



中央存款保險公司
Central Deposit Insurance Corporation



CDIC

2019 Annual Report

The main visual is inspired by “heart” but given new meaning, symbolizing that CDIC's starting point is the heart; we make every effort to protect people's deposit rights, drive Taiwan's economic development and maintain financial stability and reform.



This publication is printed with organic soy ink which is environmentally friendly and easy for recycle. Let's green our planet together!



中央存款保險公司
Central Deposit Insurance Corporation

Sustainable Development of Deposit Insurance Assuring Public Confidence

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

Central Deposit Insurance Corporation Protects your Deposits

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



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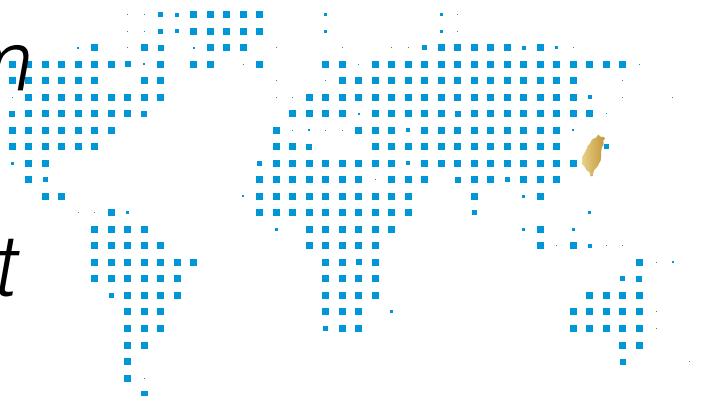
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Message from the Chairman and President



In 2019, negative factors such as the US-China trade war, Brexit, and geopolitical instability resulted in continued slowing of global trade activity and economic growth. Fortunately, Taiwan benefited from the US-China trade war as overseas buyers switched orders to Taiwan-based suppliers. Taiwan-invested firms in China returned to invest in Taiwan, and semiconductor manufacturers increased their spending on capital equipment in Taiwan. These and other factors have spurred an ongoing expansion of economic activity in our country. The Taiwan government, in order to meet the need for industrial development and transformation, has carried out legislative amendments and deregulatory measures, and implemented a number of different financial policies. These latter include: allowing the establishment of internet-only banks; expanding the use and innovation of mobile payments; developing a digital financial environment; ensuring that financial reports in Taiwan are prepared in accordance with the International Financial Reporting Standards; promoting risk-based internal audit systems; strengthening the ability of financial institutions to safeguard information security; pushing financial institutions to establish specialized cyber security units; promoting financial literacy; and better protecting the interests of financial consumers. Such undertakings are intended to ensure safe and sound operations at financial institutions, spur the upgrading and development of financial industries, and strengthen the international competitiveness of Taiwan's financial institutions.



As Taiwan's sole provider of deposit insurance, the Central Deposit Insurance Corporation (CDIC) is charged with the dual responsibility of maintaining financial stability and safeguarding the interests of depositors. In 2019, the CDIC continued to execute its duties aligned with the supervisory policies of the Financial Supervisory Commission (FSC), the competent authority for Taiwan's financial sector, and to handle the tasks entrusted by the FSC. These tasks included utilization and management of the Financial Industry Special Reserve Fund, as well as carrying out closer monitoring of domestic banks' risk exposures overseas (including countries targeted by the Taiwan government's New Southbound Policy) and in mainland China, as well as risks arising from banks' handling of OTC derivatives and domestic structured products. The objective was to effectively fulfill the function of deposit insurance in maintaining financial stability. In addition, the CDIC has also been implementing new methods of collecting data information in order to improve supervision of liquidity at internet-only banks.

Taiwan is easily impacted by international economic and financial market conditions, so the CDIC, in addition to controlling the insured risks of insured institutions, also uses the National Financial Early-Warning System (NFEWS) and the Account Officer System to carry out risk-based off-site monitoring in order to dynamically adjust and enhance risk control operations. By doing so, the CDIC actively plays its role as a risk minimizer. Also, in order to bolster the deposit insurance protection and strengthen its risk-bearing capacity, the CDIC this year continued replenishing its Deposit Insurance Payout Special Reserves, and conducted campaigns to raise public awareness of the deposit insurance system. At the same time, in the capacity of either conservator or receiver, the CDIC continued maintaining social fairness, justice, and the interests of the national treasury by disposing of the retained assets of failed financial institutions resolved by the Executive Yuan's Financial Restructuring Fund (FRF), concluding such institutions' pending litigations, and sought civil damages for the illegal acts of such institutions' employees.



To promote international cooperation, CDIC officials hold a number of important posts at the International Association of Deposit Insurers (IADI). For example, CDIC officials serve on the Executive Council (EXCO) and chair both the Core Principles and Research Council Committee (CPRC) and the Asia-Pacific Regional Committee (APRC). They are principally responsible in these positions for promoting research on global deposit insurance systems and specific subjects, formulating international deposit insurance guidance, and strengthening international cooperation and exchange, as well as information sharing among IADI members in the Asia-Pacific region. In addition, the CDIC held a first-ever IADI APRC CEO Dialogue this year, and actively sought to enter into memorandums of understanding (MOUs) for cooperation with peer insurers around the world. As of year-end 2019, the CDIC had established formal cooperative relations with 24 international peer institutions.




Michael M.K. Lin

Chairman Michael M.K. Lin

Looking to the future, the CDIC will continue to replenish the Deposit Insurance Payout Special Reserves, actively control insured risks, improve market exit and resolution mechanisms for failed insured institutions, draft amendments to related deposit insurance laws and regulations, and actively raise public awareness levels of deposit insurance. Also, to be in line with the supervisory policies of the competent authority, the CDIC will implement new methods to ensure better management of liquidity at internet-only banks, and will continue to analyze banks' OTC derivatives and other lines of business. These measures are designed to enhance a more fully developed deposit insurance system, promote the sound operation of the financial sector, and protect the rights and interests of depositors.

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

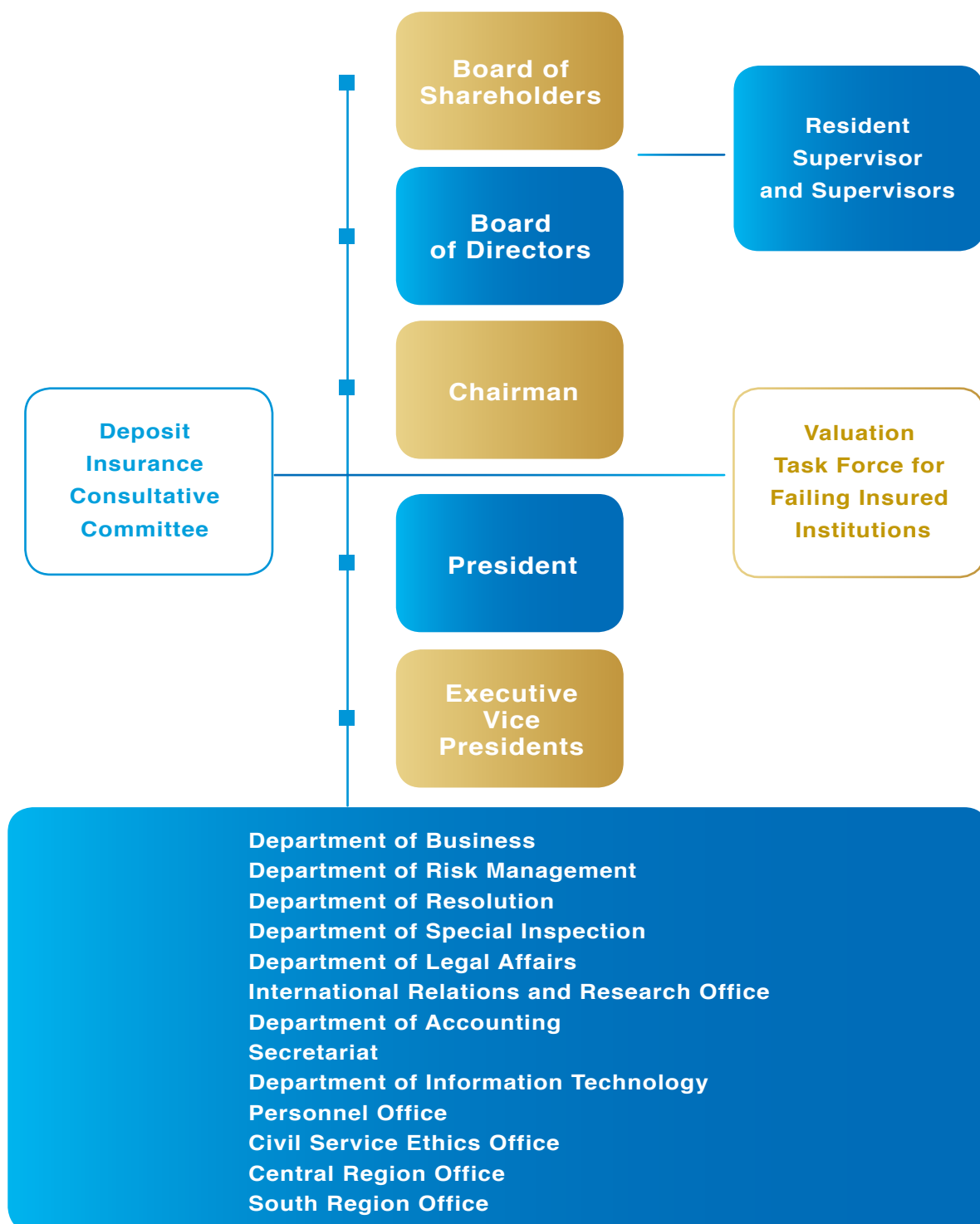


William Su

President William Su



Organizational Chart and Department Overview





Board of Directors and Supervisors

Board of Directors

Chairman

Michael M.K. Lin
(Representative of the Financial Supervisory Commission)

Directors

William Su
(Representative of the Financial Supervisory Commission)

Tsui-Wen Hsu
(Representative of the Financial Supervisory Commission)

Su-Fen Chen
(Representative of the Financial Supervisory Commission)

Wen-Heng Chao
(Representative of the Financial Supervisory Commission)

Shuen-Chiao Chang
(Representative of the Financial Supervisory Commission)

Anita S. Chou
(Representative of the Financial Supervisory Commission)

Mei-Ping Yang
(Representative of the Financial Supervisory Commission)

Wei Chi
(Representative of the Financial Supervisory Commission)

Supervisors

Resident Supervisor

Tsuey-Ling Hsiao
(Representative of the Central Bank)

Supervisors

Ming-Yi Lee
(Representative of the Central Bank)

Nan-Chi Chen
(Representative of the Central Bank)



Board of Directors and Supervisors



中央存款保險股份
CENTRAL DEPOSIT INSUR

發揮存保機制
確保金



1. Michael M.K. Lin, Chairman

2. Tsuey-Ling Hsiao, Resident Supervisor

3. William Su, Director

4. Tsui-Wen Hsu, Director

5. Shuen-Chiao Chang, Director

6. Su-Fen Chen, Director



有限公司
FINTech FINANCE CORP.

融安定

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

- 7. Wen-Heng Chao, Director
- 8. Ming-Yi Lee, Supervisor
- 9. Anita S. Chou, Director

- 10. Nan-Chi Chen, Supervisor
- 11. Mei-Ping Yang, Director
- 12. Wei Chi, Director



Overview of Departments

Department of Business

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

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 problem insured institutions, issuance of warnings of termination of the deposit insurance agreement, termination of deposit insurance agreements, and assistance in handling bank runs.

Department of Resolution

Handles matters related to strategic planning of conservatorship or resolution of problem insured institutions, provision of financial assistance, depositor payout, advance payment 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, civil litigation against the illegal acts of employees of problem insured institutions, and inspects evidence needed to pursue civil damages, and handles other legal 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.

■ 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.

■ Personnel Office

Handles matters related to personnel management and training.

■ Civil Service Ethics Office

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

■ Central Region Office

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

■ South Region Office

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



Chairman, President, Executive Vice Presidents and Directors of Departments



1. Michael M.K. Lin, Chairman
2. William Su, President
3. Anita S. Chou, Executive Vice President
4. Annie Cheng, Executive Vice President
5. Yvonne Fan, Executive Vice President
6. Shun-Ching Su, Director, Secretariat
7. Kuan-Jong Chen, Director, Department of Risk Management
8. Jenny Yang, Director, Department of Legal Affairs
9. Ying-Ying Lin, Director, Department of Resolution



11 | 16 | 7 | 13 | 6 | 8 | 10 | 14 | 15 | 9 | 17 | 12
5 | 3 | 1 | 2 | 4

- 10. Hui-Chin Lin, Director, Civil Service Ethics Office
- 11. Bin-Lian Jan, Director, Personnel Office
- 12. Lisa Hsi, Director, Department of Business
- 13. Margaret Chuang, Director, International Relations and Research Office
- 14. Li-Ying Teng, Director, Department of Special Inspection
- 15. Ming-Ren Shih, Director, Department of Accounting
- 16. Yong-Huei Peng, Director, South Region Office
- 17. Tung-Bo Huang, Acting Director, Central Region Office

Dedicated to Protecting Depositors' Rights and Interests





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 an orderly credit system, and promoting 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 problem or failed insured institutions. The following is a brief overview of the CDIC's major tasks and policy missions in 2019:

I. Deposit Insurance

1. Participation of financial institutions in deposit insurance

Two insured institutions merged in 2019, which reduced the number of insured financial institutions by one. As of 31 December 2019, a total of 399 financial institutions were insured, including three domestic government-owned financial institutions, 34 private banks, 28 Taiwan branches of foreign and mainland Chinese banks, 23 credit cooperatives, 283 credit departments of farmers' associations, and 28 credit departments of fishermen's associations.

2. Implementation of differential premium rates

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

- a. 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.
- b. 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.
- c. 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 2019, first-tier premium rate was applied at 76.4% of all insured institutions, second-tier rate at 13.3%, third-tier rate at 8.3%, fourth-tier rates at 2.0%, and fifth-tier rate at 0%.

3. Maximum coverage limit and coverage status

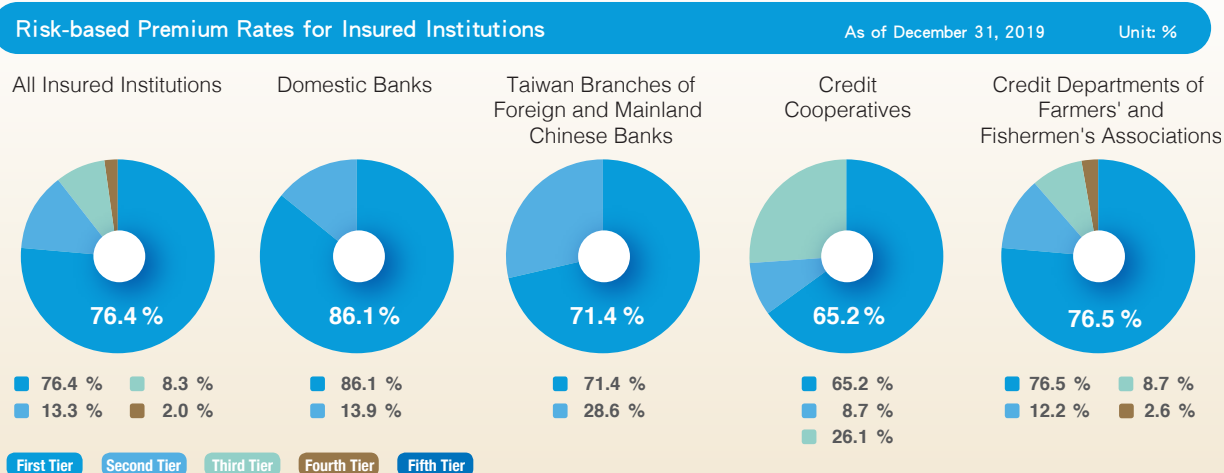
The coverage limit has been raised to NT\$3 million and the scope of coverage expanded to include foreign currency deposits and interest on deposits since January 2011. As of 31 December 2019 the total amount of eligible deposits stood at approximately NT\$46 trillion, and deposits within the NT\$3 million maximum coverage limit totaled roughly NT\$23 trillion. The ratio of deposits within the coverage limit to all eligible deposits was 51%, while the ratio of covered deposit accounts to the total number of deposit accounts was 98.2%. This indicates that the NT\$3 million deposit insurance maximum 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 2019 came to NT\$10 billion, including NT\$9.7 billion from general financial institutions and NT\$0.3 billion from agricultural financial institutions. As of year-end 2019, the deposit insurance payout special reserves of general financial institutions stood at roughly NT\$96.6 billion, while the deposit insurance payout special reserves of agricultural financial institutions stood at roughly NT\$5.4 billion. These figures translate to ratios of deposit insurance payout special reserves to covered deposits of 0.44% and 0.38%, respectively.

5. Amendment to *Approval Standards for Financial Institutions Applying to Participate in Deposit Insurance* -Approved by the FSC, effective on 27 September 2019

The CDIC has taken actions to safeguard depositors' interests by sharply reducing the period of time during which newly established financial institutions operate prior to joining the deposit insurance system. Whereas newly established financial institutions were formerly required to apply for deposit insurance "within six months of commencement of their business operations," the amended Approval Standards now require such institutions to submit their application for deposit



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.

insurance "after obtaining approval of incorporation from the related competent authorities and no later than two months after commencement of their business operations." Also, in response to Fintech development, and in order to control insured risks, the amended provisions list the documents that a financial institution must submit to the CDIC for review when applying to participate in deposit insurance, and they specify that such submissions shall include the applying institution's plan for disclosure of whether the institution itself and the financial products it offers are covered under the deposit insurance mechanism.

6. Amendment to CDIC Guidelines for Deposit Insurance Premium Collection Procedures- Approved on 6 August 2019

To bring about more efficient collection of deposit insurance premiums and to enhance internal controls: under the amended Guidelines, (a) insured institutions are allowed, in the event of premium underpayment or overpayment below specific amount, to be excused from supplementing or refunding the difference; and (b) new provisions have been added to govern supplementary payment or refunding of premiums after an on-site inspection has been performed to check the accuracy of the premium assessment bases and the risk indicators for risk-based premium rates.

7. CDIC held "Communication Meeting on the Participation of Internet-Only Banks in the Deposit Insurance System"

On 2 August 2019, the FSC approved applications of the establishment of three internet-only banks. Accordingly the CDIC convened a "Communication Meeting on the Participation of Internet-Only Banks in the Deposit Insurance System" on 24 September 2019 to ensure that those preparing



On 24 September 2019, the CDIC held a "Communication Meeting on the Participation of Internet-Only Banks in the Deposit Insurance System". Among those shown here are FSC Banking Bureau Deputy Director General Hsiu-yuan Chuang (3rd from left), CDIC Chairman Michael M.K. Lin (2nd from left), and CDIC President William Su (center).



to launch the three new banks will have a timely understanding of what is involved in applying for participation in the deposit insurance scheme. At the meeting, the CDIC provided explanations regarding various topics—such as "procedures for joining the deposit insurance scheme" and "matters requiring an insured institution's cooperation"—in order to help the new banks qualify as quickly as possible for participating in deposit insurance, thereby safeguarding the interests of their depositors.

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

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

The CDIC personnel participated in the 2019 Financial Services Charity Fair in Hsinchu on 2 November 2019. Among those shown here are FSC Chairman Wellington L. Koo (7th from right), FSC Banking Bureau Director General Jean Chiu (5th from left), FSC Insurance Bureau Director General Chiung-hwa Shih (4th from left), FSC Financial Examination Bureau Director General Li-chuan Wang (3rd from left), FSC Securities and Futures Bureau Director General Rosemary Wang (2nd from left), CDIC Chairman Michael M.K. Lin (6th from left), CDIC President William Su (1st from left), and CDIC Executive Vice President Annie Cheng (4th from right).



II. Risk Management

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

Since 2013, in order to 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 more standardized and clarified differential off-site monitoring mechanisms, and has made dynamic adjustments based on each financial institution's changing risks. Principal measures taken in 2019 include the following:

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

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

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

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

a. To encourage insured institutions to properly emphasize the importance of information security management, the CDIC factored additional information security items into the scoring formula of the "Declaration Form for Risk-Adjusted Management Ability of Insured Institutions," and included them among the items to be considered when performing on-site inspections to check the accuracy of risk indicators for risk-based premium rates.

b. In response to approvals for the establishment of internet-only banks, the CDIC drew up plans for off-site monitoring of liquidity-related reports to facilitate submission of reports by internet-only banks from the first day after they commence business operations. The purpose is to control insured risks.

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

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



3. Implemented the account officer system and risk-based off-site monitoring

- A. CDIC account officers continued to collect and analyze the financial and operational data of insured institutions through various channels, including NFEWS alerts, financial examination reports, directives issued by the competent authority, mechanisms for sharing financial supervisory information, the Material Event Reporting ("MER") system, CPA-certified financial reports, and various channels for public information disclosure. The CDIC also continued to monitor insured institutions' changing operational risks, and prepared business management reports issued at varying frequencies depending on the risk levels of different insured institutions.
- B. Special inspections were conducted on the financial reports of insured institutions that had highly concentrated credit risks or were in poor financial condition, and the CDIC continued requesting insured institutions to provide monthly or quarterly financial and business information. Account officers conducted special off-site audits, and tracked risk adjustments or improvements in financial performance. Where deficiencies were found, the CDIC either asked the insured institutions to make improvements or reported their cases to the competent authority for compliance monitoring.

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

- A. The CDIC Chairman regularly attended meetings of the FSC's Financial Supervisory 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 an analytical report on the financial and business conditions of insured institutions, and shared risk monitoring information, in order to achieve more effective off-site monitoring.
- C. Participated in the Task Force on Financial Supervisory Information Reporting Window for Banks and Bills Finance Companies, and handled amendments and updates to the single-window reporting system, in order to improve related supervisory information.



The CDIC personnel took part in FinTech Taipei 2019 on 29-30 November 2019. Shown here are Central Bank Deputy Governor Nan-Kuang Chen (2nd from left), CDIC Chairman Michael M.K. Lin (1st from left), CDIC President William Su (3rd from right), CDIC Executive Vice President Annie Cheng (1st from right), and CDIC Department of Business Director Lisa Hsi (2nd from right).

- D. Attended meetings of the various task forces set up by the Bankers Association under its Working Group for Basel Accord III—including the Credit Risk Task Force No. 1, Credit Risk Task Force No. 2, Market Risk Task Force, Operational Risk Task Force, and Leverage Ratio Task Force—in order to facilitate the drafting of related rules.
- E. Participated in guidance meetings convened by the competent authority for the credit departments of farmers' and fishermen's associations, and coordinated closely with the competent authority to strengthen guidance for those credit departments.

III. Resolution of Problem Insured Institutions

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

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

- A. Chinfon Commercial Bank:
 - a. Retained artwork: 12 paintings and one bronze statue.
 - b. Retained real estate: four pieces of retained real estate are the subject of litigation and cannot be sold.
- B. China United Trust and Investment Corporation (CUTIC):
 - a. The CUTIC held a 15.116% equity stake in the Taipei Financial Center Corporation (Taipei 101). In order to strengthen shareholding management, the CDIC recommended two representatives for appointment to the board of supervisors at Taipei 101 to oversee the company's business and financial matters. In the future, the CDIC will act in a timely manner to have the stocks put up for sale by public tender in accordance with the company's condition and the competent authority's instructions.
 - b. In 2019, CUTIC received cash dividends of NT\$281,733,839 and compensation of NT\$1,647,758 paid to its supervisors.

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

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



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

- A. In response to legislative amendments and the business needs of insured institutions, the CDIC amended version five of the *CDIC Rules Governing the Format and Content of Electronic Data Files Created by Insured Institutions*.
- B. Developed the *CDIC Guidelines for the Resolution of Failed Insured Institutions* as the compliance when handling the resolution operations.

IV. Handling of Litigation Following Expiration of the FRF

- 1. Acting in accordance with Article 17 of the *Act for the Establishment and Administration of the Financial Restructuring Fund* and resolutions adopted at FRF Management Committee meetings, the CDIC has actively pursued civil damages against law-breaking individuals at failed financial institutions to recoup the losses of the FRF and serve the interests of social justice. After termination of the FRF at the end of 2011, responsibility for pursuing the aforementioned civil damages was handed off to the FSC, which subsequently entrusted the CDIC to handle these cases. By the end of 2019, 143 civil suits were filed, resulting in 106 favorable judgments and 23 unfavorable judgments. In addition, 14 suits are still being litigated.
- 2. Eight unfinished lawsuits over failed insured institutions were under litigation as of the end of 2018, and a total of five lawsuits were concluded in 2019.

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 2019, the CDIC carried out the following inspections:

- 1. The CDIC conducted on-site inspections to verify the accuracy of the deposit insurance assessment base based on the data reported by 48 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 deposit insurance assessment base and the deposit insurance premium calculations.
- 2. The CDIC conducted on-site inspections at 61 insured institutions to verify the accuracy of the format and content of the electronic data files they are required by law to create. Where deficiencies and/or errors were detected in the above-mentioned inspections, the CDIC oversaw efforts by the inspected institutions to make improvements to ensure that the CDIC, when fulfilling insurance responsibilities, can use the data in the electronic data files to accurately calculate payout amounts.

3. The CDIC conducted on-site inspections of the data and files for risk indicators for risk-based premium rates submitted by 60 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.

VI. Information Management

1. Development or repair & maintenance of business information systems

- A. Acting in accordance with instructions from the FSC to support its supervision of internet-only banks, the CDIC computer devised a Supervisory System for Internet-only Banks and completed the early phase of planning.
- B. To integrate the scheduling of statutorily required inspections of the related departments, the CDIC complete computer programs for an Inspection Management System and an Electronic Data Files Review System.

2. Improvement of information security and related equipment

- A. Acting in accordance with the provisions of the *Cyber Security Management Act*, the CDIC submitted the Information Security Maintenance Plan requested by the FSC, and carried out information security maintenance tasks set out in the aforementioned Plan.
- B. The CDIC outsourced a professional provider to carry out an information security assessment and draw up plans for system improvements based on assessment results.
- C. The CDIC continued to outsource a specialist provider to carry out network traffic analysis and monitoring on its firewall and intrusion detection system, and added a web application firewall (WAF) function to strengthen information security protection.

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 its business, and used it to prepare special reports. The following important studies were carried out in 2019:

1. IADI international research

- A. The CDIC chaired a research project on "Public Policy Objectives" and participated in research projects on "Risk Management and Internal Control System of Deposit Insurance Systems," "Differential Premium Systems," "Financial Inclusion and Innovation," and "Coverage Level and Scope of Deposit Insurance."



- B. The CDIC took part in two research and guidance projects, entitled: "Purchase and Assumption" and "Deposit Insurers' Role in Contingency Planning and System-wide Crisis Preparedness and Management", which were formally published by IADI.



The CDIC held the APRC CEO Dialogue on 1 April 2019. Among those shown here are FSC Chairman Wellington L. Koo (center), FSC Banking Bureau Director General Jean Chiu (1st from right), CDIC Chairman Michael M.K. Lin (2nd from left), CDIC President William Su (1st from left), and IADI Chair of the Executive Council Mr. Katsunori Mikuniya (2nd from right).

2. Research activities and summary translation reports

The CDIC completed the following research projects and summary translation reports in 2019:

- A. Summary report on the APRC's international seminar on "Case Studies and Experiences in the Resolution of Problem and Failed Insured Institutions" hosted by the CDIC.
- B. Summary reports on the APRC CEO Dialogue hosted by the CDIC on "Global and Asia-Pacific Economic Outlook and Responses to Challenges Facing APRC Deposit Insurers" and on "Global Economic Perspective and Uncertainty", the keynote address delivered by Dr. Jiann-Chyuan WANG, Vice President, Chung-Hua Institution for Economic Research.
- C. Report entitled "The Mainland Chinese Government's Resolution of Baoshang Bank and the Taiwan Government's Handling of Conservatorship Over Problem Insured Institutions: A Comparative Analysis."
- D. Summary translation report of an IADI research paper entitled "Resolution Issues for Financial Cooperatives: Overview of Distinctive Features and Current Resolution Tools."
- E. Summary translation of the FDIC's "Resolutions Handbook."



CDIC President William Su (1st row, 2nd from right) attended the IADI 58th Executive Council Meeting in Basel, Switzerland on 18 May 2019. He is shown here with the other members of the IADI Executive Council.

- F. Summary translation report of the "Recovery Planning" booklet published by the US Office of the Comptroller of the Currency.
- G. Summary translation report on the "OeNB Common Reporting Platform," a new method used in Austria for the reporting of supervisory information.
- H. Summary translation report of an IADI Guidance Paper entitled "Deposit Insurers' Role in Contingency Planning and System-wide Crisis Preparedness and Management."
- I. Summary translation report of 2018 Q4 Basel Committee on Banking Supervision (BCBS) and Financial Stability Board (FSB) updates on publications including reports and policy.
- J. Summary translation report of the Toronto Centre's "SupTech: Leveraging Technology for Better Supervision."
- K. Summary translation report of a survey result on Supervision of Liquidity Risks at Internet-only Banks in selected countries.

3. The 33rd and 34th meetings of the CDIC Deposit Insurance Consultative Committee

In 2019, the CDIC brought up a number of topics for discussion by the Deposit Insurance Consultative Committee, including government deposits, employee pension deposits, lawsuits over retained loans, and the CDIC's capital allocations, organizational adjustments, and future employee recruitment. Committee members presented many valuable comments and suggestions regarding the issues at hand.

4. Publication of Deposit Insurance Quarterly Bulletin

The CDIC's "Deposit Insurance Quarterly Bulletin" features articles by experts and scholars on deposit insurance, business management of financial institutions, and trends in financial supervision. The Quarterly Bulletin is distributed to related government agencies, insured institutions, universities, legislators, and libraries to promote knowledge of deposit insurance.



VIII. International Affairs

The CDIC, in order to be 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 and appreciate the CDIC's professional capabilities. The CDIC held a number of important positions at the IADI in 2019, serving as a member of the IADI EXCO, Chairperson of the CPRC, and Chairperson of the APRC. The CDIC is responsible at the IADI for promoting research and development of deposit insurance systems, supporting the issuance of international deposit insurance research and guidance, and facilitating cooperation and information sharing among IADI members in the Asia-Pacific region. To promote international cooperation and enhance its international visibility, the CDIC continued to participate in international affairs and activities in 2019, including the following:

1. Held the 1st APRC CEO Dialogue to strengthen substantive exchanges and cooperation among IADI members in the Asia-Pacific region

The CDIC in 2019 held the 1st APRC CEO Dialogue, which was attended by near 40 Chairmen and CEOs of deposit insurers in Japan and nine other countries or territories. Taiwan's FSC and Central Bank also dispatched officials to attend, and FSC Chairman Wellington L. Koo delivered opening remarks. The theme of this CEO Dialogue—the first to be held since the establishment of the IADI-APRC—was "Global and Asia-Pacific Economic Outlook and Responses to Challenges Facing APRC Deposit Insurers." Senior representatives from the APRC members shared information regarding the current state of financial industry development in their respective countries, the challenges facing deposit insurance schemes, policy considerations, and response measures. They also discussed possible solutions and joined together in a shared effort to promote financial stability in the Asia-Pacific region.



The CDIC held the APRC CEO Dialogue on 1 April 2019. Shown here are FSC Chairman Wellington L. Koo (1st row, 5th from right), IADI Chair of the Executive Council Mr. Katsunori Mikuniya (1st row, 5th from left), FSC Banking Bureau Director General Jean Chiu (1st row, 3rd from left), CDIC Chairman Michael M.K. Lin (1st row, 4th from right), CDIC President William Su (1st row, 3rd from right), and the other participants.

2. Actively took part in international conferences and activities, received overseas invitations to attend conferences and seminars, and shared Taiwan's experience with peer institutions

The CDIC dispatched personnel in 2019 to attend numerous IADI events, including meetings of the EXCO, the CPRC, and the APRC, and was invited to attend numerous IADI conferences and seminars, including the 17th IADI APRC Annual Meeting and International Conference. Whereas, the CDIC dispatched senior officials to deliver the opening remarks, in the capacity of Chairperson of the APRC, at the APRC Technical Assistance Workshop, to act as a moderator at Session 1, and to speak at Session 2. Also, the CDIC dispatched senior representatives to take part in the 1st IADI-APRC Study Visit program, hosted by Korea Deposit Insurance Corporation, and to deliver a speech there; to attend celebrations marking the 30th Anniversary of the Nigeria Deposit Insurance Corporation; and to attend the 11th DICJ Round Table in Tokyo and act as a speaker.



CDIC President William Su (1st row, 5th from left) and CDIC Executive Vice President Yvonne Fan (2nd row, 8th from right) attended the 17th IADI APRC Annual Meeting in St. Petersburg, Russia on 23 June 2019. They are shown here together with IADI Chair of the Executive Council Mr. Katsunori Mikuniya (1st row, 6th from left), IADI Secretary General David Walker (1st row, 5th from right), Russian Deposit Insurance Agency (host of the event) General Director Yury Isaev (1st row, 6th from right), Russian Central Bank Deputy Governor Mr. Vasily Pozdyshev (1st row, 7th from left), and the other participants.

3. Sought to sign memorandums of understanding (MOUs) for cooperation with peer deposit insurers around the world in order to establish formal cross-border cooperation arrangements

To enhance cooperative exchanges with other deposit insurers around the world, the CDIC continued to sign MOUs and Letters of Exchange (LOEs) with international peer organizations. In



2019, the CDIC entered into new MOUs with the Nigeria Deposit Insurance Corporation and the Kenya Deposit Insurance Corporation. As of year-end 2019, the CDIC had signed MOUs or LOEs with 24 international financial safety net members.



The CDIC signed an MOU with the Nigeria Deposit Insurance Corporation (NDIC) on 12 August 2019. Shown here are FSC Banking Bureau Director General Jean Chiu (1st row, 3rd from left), CDIC Chairman Michael M.K. Lin (1st row, 5th from left), CDIC President William Su (1st row, 3rd from right), Central Bank Department of Financial Inspection Deputy Director General Tao-min Su (1st row, 4th from right), NDIC Chairman Mrs. Ronke Sokefun (1st row, 4th from left), and NDIC CEO Mr. Umaru Ahmed Ibrahim (1st row, 2nd from left).

IX. Human Resources

1. Workforce structure

Year	No. of employees	Avg. age of employees	Educational attainment of employees		
			Graduate school	College	Other
2019	147	50	48	96	3
2018	153	49	48	102	3
2017	151	50	44	104	3
2016	155	49	46	106	3
2015	152	49	39	110	3

Department breakdown of CDIC staff for 2019:

Senior Executives and Secretariat (19)
 Dept. of Risk Management (32)
 Dept. of Resolution (6)
 Dept. of Special Inspection (12)
 Dept. of Business (15)

International Relations and Research Office (8)
 Dept. of Legal Affairs (11)
 Dept. of Accounting (8)
 Personnel Office (6)

Dept. of Information Technology (14)
 Civil Service Ethics Office (2)
 Central Region Office (6)
 South Region Office (8)



2. Personnel training

To upgrade the quality of staff and enhance employees' professional knowledge, the CDIC arranged training programs in 2019 that attracted a total attendance of 2,103, for an average of 14.3 instances of attendance per staff member. Training programs included the following:

- A. 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.
- B. The CDIC regularly arranged business seminars lectured by outstanding senior employees or outside expert speakers, as well as held case study workshops.
- C. Selected colleagues were sent abroad to participate in workshops and international conferences to study topics related to deposit insurance.
- D. The CDIC arranged one or 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 2019. It is responsible for implementing works related to internal controls and advocating important measures. It also continued to arrange educational training on internal controls and internal audits, as well as to review and strengthen internal control operations, to carry out internal audit self-assessment operations, and to progressively implement 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 conducted a general internal audit of the CDIC's various departments and offices in accordance with the annual internal audit plan, and compiled its findings into audit reports that were signed and presented to the Chairman for approval. Corrective actions taken by the audited units to address identified deficiencies were tracked through semiannual follow-up reviews.
- C. The chief audit executive reported 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 2019 completed a self-assessment of the CDIC's 2018 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 has entrusted 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 2019, the Special Reserve Fund assets under the CDIC management stood at approximately NT\$70.7 billion.

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

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

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

To prevent future business crises at major banks and financial holding companies in Taiwan, thus triggering systemic risks, the FSC convened a series of meetings to discuss related matters and has: (a) developed a set of criteria for identifying domestic systemically important banks; and (b) drafted regulations that require each systemically important bank to file a set of Response Measures for Business Crises with the FSC and the CDIC. The CDIC has also drafted the required content of call reports and a set of review criteria. In the future, the CDIC will continue to support the competent authority's supervision of systemically important banks.

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

To help the FSC improve the quality of information security examinations at domestic financial institutions, the CDIC once again in 2019 sent three staff with information systems expertise to help the FSC's Financial Examination Bureau carry out information security examinations.

Devoted to Promoting Financial Soundness of Insured Institutions





Financial Statements





CENTRAL DEPOSIT STATEMENTS OF



DECEMBER 31,

Assets	2019.12.31		2018.12.31	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and Deposits in the Central Bank	\$ 60,817,650	53.08	\$ 60,815,934	58.53
Assets for Bills and Bonds under Resell Agreement	10,994	0.01	22,988	0.02
Amortized Cost of Financial Assets-Current	52,341,495	45.69	41,869,260	40.29
Receivables	700,899	0.61	621,252	0.60
Current Tax Assets	242,449	0.21	111,409	0.11
Prepayments	14,812	0.01	14,676	0.01
Temporary Advances	592	-	636	-
Sub-total	114,128,891	99.61	103,456,155	99.56
PROPERTY, PLANT AND EQUIPMENT				
Land	215,548	0.19	215,548	0.21
Buildings	265,486	0.23	265,486	0.26
Machinery and Equipment	66,575	0.06	67,729	0.07
Transportation Equipment	15,521	0.01	14,624	0.01
Other Equipment	26,316	0.02	26,656	0.03
Sub-total	589,446	0.51	590,043	0.58
Revaluation Increment-Land	62,022	0.06	62,022	0.06
Cost and Revaluation Increment	651,468	0.57	652,065	0.64
Less: Accumulated Depreciation				
Buildings	(126,214)	(0.11)	(121,479)	(0.12)
Machinery and Equipment	(48,204)	(0.04)	(47,994)	(0.05)
Transportation Equipment	(10,441)	(0.01)	(10,514)	(0.01)
Other Equipment	(18,779)	(0.02)	(19,316)	(0.02)
Sub-total	(203,638)	(0.18)	(199,303)	(0.20)
PROPERTY, PLANT AND EQUIPMENT-NET	447,830	0.39	452,762	0.44
INTANGIBLE ASSETS	2,149	-	1,738	-
OTHER ASSETS				
Guarantee Deposits Paid	654	-	654	-
Collateral Deposits	117,300	0.10	228,400	0.22
Securities Serving as Collateral Deposits	(117,300)	(0.10)	(228,400)	(0.22)
Sub-total	654	-	654	-
TOTAL ASSETS	<u>\$114,579,524</u>	<u>100.00</u>	<u>\$ 103,911,309</u>	<u>100.00</u>



INSURANCE CORPORATION

FINANCIAL POSITION

2019 AND 2018

(Expressed in NT\$'000)

Liabilities and Equity	2019.12.31		2018.12.31	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Payables	\$ 80,745	0.07	\$ 83,504	0.08
Sub-total	80,745	0.07	83,504	0.08
OTHER LIABILITIES				
General Financial Deposit Insurance Payout Special Reserves	96,576,797	84.29	86,276,151	83.03
Agricultural Financial Deposit Insurance Payout Special Reserves	5,362,247	4.68	5,017,170	4.83
Provision for Employee Benefits	290,311	0.25	268,688	0.26
Deferred Income Tax Liabilities	23,957	0.02	23,957	0.02
Guarantee Deposits Received	1,277	-	1,599	-
Temporary Receipts and the Account to be Carried Over	1,092,133	0.96	1,076,879	1.04
Sub-total	103,346,722	90.20	92,664,444	89.18
TOTAL LIABILITIES	103,427,467	90.27	92,747,948	89.26
CAPITAL STOCK	10,000,000	8.73	10,000,000	9.63
CAPITAL SURPLUS				
Donated Assets Received	265	-	265	-
RETAINED EARNINGS				
Legal Reserve	235,700	0.20	235,700	0.23
Special Reserve	1,000,466	0.87	1,000,466	0.96
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)				
Remeasurement for Defined Employee Benefit Plan	(58,307)	(0.05)	(47,003)	(0.05)
ADJUSTMENTS FOR THE FIRST ADOPTION OF IFRS	(26,067)	(0.02)	(26,067)	(0.03)
TOTAL EQUITY	11,152,057	9.73	11,163,361	10.74
TOTAL LIABILITIES AND EQUITY	\$ 114,579,524	100.00	\$ 103,911,309	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, 2019 AND 2018

(Expressed in NT\$'000)

Description	2019.12.31		2018.12.31	
	Amount	%	Amount	%
OPERATING REVENUE				
Interest Revenue	\$ 1,243,822	11.00	\$ 1,108,469	10.15
Premiums Revenue	10,034,048	88.76	9,791,707	89.70
Agency Revenue	26,401	0.24	15,972	0.15
Sub-total	11,304,271	100.00	10,916,148	100.00
OPERATING COSTS				
Interest Expenses	12,175	0.11	8,951	0.08
Insurance Expenses	249	-	193	-
Handling Fees	1,400	0.01	1,451	0.02
Insurance Payout Reserve Provisions	10,366,589	91.70	9,993,865	91.55
Expected Credit Losses	869	0.01	411	-
Sub-total	10,381,282	91.83	10,004,871	91.65
GROSS PROFIT	922,989	8.17	911,277	8.35
OPERATING EXPENSES				
Transaction Expenses	855,455	7.57	844,995	7.74
General & Administrative Expenses	60,952	0.54	57,971	0.53
Other Operating Expenses	3,429	0.03	3,832	0.04
Sub-total	919,836	8.14	906,798	8.31
OPERATING INCOME	3,153	0.03	4,479	0.04
NON-OPERATING REVENUE				
Indemnity Revenue	4	-	40	-
Other Revenue	1,298	0.01	24	-
Sub-total	1,302	0.01	64	-
NON-OPERATING EXPENSES				
Loss on Disposal of Assets	879	0.01	985	0.01
Other Expenses	3,576	0.03	3,558	0.03
Sub-total	4,455	0.04	4,543	0.04
NON-OPERATING INCOME (LOSS)	(3,153)	(0.03)	(4,479)	(0.04)
INCOME BEFORE INCOME TAX	-	-	-	-
INCOME TAX	-	-	-	-
NET INCOME FROM CONTINUING OPERATIONS	-	-	-	-
NET INCOME	\$ -	-	\$ -	-
NOTES :				
OTHER COMPREHENSIVE INCOME				
Remeasurement for Defined Employee Benefit Plan	(11,304)		(26,601)	
TOTAL OTHER COMPREHENSIVE INCOME	(11,304)		(26,601)	
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, 2019 AND 2018

(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, 2018	\$ 10,000,000	\$ 265	\$ 235,700	\$1,000,466	\$ (20,402)	\$ (26,067)	\$ 11,189,962
Net Income for the Year Ended December 31, 2018	-	-	-	-	-	-	-
Other Comprehensive Income (Loss), Net of Tax for the Year Ended December 31, 2018	-	-	-	-	(26,601)	-	(26,601)
Balance, December 31, 2018	10,000,000	265	235,700	1,000,466	(47,003)	(26,067)	11,163,361
Net Income for the Year Ended December 31, 2019	-	-	-	-	-	-	-
Other Comprehensive Income (Loss), Net of Tax for the Year Ended December 31, 2019	-	-	-	-	(11,304)	-	(11,304)
Balance, December 31, 2019	\$ 10,000,000	\$ 265	\$ 235,700	\$1,000,466	\$ (58,307)	\$ (26,067)	\$ 11,152,057

董事長：



經理人：



會計主管：





CENTRAL DEPOSIT INSURANCE CORPORATION

STATEMENTS OF CASH FLOWS



FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in NT\$'000)

Description	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before Tax from Continuing Operations (Loss)	\$ -	\$ -
Net Income before Tax (Loss)	-	-
Adjustment for the Interests and Dividends	(1,231,647)	(1,099,518)
Net Income (Loss) Excluding Interests and Dividends	(1,231,647)	(1,099,518)
Adjustments	10,378,562	10,006,986
Net Cash Inflow (Outflow) Excluding Interests and Dividends	9,146,915	8,907,468
Interests Received	1,174,597	1,032,323
Interests Paid	(12,175)	(9,001)
Income Tax Refund (Paid)	(131,040)	151,226
Net Cash Inflow (Outflow) from Operating Activities	10,178,297	10,082,016
CASH FLOWS FROM INVESTING ACTIVITIES		
Current Financial Assets Decrease (Increase)	(11,172,599)	(9,678,986)
Property, Plant and Equipments Decrease	8	20
Intangible Assets and Other Assets Decrease (Increase)	(1,512)	(710)
Property, Plant and Equipments Increase	(5,181)	(5,933)
Net Cash Inflow (Outflow) from Investing Activities	(11,179,284)	(9,685,609)
CASH FLOWS FROM FINANCING ACTIVITIES		
Current Financial Liabilities Increase (Decrease)	-	(773,402)
Other Liabilities Increase (Decrease)	291,208	1,079,635
Net Cash Inflow (Outflow) from Financing Activities	291,208	306,233
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (709,779)	\$ 702,640
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,538,423	835,783
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 828,644	\$ 1,538,423

董事長：



經理人：



會計主管：





Committed to Maintaining an Orderly Credit System



Statistics

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

Unit: number of institutions

Type of Insured Institutions \ Year	Year				
	2019	2018	2017	2016	2015
Domestic Banks	37	38	39	39	39
Credit Cooperatives	23	23	23	23	23
Credit Departments of Farmers' Associations	283	283	283	282	281
Credit Departments of Fishermen's Associations	28	28	28	28	25
Taiwan Branches of Foreign and Mainland Chinese Banks	28	28	28	28	29
Total	399	400	401	400	397

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

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

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

Unit: %

Type of Insured Institutions	Ratio of Covered Deposits to Total Eligible Deposits				
	2019	2018	2017	2016	2015
Domestic Banks	50.6	51.1	51.3	51.9	51.8
Credit Cooperatives	63.8	64.8	65.6	66.4	67.1
Credit Departments of Farmers' Associations	77.2	78.0	78.8	79.2	79.4
Credit Departments of Fishermen's Associations	80.5	81.0	81.9	82.3	83.4
Taiwan Branches of Foreign and Mainland Chinese Banks	1.9	2.2	1.9	1.7	2.4
Average Ratio	51.0	51.6	51.7	52.3	52.5

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

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

3. The term "Covered Deposits" refers to the total deposit amount of each depositor under the coverage limit in an insured institution. From the year 2011 onwards, 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)			
2019	General	87	43,039,170	21,797,815	50.65	9,700	96,577	0.44
	Agricultural	312	2,484,703	1,398,472	56.28	334	5,362	0.38
2018	General	88	40,736,004	20,900,775	51.31	9,459	86,276	0.41
	Agricultural	312	2,428,825	1,380,862	56.85	333	5,017	0.36
2017	General	89	39,853,676	20,490,920	51.42	9,179	75,556	0.37
	Agricultural	312	2,434,855	1,374,364	56.45	335	4,678	0.34
2016	General	89	38,318,605	19,917,155	51.98	8,994	65,665	0.33
	Agricultural	311	2,406,935	1,364,142	56.68	332	4,338	0.32
2015	General	90	36,903,038	19,263,169	52.20	8,799	56,428	0.29
	Agricultural	307	2,349,858	1,336,231	56.86	325	4,007	0.30
2014	General	91	34,980,573	18,636,378	53.28	8,646	47,343	0.25
	Agricultural	304	2,314,523	1,299,574	56.15	322	3,690	0.28
2013	General	92	33,053,762	17,667,896	53.45	8,328	27,133	0.15
	Agricultural	303	2,243,395	1,263,214	56.31	322	3,368	0.27
2012	General	88	31,305,920	17,007,656	54.33	8,196	0	0
	Agricultural	303	2,166,797	1,230,068	56.77	324	3,054	0.25
2011	General	89	30,127,900	16,255,949	53.96	8,792	0	0
	Agricultural	303	2,093,921	1,194,099	57.03	355	2,744	0.23
2010	General	90	Blanket guarantee			4,389	0	0
	Agricultural	301				302	2,507	-

- Notes: 1. The government announced in October 2008 that deposits at all financial institutions participating in deposit insurance scheme (including principal and interest as set out in Article 12, paragraphs 1 and 2 of the *Deposit Insurance Act*) would be provided with temporary blanket guarantee without being limited to the coverage limit until December 31, 2009. This was later extended by one year to December 31, 2010. The deposit insurance system resumed limited coverage on January 1, 2011.
2. The date of record for the annual figures in the table is December 31 of each year.
3. 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., 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.
4. The term "Covered Deposits" refers to the total deposit amount of each depositor under the coverage limit in an insured institution. After a period of blanket guarantee, the deposit insurance system resumed limited coverage on January 1, 2011, at which point the coverage limit was raised to NT\$3 million from the NT\$1.5 million coverage limit that had taken effect on July 1, 2007.
5. Deposit Insurance Premium Rates:
- (1) From July 1, 2007, the premiums charged to general financial institutions (including banks and credit cooperatives) for covered deposits were divided into five risk-based tiers of 0.03%, 0.04%, 0.05%, 0.06%, and 0.07%. For eligible deposits in excess of the coverage limit, a flat premium rate of 0.0025% was adopted. However, this flat premium rate was raised to 0.005% from January 1, 2010. The premiums charged to the credit departments of farmers' and fishermen's associations for covered deposits were divided into five risk-based tiers of 0.02%, 0.03%, 0.04%, 0.05%, and 0.06%. For eligible deposits in excess of the coverage limit, a flat premium rate of 0.0025% was adopted.
 - (2) From January 1, 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 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 deposits in excess of the coverage limit.
6. Article 3 of the *Act for the Establishment and Administration of the Financial Restructuring Fund* requires that, during the ten-year period beginning from January 2002, any incremental deposit insurance premium income that arises as a result of the increase in the deposit insurance premium rate that took effect on January 1, 2000 must be transferred by the CDIC to the Financial Restructuring Fund.
7. Beginning in September 2007, the CDIC's Deposit Insurance Payout Special Reserves were used to share the burden of compensation paid out for the resolution of failed financial institutions under the "Mechanism for the Combined Use of the Financial Restructuring Fund and the Deposit Insurance Payout Special Reserves" as approved by the Executive Yuan. Thus, from 2010 to 2012 the Deposit Insurance Payout Special Reserve for ordinary financial institutions, as well as the ratio of this Reserve to covered deposits, were both zero.
8. From October 2008 to December 31, 2010, the government implemented temporary blanket guarantee for deposit insurance, and thus the ratio of the Deposit Insurance Payout Special Reserves to covered deposits had no relevant meaning, and was hence denoted by "-" in the table.



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

Unit: NT\$1 million

Item \ Year	2019	2018	2017	2016	2015
Operating revenues	11,304	10,916	10,475	10,200	9,979
Interest revenues	1,244	1,108	958	875	855
Premium revenues	10,034	9,792	9,513	9,325	9,124
Agency revenues	26	16	4		
Operating costs and expenses	11,301	10,912	10,544	10,185	9,791
Deposit insurance payout special reserve provisions	10,367	9,994	9,643	9,305	8,914
Interest expenses	12	9	2	5	1
Transaction expenses	855	845	835	812	812
General & administrative expenses	61	58	58	57	58
Other operating expenses	3	4	4	5	5
Other expenses	3	2	2	1	1
Operating income	3	4	(69)	15	188
Non-operating income (loss)	(3)	(4)	69	(15)	(188)
Net income before income tax					
Income tax expenses					
Net income					

Notes: 1. The figures for 2015 to 2018 were reviewed and audited by the National Audit Office; those for 2019 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: Major Events in 2019

01.11	Director Yvonne Fan of the CDIC International Relations and Research Office was promoted to the position of Executive Vice President.
01.14	CDIC Executive Vice President Anita S. Chou led a delegation to visit the Monetary Authority of Singapore, local financial institutions, and FinTech and Innovation center.
02.23	CDIC President William Su led a delegation to Almaty, Kazakhstan to attend the 57 th IADI Executive Council Meeting and related Committees' meetings and the International Conference.
04.01	CDIC hosted the Asia-Pacific Regional Committee (APRC) CEO Dialogue on Global and Asia-Pacific Economic Outlook and Responses to Challenges Facing APRC Deposit Insurers.
04.07	CDIC Executive Vice President Annie Cheng led a delegation to the US Federal Deposit Insurance Corporation to discuss and exchange experiences in the resolution of problem institutions.
05.18	CDIC President William Su led a delegation to Basel, Switzerland to attend the 58 th IADI Executive Council Meeting and related Committees' meetings and the IADI Biennial Research Conference.
05.31	CDIC held the 2019 General Shareholders Meeting.
06.23	CDIC President William Su led a delegation to St. Petersburg, Russia to attend the 17 th IADI APRC Annual Meeting and the International Conference.
07.10	Received a rating of "superior" in the CDIC 2018 performance evaluation.
07.13	CDIC President William Su led a delegation to Milan, Italy to attend a meeting of the IADI Working Group on New Funding Options.
08.12	CDIC and the Nigeria Deposit Insurance Corporation entered into an MOU for cooperation and held a meeting to exchange experiences.
08.31	CDIC President William Su led a delegation to Basel, Switzerland to attend the 59 th IADI Executive Council Meeting, and the International Conference jointly held by the Financial Stability Institute and IADI.
09.17	CDIC Chairman Michael M.K. Lin led a delegation to Seoul, Korea to take part in the 1 st IADI-APRC Study Visit program, held by the Korea Deposit Insurance Corporation (KDIC).
09.24	CDIC held the Communication Meeting on the participation of Internet-only banks in the deposit insurance system.
09.27	FSC approved amendments to the <i>Approval Standards for Financial Institutions Applying to Participate in Deposit Insurance</i> .
10.05	CDIC President William Su led a delegation to Istanbul, Turkey to attend the 18 th IADI Annual General Meeting, the 60 th IADI Executive Council Meeting and related Committees' meetings, and the International Conference.
10.19	CDIC Chairman Michael M.K. Lin led a delegation to Abuja, Nigeria to attend the 30 th Anniversary of the Nigeria Deposit Insurance Corporation.
12.02	CDIC and Kenya Deposit Insurance Corporation entered into an MOU for cooperation and held a meeting to exchange experiences.
12.12	The delegation of the KDIC visited the CDIC, which stepped down as Chairperson organization of the APRC. CDIC carried out a working level handover meeting of the APRC Secretariat and administrative affairs with the KDIC. The two sides also held an MOU bilateral meeting to exchange experiences.

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