



中央存款保險公司
Central Deposit Insurance Corporation



CDIC

2021 Annual Report

The CDIC launched an initiative on corporate sustainability development in 2021 and moved actively toward the future with a focus on the four goals of "accountable governance," "sustainable environment," "friendly workplace" and "financial inclusion."



accountable governance



sustainable environment



friendly workplace



financial inclusion



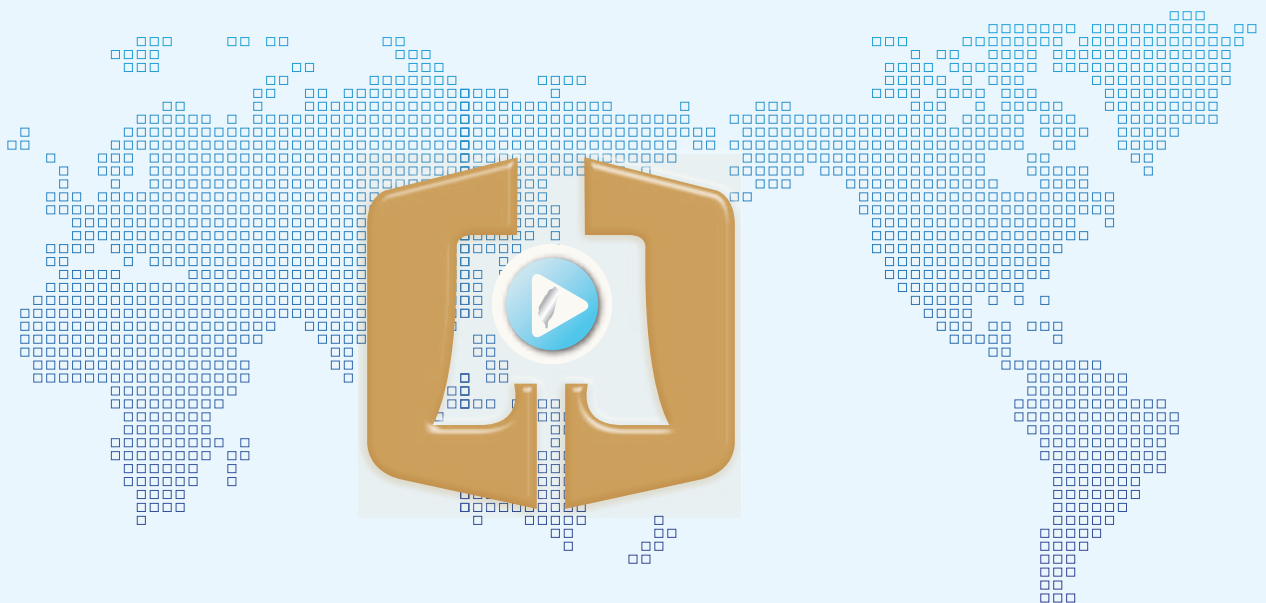
中央存款保險公司
Central Deposit Insurance Corporation

Deposit insurance provides peace of mind.

CDIC protects deposits with the
effective deposit insurance system.

CDIC protects your deposits

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



Number of insured
institutions

402

Percentage of fully
covered deposit
accounts

98.1 %

Deposit insurance
awareness level

68.7 %

Number of MOU
partners

24

Deposit insurance
payout special
reserves

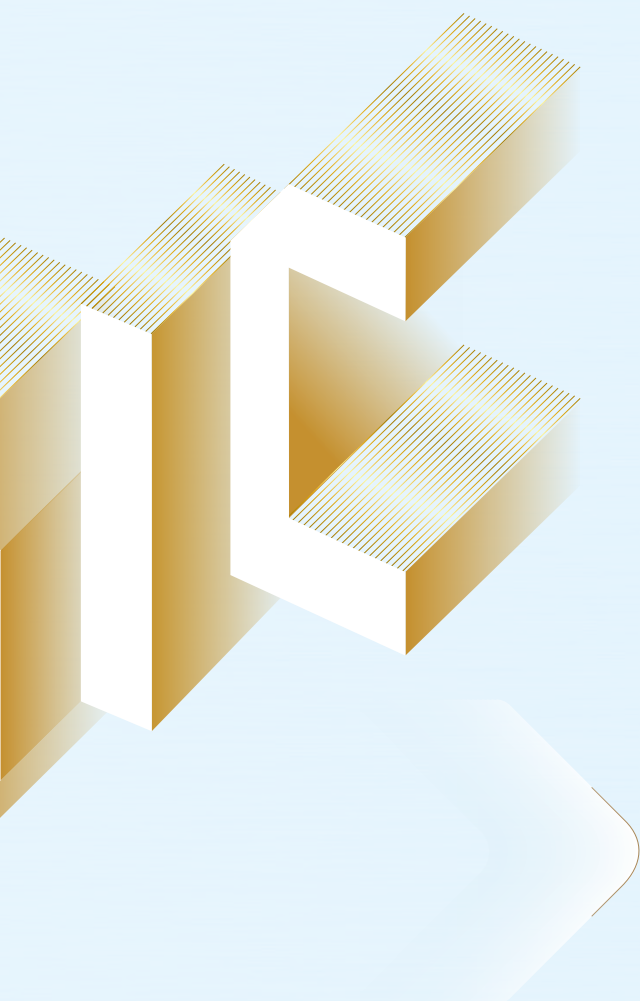
NT\$ 125.3 billion

Note: current as of end-year 2021



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Message from the Chairman and the President



Chairman

Han-Li Chu

President

William Su

As COVID-19 vaccination rates rose in 2021, economic activities picked up in countries around the world and global economy and trade ties clearly recovered. Meanwhile, business opportunities connected with the remote work and new technologies have injected new momentum into Taiwanese exports and investments, and spurred stable economic expansion in Taiwan. To ensure sound operations at financial institutions and maintain financial stability, the Taiwan government actively promoted reform measures with a number of different objectives, including the following: encourage fintech development in order to bring about a more diverse range of financial services; improve the risk-bearing capacity of financial industry and strengthen its international competitiveness; encourage financial institutions to invest in green industries and value the importance of sustainable development; spur financial institutions to implement financial inclusion policies; vigorously promote basic financial education and raise the level of financial literacy; maintain order and stability in financial markets; and advance financial supervisory measures in order to achieve four goals – enhancing resilience of financial systems, promoting financial innovation, developing sustainability and implementing financial inclusion.



The international community continues to pay close attention to the issue of sustainability. The disclosures and performance of Environmental, Social and Governance (ESG) are coming under closer scrutiny around the world. In light of this trend, and in line with the key policy objective of the Financial Supervisory Commission (FSC) to highlight sustainable development, the Central Deposit Insurance Corporation (CDIC) established a Sustainability Committee in 2021 as its main policymaking body for related matters. The CDIC has also adopted the four major goals of "accountable governance," "sustainable environment," "friendly workplace," and "financial inclusion," and has incorporated sustainable development principles into its various approaches to managerial objectives and performance indicators. The idea is to ensure ESG values are embedded in CDIC's corporate culture, and to take actions to achieve CDIC's mission of promoting financial stability.

The CDIC is Taiwan's sole provider of deposit insurance. In order to safeguard the interests of depositors, maintain credit order, and promote the sound development of financial business, in addition to using the National Financial Early-Warning System (NFEWS) to strengthen information sharing and coordination with other financial supervisory authorities and continuing to improve its risk control capabilities, the CDIC has been enhancing its own risk-bearing capacity by continuing to replenish its Deposit Insurance Payout Special Reserves. At the same time, in the capacity of either conservator or receiver, the CDIC maintained the interests of the national treasury and upheld social fairness and justice by disposing of the retained assets of failed financial institutions resolved by the Executive Yuan's Financial Restructuring Fund (FRF), concluding such institutions' pending litigation, and pursuing civil liabilities for the illegal acts of such institutions' person-in-charge and employees. Also, to improve information security, the CDIC in 2021 introduced an information security management system in accordance with the *Cyber Security Management Act*. To coordinate with government policies in response to the COVID-19 pandemic, the CDIC has adopted a set of temporary measures for deductions on deposit insurance premiums for domestic banks



(as well as credit departments of farmers' and fishermen's associations) that perform well in providing relief and stimulus loans. The purpose of these temporary measures is to encourage insured institutions to actively support the government's relief and economic stimulus policy. In addition, the CDIC continues to promote public awareness and understanding of deposit insurance, thereby instilling greater public confidence in Taiwan's financial system.

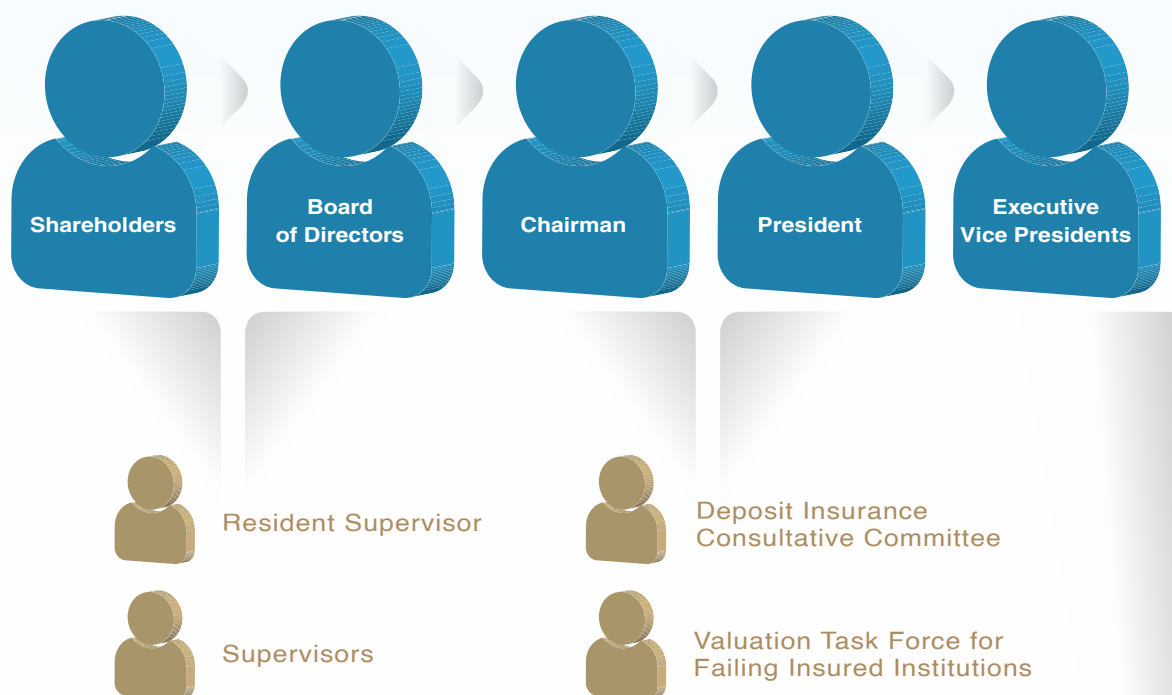
Being charged with the dual responsibility of maintaining financial stability and safeguarding the interests of depositors, the CDIC in 2021 continued to execute its duties in line with the supervisory policies of the FSC, the competent authority for Taiwan's financial sector, and to handle the tasks entrusted to it by the FSC. These tasks included: management of the Financial Industry Special Reserve Fund; strengthening of the monitoring and control of banks' specific-risk businesses; conduct of commissioned examinations of the entity to which the credit departments of farmers' and fishermen's associations outsource the handling of their certain information operations; review of the "Response Measures for Business Crises" filed by Taiwan's six domestic systemically important banks; and enhancement of the functions and the information security of the Internet-only Banking Supervisory System. By performing these tasks, the CDIC effectively assisted the FSC with financial supervision and strengthened its measures for controlling insured risks.

To promote international exchange and cooperation, the CDIC in 2021 continued to hold a number of important posts at the International Association of Deposit Insurers (IADI). For example, CDIC officials served on the Executive Council (EXCO), chaired the Core Principles and Research Council Committee (CPRC) and the Training and Assistance Technical Committee (TATC) of the Asia-Pacific Regional Committee (APRC), as well as serving on the IADI Strategic Planning Working Group. The CDIC is responsible at the IADI for promoting research and development of deposit insurance systems, and supporting the issuance of international deposit insurance research and guidance. Faced with the COVID-19 pandemic, the CDIC continued to take active part in international affairs and activities in 2021, which it attended online in an effort to promote international cooperation and information sharing, and to raise the CDIC's international profile.

Looking to the future, faced with an increasingly complex domestic and international financial environment, the CDIC will continue to replenish the Deposit Insurance Payout Special Reserves, strengthen control of insured risks, enhance market exit and resolution mechanisms for troubled institutions, draft amendments to deposit insurance regulations, and actively raise public awareness level of deposit insurance. These measures aim to establish a more effective deposit insurance system, promote the sound operation of the financial sector, and protect the rights and interests of depositors. Since its founding in September 1985, the CDIC has enjoyed support and encouragement from all sectors of society, and has benefitted from the diligence of its staff. As a result, the CDIC has been able to smoothly fulfill its objectives. Thus, we would like to extend our sincere appreciation, and continue to solicit your ongoing support and encouragement.



Organizational Chart and Department Overview



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

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 agreements, 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 person-in-charge and 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.



Board of Directors and Supervisors

Board of Directors

Chairman

Norman H. Chu

Representative of the Financial Supervisory Commission

Directors

William Su

Representative of the Financial Supervisory Commission

Tzu-Min Chang

Representative of the Financial Supervisory Commission

Li-Hui Wang

Representative of the Financial Supervisory Commission

Wen-Heng Chao

Representative of the Financial Supervisory Commission

Shuen-Chiao Chang

Representative of the Financial Supervisory Commission

Shao-Wen Hu

Representative of the Financial Supervisory Commission

Chun-Chi Hsu

Representative of the Financial Supervisory Commission

Ling-Yang Wu

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

Ying-Fen Hung

Representative of the Central Bank

Note: names and titles current as of
31 December 2021.



Board of Directors and Supervisors

10



6 | 5
4 | 3 | 2 | 1

1. William Su, Director
2. Li-Hui Wang, Director
3. Wen-Heng Chao, Director

4. Shao-Wen Hu, Director
5. Ming-Yi Lee, Supervisor
6. Chun-Chi Hsu, Director



5 | 6

1 | 2 | 3 | 4

1. Norman H. Chu, Chairman
2. Dou-Ming Su, Resident Supervisor
3. Tzu-Min Chang, Director

4. Shuen-Chiao Chang, Director
5. Ying-Fen Hung, Supervisor
6. Ling-Yang Wu, Director

Chairman, President, Executive Vice Presidents and Directors of Departments

12



1. Norman H. Chu, Chairman
2. Annie Cheng, Executive Vice President
3. Kuang-Hsi Huang, Executive Vice President
4. Margaret Chuang, Director, International Relations and Research Office
5. Shu-Mei Chen, Director, Department of Accounting
6. Steven Kao, Director, Department of Information Technology
7. Li-Fang Chan, Director, Personnel Office
8. Yong-Huei Peng, Director, Southern Taiwan Regional Office

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



5 | 6

1 | 2 | 3 | 4

1. William Su, President
2. Yvonne Fan, Executive Vice President
3. Lisa Hsi, Director, Department of Business
4. Li-Ying Teng, Director, Department of Special Inspection
5. Chien-Ching Tsai , Director, Civil Service Ethics Office
6. Tung-Bo Huang, Director, Central Taiwan Regional Office

Happiness

Protect deposits, lay
the foundation for
happiness





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 2021:

I. Deposit Insurance

1. Participation of financial institutions in deposit insurance

One internet-only bank and one Taiwan branch of a foreign bank became insured institutions in 2021 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*. As of 31 December 2021, a total of 402 financial institutions were insured, including three domestic government-owned financial institutions, 36 private banks, 29 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.

2. Implementation of differential premium system

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:

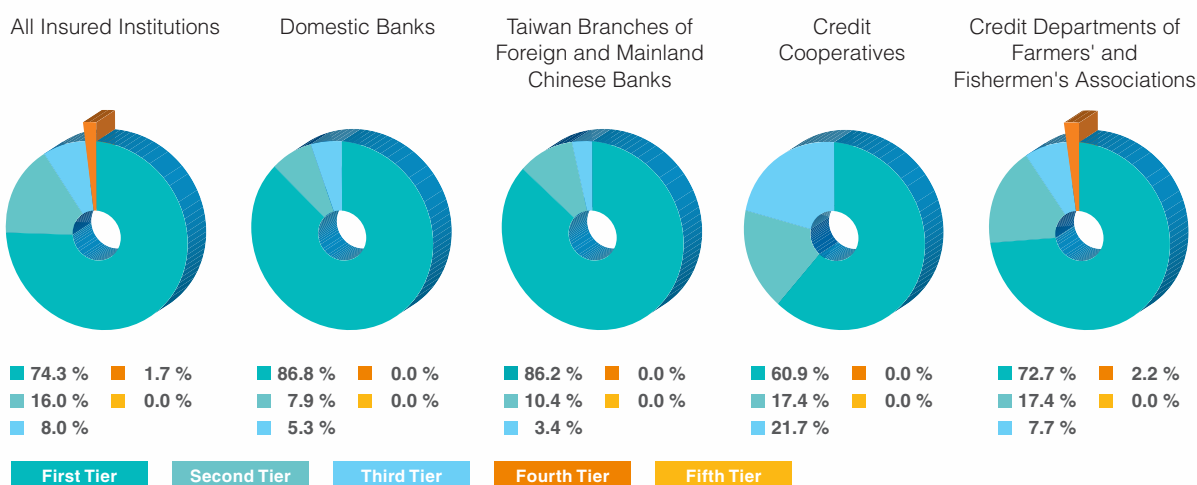
- Domestic banks and Taiwan branches of foreign and mainland Chinese banks have a five-tiered system of risk-based premium rates (0.05%, 0.06%, 0.08%, 0.11%, and 0.15%) for covered deposits, with a flat premium rate of 0.005% for eligible deposits in excess of the coverage limit.
- Credit cooperatives 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 2021, the first-tier premium rate was applied at 74.3% of all insured institutions, second-tier rate at 16.0%, third-tier rate at 8.0%, fourth-tier rates at 1.7%, and fifth-tier rate at 0%.

Risk-based Premium Rates for Insured Institutions

As of 31 December 2021

Unit: %



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.



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 2021, the total amount of eligible deposits stood at approximately NT\$53 trillion, and deposits within the NT\$3 million coverage limit totaled roughly NT\$25 trillion. The ratio of covered deposits to all eligible deposits was 47.3%, 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 2021 came to NT\$11 billion, including NT\$10.7 billion from general financial institutions and NT\$0.3 billion from agricultural financial institutions. As of year-end 2021, the general financial deposit insurance payout special reserves stood at roughly NT\$119.3 billion, while the agricultural financial deposit insurance payout special reserves stood at roughly NT\$6.0 billion. These figures translate to ratios of deposit insurance payout special reserves to covered deposits of 0.50% 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 by 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. In line with this policy, 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*, which were approved by the FSC in July 2020. Under these *Measures*, the CDIC was to provide up to a maximum of NT\$300 million in total deductions on deposit insurance premiums to qualified domestic banks for one year. The *Measures* were implemented in two phases (2nd half of 2020 and 1st half of 2021), and the aggregate premium deducted amounted to a total of NT\$299,600,000.

6. Implementation of the *CDIC Temporary Measures for Deductions on Deposit Insurance Premiums for Credit Departments of Farmers' and Fishermen' Associations in Providing 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 *CDIC Temporary Measures for Deductions on Deposit Insurance Premiums for Credit Departments of Farmers' and Fishermen's Associations in Providing Relief and Stimulus Loans* for one year. These *Measures*, which were launched following the approval by the FSC in October 2020, were designed to provide these credit departments with a 5% reduction on 2021 deposit insurance premiums. Implementation of these measures was completed in 2021, resulting in a combined total of NT\$16,905,000 in premium reductions over the course of the program's two phases.

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

To promote public understanding of deposit insurance and instill greater public confidence in Taiwan's financial systems, the CDIC, based on the survey results of public awareness of deposit insurance, prepares annual plans and strategies for promoting public awareness of the deposit insurance system, and on the basis of these plans and strategies the CDIC allocates media resources and continues to carry out publicity campaigns via insured institutions, television, internet, public transportation facilities, radio, and print media. To reach different target audiences (including age segments and locations in which awareness is typically lower), the CDIC steps up publicity in appropriate media to enhance depositors' awareness of their rights and knowledge of the deposit insurance system.



Deposit insurance awareness team



8. Handling underwriting review on deposit insurance applications by one internet-only bank, and holding signing ceremony to mark participation by LINE Bank Taiwan 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 deposit insurance 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 Board of Directors of the CDIC approved two of the applicants for admission to the deposit insurance system in 2020. As for the third applicant, the CDIC performed underwriting review in 2021, determined that it met all eligibility requirements, and the 17th session of the 12th Board of Directors of the CDIC passed a resolution on 26 March 2021 approving this applicant for admission to the deposit insurance system.
- B. The FSC issued LINE Bank Taiwan a banking license on 4 February 2021 and the bank commenced business operations on 24 March of the same year, which was also the date from which its membership in the deposit insurance entered into force and its depositors enjoyed deposit insurance protection under the law. The opening of an internet-only bank marked a new financial services milestone for Taiwan, so the CDIC held a signing ceremony on 19 March 2021 and invited related competent authorities and media reporters to attend the event.



The CDIC held a signing ceremony on 19 March 2021 to mark participation by LINE Bank Taiwan in the deposit insurance system. Shown here are former Deputy Director General Kuang-Hsi Huang of the FSC Banking Bureau (3rd from left), Deputy Director General Teng-Chang Wu of the Central Bank's Department of Financial Inspection (2nd from left), CEO Morris Huang of LINE Bank Taiwan (1st from left), CDIC former Chairman Michael M.K. Lin (2nd from right), and CDIC President William Su (1st from right).

II. Risk Management

To control insured risks, the CDIC pursuant to Article 22 of the *Deposit Insurance Act*, obtains the financial and business information of insured institutions. The CDIC uses the data collected from the FSC Single Window Financial Reporting System to run the National Financial Early-Warning System, implements the Account Officer System and strengthens supervisory information sharing and coordination with other financial supervisory authorities. The CDIC continues working to enhance risk control capabilities and 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.

In order to exercise better risk control, the CDIC has standardized and clarified the types of information, alerts, and exceptional regulation items to be targeted in off-site monitoring. It has also established different monitoring frequencies depending on each insured institution's risk level to allow for standardized risk-based off-site monitoring mechanisms, and has made dynamic adjustments based on each financial institution's changing risks. Principal measures taken in 2021 include the following:

1. Operation of 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 NFEWS 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 data and the operation of the Call Report Data Rating System in response to a changing economic and financial environment and evolving financial supervisory framework

- 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-Adjustment on Management Ability of Insured Institutions," and includes them among the items to be considered when performing inspections to check the accuracy of risk indicators for risk-based premium rates in order to spur insured institutions to strengthen their control of information security risks.
- b. To control insured risks, the CDIC has enhanced the monitoring of liquidity at internet-only banks and, on the basis of actual conditions after the commencement of internet-only banking, has taken actions to improve its Internet-only Banking Supervisory System.



2. Strengthening of assessment and analysis of financial institutions' businesses related to special risks and completion of 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 of insured institutions. The reports were submitted to the FSC for further supervision and to strengthen the CDIC's risk control measures.

3. Implementation of 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 insured institutions.
- 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 authorities for further supervision.



Risk management team

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. Active participation in information sharing and coordination mechanisms with domestic financial supervisory agencies

A. The CDIC Chairman regularly attended meetings of the FSC's Financial Supervisory Coordination Council, 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 analytical reports on the financial and business conditions of insured institutions, and shared risk monitoring information, in order to achieve more effective off-site monitoring.

C. The CDIC 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 Financial Reporting System, in order to improve related supervisory information.

D. The CDIC 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, Credit Risk Task Force No. 2, and Market Risk Task Force, in order to facilitate the drafting of related rules.

E. The CDIC participated in guidance meetings convened by the competent authorities for the credit departments of farmers' and fishermen's associations, and strengthened guidance for those credit departments.

III. Resolution of Failed Insured Institutions

Since the termination of the Financial Restructuring Fund (FRF) at the end of 2011, the CDIC (acting as either conservator or receiver) has handled retained assets and unresolved issues at six failed insured institutions that were still unresolved when the FRF was terminated. The retained assets include real estate, stocks, creditor's claims and artwork.

1. Managed and/or disposed of retained real estate, artwork and litigation, and handled matters relating to accounting, shareholder services and taxation.

2. Managed equity stake in the Taipei Financial Center Corporation held by the China United Trust and Investment Corporation (CUTIC).

The CUTIC held a 15.12% equity stake, valued at NT\$2,222.05 million, in the Taipei Financial Center Corporation (Taipei 101). In order to strengthen shareholding management, the CDIC acting with the approval of the competent authority recommended two representatives



as the board of supervisors at Taipei 101. In 2021, the CUTIC received cash dividends of NT\$173,342,194 while compensation of NT\$953,938 was paid to its supervisors.

3. The CDIC put up retained real estate for sale by public tender on four occasions in 2021, while artwork and other assets were sold off through sale announcements on the CDIC website. As of the end of 2021, the CDIC had disposed of or collected on a total of NT\$22,013,003,816 worth of retained assets, which leaves retained assets still remaining with a net book value of NT\$3,217,543,626. This figure is down sharply by 86.67% from the net book value of the assets originally slated for disposal.

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 the 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 continues to entrust the CDIC to handle these cases. By the end of 2021, 143 civil suits were filed, resulting in 107 favorable judgments and 23 unfavorable judgments. In addition, 13 suits are still being litigated.
2. Three unfinished lawsuits over failed insured institutions were under litigation as of the end of 2020, and one of these lawsuits was concluded in 2021.



Congressional liaison team

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. In 2021, the CDIC carried out the following inspections:

1. The CDIC conducted inspections to verify the accuracy of the deposit insurance assessment base, based on the deposit insurance premium data reported by 47 insured institutions. 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 inspections of 59 insured institutions to verify the accuracy of the format and content of the electronic data files that 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.
3. The CDIC conducted 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.



On-site inspection team



VI. Information Management

1. Development and maintenance of business information systems

To meet operational needs and facilitate more effective work, the Department of Information Technology installed, repaired, or updated 108 software programs for 34 different CDIC information application systems.

2. Improvement of information security and related equipments

- A. Completed the rollout of an information security management system (ISMS), continued optimizing the information security defense-in-depth mechanism, improved our information security protection capabilities, and submitted to an on-site information security audit by the FSC.
- B. Adopted the *CDIC 2021 Information Security Maintenance Plan* and filed reports with the FSC on the *State of Implementation of the CDIC 2020 Information Security Maintenance Plan and the State of Implementation of Measures Taken to Address Joint Findings in the 2020 Information Security Audit of Government Agencies*.
- C. Continued inspecting the suitability of information and communication security system levels and implementing the baseline protection set out in the *Defense Standards of Information Systems*, including business continuity drills, information asset inventories, core information system risk assessments, information security management system (ISMS) effectiveness assessments, and the holding of information security management review meetings.
- D. Engaged a professional service provider to carry out an information security assessment (including inspections of: network architecture; malicious network activities; end users' malicious computer activities; malicious server activities; active directory settings; and firewall settings), and to take corrective actions based on assessment results.



- E. Continued engaging a professional service provider to operate the CDIC's Security Operation Center (SOC), to monitor and analyze network traffic in the intrusion inspection system and web application firewall (WAF), and to assist with the handling of information security incidents. These undertakings improved the CDIC's information protection capabilities.
- F. Continued running its antivirus software, network firewalls, email and filtering systems, and computer endpoint protection systems, and updated or upgraded various software and hardware where necessary in order to protect against computer viruses and hacker intrusions.
- G. Held annual information security courses for employees, and advanced information security courses for dedicated information security personnel and information technology personnel. The objectives of these courses were to make all CDIC employees more conscious of information security concerns, to hone the expertise of professionals in the Department of Information Technology, and to ensure that dedicated information security personnel keep their qualifications current.
- H. Coordinated with the FSC's policy by conducting email social engineering drills and information security notification drills.



Cyber security team



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 local and international information related to deposit insurance matters, and used it to prepare special reports. The following important studies were carried out in 2021:

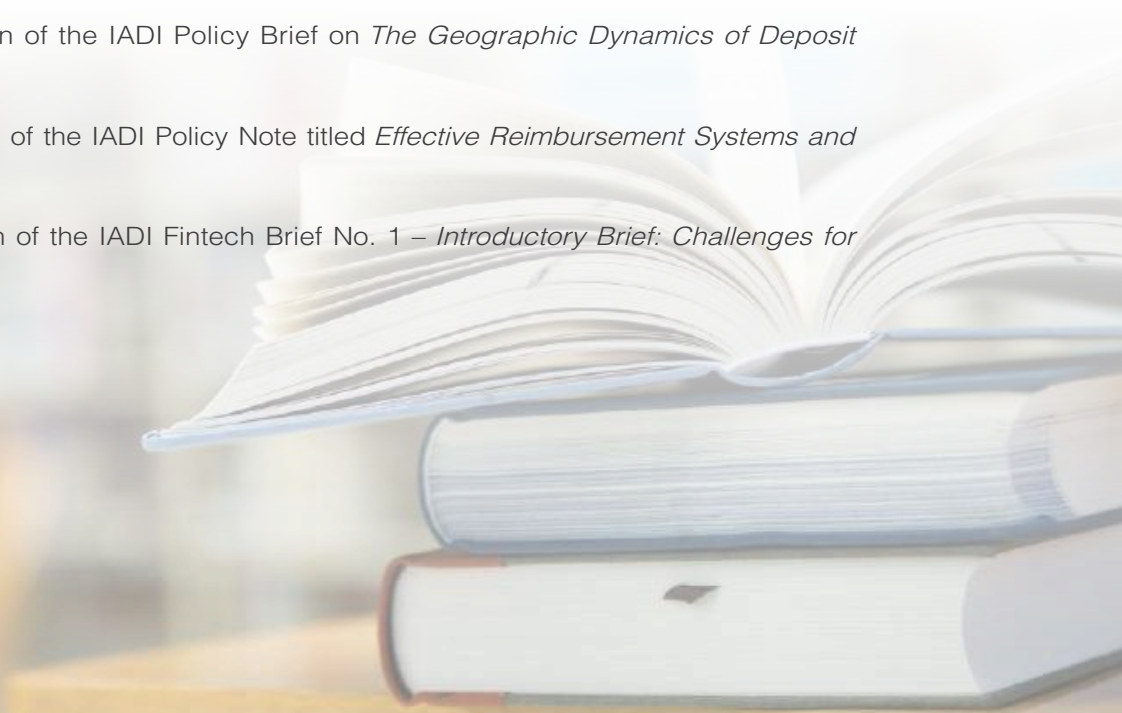
1. IADI international research

- A. The CDIC supported and took part in the publication of two guidance papers on *Core Principles for Effective Islamic Deposit Insurance Systems* and *Ways to Resolve a Financial Cooperative While Keeping the Cooperative Structure*, one research paper on *Deposit Insurance Coverage Level and Scope*, five policy briefs, and six Fintech briefs.
- B. The CDIC continued involvement with the following research projects entitled "Resolution Issues for Financial Cooperatives," "Financial Technology," "Reimbursement," and "Periodical Review of IADI Guidance Papers."

2. Research activities and summary translation reports

The CDIC completed the following research projects and summary translation reports in 2021:

- A. Report entitled *Study on Incorporation of ESG Metrics into Risk Management Indicators, and Inclusion of ESG Bonds in ESG Fund Portfolios*.
- B. Summary English report on a CDIC report entitled *The Use of Fintech in Enhancing the Supervision of Internet-only Banks in Taiwan*.
- C. Summary translation reports completed in 2021:
 - a. Summary translation of the IADI Guidance Paper titled *Public Policy Objectives for Deposit Insurance Systems*;
 - b. Summary translation of the IADI Policy Brief on *The Geographic Dynamics of Deposit Insurance*;
 - c. Summary translation of the IADI Policy Note titled *Effective Reimbursement Systems and Processes*;
 - d. Summary translation of the IADI Fintech Brief No. 1 – *Introductory Brief: Challenges for Deposit Insurers*;



- e. Summary translation of the IADI Survey Brief No. 1 – *Impact of the COVID-19 Pandemic on Deposit Insurance (follow-up)*;
- f. Summary translation of the Basel Committee on Banking Supervision's *Principles for Operational Resilience*;
- g. Summary translation of the International Monetary Fund's *Cyber Risk and Financial Stability: It's a Small World After All*;
- h. Summary translation of the European Forum of Deposit Insurers (EFDI) *Charter for Sustainable Deposit Guarantee and Investor Compensation Schemes*;
- i. Summary translation of the Financial Stability Institute (FSI) *Insights on policy implementation No 35: Humans keeping AI in check – emerging regulatory expectations in the financial sector*;
- j. Summary translation of the FSB *Final Report on Guidance on Financial Resources to Support CCP Resolution and on the Treatment of CCP Equity in Resolution*;
- k. Summary translation of the FSB's *Evaluation of the effects of too-big-to-fail reforms: final report*.

3. Summary reports on conferences

- A. Summary report on IADI Asia-Pacific Regional Committee (APRC) webinar themed *Fintech and Changing Dynamics of Deposit Insurance*;
- B. Summary report on IADI APRC webinar themed *A Race Against Time – Climate-Related Risks and Financial Stability Implications*;
- C. Summary report on IADI APRC International Conference themed *Covid-19 Legacy and Beyond: Building Operational Resilience and Recalibrating The Role of Deposit Insurance*;
- D. Summary report on IADI Research Conference themed *Navigating the New Normal for Financial Stability, Deposit Insurance and Bank Resolution*;
- E. Summary report on SEACEN – FSI – BOJ *Course on Problem Bank Intervention and Resolution*.





4. Issued "The Deposit Insurance System in Taiwan" and "Overview of the Deposit Insurance Fund in Taiwan" video documents in English

5. Due to the COVID-19 pandemic, the CDIC suspended in-person meetings of its Deposit Insurance Consultative Committee, and switched instead to exchanges of views via letters and email. The views of the Deposit Insurance Consultative Committee serve as very valuable reference, and touch upon the following matters:

- A. Analysis of the benefits and potential risks associated with mediation of pending lawsuits over retained loans.
- B. Assessment of matters pertaining to the planned sale by tender of real estate over which ownership rights are uncertain due to ongoing litigation.

6. Held meetings on amendments to the *Deposit Insurance Act* and its *Enforcement Regulations* to prioritize the provisions for which amendments should be drafted first

- A. Held two meetings on amendments to the *Deposit Insurance Act* and its *Enforcement Regulations* in 2021 to review the provisions thereof and prioritize the provisions for which amendments should be drafted first. Top priorities were accorded to six articles in the *Deposit Insurance Act* and three articles in the *Enforcement Regulations of the Deposit Insurance Act*.
- B. In response to the amendment to the *Act Governing Electronic Payment Institutions* integrating regulations governing electronic stored value card and electronic payment services taking effect in 2021, the CDIC drafted amendments to Article 5-1, paragraph 1, subparagraph 10 of the *Enforcement Regulations of the Deposit Insurance Act* to the FSC for review and approval. The proposed amended provisions regulate that the users of electronic payment accounts or stored value cards are depositors who enjoy deposit insurance protection.

7. Publication of the Deposit Insurance Quarterly Bulletin

- A. Four editions were issued in 2021. The CDIC's *Deposit Insurance Quarterly Bulletin* features articles by experts, scholars and CDIC staff on deposit insurance, business management of financial institutions, and trends in financial supervision.
- B. Distributed the *Quarterly Bulletins* to related government agencies, insured institutions, universities, legislators, and libraries to provide for the research and reference needs of all interested parties.

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 contribution. The CDIC held a number of important positions at the IADI in 2021, serving as a member of the Executive Council, Chairperson of the Core Principles and Research Council Committee, Chairperson of the APRC Training and Assistance Technical Committee (TATC), and a member of the Strategic Planning Working Group (SPWG). The CDIC is primarily responsible at the IADI to facilitate for the following: setting the IADI's strategic objectives for the fiscal years 2022 to 2026; planning and promoting the research development of global deposit insurance mechanisms by studying deposit insurance issues on both traditional and emerging topics; formulating international guidance and conducting related research; and matters pertaining to cooperation, exchange, and training and technical assistance among APRC member organizations. To promote international cooperation and enhance its international visibility, the CDIC continued in 2021 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:



International affairs team



On 8-9 December 2021, the CDIC held the IADI APRC Technical Assistance Virtual Workshop on the theme of *Resolution Issues in New-normal Times: Cooperation and Coordination in Handling Resolution of Troubled Banks during Pandemic/Global Warming*. CDIC Chairman Norman H. Chu (top row, 3rd from right), CDIC President William Su (2nd row, 3rd from right), and FSC Chairperson Tien-Mu Huang (top row, 3rd from left), IADI President and Chair of the Executive Council, and other speakers are shown here in a group photo.

1. Held the "IADI Asia-Pacific Regional Committee Technical Assistance Virtual Workshop"

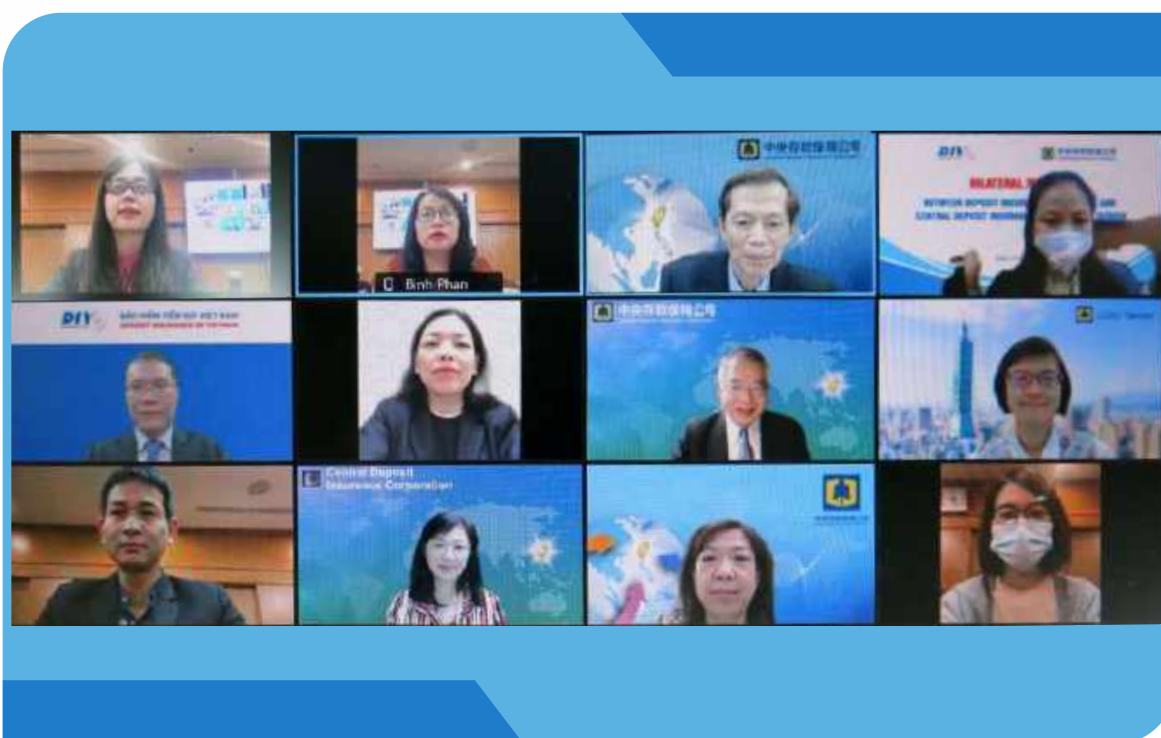
On 8–9 December the CDIC held the IADI Asia-Pacific Regional Committee Technical Assistance Virtual Workshop, which focused on the theme of "Resolution Issues in New-normal Times: Cooperation and Coordination in Handling Resolution of Troubled Banks during Pandemic/Global Warming." Invited to speak at the Workshop were the IADI President and Chair of the IADI Executive Council as well as chairmen, chief executive officers or senior officials from deposit insurers in Japan, South Korea, the United States, Canada, France, and Malaysia. All the speakers shared information on their respective countries' experiences and practices. The Workshop was attended by about 200 representatives of financial supervisory authorities and deposit insurers from all five continents and over 30 different countries. The FSC Chairman Tien-Mu Huang delivered opening remarks. Members of Taiwan's financial safety net also dispatched personnel to attend the Workshop, which elicited a very enthusiastic discussion from participants.

2. Took part with peer deposit insurers around the world in meeting on deposit insurance issues to promote exchanges and sharing of information

- A. The CDIC and the Deposit Protection of Swiss Banks and Securities Dealers (ESISUISSE) held a Bilateral Virtual Meeting in March 2021. CDIC President William Su led a group of CDIC colleagues in attending the Virtual Meeting, in which the two sides discussed recent economic, financial, and deposit insurance issues.
- B. The CDIC and the National Deposit Insurance Fund of Hungary (NDIF) held a Bilateral Virtual Meeting in October. CDIC President William Su led a group of CDIC colleagues in attending the meeting, in which the two sides discussed reimbursement mechanisms and systems, setup of electronic depositors' data files and the inspection thereof, information security, and the utilization and management of deposit insurance funds.

3. Spoke at international conferences, achieved a higher international profile

The CDIC took active part in international affairs, and accepted invitations for its personnel to speak at international conferences, including the 6th Biennial Research Conference of the IADI (theme: Navigating the New Normal for Financial Stability, Deposit Insurance and Bank Resolution) in May, and the webinar on the Core Principles for Effective Islamic Deposit Insurance Systems jointly held by the IADI, the Islamic Financial Services Board and the Arab Monetary Fund in June; and the IADI Outlook Conference in November.



CDIC Chairman Norman H. Chu (2nd row, 2nd from right) and Chairman Pham Bao Lam of Deposit Insurance of Vietnam (2nd row, 1st from left) each led a group of colleagues at a meeting on 16 December 2021 where the two sides renewed an MOU for cooperation.



4. 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 in 2021 renewed or extended MOUs with the Deposit Protection Corporation of Zimbabwe, the Deposit Protection Agency of Thailand, the Financial Market Guarantee System of Czech Republic, and Deposit Insurance of Vietnam. As of year-end 2021, the CDIC had signed MOUs or Letters of Exchange with 24 international peers. The CDIC and Deposit Insurance of Vietnam extended their MOU via virtual meeting in December. The senior executives of the CDIC also met virtually with its counterparts from the deposit insurers of Japan and South Korea. In addition, during the COVID-19 pandemic, the CDIC has taken the initiative to contact peer organizations and share information on COVID-19 responses measures that have been taken in Taiwan.

IX. Human Resources

1. Workforce structure over past 5 years

Year	No. of employees	Avg. age of employees	Educational attainment of employees			
			Doctorate	Graduate school	College	Other
2021	150	49	2	55	90	3
2020	153	49	-	54	96	3
2019	147	50	-	48	96	3
2018	153	49	-	48	102	3
2017	151	50	-	44	104	3

Department breakdown of CDIC staff for 2021:

Senior Executives and Secretariat (18)	International Relations and	Dept. of Information Technology (14)
Dept. of Risk Management (33)	Research Office (9)	Civil Service Ethics Office (2)
Dept. of Resolution (5)	Dept. of Legal Affairs (9)	Central Taiwan Regional Office (6)
Dept. of Special Inspection (15)	Dept. of Accounting (7)	Southern Taiwan Regional Office (8)
Dept. of Business (19)	Personnel Office (5)	

2. Personnel training

To upgrade the quality of staff and enhance employees' professional knowledge, the CDIC arranged training programs in 2021 that attracted a total attendance of 1,156, for an average of 7.7 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 training needed to support CDIC operations.
- The CDIC invited outside experts to speak on specific topics and helped its staff hone their professional expertise.

- C. The CDIC arranged business seminars with lectures provided by outstanding senior employees or outside expert speakers, and held case study workshops.
- D. Staff participated in online international meetings and conferences to study topics related to deposit insurance.
- E. The CDIC arranged one to two English and Japanese language classes per week to improve employees' language proficiency.

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 Executive Vice President of the CDIC and consisted of the directors of each CDIC department and office. The Task Force convened two meetings in 2021. 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 Executive Vice President 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 adopted 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.
- D. The Internal Audit Task Force in February 2021 completed a self-assessment of the CDIC's 2020 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. Cooperated 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 entrusts the utilization and management of the Financial Industry Special Reserve Fund to the CDIC 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 2021, the Special Reserve Fund assets under the CDIC management stood at approximately NT\$126.7 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



Investment team

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. Also, the CDIC audited the capital adequacy ratios of domestic banks and quantitative indicators for interest rate risk in the banking book, the audit item recently entrusted by the FSC.

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

In coordination with measures taken by the competent authority to improve supervision of Taiwan's domestic systemically important banks (D-SIBs), the CDIC held an informational meeting for the sixth bank to be designated as a D-SIB to explain the reporting framework. Also, acting in accordance with the FSC-approved reporting framework and approval standards, the CDIC completed its review of the set of "Response Measures for Business Crises" that had been filed by the six systemically important banks. The CDIC submitted its review findings and related recommendations to the competent authority in October 2021 for its reference.

4. Strengthened the supervisory functions and information security of the Internet-only Banking Supervisory System

The Internet-only Banking Supervisory System developed by the CDIC was officially launched at the end of December 2020. Considering the importance of the data as well as the system's capacity and security requirements after a large amount of data has accumulated in the future, and to comply with the *Information Security Management Act* and ISMS standards, the CDIC expanded and strengthened the functions of the System, improved the System's security mechanisms, and provided more detailed and comprehensive data to facilitate supervision of internet-only banks.

5. 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 2021 sent one staff member with information systems expertise to help the FSC's Financial Examination Bureau carry out information security examinations. The staff member returned to the CDIC on 1 October 2021.

6. The CDIC was entrusted by the Council of Agriculture to examine firms entrusted by the credit departments of farmers' and fishermen's associations to operate their information systems

Acting in accordance with the *Guidelines for the Council of Agriculture Entrusted the Central Deposit Insurance Corporation to Examine Firms Entrusted by the Credit Departments of Farmers' and Fishermen's Associations to Operate Their Information Systems*, the Council of Agriculture entrusted the CDIC in 2021 for the first time to examine the aforementioned information system operators. The firms subject to examination include the Agrifinance Information Service Co. Ltd and the Farmers' and Fishermen's Association South Data Center, each of which is examined once per year.



The CDIC took part in the 2021 Seafood Festival in Kaohsiung on 4 December 2021 and set up a booth there to familiarize festival visitors with the deposit insurance system.

Sustainability

Maintain credit order,
create sustainability





ESG Performance

In order to implement its environmental, social and governance (ESG) policies, the CDIC in 2021 established a Sustainability Committee to serve as its highest ESG policymaking body. The CDIC president serves as convener of the Sustainability Committee, and the Executive Vice Presidents serve as deputy conveners, while the directors of the departments are the principal members of the Committee. The Committee is responsible for developing ESG goals and business strategies, and regularly reports to the Board of Directors on the company's ESG performance. In 2021 the Committee adopted the four major ESG goals of "accountable governance," "sustainable environment," "friendly workplace," and "financial inclusion."

I. Accountable governance

Sound corporate governance is an important cornerstone of corporate sustainability, so the CDIC is working hard to ensure ethical business practices and doing all it can to improve risk management of insured institutions and contingency planning and crisis preparedness, so as to assist financial supervision and achieve the policy goal of maintaining financial stability. The CDIC also continues to promote digital finance and green finance, and relies on its financial expertise to advocate the concept of sustainable business practices.

1. Corporate governance

As of the end of 2021, all nine members of the CDIC Board of Directors were FSC appointees. Of those nine board members, three were women and each gender accounted for at least one-third of the board. Meetings of the Board of Directors were convened seven times in 2021 and the average attendance rate was 97%, while board members exercised recusal due to conflict of interest on three occasions.

2. Ethical business practices

A. Ethics awareness of anti-corruption

To achieve the goals of ethical business practices and integrity governance, the CDIC actively promoted ethics awareness among employees, sought to

improve their understanding of ethics regulations, and to instill a commitment to the spirit of acting in compliance with the law. Outreach was conducted 24 times via printed materials and one occasion took the form of a lecture. Each month the CDIC carried out special surveys to personnel who inspected insured institutions to look into their integrity and how they treat inspected institutions. The purpose of these surveys is to ensure sustainable business operations based on a corporate culture of integrity.

B. Information transparency and disclosure

In 2021, the CDIC posted monthly accounting reports, a budget proposal, a final accounting report, and an auditor's report on financial statements to the government information disclosure section of its website. Also, for the reference of insured institutions, the CDIC made regular disclosures of 73 types of deficiencies typically discovered in its statutorily required inspections.

3. Implementation of internal controls

In coordination with the status of operations, the CDIC carried out rolling reviews of the quality of the risk assessment of internal control operations continuously, internal control system's risk assessments, internal audits, and self-assessments, and signed off on the "Internal Control Statement of the Central Deposit Insurance Corporation." These actions ensured effective implementation of the internal control system.

4. Assistance with financial supervision and financial stability

A. Helped the FSC monitor the overseas exposures of insured institutions and other risk information in order to achieve more effective financial supervision.

B. Helped the FSC review the "Response Measures for Business Crises" filed by Taiwan's six D-SIBs

5. Digital finance innovations

A. Developed the Internet-only Banking Supervisory System

In response to approvals for the establishment of internet-only banks, the CDIC developed the Internet-only Banking Supervisory System, which supports new data reporting methods, to strengthen supervision of liquidity.





B. Digitization of premium collections

In response to demand for digitization, the CDIC completed development of the new Declaration System for Deposit Insurance Premiums, which enables insured institutions to quickly complete their semi-annual premium reporting operations. This new system effectively optimizes premium reporting procedures.

C. Digitization of the CDIC membership sign

The CDIC created a digitized sign that an insured institution can use on its online banking website to show that it is a member of the Central Deposit Insurance Corporation. Of the 402 CDIC member institutions, a total of 370 placed the CDIC membership sign on their websites in 2021, while the other 32 members institutions have not launched online banking operations.

D. Online Deposit Insurance Coverage Calculator

To enable depositors to quickly calculate the amount of their deposits that are covered by deposit insurance, the CDIC has established a Deposit Insurance Estimator on its website for over two years, and it has been used more than 174,000 times to date.

6. Green finance

A. Incorporation of assessment factors for green and sustainable practices incorporated into the Call Report Data Rating System.

To get banks to improve their corporate governance and better appreciate the importance of ESG concerns, the CDIC drew up plans to incorporate ESG-related assessment items into its "Declaration Form for Risk-Adjusted Management Ability of Insured Institutions," so as to guide insured banks to value importance to sustainable practice of green finance.

B. ESG investing

The CDIC studied the possibility of adopting ESG investing, factoring ESG ratings into investment risk control indicators, and investing in qualified ESG bonds.



7. Deductions on deposit insurance premiums in support of the government's relief and stimulus policy

In response to the COVID-19 pandemic, the CDIC has supported government policy by providing a total of NT\$317 million worth of temporary deductions on deposit insurance premiums during the pandemic to domestic banks as well as the credit departments of farmers' and fishermen's association that are best-performing in providing relief and stimulus loans.

8. Launch of an information security management system (ISMS)

To maintain the security of information and communications operations, the CDIC, acting in compliance with the provisions of the *Information Security Management Act*, launched an ISMS in June 2021, and also completed or updated 89 four-level documents.

II. Sustainable Environment

In order to fulfill its corporate social responsibility and contribute to Taiwan's achievement of its goals for carbon reduction and sustainable development, the CDIC pursues a wide variety of workplace energy conservation and carbon reduction measures and, making reference to the climate change reports of international financial organizations, is working on a plan to incorporate climate change risk factors into its mechanism for insured risk control, in order to guide insured institutions toward a proper appreciation of the importance of sustainable co-existence with nature.

1. Response to international ESG initiatives

The CDIC collected recent reports on climate change matters released by international financial organizations as well as competent authorities in the US, UK, Canada and other countries, prepared summary translations thereof, and involved in the publication of two IADI policy briefs, entitled "Climate Change Fever: Can Deposit Insurers Stay Cool?" and "Five Emerging Issues in Deposit Insurance (Including Climate Change)."





2. Environmental protection

- A. To coordinate with Executive Yuan policy, the CDIC since 2008 has pursued a variety of energy conservation and carbon reduction measures. In May 2013 the CDIC set up a task force for energy conservation and carbon reduction, which is chaired by an executive vice president and meets semiannually. In comparison with the baseline year of 2015, the 82,682 kWh of power conserved in 2021 represented a reduction of 21.95%; the 924 cubic meters of water conserved in 2021 represented a reduction of 27.34%; and the 2,657 liters of fuel conserved in 2021 represented a reduction of 42.07%. These figures show that the CDIC has worked very hard to achieve its targets.
- B. The CDIC started conducting meetings virtually in 2020. Also, by acting in compliance with the Executive Yuan's Project to Conserve Energy and Reduce Paper Consumption by Use of Electronic Documents, the CDIC as of year-end 2021 had raised the ratio of official document signings handled online to 48.84%, well above the target of 30%.

3. Green procurement and supply management

The CDIC conducts a performance review each year in accordance with the Environmental Protection Administration's *Directions for Reviews of Government Agency Green Procurement Performance*. In 2021, the CDIC met the target of 100% green procurements.

III. Friendly workplace

Employees are at the core of an enterprise's efforts to achieve sustainable development. The CDIC strives to provide employees with a friendly workplace where no one feels mistreated in any way.

1. Employee care

A. Employee benefits policy

The CDIC has established an Employee Benefits Committee to handle related matters, has set up recreational activities clubs to help employees lead physically and mentally active lives, has marked employee birthdays and organized company outings to spur increased interactions among co-workers, planned to open an in-house daycare center to lighten the burden of childcare, and has adopted a flextime system.

B. Gender equality

- a. The CDIC has established a Task Force on Gender Equality (which meets regularly and organizes speeches and other gender equality outreach activities), and complies with the law by providing unpaid parental leave, family leave, menstrual leave, paternity leave, pre-maternity leave, maternity leave, and miscarriage leave, has set up a breastfeeding and lactation room, and has adopted mechanisms for preventing workplace sexual harassment and handling related complaints.

- b. The CDIC promotes gender-equal participation in important company operations by enforcing the principle that each gender should account for at least one-third of the members on all in-house committees and ad hoc task forces.

C. Labor-management communication meetings

Once per quarter the CDIC holds a labor-management communication meeting to build consensus and harmonious labor-management relations. In 2021 the CDIC held two employee forums to give them timely support and assistance.

D. Employee health

The CDIC provides employees with professional counselors and a psychological assessment service to help them deal with moods and stress. The company also has AED machines, first-aid kits, blood pressure cuffs, body thermometers, and other such medical equipment on site for health management purposes.

2. Personnel training

To raise employee awareness of corporate sustainability, the CDIC in 2021 had employees attend three hours of environmental education and training as well as eight hours of training on corporate sustainability and climate change issues.

3. Peace of mind in the workplace

A. Workplace safety measures

The CDIC fulfills legal requirements by holding biannual building safety checks, annual fire safety equipment inspections, and monthly tests of drinking fountains and electrical equipment.

B. Occupational safety education and training

The CDIC conducts drills for each ad hoc unit under the occupational protection working group semiannually and hires professionals to teach employees how to perform CPR and other important emergency rescue techniques.





IV. Financial inclusion

As an important part of Taiwan's financial safety net, the CDIC has long worked to familiarize people of all ages and selected social groups with the concept of deposit insurance. Its financial literacy activities are designed to be fun in order to achieve better results.

1. Deposit insurance awareness campaign

A. Outreach activities for the general public

Acting via insured institutions as well as various other channels—television, the internet, radio, public transportation, and outdoor public welfare events—the CDIC works every year to familiarize the public with the concept of deposit insurance. A total of 140,000 persons took part in CDIC outreach activities in 2021, and related videos have attracted some 16 million views.

B. Improved school outreach activities.

To help students better understand deposit insurance, the CDIC often places ads in publications and online channels that students use to prepare for university entrance exams, sets up publicity booths at film festivals held by 12 different institutions of higher education, and solicits video shorts to be shown at on-campus outreach events. Some 10,000 persons have been exposed to these outreach materials and activities.

2. Social concern

To support the FSC's policy of promoting financial literacy, the CDIC works to familiarize immigrants, indigenous persons, and vulnerable groups with deposit insurance, setting up booths at public events in order to interact with the public. The CDIC took part in 24 financial literacy events in 2021 and disseminated useful information to 2,350 persons.



CDIC President William Su (2nd row, 4th from left) and CDIC Executive Vice President Yvonne Fan (2nd row, 5th from left) posed with colleagues for a group photo at the "2021 Awards Ceremony for Outstanding Short Videos on Deposit Insurance" on 18 November 2021.

Security

**Strengthen risk
management, bolster
public confidence**





Financial Statements



CENTRAL DEPOSIT STATEMENTS OF



DECEMBER 31,

Assets	2021.12.31		2020.12.31	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and Deposits in the Central Bank	\$ 62,109,100	45.24	\$ 61,280,478	48.73
Amortized Cost of Financial Assets-Current	73,778,815	53.74	63,130,935	50.20
Receivables	641,527	0.47	632,921	0.50
Current Tax Assets	285,056	0.21	253,212	0.20
Prepayments	15,298	0.01	16,048	0.01
Temporary Advances	346	-	608	-
Sub-total	136,830,142	99.67	125,314,202	99.64
PROPERTY, PLANT AND EQUIPMENT				
Land	215,548	0.16	215,548	0.17
Buildings	265,486	0.19	265,486	0.21
Machinery and Equipment	68,108	0.05	64,442	0.05
Transportation Equipment	15,531	0.01	13,649	0.01
Other Equipment	26,714	0.02	26,032	0.02
Sub-total	591,387	0.43	585,157	0.46
Revaluation Increment-Land	62,022	0.05	62,022	0.05
Cost and Revaluation Increment	653,409	0.48	647,179	0.51
Less: Accumulated Depreciation				
Buildings	(135,683)	(0.10)	(130,949)	(0.10)
Machinery and Equipment	(49,330)	(0.04)	(47,273)	(0.04)
Transportation Equipment	(9,798)	(0.01)	(9,158)	(0.01)
Other Equipment	(19,482)	(0.01)	(18,645)	(0.01)
Sub-total	(214,293)	(0.16)	(206,025)	(0.16)
PROPERTY, PLANT AND EQUIPMENT-NET	439,116	0.32	441,154	0.35
INTANGIBLE ASSETS	14,123	0.01	9,813	0.01
OTHER ASSETS				
Guarantee Deposits Paid	686	-	654	-
Collateral Deposits	96,100	0.07	94,100	0.07
Securities Serving as Collateral Deposits	(96,100)	(0.07)	(94,100)	(0.07)
Sub-total	686	-	654	-
TOTAL ASSETS	<u>\$ 137,284,067</u>	<u>100.00</u>	<u>\$ 125,765,823</u>	<u>100.00</u>



INSURANCE CORPORATION

FINANCIAL POSITION

2021 AND 2020

(Expressed in NT\$'000)

2021 Annual Report

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Financial Statements

Liabilities and Equity	2021.12.31		2020.12.31	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Payables	\$ 83,032	0.06	\$ 81,224	0.07
Sub-total	83,032	0.06	81,224	0.07
OTHER LIABILITIES				
General Financial Deposit Insurance Payout Special Reserves	119,279,797	86.89	108,160,495	86.00
Agricultural Financial Deposit Insurance Payout Special Reserves	6,047,290	4.40	5,735,372	4.56
Provision for Employee Benefits	366,031	0.27	330,603	0.26
Deferred Income Tax Liabilities	23,957	0.02	23,957	0.02
Guarantee Deposits Received	1,800	-	1,335	-
Temporary Receipts and the Account to be Carried Over	389,764	0.28	313,599	0.25
Sub-total	126,108,639	91.86	114,565,361	91.09
TOTAL LIABILITIES	126,191,671	91.92	114,646,585	91.16
CAPITAL STOCK	10,000,000	7.28	10,000,000	7.95
CAPITAL SURPLUS				
Donated Assets Received	265	-	265	-
RETAINED EARNINGS				
Legal Reserve	235,700	0.17	235,700	0.19
Special Reserve	1,000,466	0.73	1,000,466	0.79
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)				
Remeasurement for Defined Employee Benefit Plan	(117,968)	(0.08)	(91,126)	(0.07)
ADJUSTMENTS FOR THE FIRST ADOPTION OF IFRS	(26,067)	(0.02)	(26,067)	(0.02)
TOTAL EQUITY	11,092,396	8.08	11,119,238	8.84
TOTAL LIABILITIES AND EQUITY	\$ 137,284,067	100.00	\$ 125,765,823	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, 2021 AND 2020

單位：新臺幣千元 (Expressed in NT\$'000)

Description	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE				
Interest Revenue	\$ 1,207,865	9.88	\$ 1,200,250	10.38
Premiums Revenue	11,022,625	90.12	10,363,437	89.62
Agency Revenue	84	-	-	-
Sub-total	12,230,574	100.00	11,563,687	100.00
OPERATING COSTS				
Interest Expenses	3,525	0.03	7,073	0.06
Insurance Expenses	172	-	191	-
Handling Fees	2,223	0.02	1,538	0.01
Insurance Payout Reserve Provisions	11,256,945	92.04	11,607,774	100.38
Expected Credit Losses	198	-	2,169	0.02
Sub-total	11,263,063	92.09	11,618,745	100.47
GROSS PROFIT	967,511	7.91	(55,058)	(0.47)
OPERATING EXPENSES				
Transaction Expenses	904,575	7.40	871,477	7.54
General & Administrative Expenses	57,757	0.47	59,256	0.51
Other Operating Expenses	2,707	0.02	3,029	0.03
Sub-total	965,039	7.89	933,762	8.08
OPERATING INCOME	2,472	0.02	(988,820)	(8.55)
NON-OPERATING REVENUE				
Indemnity Revenue	-	-	1	-
Other Revenue	1,395	0.01	993,649	8.59
Sub-total	1,395	0.01	993,650	8.59
NON-OPERATING EXPENSES				
Loss on Disposal of Assets	146	-	1,395	0.01
Others Expenses	3,721	0.03	3,435	0.03
Sub-total	3,867	0.03	4,830	0.04
NON-OPERATING INCOME (LOSS)	(2,472)	(0.02)	988,820	8.55
INCOME BEFORE INCOME TAX	-	-	-	-
INCOME TAX	-	-	-	-
NET INCOME FROM CONTINUING OPERATIONS	-	-	-	-
NET INCOME	\$ -	-	\$ -	-
NOTES :				
OTHER COMPREHENSIVE INCOME				
Remeasurement for Defined Employee Benefit Plan	(26,842)		(32,819)	
TOTAL OTHER COMPREHENSIVE INCOME	(26,842)		(32,819)	
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, 2021 AND 2020

(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, 2020	\$ 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
Net Income for The Year Ended December 31, 2021	-	-	-	-	-	-	-
Other Comprehensive Income (Loss), Net of Tax for The Year Ended December 31, 2021	-	-	-	-	(26,842)	-	(26,842)
Balance, December 31, 2021	\$ 10,000,000	\$ 265	\$ 235,700	\$1,000,466	\$ (117,968)	\$ (26,067)	\$ 11,092,396

董事長：



經理人：



會計主管：



CENTRAL DEPOSIT INSURANCE CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in NT\$'000)

項目 Description	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before Tax from Continuing Operations (Loss)	\$ -	\$ -
Net Income before Tax (Loss)	-	-
Adjustment for the Interests and Dividends	(1,204,340)	(1,193,177)
Net Income (Loss) Excluding Interests and Dividends	(1,204,340)	(1,193,177)
Adjustments	11,285,496	10,861,645
Net Cash Inflow (Outflow) Excluding Interests and Dividends	10,081,156	9,668,468
Interests Received	1,199,269	1,241,823
Interests Paid	(3,525)	(7,073)
Income Tax Refund (Paid)	(31,844)	(10,763)
Net Cash Inflow (Outflow) from Operating Activities	11,245,056	10,892,455
CASH FLOWS FROM INVESTING ACTIVITIES		
Current Financial Assets Decrease (Increase)	(9,548,772)	(10,791,606)
Property, Plant and Equipments Decrease	-	32
Intangible Assets and Other Assets Decrease (Increase)	(8,132)	(8,590)
Property, Plant and Equipments Increase	(6,982)	(3,803)
Net Cash Inflow (Outflow) from Investing Activities	(9,563,886)	(10,803,967)
CASH FLOWS FROM FINANCING ACTIVITIES		
Other Liabilities Increase (Decrease)	246,764	363,346
Net Cash Inflow (Outflow) from Financing Activities	246,764	363,346
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 1,927,934	\$ 451,834
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,280,478	828,644
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,208,412	\$ 1,280,478

董事長：



經理人：



會計主管：





Perfection

Create sound financial
environment, prefect
deposit insurance system



Statistics

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

Unit: number of institutions

Type of Insured Institutions	Year				
	2021	2020	2019	2018	2017
Domestic Banks	39	38	37	38	39
Credit Cooperatives	23	23	23	23	23
Credit Departments of Farmers' Associations	283	283	283	283	283
Credit Departments of Fishermen's Associations	28	28	28	28	28
Taiwan Branches of Foreign and Mainland Chinese Banks	29	28	28	28	28
Total	402	400	399	400	401

Notes: 1. The date of record for the annual figures in the table is 31 December 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				
	2021	2020	2019	2018	2017
Domestic Banks	46.7	48.5	50.6	51.1	51.3
Credit Cooperatives	59.8	61.9	63.8	64.8	65.6
Credit Departments of Farmers' Associations	73.9	75.5	77.2	78.0	78.8
Credit Departments of Fishermen's Associations	79.7	80.4	80.5	81.0	81.9
Taiwan Branches of Foreign and Mainland Chinese Banks	2.3	1.7	1.9	2.2	1.9
Average Ratio	47.3	48.9	51.0	51.6	51.7

Notes: 1. The date of record for the annual figures in the table is 31 December 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)
2021	General	90	50,464,466	23,719,653	47.00	10,686	119,280	0.50
	Agricultural	312	2,834,884	1,506,575	53.14	337	6,047	0.40
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

Notes: 1. The date of record for the annual figures in the table is 31 December 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 1 January 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 1 July 2007.
4. Deposit Insurance Premium Rates:
 - (1) From 1 July 2007, the premium of covered deposits for general financial institutions (including banks and credit cooperatives) was divided into five-tiered risk-based premium rates of 0.03%, 0.04%, 0.05%, 0.06%, and 0.07% respectively. For eligible deposits in excess of the coverage limit, a flat premium rate of 0.0025% was adopted; however, from 1 January 2010, this flat premium rate was raised to 0.005%. The premium of covered deposits for the credit departments of farmers' and fishermen's associations was divided into five-tiered risk-based premium rates of 0.02%, 0.03%, 0.04%, 0.05%, and 0.06% respectively. For eligible deposits in excess of the coverage limit, a flat premium rate of 0.0025% was adopted.
 - (2) From 1 January 2011, the premiums for banks were divided into five risk-based tiers of 0.05%, 0.06%, 0.08%, 0.11%, 0.15%, while for credit cooperatives the rates were set at 0.04%, 0.05%, 0.07%, 0.10%, and 0.14%. For eligible deposits in excess of the coverage limit, a flat premium rate of 0.005% was adopted. The premiums charged to the credit departments of farmers' and fishermen's associations for covered deposits remained at 0.02%, 0.03%, 0.04%, 0.05%, and 0.06%, with the same flat premium rate of 0.0025% for eligible deposits in excess of the coverage limit.
5. 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, in 2012 the deposit insurance payout special reserves for general financial institutions, as well as the ratio of these reserves to covered deposits, were both zero.


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

Unit: NT\$ 1 million

Item \ Year	2021	2020	2019	2018	2017
Operating revenues	12,231	11,564	11,304	10,916	10,475
Interest revenues	1,208	1,200	1,244	1,108	958
Premium revenues	11,023	10,364	10,034	9,792	9,513
Agency revenues			26	16	4
Operating costs and expenses	12,229	12,553	11,301	10,912	10,544
Provisions to deposit insurance payout special reserves	11,257	11,608	10,367	9,994	9,643
Interest expenses	4	7	12	9	2
Transaction expenses	905	872	855	845	835
General & administrative expenses	58	59	61	58	58
Other operating expenses	3	3	3	4	4
Other expenses	2	4	3	2	2
Operating income	2	(989)	3	4	(69)
Non-operating income (loss)	(2)	989	(3)	(4)	69
Net income before income tax					
Income tax expenses					
Net income					

Notes: 1. The figures for 2017 to 2020 were reviewed and audited by the National Audit Office; those for 2021 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 Prevention Measures

In response to the outbreak of the Covid-19 pandemic, the CDIC adopted a set of *"COVID-19 Pandemic Prevention and Operational Response Measures"* to guide the employees 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 CDIC carries out the following disease control measures:

- A. Requires employees while at work to practice social distancing and wear face masks.
- B. Provides correct disease prevention concepts and timely updates on the pandemic.
- C. Exercises employee health management, monitors the travel histories of employees and their family members, and publicly announces rules on self-quarantine and self-isolation that must be obeyed.
- D. Encourages employees to receive vaccinations in accordance with guidelines issued by the Central Epidemic Command Center, and conducts weekly surveys of the status of employee vaccinations to serve as reference for the adoption of epidemic prevention measures.

2. The CDIC controls door access and maintains a sanitary work environment and ensures 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 flextime system to reduce the likelihood of cluster transmission.
- D. Make backup personnel arrangements for core businesses.
- E. Set up an emergency message group to facilitate dissemination of pandemic-related information and maintain an open channel of communication.

3. Work-from-home, employee-distancing, and flextime working arrangements:

After Taipei and New Taipei City declared a Level 3 COVID-19 alert on 15 May 2021, the CDIC on 18 May instituted work-from-home and employee-distancing work arrangements to respond to the increased risk of community transmissions. After the rate of transmissions subsequently dropped, the CDIC discontinued work-from-home and employee-distancing work arrangements on 16 August and 19 October, respectively. From May through August, the number of employees working from home peaked at 84. Also, in compliance with the policies of the Executive Yuan's Directorate-General of Personnel Administration, the CDIC expanded its use of flextime arrangements.

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

5. The CDIC has built a remote work environment and enhanced cybersecurity. The following measures are required:

- A. Strengthen cybersecurity by using encrypted videoconference software to ensure the security of videoconferences conducted to support remote work or to avoid large group meetings.
- B. In response to rising need during the pandemic for remote working, the CDIC has completed a secure sockets layer VPN (SSLVPN) to support remote work. With an eye to operating needs, the CDIC has adopted two-factor authentication of verification code sent to an email account and a MAC address, in order to improve the security of SSLVPN remote access.
- C. The CDIC has purchased, installed, tested, and strengthened the security of notebook computers to ensure that all remote-working employees can maintain the quality, effectiveness, and security of official information operations.
- D. To ensure that employees can make uninterrupted use of information application systems while working remotely, the CDIC has carried out retraining and drills focusing on related information operations.



Appendix 2: Major Events in 2021

3 Feb	CDIC extended the MOU with the Deposit Protection Corporation of Zimbabwe.
3 Feb	CDIC Executive Vice President Yvonne Fan led a group of CDIC colleagues to virtually attend the 66 th IADI Executive Council Meeting.
2 Mar	CDIC Executive Vice President Yvonne Fan led a group of CDIC colleagues to virtually attend the 67 th IADI Executive Council Meeting as well as related technical and Council Committee meetings.
16 Mar	CDIC President William Su led a group of CDIC colleagues in attending a bilateral virtual meeting with ESISUISSE Switzerland.
19 Mar	CDIC held a signing ceremony to mark participation by LINE Bank Taiwan in the deposit insurance system.
9 Apr	CDIC extended the MOU with the Deposit Protection Agency of Thailand.
12 May	CDIC Executive Vice President Yvonne Fan moderated discussions on Paper 5 and Paper 6 at the 2021 6 th Biennial IADI Research Conference on the theme of <i>Navigating the New Normal for Financial Stability, Deposit Insurance and Bank Resolution</i> .
18 May -19 Oct	After Taipei and New Taipei City declared a Level 3 COVID-19 alert, the CDIC instituted work-from-home and employee-distancing work arrangements.
27 May	CDIC Executive Vice President Yvonne Fan led a group of CDIC colleagues to virtually attend the 68 th IADI Executive Council Meeting.
28 May	CDIC held the 2021 CDIC General Shareholders Meeting.
2 Jun	CDIC Executive Vice President Yvonne Fan spoke at a webinar on the Core Principles for Effective Islamic Deposit Insurance Systems, jointly held in June by the IADI, the Islamic Financial Services Board, and the Arab Monetary Fund.
25 Jun	CDIC Executive Vice President Yvonne Fan led a group of CDIC colleagues to virtually attend the 69 th IADI Executive Council Meeting as well as related Technical and Council Committee meetings.
3 Aug	CDIC President William Su led a group of colleagues that took part in the 19 th IADI APRC Annual Meeting, International Conference and CEO Dialogue. All these activities were held virtually.
31 Aug	CDIC extended the MOU for cooperation with the Financial Market Guarantee System of Czech Republic.
22 Sep	CDIC Executive Vice President Yvonne Fan led a group of CDIC colleagues to virtually attend the 70 th IADI Executive Council Meeting.
22 Sep	CDIC held a 2021 extraordinary general meeting of shareholders to elect the company's 13 th boards of directors and supervisors.
22 Sep	Following approval by the Executive Yuan, the positions of Chairman and President of the CDIC were assumed, respectively, by Norman H. Chu and William Su.
19 Oct	CDIC President William Su led a group of CDIC colleagues in attending a bilateral virtual meeting between CDIC Taiwan and the National Deposit Insurance Fund (NDIF) of Hungary.
17 Nov	CDIC Executive Vice President Yvonne Fan led a group of CDIC colleagues to virtually attend the IADI 20 th Annual General Meeting, the 71 st IADI Executive Council Meeting, Core Principles and Research Council Committee, and spoke at the IADI Outlook Conference.
24 Nov	CDIC President William Su led a group of CDIC colleagues in attending an ad hoc meeting of the IADI Asia-Pacific Regional Committee.
8 - 9 Dec	The CDIC held the IADI APRC Technical Assistance Virtual Workshop on the theme of <i>Resolution Issues in New-normal Times: Cooperation and Coordination in Handling Resolution of Troubled Banks during Pandemic/Global Warming</i> .
16 Dec	CDIC and Deposit Insurance of Vietnam jointly announced a renewal of the MOU on 11 December, and the two organization's chairmen Mr. Norman H. Chu and Mr. Pham Bao Lam, with their colleagues, met virtually on 16 December for future cooperation.

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