMBER 31,

Assets	2020.12.31		2019.12.31	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and Deposits in the Central Bank	\$ 61,280,478	48.73	\$ 60,817,650	53.08
Assets for Bills and Bonds under Resell Agreement	-	-	10,994	0.01
Amortized Cost of Financial Assets-Current	63,130,935	50.20	52,341,495	45.69
Receivables	632,921	0.50	700,899	0.61
Current Tax Assets	253,212	0.20	242,449	0.21
Prepayments	16,048	0.01	14,812	0.01
Temporary Advances	608	-	592	-
Sub-total	125,314,202	99.64	114,128,891	99.61
PROPERTY, PLANT AND EQUIPMENT				
Land	215,548	0.17	215,548	0.19
Buildings	265,486	0.21	265,486	0.23
Machinery and Equipment	64,442	0.05	66,575	0.06
Transportation Equipment	13,649	0.01	15,521	0.01
Other Equipment	26,032	0.02	26,316	0.02
Sub-total	585,157	0.46	589,446	0.51
Revaluation Increment-Land	62,022	0.05	62,022	0.06
Cost and Revaluation Increment	647,179	0.51	651,468	0.57
Less: Accumulated Depreciation				
Buildings	(130,949)	(0.10)	(126,214)	(0.11)
Machinery and Equipment	(47,273)	(0.04)	(48,204)	(0.04)
Transportation Equipment	(9,158)	(0.01)	(10,441)	(0.01)
Other Equipment	(18,645)	(0.01)	(18,779)	(0.02)
Sub-total	(206,025)	(0.16)	(203,638)	(0.18)
PROPERTY, PLANT AND EQUIPMENT-NET	441,154	0.35	447,830	0.39
INTANGIBLE ASSETS	9,813	0.01	2,149	-
OTHER ASSETS				
Guarantee Deposits Paid	654	-	654	-
Collateral Deposits	94,100	0.07	117,300	0.10
Securities Serving as Collateral Deposits	(94,100)	(0.07)	(117,300)	(0.10)
Sub-total	654	-	654	-
TOTAL ASSETS	<u>\$ 125,765,823</u>	<u>100.00</u>	<u>\$ 114,579,524</u>	<u>100.00</u>



INSURANCE CORPORATION

FINANCIAL POSITION

2020 AND 2019

(Expressed in NT\$'000)

Liabilities and Equity	2020.12.31		2019.12.31	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Payables	\$ 81,224	0.07	\$ 80,745	0.07
Sub-total	81,224	0.07	80,745	0.07
OTHER LIABILITIES				
General Financial Deposit Insurance Payout Special Reserves	108,160,495	86.00	96,576,797	84.29
Agricultural Financial Deposit Insurance Payout Special Reserves	5,735,372	4.56	5,362,247	4.68
Provision for Employee Benefits	330,603	0.26	290,311	0.25
Deferred Income Tax Liabilities	23,957	0.02	23,957	0.02
Guarantee Deposits Received	1,335	-	1,277	-
Temporary Receipts and the Account to be Carried Over	313,599	0.25	1,092,133	0.96
Sub-total	114,565,361	91.09	103,346,722	90.20
TOTAL LIABILITIES	114,646,585	91.16	103,427,467	90.27
CAPITAL STOCK	10,000,000	7.95	10,000,000	8.73
CAPITAL SURPLUS				
Donated Assets Received	265	-	265	-
RETAINED EARNINGS				
Legal Reserve	235,700	0.19	235,700	0.20
Special Reserve	1,000,466	0.79	1,000,466	0.87
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)				
Remeasurement for Defined Employee Benefit Plan	(91,126)	(0.07)	(58,307)	(0.05)
ADJUSTMENTS FOR THE FIRST ADOPTION OF IFRS	(26,067)	(0.02)	(26,067)	(0.02)
TOTAL EQUITY	11,119,238	8.84	11,152,057	9.73
TOTAL LIABILITIES AND EQUITY	\$ 125,765,823	100.00	\$ 114,579,524	100.00

董事長：



經理人：



會計主管：



CENTRAL DEPOSIT INSURANCE CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME



FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in NT\$'000)



Description	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE				
Interest Revenue	\$ 1,200,250	10.38	\$ 1,243,822	11.00
Premiums Revenue	10,363,437	89.62	10,034,048	88.76
Agency Revenue	-	-	26,401	0.24
Sub-total	11,563,687	100.00	11,304,271	100.00
OPERATING COSTS				
Interest Expenses	7,073	0.06	12,175	0.11
Insurance Expenses	191	-	249	-
Handling Fees	1,538	0.01	1,400	0.01
Insurance Payout Reserve Provisions	11,607,774	100.38	10,366,589	91.70
Expected Credit Losses	2,169	0.02	869	0.01
Sub-total	11,618,745	100.47	10,381,282	91.83
GROSS PROFIT	(55,058)	(0.47)	922,989	8.17
OPERATING EXPENSES				
Transaction Expenses	871,477	7.54	855,455	7.57
General & Administrative Expenses	59,256	0.51	60,952	0.54
Other Operating Expenses	3,029	0.03	3,429	0.03
Sub-total	933,762	8.08	919,836	8.14
OPERATING INCOME	(988,820)	(8.55)	3,153	0.03
NON-OPERATING REVENUE				
Indemnity Revenue	1	-	4	-
Other Revenue	993,649	8.59	1,298	0.01
Sub-total	993,650	8.59	1,302	0.01
NON-OPERATING EXPENSES				
Loss on Disposal of Assets	1,395	0.01	879	0.01
Others Expenses	3,435	0.03	3,576	0.03
Sub-total	4,830	0.04	4,455	0.04
NON-OPERATING INCOME (LOSS)	988,820	8.55	(3,153)	(0.03)
INCOME BEFORE INCOME TAX	-	-	-	-
INCOME TAX	-	-	-	-
NET INCOME FROM CONTINUING OPERATIONS	-	-	-	-
NET INCOME	\$ -	-	\$ -	-
NOTES :				
OTHER COMPREHENSIVE INCOME				
Remeasurement for Defined Employee Benefit Plan	(32,819)	-	(11,304)	-
TOTAL OTHER COMPREHENSIVE INCOME	(32,819)	-	(11,304)	-
EARNINGS PER COMMON SHARE	\$ -	-	\$ -	-

董事長：



經理人：



會計主管：



CENTRAL DEPOSIT INSURANCE CORPORATION

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in NT\$'000)

Description	Capital Stock	Capital Surplus	Retained Earnings		Accumulated other Comprehensive Income		
		Donated Surplus	Legal Reserve	Special Reserve	Remeasurement for Defined Employee Benefit Plan	Adjustments for the First Adoption of IFRS	Total
Balance, January 1, 2019	\$ 10,000,000	\$ 265	\$ 235,700	\$1,000,466	\$ (47,003)	\$ (26,067)	\$11,163,361
Net Income for The Year Ended December 31, 2019	-	-	-	-	-	-	-
Other Comprehensive Income (Loss), Net of Tax for The Year Ended December 31, 2019	-	-	-	-	(11,304)	-	(11,304)
Balance, December 31, 2019	10,000,000	265	235,700	1,000,466	(58,307)	(26,067)	11,152,057
Net Income for The Year Ended December 31, 2020	-	-	-	-	-	-	-
Other Comprehensive Income (Loss), Net of Tax for The Year Ended December 31, 2020	-	-	-	-	(32,819)	-	(32,819)
Balance, December 31, 2020	\$ 10,000,000	\$ 265	\$ 235,700	\$1,000,466	\$ (91,126)	\$ (26,067)	\$ 11,119,238

董事長：



經理人：



會計主管：



CENTRAL DEPOSIT INSURANCE CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Expressed in NT\$'000)

Description	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before Tax from Continuing Operations (Loss)	\$ -	\$ -
Net Income before Tax (Loss)	-	-
Adjustment for the Interests and Dividends	(1,193,177)	(1,231,647)
Net Income (Loss) Excluding Interests and Dividends	(1,193,177)	(1,231,647)
Adjustments	10,861,645	10,378,562
Net Cash Inflow (Outflow) Excluding Interests and Dividends	9,668,468	9,146,915
Interests Received	1,241,823	1,174,597
Interests Paid	(7,073)	(12,175)
Income Tax Refund (Paid)	(10,763)	(131,040)
Net Cash Inflow (Outflow) from Operating Activities	10,892,455	10,178,297
CASH FLOWS FROM INVESTING ACTIVITIES		
Current Financial Assets Decrease (Increase)	(10,791,606)	(11,172,599)
Property, Plant and Equipments Decrease	32	8
Intangible Assets and Other Assets Decrease (Increase)	(8,590)	(1,512)
Property, Plant and Equipments Increase	(3,803)	(5,181)
Net Cash Inflow (Outflow) from Investing Activities	(10,803,967)	(11,179,284)
CASH FLOWS FROM FINANCING ACTIVITIES		
Other Liabilities Increase (Decrease)	363,346	291,208
Net Cash Inflow (Outflow) from Financing Activities	363,346	291,208
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 451,834	\$ (709,779)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	828,644	1,538,423
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,280,478	\$ 828,644

董事長：



經理人：



會計主管：







Security

**Safeguard depositor
interests,
achieve financial
inclusion**



Statistics

Table 1: Number of Insured Institutions for the Last Five Years

Unit: number of institutions

Type of Insured Institutions \ Year	2020	2019	2018	2017	2016
Domestic Banks	38	37	38	39	39
Credit Cooperatives	23	23	23	23	23
Credit Departments of Farmers' Associations	283	283	283	283	282
Credit Departments of Fishermen's Associations	28	28	28	28	28
Taiwan Branches of Foreign and Mainland Chinese Banks	28	28	28	28	28
Total	400	399	400	401	400

Notes: 1. The date of record for the annual figures in the table is December 31 of each year.
 2. The figures for domestic banks include the Agricultural Bank of Taiwan and Chunghwa Post Co., Ltd.

Table 2: Ratio of Covered Deposits to Total Eligible Deposits for the Last Five Years

Unit: %

Type of Insured Institutions	Ratio of Covered Deposits to Total Eligible Deposits				
	2020	2019	2018	2017	2016
Domestic Banks	48.5	50.6	51.1	51.3	51.9
Credit Cooperatives	61.9	63.8	64.8	65.6	66.4
Credit Departments of Farmers' Associations	75.5	77.2	78.0	78.8	79.2
Credit Departments of Fishermen's Associations	80.4	80.5	81.0	81.9	82.3
Taiwan Branches of Foreign and Mainland Chinese Banks	1.7	1.9	2.2	1.9	1.7
Average Ratio	48.9	51.0	51.6	51.7	52.3

Notes: 1. The date of record for the annual figures in the table is December 31 of each year.

2. The figures for domestic banks include the Agricultural Bank of Taiwan and Chunghwa Post Co., Ltd.

3. The term "covered deposits" refers to the total deposit amount of each depositor under the coverage limit in an insured institution. From the year 2011 onward, the coverage limit is NT\$3 million.

4. The term "Total Eligible Deposits" refers to the total amount of checking deposits, demand deposits, time deposits, and other insured institution deposits listed under the deposit liabilities account, deducting the outstanding amount of negotiable certificates of deposit, government deposits, Central Bank deposits, interbank deposits, and other uninsured deposits.

Table 3: Covered Deposits, Deposit Insurance Premiums, and Deposit Insurance Payout Special Reserves for the Last Ten Years

Unit: NT\$ 1 million

Year	Insured institutions					Premium Revenue	Deposit Insurance Payout Special Reserves	Ratio of Deposit Insurance Payout Special Reserves to Covered Deposits (%)
	Type of Institution	No. of Firms	Total Eligible Deposits	Covered Deposits	Ratio of Covered Deposits to Total Eligible Deposits (%)			
			(a)	(b)	(b)/(a)			(c)/(b)
2020	General	88	47,246,275	22,930,356	48.53	10,030	108,160	0.47
	Agricultural	312	2,649,901	1,449,426	54.70	333	5,735	0.40
2019	General	87	43,039,170	21,797,815	50.65	9,700	96,577	0.44
	Agricultural	312	2,484,703	1,398,472	56.28	334	5,362	0.38
2018	General	88	40,736,004	20,900,775	51.31	9,459	86,276	0.41
	Agricultural	312	2,428,825	1,380,862	56.85	333	5,017	0.36
2017	General	89	39,853,676	20,490,920	51.42	9,179	75,556	0.37
	Agricultural	312	2,434,855	1,374,364	56.45	335	4,678	0.34
2016	General	89	38,318,605	19,917,155	51.98	8,994	65,665	0.33
	Agricultural	311	2,406,935	1,364,142	56.68	332	4,338	0.32
2015	General	90	36,903,038	19,263,169	52.20	8,799	56,428	0.29
	Agricultural	307	2,349,858	1,336,231	56.86	325	4,007	0.30
2014	General	91	34,980,573	18,636,378	53.28	8,646	47,343	0.25
	Agricultural	304	2,314,523	1,299,574	56.15	322	3,690	0.28
2013	General	92	33,053,762	17,667,896	53.45	8,328	27,133	0.15
	Agricultural	303	2,243,395	1,263,214	56.31	322	3,368	0.27
2012	General	88	31,305,920	17,007,656	54.33	8,196	0	0
	Agricultural	303	2,166,797	1,230,068	56.77	324	3,054	0.25
2011	General	89	30,127,900	16,255,949	53.96	8,792	0	0
	Agricultural	303	2,093,921	1,194,099	57.03	355	2,744	0.23



Notes: 1. The date of record for the annual figures in the table is December 31 of each year.

2. According to the provisions of Article 6 of the *Deposit Insurance Act*, the Deposit Insurance Payout Special Reserves have been divided into two accounts since 2007. One is for general financial institutions and the other is for agricultural financial institutions. The term "General account" refers to general financial institutions, which includes domestic banks, Chunghwa Post Co., Ltd., the Taiwan branches of foreign banks and mainland Chinese banks, and credit cooperatives, whereas the term "Agricultural account" refers to agricultural financial institutions, which includes the Agricultural Bank of Taiwan and the credit departments of farmers' and fishermen's associations.
3. The term "covered deposits" refers to the total deposit amount of each depositor under the coverage limit in an insured institution. After a period of blanket guarantee, the deposit insurance system resumed limited coverage on January 1, 2011, at which point the coverage limit was raised to NT\$3 million from the NT\$1.5 million coverage limit that had taken effect on July 1, 2007.
4. Beginning in September 2007, the CDIC's Deposit Insurance Payout Special Reserves were used to share the burden of compensation paid out for the resolution of failed financial institutions under the "Mechanism for the Combined Use of the Financial Restructuring Fund and the Deposit Insurance Payout Special Reserves" as approved by the Executive Yuan. Thus, from 2011 to 2012 the Deposit Insurance Payout Special Reserve for general financial institutions, as well as the ratio of this Reserve to covered deposits, were both zero.

Table 4: Major Revenue and Expense Items for the Last Five Years

Unit: NT\$1 million

Item \ Year	2020	2019	2018	2017	2016
Operating revenues	11,564	11,304	10,916	10,475	10,200
Interest revenues	1,200	1,244	1,108	958	875
Premium revenues	10,364	10,034	9,792	9,513	9,325
Agency revenues		26	16	4	
Operating costs and expenses	12,553	11,301	10,912	10,544	10,185
Deposit insurance payout special reserve provisions	11,608	10,367	9,994	9,643	9,305
Interest expenses	7	12	9	2	5
Transaction expenses	872	855	845	835	812
General & administrative expenses	59	61	58	58	57
Other operating expenses	3	3	4	4	5
Other expenses	4	3	2	2	1
Operating income	(989)	3	4	(69)	15
Non-operating income (loss)	989	(3)	(4)	69	(15)
Net income before income tax					
Income tax expenses					
Net income					

Notes: 1. The figures for 2016 to 2019 were reviewed and audited by the National Audit Office; those for 2020 were based on CDIC's final accounts for that year.

2. Article 5 of the *Deposit Insurance Act* provides as follows: "Any remainder of the annual gross income of the CDIC, after deducting costs, expenses and losses, shall be fully appropriated for deposit insurance payout special reserves." For this reason, net income for these periods was not recorded.



Appendix 1: COVID-19 Pandemic Prevention Measures

In response to the outbreak of the Covid-19 pandemic in January 2020, the CDIC adopted a set of "COVID-19 Pandemic Prevention and Operational Responses Measures" to guide the employers to support government policies by implementing disease control measures and making adjustments as necessary. The key tasks set out in this document are the following:

1. The company must carry out the following disease control measures:

- A. Require employees while at work to practice social distancing and wear face masks.
- B. Provide correct disease prevention concepts and timely updates on the pandemic.
- C. Exercise employee health management, monitor the travel histories of employees and their family members, and publicly announce rules on self-quarantine and self-isolation that must be obeyed.

2. The company must maintain a sanitary work environment and ensure that employees can work normally. The following measures are required:

- A. Regularly disinfect workplaces, keep adequate stocks of disease control supplies, and inventory them periodically.
- B. Measure employees' body temperature and control the entry and exit of non-company personnel.
- C. Stagger the times at which employees arrive to and depart from workplace, and adopt a flex-time system to reduce the likelihood of cluster transmission.
- D. Set up an emergency message group to facilitate dissemination of pandemic-related information and maintain an open channel of communication.

3. The company must implement alternative workplace arrangements: to respond to the spread of the pandemic and achieve continued normal operations, the company must adopt comprehensive alternative workplace arrangements and ensure the availability of backup personnel. From March through May 2020, the company selected an office building in Taipei City to serve as an alternative work location.

4. Important internal meetings must be held by videoconference, and important meetings with overseas counterparts must be held by videoconference until the pandemic has come to an end.

5. The company must build an remote work environment and enhance cybersecurity. The following measures are required:

- A. Use encrypted videoconference software to ensure the security of videoconferences conducted to support remote work or to avoid large group meetings, and make adjustments as necessary depending on the security of the videoconference software being used.
- B. Ensure that enough notebook computers are available for the backup personnel who are assigned to the company's various departments.
- C. Make all software and hardware upgrades needed for notebooks that are used for remote work, and implement cybersecurity controls.
- D. To ensure business continuity and uninterrupted information systems and applications under remote working environment, the company must conduct simulation exercises for the "Deposit Insurance Premium Operation System" and three other systems.

Appendix 2: Major Events in 2020

02.29	CDIC Executive Vice President Yvonne Fan led a delegation to Basel, Switzerland to attend the 61 st IADI Executive Council Meeting, Core Principles and Research Council Committee (CPRC) Meeting and other related meetings.
03.16-05.31	Adopted alternative workplace arrangements in response to the COVID-19 pandemic.
04.30	Renewed MOU with the Korea Deposit Insurance Corporation.
05.18	Held a virtual meeting in mid-May with the Kenya Deposit Insurance Corporation.
05.29	Held the 2020 CDIC General Shareholders Meeting.
05.29	CDIC Executive Vice President Yvonne Fan led CDIC staff in attending the 62 nd IADI virtual Executive Council Meeting.
06.12	CDIC Executive Vice President Yvonne Fan led CDIC staff to attend the 63 rd IADI virtual Executive Council Meeting.
06.24	The CDIC extended an MOU with the National Deposit Insurance Fund of Hungary
08.25	CDIC President William Su led CDIC staff in attending the 18 th IADI Asia-Pacific Regional Committee (APRC) virtual Annual Meeting.
09.14	CDIC Executive Vice President Yvonne Fan led CDIC staff in attending the 64 th IADI virtual Executive Council Meeting.
10.23	CDIC personnel spoke at an international virtual conference (on the theme of "Financial System Stability, Fintech & Emerging Risks: Challenges for Bank Supervisors") hosted by the Nigeria Deposit Insurance Corporation.
11.03	The CDIC and the Deposit Protection Fund of Uganda (DPF) held a bilateral virtual meeting to discuss deposit insurance issues.
11.06	CDIC personnel acted as a speaker at an APRC Technical Assistance virtual Workshop on Differential Premium Systems.
11.23-12.09	CDIC Executive Vice President Yvonne Fan led CDIC staff to attend the IADI's 19 th Annual General Meeting, Executive Council Meeting, Council Committee Meetings and other related meetings virtually.
11.26	CDIC President William Su led CDIC staff in attending the IADI Asia-Pacific Regional Committee virtual meetings.
12.28	CDIC held a signing ceremony to mark participation by Rakuten International Commercial Bank in the deposit insurance system.
12.30	CDIC launched the Supervisory System for Internet-Only Banks.

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Central Deposit Insurance Corporation, Taiwan (R.O.C.)

Address: 11F, 3, Nanhai Rd., Taipei, 10066, Taiwan (R.O.C.)

Tel: 886-2-2397-1155

<https://www.cdic.gov.tw>

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中央存款保險公司
Central Deposit Insurance Corporation

Head Office

11F, 3, Nanhai Rd., Taipei, 10066,
Taiwan, R.O.C.
Tel : 886-2-2397-1155
Toll-free line:0800-000-148
Website : <https://www.cdic.gov.tw>
E-mail : cdic@cdic.gov.tw

Central Taiwan Regional Office

16F, 2-107, Wuquan Rd., West District,
Taichung, 40355, Taiwan, R.O.C.
Tel : 886-4-2371-2756

Southern Taiwan Regional Office

10F-5, 31, Haibian Rd., Lingya District,
Kaohsiung, 80248, Taiwan, R.O.C.
Tel : 886-7-331-1226

