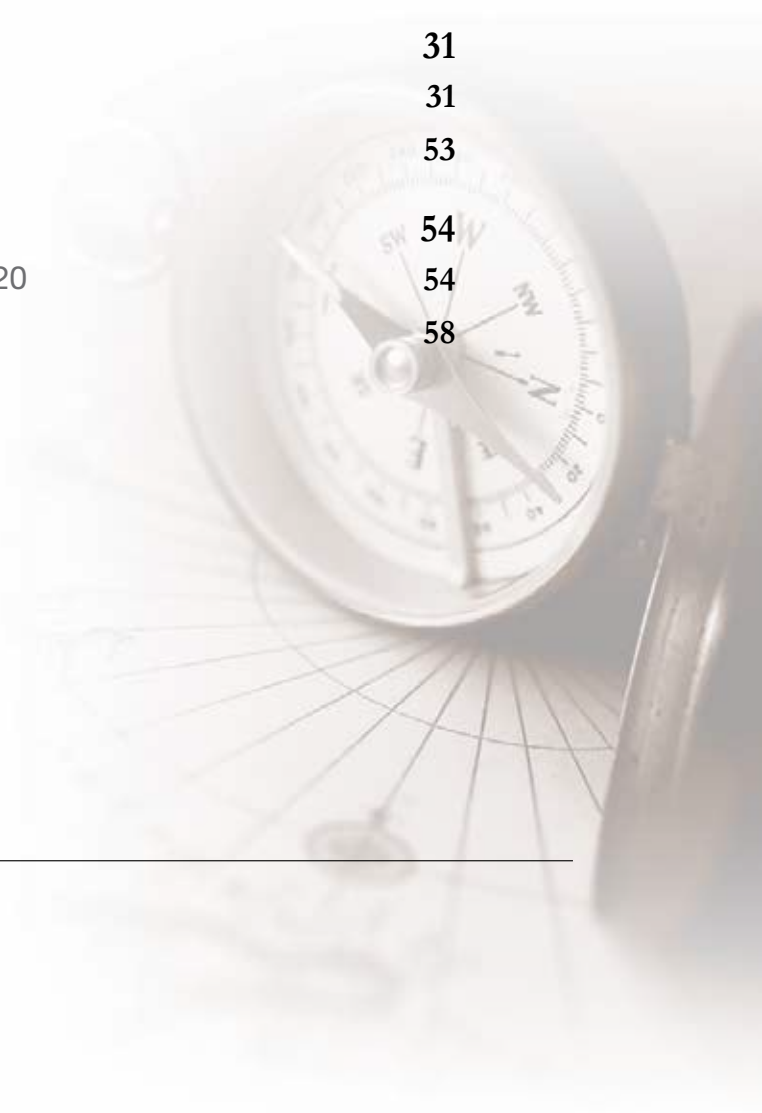


Annual Report 2020

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I. Chairman's Preface

In 2020, the COVID-19 pandemic caused the most serious global economic downturn since the Great Depression of 1929. The International Monetary Fund (IMF) estimates that the global economic growth rate for 2020 was -3.3%, with declines in the economies of the US, the Eurozone, and Japan. Taiwan was the exception, because of its successful pandemic control



Chairman Joseph Jye-Cherng Lyu

measures and the government's timely economic stimulus package totaling NT\$1,260 billion, as well as the positive effects of the shifting of orders to Taiwan and the accelerated reshoring of investments by Taiwanese firms. As a result, in 2020 real GDP growth in Taiwan was 3.11%, an increase of 0.15 percentage points over 2019.

In response to the COVID-19 pandemic, the Central Bank of the Republic of China (Taiwan) lowered interest rates by 25 basis points on 19 March 2020, resulting in the average interest spread of Taiwan's domestic banks to narrow, from 1.32 percentage points in 2019 to 1.23 percentage points in 2020. In 2020, the pre-tax earnings of domestic banks totaled NT\$312.7 billion, a decline of 13.31% compared with the 2019 figure of NT\$360.7 billion. However, this still meant that profits were over NT\$300 billion for seven consecutive years. In 2020, the return on assets (ROA) of domestic banks was 0.59%, while return on equity (ROE) was 7.72%, down in both cases from 2019 when ROA was 0.72% and ROE was 9.38%. In addition, in terms of the quality of banks' assets, the non-performing loan ratio (NPL) as of the end of 2020 was 0.22%, an increase of 0.01 percentage point over 2019. The NPL coverage ratio as of the end of 2020 was 623.24%, down by 28.54 percentage points compared with the figure of 651.78% as of the end of 2019. Generally speaking, asset quality and risk-bearing capacity remained sound at domestic banks.

The Bankers Association of the Republic of China (BAROC) was founded to help the government implement its financial policy, boost economic development, and coordinate relations among peer banks in

the sector. In 2020, BAROC continued to promote the shared interests of banks by: helping member banks adjust to legislative changes at home and abroad; monitoring the progress of legislative action and taking proactive steps to safeguard the interests of member banks; drafting self-regulatory rules for the banking sector; and helping member banks to resolve problems in the management and operation of their businesses.

In addition, BAROC collaborated with the competent authorities to help adopting and implementing their financial policies. Working under the guidance of the authorities and with the support of member banks, BAROC completed the following important undertakings: (1) Coordinated with the government's economic stimulus policy by attending meetings of the Executive Yuan's "Interagency Coordination Platform for Financing Enterprise Relief and Economic Stimulus," pro-actively drafted streamlined measures for stimulus programs, and implemented outreach meetings in order to make stimulus operations more timely and effective; (2) Assisted member banks to implement AML/CFT regulations, and assisted the competent authorities in dealing with matters relevant to the Asia/Pacific Group on Money Laundering's Third Follow-up Report to the Mutual Evaluation Report of Chinese Taipei; (3) Assisted member banks to prepare for discontinuation of the LIBOR benchmarking, and held related conferences to stay in line with international practices; (4) Strengthened measures pertaining to the cybersecurity mechanisms of financial institutions, promoted financial cybersecurity joint defense and information sharing among member banks, and deliberated upon relevant cybersecurity self-regulatory rules; and (5) Helped guiding member banks to conform to international risk management regulations.

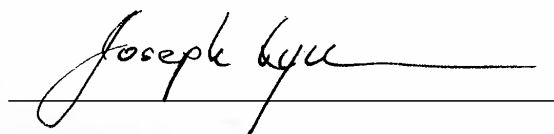
To ensure the fulfillment of corporate social responsibility, in addition to helping banks provide convenient, accessible, consumer-friendly financial services, BAROC donated to a number of charity organizations in 2020, including the Financial Services Education Charity Fund, and continued to provide assistance to economically disadvantaged groups.

Looking to the future, international forecasting institutions, such as the IMF, the World Bank, and IHS Markit, all anticipate a return to positive growth in the world economy in 2021. However, attention should still be paid to the potential impact on the global economy and financial system of risks such as ongoing COVID-19 pandemic, progress made in vaccination against the disease, US-China strategic competition, the lingering impact of fiscal and monetary policies adopted by various countries, the vulnerability of the global financial system, and the dynamics of geopolitics.

BAROC thanks all member banks for their support over the past year, and the competent authority for its guidance, which together have enabled the Association to accomplish many important tasks in an efficient and professional manner. Looking to 2021, although the COVID-19 pandemic still poses great uncertainty, the successful disease prevention experience gained over the past year by Taiwan's government, medical personnel, and all citizens working together will enable Taiwan to foster the country's economic development and growth, and to ensure proper disease prevention. In light of the three additional economic engines i.e., the shifting of orders to Taiwan due to the US-China trade conflict, the reshoring of investments by offshore Taiwanese firms back to Taiwan, and the ramping up of investments under the Forward-looking Infrastructure Development Program, Taiwan's economic growth rate for 2021 can be expected to surpass 4%. BAROC maintains a positive prospect of the banking industry going forward.

In 2021, to help achieve the goal of prosperous development of both the financial economy and the real economy, BAROC will continue to serve as a platform for effective communication among member banks, and also act as a bridge between the government, its member banks, and the general public, so as to create a win-win-win situation, thereby making the greatest possible contribution economically and socially.

Chairman



Joseph Yu

II. Introduction of the Bankers Association of the Republic of China

A. History

The Bankers Association of the Republic of China (hereinafter referred to as BAROC) was founded on August 9, 1983, as the successor to the Bankers Association of Taipei, which joined with the Bankers Association of Taiwan and the Bankers Association of Kaohsiung to form BAROC in accordance with the regulations of the Commercial Group Act. The merger was approved by the Ministry of the Interior. The Association was located on the eighth floor of No. 46, Guancian Road, Taipei at the time. In January 1984, the Bankers Association of Taipei transferred the national aspects of its operations to BAROC. After Taipei County and Taoyuan County were upgraded to special municipalities of New Taipei City and Taoyuan City, the Bankers Association of Taipei County and the Bankers Association of Taoyuan County withdrew from the Bankers Association of Taiwan in May of 2010 and in May of 2013, respectively, and joined BAROC. At the same time, the Bankers Association of Taipei County changed its name to Bankers Association of New Taipei City, and the Bankers Association of Taoyuan County was renamed The Bankers Association of Taoyuan. Later, the special municipalities of Taichung, Tainan, and Kaohsiung were established. In response, the Bankers Association of Taichung, the Bankers Association of Taichung City (the former Bankers Association of Taichung County), the Bankers Association of Tainan, the Bankers Association of Tainan City (the former Bankers Association of Tainan County), and the Bankers Association of Kaohsiung City (the former Bankers Association of Kaohsiung County) withdrew from the Bankers Association of Taiwan and joined BAROC in May of 2016. As a result, BAROC membership now includes 10 local bankers associations.

The Chairmen of BAROC from the first session of the first General Assembly in August 1983 to the thirteenth session of the second General Assembly in September 2020 are shown as follows:

Chairman	Session	Duration
I-Shuan Sun	1, 2	1983-1989
Y. D. Sheu	3, 4	1989-1995
James C. T. Lo	5, 6	1995-2000
Yung-San Lee	7	2000-2002
Mu-Tsai Chen	7	2002-2004
Shen-Chih Cheng	8	2004-2006
Jer-Shyong Tsai	8	2006-2007
Teh-Nan Hsu	8, 9	2007-2008
Susan S. Chang	9,10	2008-2012
Teng-Cheng Liu	10	2012-2013
Jih-Chu Lee	11	2013-2016
Jye-Cherng Lyu	12,13	2016-

B. Aims, Functions and Organization

1. Aims

- (1) To assist the government in implementing financial policies
- (2) To promote economic development
- (3) To coordinate with its member banks
- (4) To improve its members' mutual benefits

2. Functions

- (1) To help implement economic and financial policies and commercial decrees
- (2) To study the balance of funds in supply and demand among various sectors in line with economic development
- (3) To formulate and compile common rules and regulations relating to various businesses of its members
- (4) To enhance communications, surveys, statistics, consultations, research, development and publications relating to national and international financial businesses
- (5) To protect the legitimate rights of its members and to help settle disputes among them
- (6) To promote the exchange, analysis and reporting of credit information among its members and to establish the credit files of the major clients of its members
- (7) To consolidate the planning of information systems among its members
- (8) To strengthen mutual support, assistance, education and interaction among the employees of its members, to sponsor activities for public benefit, and to help implement service ethics and self-disciplinary measures
- (9) To participate in international financial organizations and meetings
- (10) To enhance communications and collaborations with overseas bankers associations and to promote national diplomacy
- (11) To conduct research and make recommendations in response to requests from the government or private organizations
- (12) To participate in social charitable activities

3. Organization

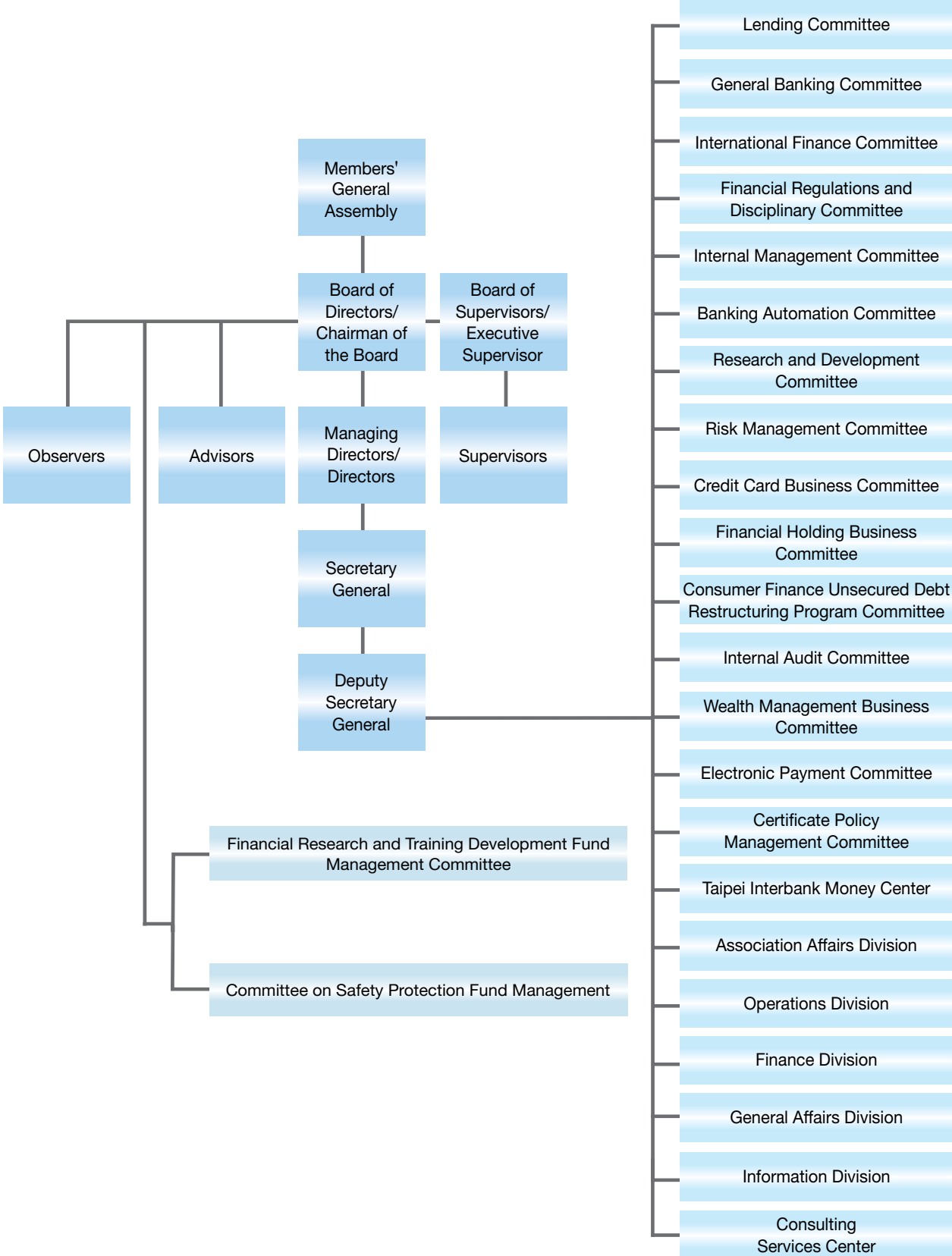
The 10 local bankers associations that have joined as BAROC members are the following: The Bankers Association of Taipei; Bankers Association of Taiwan; The Bankers Association of Kaohsiung; Bankers Association of New Taipei City; The Bankers Association of Taoyuan; The Bankers Association of Taichung; The Bankers Association of Taichung City; The Bankers Association of Tainan; The Bankers Association of Tainan City; and The Bankers Association of Kaohsiung City. As of the end of 2020, the head offices of member banks totaled 59, of which 54 belong to The Bankers Association of Taipei, 1 belongs to the Bankers Association of New Taipei City, 1 belongs to The Bankers Association of Kaohsiung, 2 belong to The Bankers Association of Taichung, and 1 belongs to The Bankers Association of Tainan. The branches of member banks located in the six special municipalities (Taipei City, New Taipei City, Taoyuan City, Taichung City, Tainan City, and Kaohsiung City) and each county join their respective local bankers associations and participate in local association activities.

Number of Member Banks of the Bankers Associations

Dec. 31, 2020

Member Banks	Headquarters	Branches
The Bankers Association of the Republic of China	<59>	
The Bankers Association of Taipei	<54>	(939)
Bankers Association of Taiwan		(582)
Bankers Association of New Taipei City	<1>	(512)
The Bankers Association of Taoyuan		(256)
The Bankers Association of Taichung	<2>	(232)
The Bankers Association of Taichung City		(145)
The Bankers Association of Tainan	<1>	(135)
The Bankers Association of Tainan City		(95)
The Bankers Association of Kaohsiung	<1>	(299)
The Bankers Association of Kaohsiung City		(90)
Bankers Association of Keelung City		(26)
Bankers Association of Hsinchu City		(83)
Bankers Association of Hsinchu County		(55)
Bankers Association of Miaoli County		(46)
Bankers Association of Changhwa County		(95)
Bankers Association of Nantou County		(36)
Bankers Association of Yunlin County		(47)
Bankers Association of Chiayi City		(44)
Bankers Association of Chiayi County		(19)
Bankers Association of Pingtung County		(48)
Bankers Association of Ilan County		(41)
Bankers Association of Hualien County		(22)
Bankers Association of Taitung County		(15)
Bankers Association of Penghu County		(5)

Organizational Structure of BAROC



C. Directors, Supervisors, Advisors and Observers

March 2021

Title	Name	Company Affiliation
Chairman of the Board	Jye-Cherng Lyu	Chairman, Taiwan Financial Holding Co., Ltd.
Managing Directors	Chung-Dar Lei	Chairman, Taiwan Cooperative Financial Holding Co., Ltd.
	Chao-Shun Chang	Chairman, Mega Financial Holding Co., Ltd.
	Yun-Peng Chang	Chairman, Hua Nan Financial Holdings Co., Ltd.
	Chang-Ken Lee	President, Cathay Financial Holding Co., Ltd.
Directors	Joanne Ling	Chairman, Chang Hwa Commercial Bank
	Sheng-Hung Chen	Chairman, Sunny Bank
	Wen-Long Yen	Chairman, CTBC Financial Holding Co., Ltd.
	Tseng-Chang Lee	Chairman, Shin Kong Commercial Bank
	Ming-Ming Wu	Chairman, Agricultural Bank of Taiwan
	Michael Y. J. Ding	President, IBF Financial Holdings Co., Ltd.
	Terence Tai	Chairman, King's Town Bank
	Sung-Yie Liao	Chairman, Cota Commercial Bank
	Leo Kuo	Chairman, Taipei Star Bank
	Welch Lin	President, Taishin Financial Holding Co., Ltd.
	Adam Chen	President, HSBC Bank (Taiwan) Ltd.
	Eric Chen	Chairman, Taipei Fubon Commercial Bank
	Jui-Tang Chiang	President, Changhua Post Co., Ltd.
	Chao-Hsien Lai	Chairman, Hwatai Bank
	Kuei-Fong Wang	Chairman, Taichung Commercial Bank
	Tina Y. Lo	Chairman, O-Bank Co., Ltd.
	Jennifer M.C. Liao	Chairman, Mega Bills Finance Co., Ltd.
	Jerry Harn	President, Fubon Financial Holding Co., Ltd.
	Andrew Ming-Jian Kuo	Chairman, Cathay United Bank
Oliver Shang	President, Taishin International Bank	
Yen-Lang Chiu	President, International Bills Finance Co.	
Chih-Fang Wang	President, Jih Sun International Bank	
Chia-Hsien Chen	Chairman, Bank Sinopac	
Executive Supervisor	Rong-Jou Wang	Supreme Consultant, Yuanta Financial Holdings Co., Ltd.

Title	Name	Company Affiliation	
Supervisors	Jesse Ding	Chairman, EnTie Commercial Bank	
	Shiang-Chang Lee	Chairman, Union Bank of Taiwan	
	Jin-Tan Huang	Chairman, Jih Sun Financial Holding Co., Ltd.	
	Chia-Juch Chang	Chairman, China Development Financial Holding Co.	
	Thomas Chou	President, Far Eastern International Bank	
	Paulus Mok	Chairman, Citibank Taiwan, Ltd.	
	Chenli Yang	Chief Operating Officer, DBS Bank (Taiwan)	
Advisors	Jiann-Jong Guo	Chairman, Joint Credit Information Center	
	Kuo-Liang Lin	Chairman, Financial Information Service Co., Ltd.	
	Sherman H.M. Lin	Chairman, Taiwan Depository & Clearing Corporation	
	Chung-Shu Wu	Chairman, Taiwan Academy of Banking and Finance	
	Tong-Liang Lin	President, National Credit Card Center of R.O.C.	
	Sen-Yu Chang	President, The National Federation of Credit Co-operatives R.O.C.	
	Jih-Chu Lee	Advisor, The Bankers Association of the Republic of China	
	Jan-Lin Wei	Advisor, The Bankers Association of the Republic of China	
	Jonathan Wei	President, China Bills Finance Co.	
	Chia-Nan Fang	President, Bank of Panhsin	
	Joseph N.C. Huang	Chairman, E. Sun Commercial Bank, Ltd.	
	Ye-Chin Chiou	Chairman, First Financial Holding Co., Ltd.	
	Ray B. Dawn	Chairman, Bank of Kaohsiung	
	Chih-Wen Hsu	President, Bank of Taiwan	
	Pei-Jean Liu	Chairman, The Export-Import Bank of the Republic of China	
	Chih-Hung Lin	President, The Shanghai Commercial & Savings Bank, Ltd.	
	Shih-Yuan Tseng	Chairman, The Taiwan Clearing House	
	Ming-Ren Chien	Chairman, Rakuten International Commercial Bank	
	Observers	Nicole Wu	Director, BNP Paribas, Taipei Branch
		Natalie Kuo	Executive Director, Credit Agricole Corporate & Investment Bank, Taipei Branch
Mike Huang		EVP, Bank of America, N.A., Taipei Branch	
Jacky Huang		VP, JPMorgan Chase Bank, N.A., Taipei Branch	

D. Major Staff Members of BAROC

March 2021

Title / Position in BAROC	Name	Full-time or Part-time
Chairman, Financial Research and Training Development Fund Management Committee	Joseph Jye-Cherng Lyu	Chairman, Bank of Taiwan, Part-time
Chairman, Committee on Safety Protection Fund Management	Joseph Jye-Cherng Lyu	Chairman, Bank of Taiwan, Part-time
Secretary General	Nancy Young	Full-time
Deputy Secretary General	Chun-Liang Lin	Full-time
Deputy Secretary General	Tsong-Ming Wang	Full-time
Secretary	Yung-Chuan Yu	Full-time
Secretary	Hwai-Der Tsai	Full-time
Chairperson, Lending Committee	Ying-Ming He	President, Land Bank of Taiwan, Part-time
Chairperson, General Banking Committee	Chang-Yu Lin	EVP, Taiwan Business Bank, Part-time
Chairperson, International Finance Committee	Chien-Chung Chen	SEVP, Mega International Commercial Bank, Part-time
Chairperson, Financial Regulations and Disciplinary Committee	Hsi-Chang Hsu	EVP & Chief Compliance Officer, Taiwan Cooperative Bank, Part-time
Chairperson, Internal Management Committee	Fu-Jinn Chiou	Chang Hwa Bank Division Head of Financial Management Division, Part-time
Chairperson, Banking Automation Committee	Yeung-Rong Ju	SEVP, Bank of Taiwan, Part-time
Chairperson, Research and Development Committee	Shing-Shiang Ou	SEVP, Taiwan Financial Holdings, Part-time
Chairperson, Risk Management Committee	Larry Hsu	CEO, Global Capital Market, CTBC Bank, Part-time
Chairperson, Credit Card Business Committee	Justin Lee	Director, Citibank, Part-time
Chairperson, Financial Holding Business Committee	Chang-Ken Lee	President, Cathay Financial Holdings, Part-time
Chairperson, Internal Audit Committee	Shiow-Ling Wu	Chief Auditor, First Commercial Bank, Part-time
Chairperson, Wealth Management Business Committee	Tim Kuo	EVP, Taipei Fubon Commercial Bank, Part-time
Chairperson, Consumer Finance Unsecured Debt Restructuring Program Committee	Jerry Yang	SVP, Retail Banking Group, Taishin International Bank, Part-time
Chairperson, Electronic Payment Committee	Winni Liu	EVP, Credit Card and Payment Division, E.SUN Commercial Bank, Ltd., Part-time
Chairperson, Certificate Policy Management Committee	Jeng-Fang Jang	President, Hua Nan Commercial Bank, Part-time
Director, Taipei Interbank Money Center	Chih-Wen Hsu	President, Bank of Taiwan, Part-time
Chief, Association Affairs Division	Yu-Min Chou	Full-time
Chief, Operations Division	Kuo-En Wen	Full-time
Chief, Finance Division	Huei-Ling Li	Full-time
Chief, General Affairs Division	Yeng-Ming Lee	Full-time
Chief, Information Division	Mei-Ling Tsai	Full-time
Chief, Consulting Services Center	Yin-Tarng Lee	Full-time

III. An Overview of the Banking Operations

A. Macroeconomic Summary

1. Economic Conditions

(1) Significant Global Economic Recession

In 2020, as a result of the impact of the COVID-19 pandemic, governments around the world attempted to avoid the spread of the disease by taking lockdown measures, such as closing borders and restricting overseas travel. These factors severely impacted business and industry, leading to an economic recession in most countries around the world. The International Monetary Fund (IMF) estimates that the global economic growth rate in 2020 was -3.3%, far below the figure of 2.8% in 2019. This was the lowest rate since the IMF began forecasting world economic growth in 1980.

In terms of the economic performance of individual countries and areas, in the US economic growth in 2020 was -3.5%, far below the figure of 2.2% in 2019. It was the first time the US experienced negative economic growth since the financial crisis. In the eurozone, GDP shrank by 6.6% in 2020, the first negative growth since 2014. Japan's economic growth in 2020 was -4.8%, well below the 0.3% of the previous year. China's GDP growth rate was 2.3% in 2020, far below the 6.0% of the previous year, and the lowest rate since 1977.

(2) Stable Domestic Economic Growth

In the first quarter of 2020, Taiwan's economy grew by 2.51% despite the impact of the COVID-19 pandemic. In the second quarter, the worldwide spread of the pandemic undermined Taiwan's export performance, and there was also a sharp decrease in the number of visitors to Taiwan, resulting in a lower economic growth rate of 0.35%. In the third and fourth quarters, thanks to outstanding export performance as well as a major increase in consumption resulting from various government relief and stimulus measures, the economy grew by 4.26% and 5.09%, respectively. The economic growth rate for the entire year was 3.11%, which was not only higher than the 2.96% recorded in 2019, but also much better than the negative growth rates experienced by major countries around the world.

In terms of external demand, the impact of the pandemic in 2020 led to weak international demand and low prices for commodities. However, the pandemic also triggered an order-transfer effect and the reshoring of investment by Taiwanese firms back to Taiwan to expand

production capacity. In 2020, exports increased by 4.90% compared with the previous year. Combining trade in goods and services, and offsetting exports and imports, net external demand contributed 2.73 percentage points to economic growth.

In terms of domestic demand, because Taiwan was very successful in controlling the pandemic, and also because the government promoted a number of relief and stimulus measures, the negative effects of the pandemic were partially counteracted. In 2020 private consumption fell by 2.37% compared with the previous year, with a contribution of -1.24 percentage points to economic growth. However, thanks to the fact that businesses continued to expand production capacity in Taiwan, and also the fact that investment in construction and transportation showed stable growth, private sector fixed investment grew by 3.23% compared to the previous year, contributing 0.63 percentage points to economic growth. In addition, government consumption increased by 2.61%, contributing 0.37 percentage points to economic growth. Combining all these items, in 2020 domestic demand contributed 0.38 percentage points to economic growth.

2. Financial Conditions

(1) Global Financial Conditions

The COVID-19 pandemic caused extreme turmoil in stock markets around the world. The rapid spread of the pandemic in the early part of 2020 set off a market panic, causing stock markets around the world to simultaneously drop sharply, and in many stock markets the circuit breaker mechanism was triggered. However, following large-scale monetary easing by major central banks around the world, global stock markets finished a volatile year from the low point in March on a positive note. Stock markets in the US, India, and Taiwan even reached new record highs several times.

In global foreign exchange markets, when the panic caused by the pandemic peaked in March of 2020, there was a rising hedging demand that led to rapid appreciation of the US dollar worldwide. However, after the US Federal Reserve launched a quantitative easing (QE) policy in March, the US Dollar Index (USDIX) weakened. As global stock markets rebounded, demand for US dollar hedging fell, and the USDIX continued to decline, falling by 6.69% for the year. Meanwhile, major currencies appreciated against the US dollar: the euro rose by 8.94% against the US dollar, the Japanese yen went up by 5.19% against the US dollar, and the exchange rate of the renminbi appreciated by 6.68%.

(2) Financial Conditions in Taiwan

a. Central Bank lowers interest rates

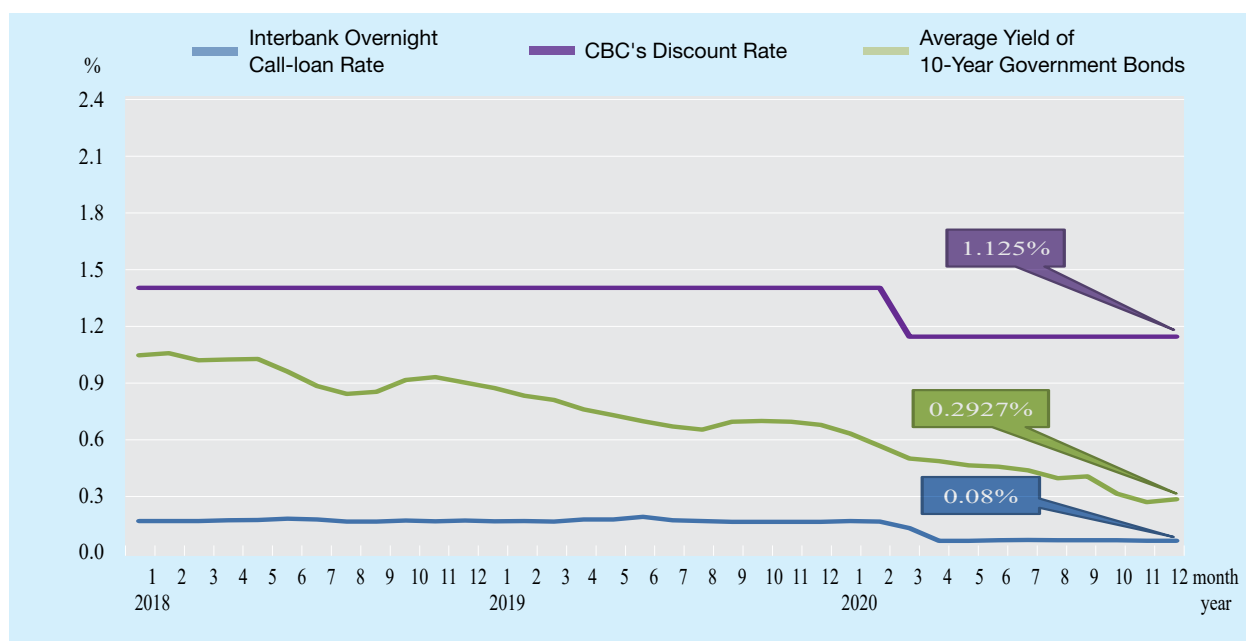
In response to the COVID-19 pandemic, following a Board Meeting on 19 March 2020, the Central Bank of the Republic of China (CBC) announced that the discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral would be reduced by 0.25 percentage points, from 1.375%, 1.75%, and 3.625% to 1.125%, 1.5%, and 3.375%, respectively. The goals of this move were to assist enterprises to operate normally and to ensure financial stability.

b. Decline in short-term and long-term interest rates

In terms of short-term interest rates, as a result of the impact of the lowering of interest rates by the Central Bank in March 2020, the interbank overnight call-loan rate fell. In 2020, the average interbank overnight call-loan rate was 0.102%, a decline of 0.08 percentage points compared with the 2019 figure of 0.182%. This indicates that funds were readily available in Taiwan, and that a low-interest environment was stably maintained.

In terms of long-term interest rates, the spread of the pandemic sparked increased desire for market hedging, leading to a decline in the 10-year government bond yield. The average 10-year government bond yield for all of 2020 was 0.43%, a fall of 0.29 percentage points as compared with the figure of 0.72% for 2019.

Changes in Domestic Interest Rates



Source: the CBC website

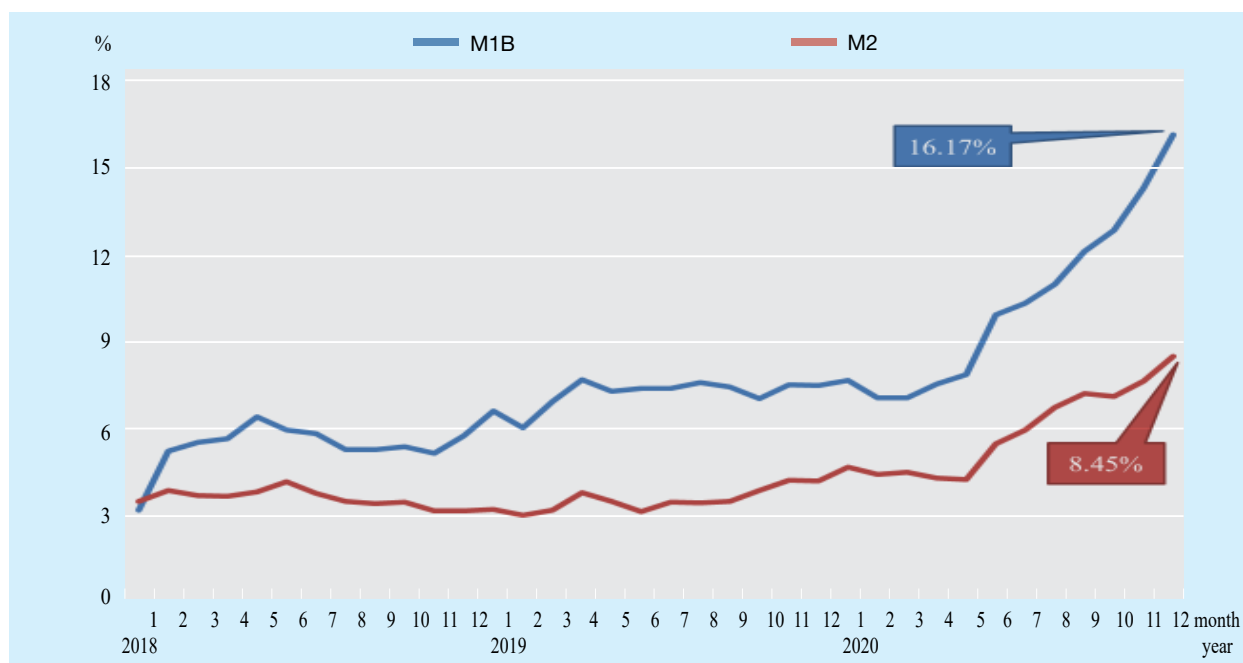
c. Banks' average interest spread narrows

In 2020, the weighted average interest rate on deposits at most banks in Taiwan fell in the wake of the lowering of interest rates by the Central Bank, declining from 0.54% in the first quarter to 0.40% in the fourth quarter. The weighted average interest rate on loans fell from 1.85% in the first quarter to 1.61% in the third quarter, but then rose in the fourth quarter to 1.62%. The spread between the interest rate for deposits and that for loans shrank from 1.31 percentage points in the first quarter of 2020 to 1.19 percentage points in the third quarter, then rose again in the fourth quarter to 1.22 percentage points. For the year, the average spread was 1.23 percentage points, lower than the figure of 1.32 for 2019, and hitting the lowest spread since 2010.

d. Rise in the annual growth rate for both monetary aggregates M1B and M2

Because of a net inflow of funds and continued increases in bank loans and investments, the annual growth rate for M2 rose from 3.46% in 2019 to 5.84% in 2020, which still fell within the target range for monetary growth set by the Central Bank (2.5% to 6.5%). The annual growth rate for the narrow monetary aggregate M1B rose from 7.15% in 2019 to 10.34% in 2020. Moreover, the fact that in every month in 2020 the M1B annual growth rate exceeded the M2 annual growth rate indicates that there was plentiful capital in Taiwan, and that there were no concerns about trading liquidity in Taiwan's stock markets.

Annual Growth Rates of Daily Monetary Aggregates

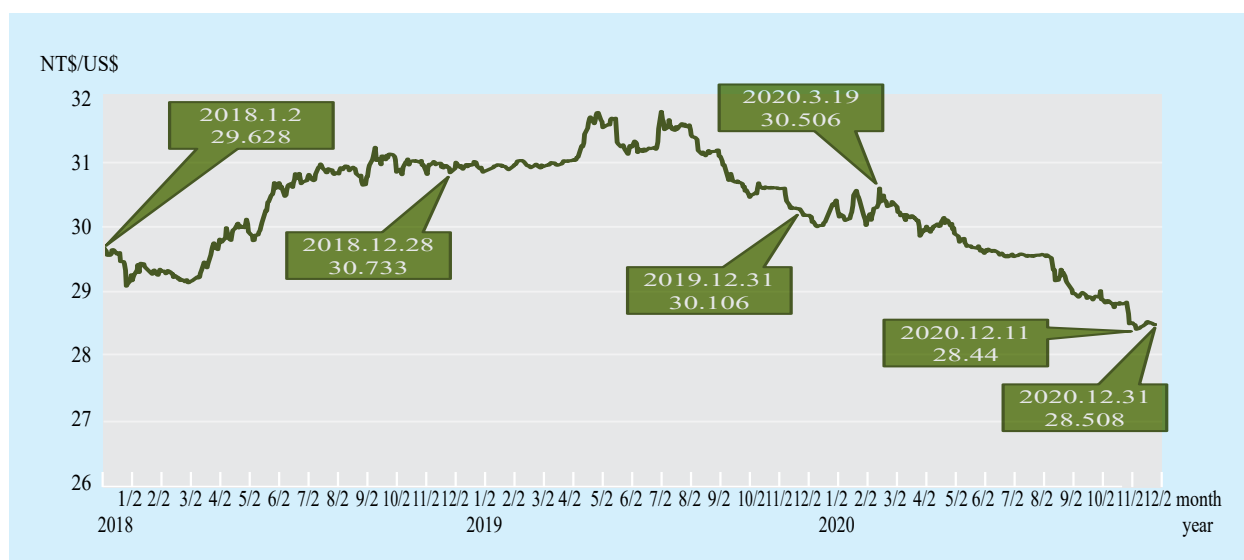


Source: the CBC website

e. NT dollar takes choppy path upward against US dollar

In early 2020, the spread of the pandemic to countries in Europe and North America led to increased volatility in global financial markets, causing stronger demand for US dollar hedging. The NT dollar's exchange rate against the US dollar depreciated to a low of 30.506 : 1 on 19 March. Thereafter, the US Federal Reserve made an open-ended commitment to keep purchasing government bonds and mortgage-backed securities, and adopted a US\$2.3 trillion financing plan, and also because Taiwan controlled the pandemic effectively, economic performance was correspondingly sound, causing the NT dollar's exchange rate against the US dollar to rebound. As of the end of 2020, the exchange rate was 28.508 : 1, an appreciation of 5.61% as compared with the end of 2019.

Exchange Rates of the NT dollar against the US dollar

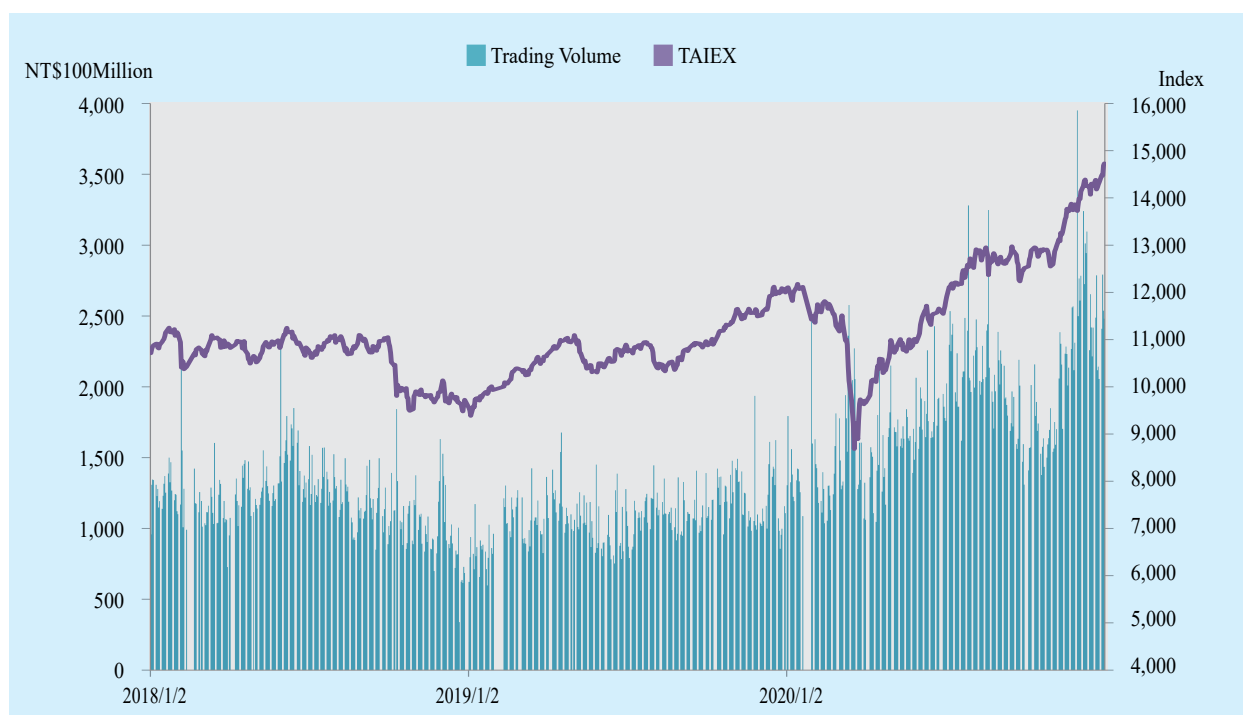


Source: the CBC website

f. New historic high for the stock market

In early 2020, as a result of the impact of the pandemic, the Taiwan Stock Exchange (TWSE) sank to its low point for the year at 8,681.34 points. Thereafter, following the adoption of monetary easing and relief and stimulus measures by countries around the world, plus the gradual mitigation of the pandemic, global stock markets rebounded, and the TWSE intraday high of 12,686.36 points on 27 July broke a 30-year record. By the end of 2020, thanks to the development of COVID-19 vaccines and an increase in international petroleum prices, steel prices, and transportation prices (which drove up the prices of related stocks), on 31 December the TWSE closed at 14,732.53 points, a new historic high. In total the weighted index for the TWSE rose by 2,735.39 points, an increase of 22.80%. For all of 2020, the daily average turnover by trading volume was NT\$186.344 billion, a huge increase of 70.40% as compared with the 2019 figure of NT\$109.358 billion.

TAIEX and Trading Volume



Source: Taiwan Stock Exchange

3. Domestic and International Economic Outlook for 2021

(1) Global Economic Outlook

Looking ahead to 2021, COVID-19 vaccinations will increase, and countries can be expected to continue their monetary easing policies and relief and stimulus measures. Also, given the low base period, in 2021 the global economy can be expected to return to positive growth. In April of 2021, the International Monetary Fund (IMF) estimated that in 2021 the global economic growth rate would reach 6.0%, far above the figure of -3.3% for 2020. The IMF has forecast economic growth rates in the US, the eurozone, Japan, and China to hit 6.4%, 4.4%, 3.3%, and 8.4%, respectively. In addition, in January of 2021 the World Bank forecast that global economic growth would rebound from the figure of -4.3% in 2020 to 4.0% in 2021. Meanwhile, in March of 2021 IHS Markit forecast a global economic growth rate of 5.1% for 2021, surpassing the figure of -3.6% for 2020. Breaking down these figures, developed economies are expected to grow by 4.5% while emerging economies are expected to grow by 6.2%. However, attention should still be paid to the potential impact on the global economy and financial system of risks such as ongoing developments in the COVID-19 pandemic, progress made in vaccination against the disease, the US-China strategic competition, the continued impact of fiscal and monetary policies adopted by countries around the world, the fragile state of the global financial system, and geopolitics.

Global Economic Growth Rate Forecasts

Unit: %

Area \ Institute	IMF		The World Bank		IHS Markit	
	2020	2021	2020	2021	2020	2021
Global	-3.3(-3.5)	6.0(5.5)	-4.3(-5.2)	4.0(4.2)	-3.6(-3.7)	5.1(5.0)
US	-3.5(-3.4)	6.4(5.1)	-3.6(-6.1)	3.5(4.0)	-3.5(-3.5)	5.7(5.7)
Eurozone	-6.6(-7.2)	4.4(4.2)	-7.4(-9.1)	3.6(4.5)	-6.7(-6.8)	3.9(3.8)
Japan	-4.8(-5.1)	3.3(3.1)	-5.3(-6.1)	2.5(2.5)	-4.9(-5.2)	2.6(2.2)
Mainland china	2.3(2.3)	8.4(8.1)	2.0(1.0)	7.9(6.9)	2.3(2.3)	7.8(7.6)

Note: Figures in parentheses indicate the previous forecasts.

Sources: IMF, 6 April 2021; The World Bank, 5 January 2021; IHS Markit, 15 March 2021.

(2) Domestic Economic Outlook

Looking ahead to 2021, the Directorate-General of Budget, Accounting and Statistics (DGBAS) of the Executive Yuan predicts that the real GDP growth rate in Taiwan in 2021 will be 4.64%, surpassing the figure of 3.11% for 2020. Domestic demand and external demand will contribute 3.37 and 1.27 percentage points to this growth, respectively.

In terms of external demand, because international demand will return to normal, exports of traditional goods will recover, while there will be continued benefits from applications of new technologies and business opportunities from the remote (stay-at-home) economy. The IMF estimates that the growth rate for world trade volume in 2021 will rebound to 8.4%, up from the 2020 figure of -8.5%. Thanks to robust external demand, plus the competitive advantages of Taiwan's industries, the DGBAS forecasts that in 2021 the growth rates for exports and imports of goods and services will be 5.05% and 3.76%, respectively, up in both cases from 2020.

In terms of domestic demand, the domestic job market is robust, and tradings on the domestic and foreign stock markets are active. These factors will both help to increase private consumption. Factoring in the low base period, it is estimated that in 2021 private consumption will grow by 3.74%. Semiconductor firms have expanded investments in advanced production processes and ramped up production, which will drive increased local investments in related supply chains. In addition, Taiwanese firms are increasingly reshoring investments back to Taiwan, the telecommunications industry is building the 5G network, and investments are being actively expanded in urban renewal and reconstruction of unsafe and old buildings. Enterprises can be expected to continue to invest in Taiwan, and it is estimated that in 2021 private fixed investment will increase by 3.91%.

Forecast on Taiwan Economic Growth Rates

Unit: %

	Institution	2021
Official and Domestic Institutions	DGBAS (2021.02)	4.64(3.83)
	Central Bank of the Republic of China (2021.03)	4.53(3.68)
	TIER (2021.01)	4.30(4.01)
	CIER (2020.12)	3.73(3.42)
	Academia Sinica (2020.12)	4.24
	NTU-Cathay Research Team (2021.03)	4.2(3.2)
	Taiwan Research Institute (2020.12)	3.53
Foreign Institutions	IMF (2021.04)	4.7(3.2)
	IHS Markit (2021.03)	4.5(4.0)
	Asian Development Bank (2020.12)	3.3(3.5)

Note: Dates in parentheses indicate when the forecast was released; figures in parentheses indicate the previous forecast.

Source: DGBAS, Central Bank of the Republic of China, TIER, CIER, Academia Sinica, NTU-Cathay, Taiwan Research Institute, IMF, IHS Markit, and ADB

B. Major Financial Measures Adopted by the Government

1. Financial Services Business

- (1) To increase operational flexibility for electronic payment institutions and the banks where they open their dedicated deposit accounts, and also to ensure the security of payments, on 24 February 2020 the Financial Supervisory Commission (FSC) amended the "Regulations Governing the Dedicated Deposit Account of Electronic Payment Institutions." The amendments allow electronic payment institutions to apply to credit cooperatives or the Agricultural Bank of Taiwan to open cooperative accounts; simplify processes related to reporting of opening, adding, closing, or transferring of accounts by electronic payment institutions; and add stipulations for management of allocation or transfer of funds by electronic payment institutions' designated partner banks.
- (2) On 24 February 2020, the FSC announced its signing with the German Federal Financial Supervisory Authority (BaFin) of the "Declaration of Intent on Mutual Assistance and Cooperation" to strengthen bilateral cross-border supervision of the banking and insurance industries. Major areas of cooperation include information exchange on license applications and administrative punishments, the holding of bilateral conferences, and combating of financial crime. The Declaration lays down a solid foundation for financial supervisory cooperation between Taiwan and Germany.

- (3) To build a favorable financing environment for small and medium enterprises (SMEs), on 5 May 2020 the Executive Yuan accepted the FSC's filing of its report on the 15th "Program to Encourage Lending by Domestic Banks to Small and Medium Enterprises." The target for the increase in outstanding loans to SMEs in 2020 was NT\$300 billion. The FSC continued to encourage banks and SMEs to build long-term partnerships to help SMEs get access to working capital.
- (4) In June of 2020 the FSC signed a FinTech Cooperation Agreement with the eight provincial securities regulatory authorities who are members of the Canadian Securities Administrators (CSA) group. The Agreement includes provisions related to a referral mechanism for supervisory authorities on the two sides, information sharing, referring of start-ups to their counterparts, provision of assistance to allow the regulatory regime in each jurisdiction to be better understood, and sharing of information related to their respective markets and innovations in financial services. The Agreement not only strengthens bilateral cooperation in supervision of FinTech but also creates more opportunities for FinTech businesses from the two countries to expand into international markets.
- (5) To strengthen cyber defense capabilities in the financial industry and achieve the goals of secure, convenient, and uninterrupted operations, on 6 August 2020 the FSC announced the "Financial Cyber Security Action Plan." The Plan encourages the shaping of an organizational culture of emphasizing cyber security at financial institutions and, given the precondition of taking into account both innovation and security, strengthening of cyber defense for new technologies. It also calls for training of cyber security personnel to make them properly prepared for their job duties. It also encourages financial institutions to introduce international standards for cyber security management, and to construct a resource-sharing cyber security problem-response mechanism and a collaborative system for financial cyber security monitoring, in order to deal with cyber security risks in a timely manner.
- (6) To meet the demand from high-asset customers in Taiwan for new investment products and transnational services and also to promote the upgrading of Taiwan's wealth management industry, on 7 August 2020 the FSC issued the "Regulations Governing Banks Conducting Financial Products and Services for High-asset Customers." These Regulations clearly stipulate the scope of financial products and services for high-asset customers as well as the process banks must use to explain these products and services to ensure that customers understand them and recognize that they themselves bear responsibility for investment risks. The Regulations also appropriately liberalized the products and processes aspects of laws and regulations then in force, in order to increase the diversity of financial products which banks can offer to high-asset customers.

- (7) In order to bring into play the roles and functions of Taiwan's financial system in promoting sustainable development in society as a whole, on 18 August 2020 the FSC launched the "Green Finance Action Plan 2.0." The main points of the Plan include the following: (a) Financial institutions will be encouraged to extend credit to industries related to green energy and sustainable development. (b) The FSC will continue to promote the issuance of (and investments in) green bonds, and a proposal has also been made to develop sustainability bonds. (c) Relevant regulations will be amended and an integrated search platform will be constructed to upgrade the quality and transparency of ESG information disclosed by enterprises. (d) Financial institutions will be encouraged to comply with international initiatives and participate in international meetings related to sustainable finance, in order to keep up with international trends and raise international visibility.
- (8) In order to provide assistance needed by FinTech firms to develop their business, after considering contemporary international trends and reviewing needs in Taiwan, on 27 August 2020 the FSC issued the "FinTech Development Roadmap." The principle aims of the Roadmap are to: (a) promote financial services to meet the needs of all kinds of enterprises and members of the public, in order to achieve convenient and widespread access to services; (b) provide policy support in terms of resources for innovation and entrepreneurship and building a comprehensive FinTech eco-system; (c) train an internationalized corps of FinTech professionals and strengthen international linkages; and (d) promote digital supervisory mechanisms and hold a supervisory hackathon to encourage the development of supervisory technology.
- (9) In order to upgrade the operational capabilities of branches of foreign banks in Taiwan and to promote the development of Taiwan's real economy, on 26 September 2020 the FSC amended the "Regulations Governing Foreign Bank Branches and Representative Offices." Key points of the amendment include the following: (a) Foreign bank branches may calculate into net worth 50% of the legally required loan loss provision and reserves against liability on guarantees. (b) With an eye to the rapid changes taking place in the economy and financial sector, the competent authority is authorized to weigh and adjust, when appropriate, the percentage of the loan loss provisions and reserves against liability on guarantees that may be counted toward the branch's net worth. (c) A foreign bank branch's "short-term loans of one-year or less received from the head office" may be included in the basis for calculation of total deposits.

- (10) To coordinate with amendments to the Securities and Exchange Act, on 16 October 2020 the FSC amended the "Directions Governing the Acquisition of Treasury Stock by Exchange-listed and OTC-listed Financial Institutions" to extend the deadline (from three to five years) for financial institutions to transfer repurchase shares to employees and for equity conversion. Amendments were also added regarding the capital adequacy ratio of banks, insurance, and bills finance companies (subsidiaries) and strengthening the financial soundness criteria for banks and bills finance companies, in order to maintain the overall financial soundness of financial institutions.
- (11) To enable banks to more efficiently recruit personnel with cross-disciplinary skills, on 27 October 2020 the FSC amended the "Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks." Provisions were added so that there is no need to get approval from the competent authority for responsible persons at banks with qualifications in professional fields including information, technology, law, e-commerce, financial accounting, marketing, or human resources, provided that the positions filled by the relevant responsible persons are related to their original fields.
- (12) With an eye to the market demand for NT Dollar bank debentures issued by branches of foreign banks in Taiwan, and to provide a uniform standard for the definition of net worth for foreign bank branches, on 14 December 2020 the FSC amended the "Regulations Governing Issuing of NTD Bank Debentures by Foreign Bank Branches." Besides including the Agricultural Bank of Taiwan and post office institutions that offer savings and remittance services in the list of possible buyers to whom the debentures may be sold, the amendments also clearly stipulate that when foreign bank branches calculate their net worth, they may calculate in a stipulated percentage of their legally required loan loss provision and reserves against liability on guarantees.
- (13) In order to understand the impact of the COVID-19 pandemic on the resiliency of domestic banks, on 24 December 2020 the FSC stated that it would issue a letter asking domestic banks to undertake "2021 supervisory stress tests" in order to calculate changes in capital adequacy ratios and leverage ratios under uniform stress test conditions. For the first time, operational risk stress scenarios were introduced, setting bank penalties and required increases in operational risk capital under various different scenarios, in order to evaluate the risk of losses that might be incurred in the event of an incident of fraud or malfeasance.

- (14) In order to ensure the health of Taiwan's banking system and support real economic development, on 24 December 2020 the FSC designated First Commercial Bank as Taiwan's sixth domestic systematically important bank (D-SIB). Upgrading of the risk tolerance capabilities of Taiwan's D-SIBs helps improve the stability of the financial system, and simultaneously reduces the impact on the overall financial system of potential operational problems at these banks.
- (15) To help financial institutions to provide financial services that better meet consumer demand (while paying due attention to risk), on 31 December 2020 the FSC announced that it had agreed to allow a number of banks in Taiwan (including Hua Nan Bank, Yuanta Bank, CTBC Bank, Mega International Commercial Bank, First Commercial Bank, Cathay United Bank, and Far Eastern International Bank) to cooperate with third-party service providers (TSPs) in promoting Phase 2 (customer information inquiries) of the Open Banking Initiative. The main content will be data related to financial interactions such as that provided when applying to open an account. Considering that this matter involves consumer data ownership, the FSC has already guided the Bankers Association of the Republic of China and the Financial Information Service Company to amend relevant rules to ensure that there are a uniform set of norms that can be followed by banks and TSPs, while at the same time appropriately upholding the rights and interests of consumers.

2. Response to the COVID-19 Pandemic

- (1) To mitigate the impact of COVID-19 on Taiwan's economy and financial system, on 9 April 2020 the FSC adopted the "Program for Encouraging Domestic Banks to Expedite Processing of Relief and Stimulus Loans." The Program clearly stipulates incentive measures for processing relief and stimulus loans, thereby encouraging banks to arrange relief and stimulus loans for enterprises and members of the public in need (while ensuring proper risk management), in order to assist citizens and domestic industries to withstand the impact of the pandemic. As of the end of 2020, domestic banks had approved 1.27 million relief and stimulus loans totaling NT\$3.057 trillion.
- (2) To reduce the impact of COVID-19 on personal finances, the FSC sent letters to banks in February and May 2020, respectively, to ask them to offer measures such as loan deferrals or loan rescheduling to persons who face difficulties repaying loans as a result of the pandemic. Considering that rescheduling arrangements would expire by the end of 2020 and that the pandemic was still affecting the ability of some people to repay their debts, on 16 December 2020 the FSC again coordinated with banks to push the deadline for applications to use the workout mechanism to postpone repayment of credit card and other personal loan debt to the end of June 2021, in order to help customers get through the pandemic.

C. Banking Operations in 2020

1. Changes in the Operating Units of Financial Institutions

Financial institutions in Taiwan include monetary institutions, investment trust companies (prior to December 2008), and life insurance companies. The term "monetary institutions" includes the Central Bank and other monetary institutions. The term "other monetary institutions" includes domestic banks, Taiwan branches of foreign and mainland Chinese banks, credit cooperatives, credit departments of farmers' and fishermen's associations, and the Department of Savings and Remittances at Chunghwa Post Co., Ltd. As of the end of December 2020, there were 425 financial institutions in Taiwan, while the total number of branch banking units stood at 6,005.

2. Non-performing Loans (NPLs) and NPL Coverage Ratio

According to FSC statistics, the aggregate NPLs of domestic banks at the end of December 2020 stood at NT\$69.175 billion, up by NT\$5.558 billion from NT\$63.617 billion at the end of December 2019. The average NPL ratio of domestic banks at the end of December 2020 stood at 0.22%, an increase of 0.01 percentage points compared with 0.21% at the end of December 2019. This was the second lowest level in history.

At the end of December 2020, the NPL coverage ratio of Taiwan's domestic banks stood at 623.24%, down by 28.54 percentage points from 651.78% at the end of December 2019. Overall, domestic banks' asset quality and risk-bearing capacity remained stable.

3. Overview of Bank Profitability

In response to the COVID-19 pandemic, on 19 March 2020 the Central Bank lowered interest rates by 25 basis points, and the average interest spread of domestic banks narrowed, falling from 1.32 percentage points in 2019 to 1.23 percentage points in 2020. In 2020 the pre-tax earnings of domestic banks were NT\$312.7 billion, down 13.31% from NT\$360.7 billion in 2019; however, earnings remained over NT\$300 billion for the seventh consecutive year. The return on assets (ROA) was 0.59%, while return on equity (ROE) was 7.72%, down from the ROA of 0.72% and ROE of 9.38% in 2019.

4. Major Lines of Banking Business

(1) Deposit Business

Deposits at all monetary institutions at the end of 2020 totaled NT\$49.22 trillion, up NT\$4.13 trillion (9.17%) from the end of 2019. Demand deposits accounted for the largest portion of this total (40.51%), followed by time and time savings deposits (29.23%).

The only deposit category that declined from 2019 was repurchase agreements and money market mutual funds, which was down by 14.72%, while all other deposit categories increased. Demand deposits posted the strongest growth, increasing by NT\$2.99 trillion (17.67%) to NT\$19.94 trillion. Foreign currency deposits were second, increasing by NT\$858.5 billion (14.23%) to NT\$6.89 trillion.

Moreover, compared with the end of 2019, postal savings deposits increased by NT\$123.3 billion (2.00%) to NT\$6.28 trillion, time and time savings deposits increased by NT\$87 billion (0.61%) to NT\$14.38 trillion, government deposits rose by NT\$63.4 billion (4.84%) to NT\$1.37 trillion, and NT dollar deposits by foreigners increased by NT\$31.8 billion (18.27%) to NT\$205.9 billion.

Changes in Deposits by Category of All Monetary Institutions

Unit: NT\$ 100 million

Item	Year	End of 2020	End of 2019	Change (NT\$)	Change (%)
Demand deposits		199,401	169,462	29,939	17.67
Time and time savings deposits (Note)		143,849	142,979	870	0.61
Foreign currency deposits		68,926	60,341	8,585	14.23
Postal savings deposits		62,827	61,594	1,233	2.00
NT dollar deposits by foreigners		2,059	1,741	318	18.27
Repurchase agreements and money market mutual funds		1,414	1,658	-244	-14.72
Government deposits		13,720	13,086	634	4.84
Total		492,196	450,861	41,335	9.17

Note: Includes ordinary time deposits, negotiable certificates of deposit, and time savings deposits.

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, February 2021.

(2) Loans and Investments

The balance of outstanding loans and investments at all monetary institutions stood at NT\$37.83 trillion at the end of 2020, an increase of NT\$2.40 trillion (6.79%) over the end of 2019.

Loans and investments by all monetary institutions in all recipient categories—claims on the government sector, claims on state-owned enterprises, and claims on the private sector—rose as of the end of 2020 in comparison with the end of 2019. Claims on the private sector increased the most, by NT\$2.36 trillion (8.09%), followed by claims on the government sector, which increased by NT\$40.8 billion (0.79%).

Loans and Investments by Monetary Institutions

Unit: NT\$ 100 million

Item	Year	End of 2020	End of 2019	Change (NT\$)	Change (%)
Claims on the government		52,083	51,675	408	0.79
Claims on state-owned enterprises		11,257	11,192	65	0.58
Claims on the private sector		314,926	291,357	23,569	8.09
Total		378,266	354,224	24,042	6.79

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, February 2021.

(3) Foreign Exchange Business

The average daily foreign exchange turnover (total of bank-customer and interbank markets) in 2020 was US\$33.084 billion, up by 1.97% from 2019. Average daily turnover in the bank-customer market was US\$10.894 billion, up by 2.79%, and average daily turnover in the interbank market was US\$22.19 billion, an increase of 1.57%, from 2019.

In 2020, the amount of foreign currency forwards, options, and cross-currency swaps declined, while spot transactions increased by US\$487 million (7.02%), and swaps increased by US\$457 million (3.68%) compared with 2019.

Daily Average Volume of Foreign Exchange Transactions between Banks by Product

Unit: US\$ million

Item	Year	2020	2019	Change (US\$)	Change (%)
Spot		7,429	6,942	487	7.02
Forwards		1,125	1,648	-523	-31.74
Swaps		12,869	12,412	457	3.68
Options		712	760	-48	-6.32
Cross-currency swaps		55	85	-30	-35.29
Total		22,190	21,847	343	1.57

Source: "Financial Statistics Monthly, Republic of China," Department of Economic Research, CBC, February 2021.

(4) Consumer Finance Business

According to statistics compiled by the FSC Banking Bureau, a total of 50.12 million credit cards issued by 33 institutions were in circulation at the end of December 2020, up by 5.76%

from 47.39 million in circulation at the end of 2019. The total number of active cards stood at roughly 33 million, an increase of 3.38% from 31.92 million at the end of 2019. The total dollar amount of transactions paid for with these cards in 2020 amounted to NT\$3.0196 trillion, down by 6.31% from 2019. The amount of revolving credit outstanding at the end of 2020 stood at NT\$105.6 billion, down by 7.31% from 2019. Cash advances outstanding totaled NT\$22.2 billion, down by 12.92% from 2019.

There were 31,216 automatic teller machines (ATMs) in Taiwan as of the end of December 2020, up by 2.36% from 30,495 at the end of 2019. The cumulative number of financial cards issued rose by 3.75% from 211.34 million at the end of 2019 to 219.27 million at the end of 2020. The number of ATM transactions during 2020 totaled 994.27 million, an increase of 4.57% over the 2019 figure of 950.84 million, and ATM transactions totaled NT\$13.296 trillion in value, up by 8.45% from NT\$12.26 trillion in 2019.

(5) Financial Derivatives Business

The notional amount of open derivatives positions of domestic banks (including headquarters, domestic and overseas branches, and offshore banking units) and foreign banks (general branches in Taiwan plus offshore banking units) at the end of December 2020 stood at NT\$54.4271 trillion, down by 6.92% from NT\$58.4765 trillion a year earlier.

Over-the-counter (OTC) transactions accounted for 99.71% of these positions, while exchange-traded transactions made up only 0.29%. Of the OTC transactions, forward contracts accounted for the largest share (56.10%) of the notional value of total open positions, followed by swaps (39.73%). Sold options and bought options accounted for 2.37% and 1.80%, respectively. Trading derivatives made up 99.18% of the total, while non-trading derivatives accounted for only 0.82%.

Notional Amounts Outstanding of Financial Derivatives

Unit: NT\$ million, %

Item	End of 2020		End of 2019		Changes	
	NT\$	%	NT\$	%	NT\$	%
I. Notional Amounts Outstanding	54,427,115	100	58,476,466	100	-4,049,351	-6.92
A. OTC	54,267,963	99.71	58,322,872	99.74	-4,054,909	-6.95
1. Forwards	30,445,559	56.10	33,164,247	56.86	-2,718,688	-8.20
2. Swaps	21,559,436	39.73	22,637,846	38.81	-1,078,410	-4.76
3. Bought options	978,197	1.80	975,327	1.67	2,870	0.29
4. Sold options	1,284,771	2.37	1,545,452	2.65	-260,681	-16.87
B. Exchange-traded	159,152	0.29	153,594	0.26	5,558	3.62
1. Futures- long positions	17,424	10.95	45,370	29.54	-27,946	-61.60
2. Futures- short positions	137,342	86.30	91,064	59.29	46,278	50.82
3. Bought options	2,854	1.79	7,422	4.83	-4,568	-61.55
4. Sold options	1,532	0.96	9,738	6.34	-8,206	-84.27
II. Notional Amounts Outstanding	54,427,115	100	58,476,466	100	-4,049,351	-6.92
A. Total contracts held for trading purpose	53,981,672	99.18	58,095,418	99.35	-4,113,746	-7.08
B. Total contracts held for non-trading purpose	445,443	0.82	381,048	0.65	64,395	16.90

Note: The figures in this table include both domestic banks (head offices, domestic and overseas branches, and OBUs) and foreign banks (ordinary branches and OBUs in Taiwan).

Source: CBC website, February 2021.

(6) Digital Deposit Accounts Business

As of the end of 2020, 35 banks handled online applications for opening digital deposit accounts, totaling 6.463 million accounts, an increase of 3.08 million (91.03%) compared to 2019.

Digital deposit accounts in Taiwan are divided into three categories, depending on the type of ID verification used. Of them, the largest are type 3 accounts (accounts opened online by customers with deposit accounts or credit cards at other banks, or existing customers with credit cards issued by the same bank), with 2.498 million. In second place are type 2 accounts (accounts opened online by existing customers with deposit accounts at the same bank), with 2.257 million, while there are 1.708 million type 1 accounts (accounts opened online with a Citizen Digital Certificate).

Changes in the Number of Digital Deposit Accounts

Unit: Number of accounts

Item \ Year	End of 2020	End of 2019	Change (Accounts)	Change (%)
Type 1 accounts	1,708,095	1,044,228	663,867	63.57
Type 2 accounts	2,257,207	1,036,558	1,220,649	117.76
Type 3 accounts	2,497,796	1,302,519	1,195,277	91.77
Total	6,463,098	3,383,305	3,079,793	91.03

Source: Financial Supervisory Commission

(7) Commercial Reverse Mortgages

There are 14 domestic banks in Taiwan that currently offer commercial reverse mortgage services, and as of the end of December 2020 they had extended a combined 4,842 commercial reverse mortgages, lending a total of NT\$27.6 billion. These two figures were up by 18.68% and 21.05%, respectively, compared with the end of December 2019. This type of lending is thus showing steady growth.

Changes in Commercial Reverse Mortgages

Unit: Transaction; NT\$ 100 million

Item \ Year	2020	2019	Change (Transaction; NT\$)	Change (%)
Number granted	4,842	4,080	762	18.68
Lending amount	276	228	48	21.05

Source: Financial Supervisory Commission

(8) Cross-Strait Remittances Business

The Central Bank established a Foreign Exchange Clearing System in September 2012, and in September 2013 the System was expanded to handle domestic and cross-border RMB services (including clearing of cross-strait remittances). Moreover, in February 2014 cross-strait US dollar remittances were incorporated into the System. The goals were to streamline bank operating procedures, facilitate the achievement of economies of scale, and reduce banks' operating costs. In 2020, outward and inward remittances to and from China by all banks came to US\$453.8 billion and US\$338.3 billion, down by 3.53% and up by 8.19%, respectively, from 2019.

Changes in Cross-strait Remittances

Unit: US\$ 100 million

Item \ Year	2020	2019	Change (US\$)	Change (%)
Outward remittances	4,537.72	4,703.98	-166.26	-3.53
Inward remittances	3,382.92	3,126.74	256.18	8.19

Source: Financial Supervisory Commission

(9) Other Business

Domestic banks' fee income in 2020 came to NT\$225.1 billion, down by 1.44% from NT\$228.4 billion in 2019. Fee income accounted for 11.32% of the total income of domestic banks in 2020, up from 10.97% in 2019. These figures show that the fee income of Taiwan's domestic banks continues to post stable growth.

Changes in Banks' Fee Income

Unit: NT\$ 100 million

Item \ Year	2020	2019	Change (NT\$)	Change (%)
Fee income	2,251	2,284	-33	-1.44
Fee income as share of total income of domestic banks (%)	11.32	10.97	-	-

Source: Financial Supervisory Commission

IV. Report on the Work of BAROC

A. Major Achievements in 2020

1. Coordinated with government relief policies, joined the "National Financial Team for Pandemic Relief"
 - (1) BAROC participated in the Executive Yuan's Interagency Coordination Platform for Financing Enterprise Relief and Economic Stimulus.
 - (a) BAROC attended 35 meetings of the Interagency Coordination Platform for Financing Enterprise Relief and Economic Stimulus, which was established on 15 March 2020.
 - (b) BAROC promptly sought the opinions of banks on various proposals for relief loans, and provided these to the Coordination Platform for immediate decisions, which were then implemented by relevant organizations.
 - (c) BAROC suggested to the competent authority that it should adopt an immunity provision under which bank lending personnel are not responsible for bad debts caused by unintentional gross negligence, or fraud, while also providing incentive measures.
 - (2) In response to the Executive Yuan's relief loans policy of "more lenient, faster, and more convenient," BAROC actively devised simplified measures for relief programs, assisted businesses to ease financial pressure, and accelerated relief loans. The main measures adopted included:
 - (a) Based on a decision taken at the first meeting of the Executive Yuan's Coordination Platform, BAROC notified all banks' headquarters by email (with the banks to convey the message to all branches the following day) that they were not to refuse to accept relief loan applications from enterprises, and should provide an enterprise relief contact window to the Small and Medium Enterprise Administration of the Ministry of Economic Affairs for the purposes of communications.
 - (b) BAROC won an exemption from requiring submission of the data form for information on any single group of related parties for labor relief loans and loans to small business entities (Central Bank Scheme C loans) to accelerate processing of loans.
 - (c) BAROC stipulated rescheduling measures for existing loans. In cases of enterprises which intended to stay in business and paid interest normally, for principal of loans due before 30 June 2021, banks agreed to deferrals of six months. For cases in which existing loans have credit guarantees, BAROC negotiated with the Ministry of Economic Affairs and the Small and Medium Enterprise Credit Guarantee Fund of Taiwan to continue to provide guarantees.

- (d) BAROC amended the "Self-Regulatory Rules for Enterprise Debt Rescheduling Negotiations" to lower the threshold for adoption of decisions on corporate debt workouts. Previously, agreement by financial institutions holding two-thirds or more of the total claims required a resolution, but the threshold has been lowered to "agreement by creditors holding one-half or more of the total claims," and the deadline for applications has been extended to the end of December 2021.
- (e) BAROC adopted simplified measures for processing loan applications. In cases in which new applicants for relief loans receive a 100% guarantee from the Small and Medium Enterprise Credit Guarantee Fund (SMEG) of Taiwan, based on circumstances there can be an exemption for requests for CPA certification and related data. In cases in which SMEG does not provide a 100% guarantee, the CPA certification can be provided after an interval of three months. In cases in which SMEG does not provide a 100% guarantee and the loan amount is NT\$15 million or less, the scope of the credit investigation can be simplified.
- (f) BAROC set deadlines for rapid loan approval. In cases in which the credit line is NT\$5 million or less and there is agreement in principle to renew the contract to extend the loan, approval should be given within two weeks. In terms of new loans, loans for operating capital should be approved within 10 working days, while stimulus loans should be approved within 15 working days. New loans of NT\$1 million or less should in principle be approved within seven working days.
- (g) BAROC relaxed the principles for guarantors and certificates of deposit. Banks no longer require persons outside of the "responsible persons and actual business operators" to act as guarantors. Meanwhile, for new relief loans for which SMEG has provided a minimum of an 80% guarantee, customers are no longer required to submit a certificate of deposit as collateral.

(3) Coordinating with relief loan education and training

- (a) A relief loans summit was held on 22 April 2020, presided over by Financial Supervisory Commission Chairman Wellington Koo, Central Bank Governor Chin-Long Yang, Minister of Finance Jain-Rong Su, Minister of Economic Affairs Jong-Chin Shen, and BAROC Chairman Jye-Cherng Lyu, with the chairpersons (or presidents) of all banks in attendance.
- (b) On 3 March 2020, BAROC invited various organizations (including the Small and Medium Enterprise Administration of the Ministry of Economic Affairs, the Tourism Bureau of the Ministry of Transportation and Communications, the Ministry of Culture, the Council of Agriculture, the Ministry of Health and Welfare, and SMEG) to assign lecturers to explain relief loan programs to banks. Also, BAROC commissioned the Taiwan Academy of

Banking and Finance to make DVD recordings of educational meetings and distribute these to all member banks to strengthen education and training at all branches and to facilitate rapid learning about the relief loans programs.

- (c) BAROC set up a special educational area on its website, and, with respect to the workout mechanism stipulated by the Financial Supervisory Commission for personal financial products for which individuals are facing difficulties making repayments owing to the pandemic, listed the products and contact websites for all banks, for reference by the general public.

(4) Achievements in the approval of relief loans

As of 19 January 2021, all state-owned and private banks had arranged relief loans totaling NT\$3.41321 trillion to 1,474,960 recipients, proving to be very effective in this regard. These included:

- (a) Corporate customers: 483,154 loan recipients, totaling NT\$3.05635 trillion (including enterprise relief programs of various ministries, corporate customers handled by banks themselves, and Central Bank Scheme A, B, and C loans).
- (b) Individual customers: 991,806 loan recipients, totaling NT\$356.86 billion (including individual customers handled by banks themselves and labor relief loan recipients).
- (c) Of the above cases, Central Bank Scheme C loans were approved for 121,241 recipients, totaling NT\$57.19 billion, while labor relief loans were approved for 928,972 recipients, totaling NT\$92.86 billion.

2. Strengthened financial institution information security measures; drafted related rules

- (1) In order to strengthen collective information security among member banks and upgrade the overall information security capabilities of member banks, the Computer Security Incident Response Team held an evaluation meeting in April 2020, at which the accounting firm Deloitte Taiwan arranged information security incident simulations and devised methods for handling incidents including attacks on webpages, illegal intrusions, malware infections, and equipment irregularities. These were provided to member banks for their reference.
- (2) In response to the rapid pace of FinTech development, and in an effort to spur financial services progress while strengthening cybersecurity, BAROC drafted amendments to the "Standards for the Security Management Operation of Electronic Banking Business of Financial Institutions," filed the amended Directions with the FSC for its reference, and disseminated them to all member institutions with instructions to abide by their provisions.

- (3) In response to major cybersecurity incidents reported by banks in recent years, BAROC reassessed and upgraded relevant cybersecurity measures and studied amendments to related cybersecurity self-regulatory rules.
 - (4) To ensure that transactions made using apps for mobile devices provided to customers by the banking industry are safe, BAROC amended the "Rules Governing the Provision of Mobile Device Apps by Financial Institutions."
 - (5) In response to the rapid increase in Internet distributed denial-of-services (DDoS) attacks and to strengthen cybersecurity capabilities at financial institutions, BAROC amended the "Model Guidelines on Banks' Defense and Contingency Operations for Distributed Denial-of-Service Attacks."
3. Assisted banks in dealing with discontinuation of the LIBOR benchmark, to stay on track with international information and practices
- (1) In order to raise awareness in the banking industry of the discontinuation of the LIBOR benchmark, provide international information, and explain important relevant matters, BAROC held six seminars in three sessions.
 - (2) On 28 and 30 July 2020, BAROC held the first session (with two seminars) entitled "Seminars on the International Response to the LIBOR Transition and the Risks and Challenges Facing Banks."
 - (3) On 18 September 2020, BAROC held the second session (with two seminars) entitled "Seminars on Bank Measures in Response to the LIBOR Transition and the Impact Assessment Survey Questionnaire."
 - (4) On 21 and 25 December 2020, BAROC held the third session (with two seminars) entitled "Seminars on the Report on Suggested Directions for Measures in Response to the LIBOR Transition."
 - (5) In order to understand the impact of LIBOR withdrawal on, and the responses adopted by, the 36 domestic banks in Taiwan (including subsidiaries of foreign banks) and the 29 branches of foreign banks in Taiwan, in September and October of 2020 BAROC undertook a survey and completed the "LIBOR Transition Impact Assessment Report for All Banks."
 - (6) To assist all banks with preparations for the LIBOR transition, the LIBOR working group and consultants worked together to complete the "Report on Suggested Directions for Measures in Response to the LIBOR Transition."

4. Helped banks implement guidelines for anti-money laundering and combating the financing of terrorism (AML/CFT), participated in AML/CFT seminars, and assisted the competent authority to study and assess matters related to the Third Follow-up Report to the Mutual Evaluation Report

- (1) The Financial Supervisory Commission (FSC) asked BAROC to study and assess guidelines or practices (for reference) on the issue of identifying customers' beneficial owners, and BAROC produced the "Reference Handbook for Identification by Banks of Beneficial Owners" and filed it with the FSC for its reference. In order to enable member institutions to more comprehensively understand this issue and facilitate the implementation of identification practices, BAROC selected the most important contents of the Reference Handbook and related documents of international organizations and combined these into a notification to member institutions for their reference.
- (2) In response to adjustments of laws, regulations, and directives by the competent authority, BAROC amended the "Model Guidelines for Banks' Anti-Money Laundering and Counter Terrorism Financing Policies and Procedures" and prepared separate FAQs for financial institutions and the general public, and after receiving a letter of reply from the FSC, distributed these Guidelines to member institutions for implementation.
- (3) With respect to deficiencies in the "Immediate Outcomes 4" (IO4) section of the Asia/Pacific Group on Money Laundering's Third Follow-up Report to the Mutual Evaluation Report of Chinese Taipei, there is a section on inadequate understanding that financial institutions have of sectoral risks, calling for the relevant agencies and financial institutions to continue to cooperate on specific threats and weaknesses, as well as on information sharing about risk trends. With respect to this section, there are plans for the Anti-Money Laundering Office of the Executive Yuan to set up an information exchange platform, and BAROC was asked to offer suggestions about the kinds of functions and information the public sector can provide. The opinions of member institutions were compiled, and a set of suggestions was provided to the Taiwan High Prosecutors Office in categories that included feedback on individual cases of reporting by financial institutions; sharing of case studies among all financial institutions and criminal trends, risk assessment, customer information; sharing of information on international trade; and international sharing of information.
- (4) With respect to the "Standards for Determining the Scope of Politically Exposed Persons Entrusted with Prominent Public Function, Their Family Members and Close Associates" which have been in effect since 26 June 2017, the Ministry of Justice (MoJ) took into account

that there was still no concrete withdrawal mechanism for politically exposed persons entrusted with prominent public function who have been included in the database's list of names, and asked BAROC to provide experiences with related risk assessments and suggestions for amendments, for future reference by the MoJ in amending the Standards. The opinions of all BAROC member institutions were compiled, and a reply was sent to the MoJ for their reference.

- (5) In order to continue strengthening the detection and reporting capabilities of financial institutions with respect to suspicious transactions, and to upgrade the effectiveness of financial reporting in supporting law enforcement, on 10 December 2020 the MoJ Investigation Bureau held the "2020 Conference on Criminal Money Flow and Anomalous Transaction Patterns," with 153 participants.
- (6) In order to promote the building of ethical and transparent corporate cultures among financial businesses, improve the whistleblower protection system for both the public and private sectors, and concretely implement the United Nations Convention against Corruption, the FSC asked the Taiwan Financial Services Roundtable to invite BAROC and related financial industry associations to jointly hold, with assistance from the MoJ Agency Against Corruption, the "2020 National Conference on Corporate Ethics and Legal Compliance in the Financial Industry." The event was held on 21 August 2020, with 88 participants.
- (7) The Anti-Money Laundering Office of the Executive Yuan held the "International Virtual Conference on Excelling in AML/CFT through Financial Flow Transparency" on 18 December 2020. At the event there was discussion of important issues in fields related to anti-money laundering and countering financing of terrorism including virtual currencies, sanctions, and beneficial owners. BAROC asked its member institutions to attend.

5. Continued to help Taiwanese banks bring practices in line with international risk management rules

In order to help the competent authorities to assess issues related to the Basel Committee on Banking Supervision's risk management requirements for banks and their application in Taiwan, the Basel Research Task Force (BRTF, jointly established by BAROC and the FSC Banking Bureau) completed the following tasks in 2020:

- (1) Credit Risk Working Group No. 2 completed the translation into Chinese of the changes to "Credit Risk—Internal Ratings Based Approach" as well as suggestions for amendments to related laws and regulations.

- (2) On 24 March 2020, the Operational Risk Working Group held a "Seminar on Trial Calculation of Minimum Capital Requirements for Operational Risk at Domestic Banks." Moreover, after helping all domestic banks do a trial calculation, the BRTF issued a report with recommendations for amendments to the draft trial calculation.
 - (3) On 25 September 2020, Credit Risk Working Group No. 1 held the "Seminar on Trial Calculations Using the 'Loan-to-Value Ratio Approach' as Determined by 'Basel III: Finalizing Post-Crisis Reforms.'" In addition, after helping all domestic banks do a trial calculation, the BRTF issued a report with recommendations for amendments to the draft trial calculation.
 - (4) The Basel Research Task Force's Liquidity Risk Working Group and the BAROC Risk Management Committee's Risk Regulation Subcommittee, acting on the basis of instructions from the Financial Supervisory Committee, used the standards for recognition of operating deposits (which are set out in the "Methods for Calculating the Liquidity Coverage Ratio") as the basis when inspecting bank operations, for determining which items qualify for recognition as operating deposits. The deposits and the calculation methods used were reported to the Financial Supervisory Committee.
 - (5) The Pillar 3 Working Group, conforming to the amended version of the "Methods for Calculating Bank's Regulatory Capital and Risk-weighted Assets" as issued by the FSC on 14 January 2020, completed suggestions and explanations for the amendment of "Disclosure of Relevant Information Concerning the Capital Adequacy and Risk Management of Domestic Banks" and filed its suggestions and explanations with Financial Supervisory Committee.
 - (6) The Market Risk Working Group completed the translation into Chinese of the Basel III minimum capital requirements for market risk.
6. Actively trained international financial professionals, set up databases, helped banks expand their international presence
- (1) BAROC implemented an international financial professionals training program tailored to the needs of management professionals engaged in developing overseas business. The curriculum had four major themes: market management, strategic management, product development, and transnational communication. The program was divided into three main items: study courses, reports on special topics, and external learning. Through diversified learning activities, the program developed banking professionals' perspectives on operational decision-making, analytic skills, and overall innovativeness. A total of 34 people from 19 banks participated.

(2) To support the government's New Southbound Policy, BAROC continued with its quarterly updates of data on the 10 main countries targeted by the Policy, and added research on "supervisory trends, legal compliance, and anti-money laundering in various countries" to the system. All of this information is posted to a special section on the BAROC website designed to help member banks collect the type of information they need for preliminary planning and evaluation tasks when seeking to establish business locations in selected overseas markets.

(3) To upgrade the professional skills of foreign exchange personnel at BAROC member banks and keep pace with international practices, BAROC continued to upload Chinese-language summaries of explanations of case studies of banking practices as well as international regulatory trends provided by the International Chamber of Commerce to special sections on the BAROC website, to facilitate access to and use of this information by member banks' foreign exchange personnel.

7. Coordinated with government policy by drafting measures to be taken by financial services providers

(1) The FSC instructed BAROC to raise practical issues and provide relevant suggestions with respect to "loan asset classifications" and "expected credit loss evaluations" related to the provision of COVID-19 relief loans and workout measures such as rescheduled debt repayment. After suggestions from BAROC were reviewed by the FSC, they were forwarded to all member banks.

(2) The FSC instructed BAROC to express opinions on the adoption of videoconferencing or remote technology to undertake confirmation of business information and verification of identity when domestic banks do overseas credit checks or extend credit. Following assessment of this issue, suggestions were filed with the FSC for review, and then were forwarded to all member banks. The FSC also instructed BAROC to propose measures (and related response actions) to strengthen the handling by banks of credit checks, extensions of credit, and post-loan reviews in connection with their conduct of non-recourse factoring of accounts receivable business.

(3) In coordination with the FSC's issuing of the "Regulations Governing Domestic Juridical Persons Opening Accounts for the Purpose of Handling Loan-related Receipts and Disbursements in Offshore Banking Units," BAROC set out principles for a control mechanism for such accounts, which were provided to member banks for reference in devising their own control mechanisms. BAROC also held an informational seminar on this subject on 2 November 2020.

- (4) The FSC instructed BAROC to research and offer suggestions for online applications for loans and the mechanism for verification of the identities of existing legal-person customers and new legal-person customers with three or fewer beneficial owners. These opinions and suggestions were filed with the FSC for review.
- (5) The FSC instructed BAROC to research and provide appropriate analytical opinions on a suggestion to permit customers with an existing type 3 digital deposit account at a bank which adopts "two factors authentication" to undertake verification of identities for signing of contracts, and whose funds are to be disbursed to the individual's deposit account at the bank (not limited to physical accounts) and used for a specific purpose, to have the funds disbursed to a physical account of a third-party company at another bank. These opinions were filed with the competent authority for its reference.
- (6) To provide user-friendly financial services to persons with physical and mental disabilities, the FSC instructed BAROC to study the feasibility of arranging for e-Bill (the national bill payments network) to provide barrier-free services. BAROC commissioned the Financial Information Service Company (FISC) to build and maintain such a system. FISC developed the system and had it reviewed by the National Communications Commission and the Technology Development Association for the Disabled. In June of 2020 the computer webpage version and the mobile device App both received Double-A accessibility certification, and were made available for use by the disabled.
- (7) In coordination with the "Program to Encourage Lending by Domestic Banks to Small and Medium Enterprises" being promoted by the FSC, BAROC proposed the target amount for the Program's 16th phase (2021), which was provided to the competent authority for its reference.
- (8) BAROC coordinated with the FSC's efforts to support development of the real economy by continuing to encourage member institutions to provide financing to firms in the key innovative fields of green energy, the Asia Silicon Valley initiative, the biotech and pharmaceutical industry, national defense, smart machinery, new agriculture, and the circular economy. BAROC also proposed targets for the 5th phase of this project, and provided these to the competent authority for its reference.
- (9) The FSC instructed BAROC to assess the appropriateness of dispensing with the "Debt Burden Ratio 22" rule for the unguaranteed portion of various types of personal unsecured loans for which the Small and Medium Enterprise Credit Guarantee Fund of Taiwan has provided credit guarantees. BAROC's conclusions were sent to the FSC for review, and then forwarded to member banks.

- (10) The Central Bank instructed BAROC to provide suggestions about adding the impact of repayment of the principal of new types of mortgage products (such as teaser-rate loans) on the borrower's debt burden and payment amounts, as well as online signature processes, to the "Special Reminders for Persons Taking Out a Property Mortgage." After assessment, these suggestions were reported to the Central Bank and the FSC for review, and then forwarded to member banks.
- (11) With respect to the appeal by the Credit Union League of the Republic of China (CULROC), raised by the Ministry of the Interior, to assist credit unions with difficulties they encounter when they arrange secured loans or help borrowers switch lenders, the FSC instructed BAROC to assess an appropriate response. Following the submission of suggestions by BAROC, and after the Ministry of the Interior sent a letter of reply stating that CULROC agreed to act on the basis of the opinions and methods proposed by BAROC, all member banks were notified to comply.
- (12) With respect to cases in which virtual accounts of third-party payment service providers have been used by scammers (such cases having been raised by the National Police Agency (NPA) of the Ministry of the Interior), the FSC instructed BAROC to assess the feasibility of suggesting to banks that after they are notified by the police that an account has been watch-listed, they immediately notify the third-party payment service providers to assist with the investigation. In response, BAROC suggested that a note be added to the police's watch-listed account notification document asking for banks' cooperation, to give the banks a basis for assisting the police. After the FSC and the NPA adopted the recommendations made by BAROC, the watch-listed account notification document of the police was amended, and member banks were notified to cooperate in handling these matters.
- (13) BAROC had previously reported to the FSC on the customers who could apply to open accounts via Virtual Teller Machine (VTM) and on operational risk management measures. The FSC gave its consent, and asked BAROC to assess possible expansion of VTM services in the future. In response, BAROC decided to act in accordance with the "Standards for the Security Management Operation of Electronic Banking Business of Financial Institutions" and added 11 new services including deposits, credit extension, and wealth management, as well as applications to close accounts or for financial chip cards. BAROC also suggested adjusting the application of three FSC laws and regulations. These actions were reported to the FSC for its reference.

- (14) In order to reduce the chances of people falling victim to fraud, the FSC forwarded a suggestion from the National Police Agency that all financial institutions' online banks and mobile Apps add a warning whenever a customer makes a transaction. After assessing this suggestion and receiving the consent of the FSC, BAROC asked all financial institutions to add warnings to the web pages of the aforementioned channels, and make the necessary revisions to their systems within six months.
- (15) Following a suggestion from the Ministry of Finance that the limit on prize money from the Uniform Invoice Lottery that can be remitted to a credit card be raised from NT\$2,000 to NT\$5,000, the FSC instructed BAROC to offer opinions on this suggestion. After the opinions of member institutions were compiled and an assessment was conducted, BAROC, considering that such a step could make it more convenient for people to collect prize money and encourage the use of credit cards for purchases, and in order to actively conform to the government's promotion of the electronic invoice policy and increase the usage of electronic payments in Taiwan, agreed with this suggestion. BAROC filed this decision with the FSC for its reference, and also sent a letter to the Ministry of Finance to act accordingly.
- (16) The FSC instructed BAROC to assess the addition to banks' credit card application forms of a uniform option for consumers to accept or not accept "internal bank marketing." Such an option would facilitate the expression of customers' opinions and reduce the legal issues and disputes arising from banks' use of customers' personal information, and would also comply with the "Principles for Fairness and Good Faith in the Conclusion of Contracts" of the "Principles for Fair Treatment of Consumers by Financial Services Enterprises." BAROC informed the FSC of its opinion that there is as yet no need to stipulate a uniform mechanism of this nature.
- (17) BAROC is implementing relevant measures based on the implementation chart of the "Financial Cyber Security Action Plan" announced by the FSC on 6 August 2020.
- (18) The FSC instructed BAROC to ensure the operational security of the information systems of financial institutions over extended holiday periods or long weekends by asking member institutions to strengthen measures such as information security defense, monitoring and handling of anomalous events, and reporting and responding to threats.
- (19) Based on instructions from the FSC, BAROC called on all member banks to be extremely cautious in handling business operations that involve the provision of financial services through an online platform in cooperation with a business entity from a different industry. BAROC also reminded member banks to enhance legal compliance, risk management, information security, internal controls, and protection of consumer rights that may be affected by new types of financial business, products, and services. In addition, BAROC asked member banks to fulfill

all their duties under the "Personal Data Protection Act" and supervise platform operators to ensure that they fully comply with the law.

- (20) The FSC asked BAROC to produce short videos on measures to prevent embezzlement of customers' funds by wealth managers. Following planning by a special task force, on 23 April 2020 BAROC sent out eight short videos (about 30 seconds in Mandarin and Taiwanese, four copies each) and asked banks to broadcast them to help customers be cautious about their rights and interests when they are engaged in investment or wealth management transactions.

8. Helped resolve business and operational problems faced by member institutions

- (1) Based on a decision taken at the conference on "Strengthening the Mechanism for Authentication of Personal Identification for the Collection of Premiums by Insurers via Credit Card or Automatic Fund Transfers by Financial Institutions," held on 17 March 2020 by the FSC Insurance Bureau, BAROC and insurers were invited to hold two conferences to discuss this issue. Decision was made to adopt the suggestions for strengthening this mechanism proposed by BAROC. The FSC reviewed, amended, and agreed to these suggestions, which went into effect on 1 January 2021. BAROC has already notified all member institutions to comply.
- (2) BAROC made suggestions with respect to matters related to the use of online means to enter into loan contracts for property mortgages. Considering legal issues that arise in practice, BAROC first asked the Ministry of the Interior and the Ministry of Justice to provide a clarification about whether, with respect to documents for registration operations and creation of mortgages, electronic documents could be used for proof of a claim, mortgage, or pledge. Thereafter BAROC added further security mechanisms with respect to entering into loan contracts online for property mortgages as well as related matters including automatic deduction and transfer of payments, interbank transfers to retire existing loans when borrowers switch between lenders, and deduction and transfer of premiums for fire insurance (including earthquake insurance).
- (3) BAROC has operational rules governing how a financial institution is to handle the accounting for funds it has collected from a debtor after a credit guarantor has already discharged the debtor's liabilities to the institution. The rules address a number of matters that are often the source of contention in routine practice, including: reimbursement of the credit guarantor after a debtor repays a loan; what to do when the actual subrogation ratio is lower than the guarantee ratio; what to do when there is a disputed amount in subrogation matter and one party deducts funds from another subrogation matter to offset the disputed amount; and the point in time in which amended operational handbook rules go into effect. Following assessment, BAROC sent suggestions to the Small and Medium Enterprise Guarantee Fund of Taiwan for adoption.

- (4) In response to the business development needs of member banks, BAROC suggested that new rules be added so that certain persons with type 3 digital deposit accounts (whether those accounts have been opened with identity authentication effected using financial account information verification processes conducted through the inter-bank financial information network enterprise) should be allowed to apply for mobile bank cards. In coordination with this suggestion, BAROC amended the "Rules Governing the Conduct by Financial Institutions of Mobile Bank Card Security Control Operations." BAROC filed the amended Rules with the FSC for its reference, and disseminated them to all member institutions with instructions to abide by their provisions.
- (5) Based on a letter from the FSC, BAROC asked member institutions, with respect to bank business applications, to provide data needed for the National Development Council's "MyData" services.
- (6) In order to enhance security controls for financial institutions in their use of Internet-of-Things equipment and to reduce the risks involved in related operations, BAROC asked member institutions to give priority to purchasing equipment with security certification when purchasing Internet-of-Things equipment.
- (7) In response to the COVID-19 pandemic, BAROC drafted epidemic-prevention measures (including measuring body temperature and requiring the wearing of face masks) for people entering banks' places of business and filed these measures with the FSC. Thereafter, in response to opening up measures, BAROC again drafted suggestions, the FSC made a relevant announcement based on these suggestions, and BAROC notified all member banks to comply.
- (8) To facilitate banks' development of a digital legal compliance management mechanism, BAROC asked the FSC Banking Bureau to use the Open Government approach and work through the National Development Council's existing open platform for government data (DATA.GOV.TW) to provide access to the structured data of the legal interpretations database for laws and regulations under its jurisdiction, in order to facilitate the effective use of laws and regulations by banks and the use of the internal database to upgrade the effectiveness of legal compliance risk management.
- (9) A legislator proposed amending Article 205 of the Civil Code to reduce the legally mandated maximum interest rate from 20% to 10% or 15%, and to amend Article 207 of the Civil Code to eliminate the exception to the ban on adding interest to capital and again bearing interest where there is a different trade custom. Because the proposed amendments would have an enormous impact on banks, BAROC drafted a memorandum and submitted it to the FSC to forward to the Ministry of Justice for their reference.

- (10) To assist the branch institutions (subsidiaries) of member banks in the US state of California to adapt to the California Consumer Privacy Act (CCPA), BAROC drew up a draft "Explanation of Scope of Application of the California Consumer Privacy Act (CCPA), and Related Response Measures," and filed it with the Banking Bureau on 3 December 2020.
- (11) With regard to the use of the EU Benchmark Regulation (BMR) for benchmark interest rates by third countries outside the EU, in addition to waiting for notification from the competent authority about which regime will be used in determining the applicability of the EU BMR, the Taipei Interbank Money Center also continued to stay in contact with European Chamber of Commerce Taiwan (ECCT), the Taiwan Stock Exchange, Bloomberg, Refinitiv, PwC Taiwan, and other such organizations to keep abreast of the latest BMR developments and the status of applications by different countries. Information thus obtained will help BAROC make appropriate response to future developments.
- (12) To facilitate the operation of the call-loan market, the Taipei Interbank Money Center (TIMC) amended three sets of regulations: The "BAROC (TIMC) Regulations Governing Designated Dealers for Open Market Operations"; the "BAROC TIMC Standards for Selection of Contributors to the Taipei Interbank Offered Rate (TAIBOR)"; and the "BAROC TIMC Directions for Call-loan Operations."
- (13) To comply with Taiwan's anti-tax evasion measures, and to facilitate due diligence on exchange of information on financial accounts for tax purposes and reporting of tax information on the basis of the "Regulations Governing the Implementation of the Common Standard on Reporting and Due Diligence for Financial Institutions," BAROC forwarded relevant information to members for their reference and implementation. Moreover, in response to Taiwan's new adoption of the Common Reporting Standard (CRS), BAROC solicited the opinions of banks regarding an operational timetable for selecting files and producing reporting forms, and provided these opinions to the Ministry of Finance for reference in setting CRS-related rules.
- (14) BAROC invited the SWIFT organization to assist all domestic users to complete attestation of all information security controls in the Customer Security Programme (CSP). In particular, on 3 November 2020 BAROC convened a conference of users at which experts explained the two new required controls added (bringing the total to 31) for CSP2020. Member banks that use SWIFT needed to complete a self-attestation report before the end of 2020, and must complete a third-party assessment before the end of 2021. This assessment can be conducted by internal units on the second or third lines of defense (such as the compliance office, risk office, or internal audit units), or by an external third party. However, internal personnel working for units on the second or third lines of defense must have relevant licenses and skills.

- (15) To assist member banks to resolve common problems encountered when conducting internal audits, BAROC compiled relevant queries and suggestions and on 10 June 2020 asked the FSC for its interpretations to facilitate regulatory compliance by banks.

9. Adopted new self-regulatory rules, amended existing ones

- (1) In order to continue to promote "open banking" and expand the scope of accessible data to the second phase "consumer data," BAROC amended the "Self-Regulatory Rules Governing Cooperation Between BAROC Member Banks and Third-Party Service Providers" to make corresponding adjustments to selection criteria for Third-party Service Providers (TSP), cybersecurity controls, and protection of consumer rights. BAROC filed these changes with the FSC for its reference, and forwarded them to member banks to comply.
- (2) The FSC instructed BAROC, with respect to differentiated management rules for the card acquiring business, to propose amendments to the rules for management of the card acquiring business set out in Articles 26 and 27 of the "Regulations Governing Institutions Engaging in Credit Card Business" and file these with the FSC. BAROC commissioned an outside law firm to assist in drafting suggested amendments, and then a meeting was convened to discuss their suggestions. Final opinions were filed with the FSC Banking Bureau for its reference.
- (3) The FSC Banking Bureau instructed BAROC to examine whether there is a need for coordinated adjustment of current operations in light of the approval by the Bureau of Energy of the Ministry of Economic Affairs of the request from the Gas Association of the Republic of China to recognize "natural gas utility enterprises" as "public utilities." BAROC has already filed its opinions with the Banking Bureau and amended Article 2 of BAROC's "Self-Regulatory Rules for Credit Card Acquirers when Contracting with a 'Convenience Store or Supermarket Chain' to Act as a Collection Agent for Credit Card Participating Merchants." These have been filed with the FSC for its reference, and forwarded to institutions engaging in credit card business to comply.
- (4) In coordination with the FSC's "2020 Project for the Streamlining, Integration, and Modernization of Legislation Under the Jurisdiction of the Financial Supervisory Commission," and after evaluating the application of rules in the credit business, BAROC proposed repealing four sets of directions, namely: (i) the "Rules Governing Cash Flow Estimate Statements Required for Medium-term and Long-term Credit" of 11 June 1980; (ii) the "Standards for Calculating the Land Value Increment Tax for Land Used as Collateral" of 8 December 1976; (iii) the "Methods for Calculating the Registered Amount for Creation of a Line-of-Credit Mortgage Using Real and Personal Property" of 7 June 1976; and (iv) the "Rules for Collecting Liquidated Damages in Addition to Late Repayment of Loans" of 23 March 1973. This proposal was filed with the FSC for review and then forwarded to all member banks.

- (5) With respect to the request for an interpretation of the scope of input data to which a terminal-to-terminal encryption mechanism shall be applied under Article 10, Subparagraph 1, Item 8, Sub-item 2 of the "Standards for the Security Management Operation of Electronic Banking Business of Financial Institutions," BAROC replied that this provision requires immediate encryption of a fixed password after it is entered, but does not apply to one-time passwords, personal ID numbers, user codes, or other forms of personal data.

10. Carried out special research projects on financial matters of concern to the competent authority and member banks

- (1) BAROC contracted the Taiwan Academy of Banking and Finance to carry out three research projects on "Strategies for Enhancing the International Competitiveness of Taiwan's Banks," "Opportunities and Challenges for Traditional Banks Created by the Entry into the Market of Internet-only Banks," and "Current Economic and Financial Risks Faced by Mainland China." These research reports have been completed and forwarded to the competent authority and member institutions for their reference.
- (2) In coordination with the competent authority's promotion of increased use of domestic e-payments in response to the widespread use of mobile devices and the development of virtual integration, BAROC has already stipulated ways to combine laws and regulations related to e-payments and electronic stored-value cards. BAROC has also continued to provide suggestions for legal provisions, adopted coordinating measures in response to adjustments of laws and regulations, provided businesses with consultation services, and assisted in holding e-payment promotional activities, in order to expand the space for development of business in these two areas and avoid regulatory arbitrage as well as to increase the usage of domestic e-payments.
- (3) On 25 December 2020, the Legislative Yuan passed amendments to "The Act Governing Electronic Payment Institutions." (hereafter referred to as "the Act") BAROC, in order to coordinate with the competent authority's policy of promoting e-payments and to assist member institutions to deal with difficulties encountered in practice following the amending of the Act, invited member institutions to research and discuss suggestions for amending relevant secondary legislation. These were provided to the competent authority for reference.
- (4) Based on instructions from the FSC, and in order to coordinate with the government's development of green energy program and to strengthen the promotion of green finance and sustainable finance, BAROC studied suggestions about climate-related financial disclosures from the "Task Force on Climate-related Financial Disclosures" as well as the "Principles for Responsible Banking," and made suggestions about their content and impact, as well as response guidelines for the banking industry.

- (5) BAROC contracted Deloitte Taiwan to do a research report with suggestions for the combination of all types of internal audits and self-evaluations under the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries." The suggestions were filed with the FSC on 22 May 2020 for reference and adoption.

11. Participated in international financial conferences and activities

- (1) BAROC dispatched staff to attend the RSA Conference 2020 (a conference on cybersecurity) held in San Francisco on 24-28 February 2020. They gained an understanding of current developments and progress in information security technology, and what they learned was provided to BAROC for reference in adopting relevant rules.
- (2) The Society for Worldwide Interbank Financial Telecommunication's "2020 SWIFT International Banker's Operations Seminar" (Sibos), originally scheduled to be held in Boston on 5-8 October 2020, was switched over to an online conference format as a result of the COVID-19 pandemic, and registration for the event was made free of charge. BAROC encouraged member banks to participate in order to stay up-to-date on the latest trends in the development of financial services and SWIFT technology, and also to promote greater participation by Taiwanese banks in international financial affairs and raise their profile in the international market.
- (3) The annual meeting of the Banking Commission of the International Chamber of Commerce was delayed by the COVID-19 pandemic, and was later held on 28 October 2020 via videoconference. BAROC encouraged member banks to participate to enable them to stay up-to-date on the latest trends in banking practices and international rules.

12. Held financial seminars and courses to cultivate professional talent

- (1) Financial seminars and lectures
 - (a) From 28 April to 30 April and from 23 September to 25 September of 2020, BAROC held six sessions of the "Financial Cyber Security Joint Defense Training Workshop"; on 19 May and 30 October of 2020 held one session of the "Information Security Threats and Intelligence Analysis Workshop"; and from 20 October 2020 to 23 February 2021 held the "Advanced Training Course on Inspecting the Soundness of Cybersecurity." These courses raised awareness of information security risks in member banks and enhanced their collective information security defense capabilities.
 - (b) BAROC hired a team of attorneys led by Chien-Ting Yeh of Chien Yeh Law Offices to collaborate with a law firm from mainland China in holding the 3rd year of the "Training Program for Credit Business and Trade Finance in Mainland China" on 1 October 2020. The event was attended by a total of 66 persons.

- (c) To strengthen financial institutions' legal compliance and AML/CFT capabilities, BAROC held the "2020 Anti-Money Laundering Case Study Seminar" at the Taiwan Academy of Banking and Finance on 23 December 2020. This event provided a venue for financial institutions to share information on their AML/CFT operations, their filing of suspicious transaction reports, and questions about the applicability of laws, thus learning from one another to improve their legal compliance capabilities. BAROC invited personnel from the Ministry of Justice Investigation Bureau, CTBC Bank, and Cathay Financial Holdings to deliver keynote addresses and take part in panel discussions. A total of 200 officials and other delegates attended the Seminar.
- (d) In cooperation with Goldman Sachs, BAROC held an advanced online seminar on LIBOR, which covered the international transition and progress in preparations for that transition, and allowed a sharing by attendees on the transition experience of international banks. Goldman Sachs not only provided materials with detailed data, they also arranged for three American experts from the Fed LIBOR Transition working group to answer questions about the transition raised by BAROC's LIBOR working group.
- (e) To enhance the understanding that domestic financial institutions have about the "Total Compliance System," BAROC on 28 August 2020 held a seminar entitled "Building a Total Compliance System at Financial Institutions—Advancing Toward Corporate Governance 3.0." A total of 215 employees of domestic banks participated.
- (f) To facilitate the understanding of important economic and financial issues by member institutions, BAROC on 11 September 2020 invited Billy Yen (Ping-Li Yen), managing director of Cushman and Wakefield Taiwan, to be the keynote speaker at a "Seminar on the Real Estate Market and Investment Trends."
- (g) To better familiarize domestic financial service providers with the international financial situation, BAROC and the College of Social Sciences at National Cheng Kung University (NCKU) on 22 September 2020 jointly organized a lecture by Richard C. Koo, chief economist at the Nomura Research Institute, on the subject "World Economy after COVID-19, and the Driver of US-China Confrontation." A total of 186 employees of domestic banks and students and faculty from NCKU attended.
- (h) In order to enable judicial system personnel to better understand trends in the development of innovative financial services and measures to prevent fraud and to gain a deeper knowledge of financial lines of business, BAROC, in cooperation with the Judges Academy and Ministry of Justice's Department of Prosecutorial Affairs, held the "6th Financial and Legal Affairs Workshops" on 12-13 November and 19-20 November 2020. About 100 participants—including judges, prosecutors, officials from the competent authority, and people working in financial businesses—attended the workshops.

- (i) The FSC instructed BAROC to hold explanatory meetings in response to the Ministry of the Interior's "Small-Scale Pilot Project for Switching Over to the New eID Card." BAROC held the "New eID explanatory meeting for senior managers" on 23 November 2020, and the "Explanatory meeting for institutions that need to use the New eID API" on 8 December 2020. These will assist financial institutions to make preliminary preparations (such as developing and adjusting service processes and system functions) for the future use of the New eID and for the technology it will require.
- (2) Personnel training and video courses
 - (a) BAROC offered its "Training Program for Core Banking Personnel" with two basic types of course, one with a domestic focus and the other with an international focus. On the domestic side, BAROC hired experts on Taiwan's domestic financial practices to serve as instructors and teach the sorts of skills needed by domestic bank employees. A total of 78 sessions in 19 different categories were conducted, training 3,234 persons. On the international side, BAROC hired experts on the international financial industry to serve as instructors. They introduced attendees to information on the latest international financial business development trends, and helped the attendees raise their skills to an international level. A total of 20 international courses were conducted, training 635 persons.
 - (b) BAROC offered the "Training Program for Key FinTech Personnel" that included an "International FinTech Forum" (four sessions), "Online Lectures on Future Trends in FinTech" (six sessions) and a "Training Program for International FinTech Personnel" (nine sessions). A total of 1,288 persons from the competent authority and various financial institutions participated in these events.
 - (c) BAROC ran a "Training Program for Senior Management at Financial Institutions," where a wide variety of training methods (e.g. experience sharing among senior executives, case studies, hands-on exercises, and overseas study trips) were used to cultivate leaders with foresight. The Program was attended by 34 persons from 21 different banks.
 - (d) BAROC conducted a "Key Personnel Training Project for the Buildup of Banks' Presence in Asia," under which there were 12 sessions of the "Training Workshop to Prepare Personnel for Asian Markets," with 356 participants.
 - (e) BAROC conducted a series of "Courses on Cross-Strait Financial Business," which included a "Cross-Strait Financial Seminar Series" (two sessions) and a "Series of Courses on Taiwanese Banking Operations in Mainland China" (six sessions). These events attracted a total attendance of 486.
 - (f) In response to the growing popularity of digital instruction worldwide, and to provide employees at financial institutions with a wide range of professional development choices, BAROC in 2015 launched an open video-courses platform. (It can be accessed on the

Chinese-language version of the BAROC website by clicking on "Open courses" and then the "Members only" tab). In 2020, a total of 321 courses—including introductory to advanced courses on financial practices and knowledge, as well as specialized English courses—were available.

- (g) To enable all member banks to conform to the legal provisions and regulations related to the "Fire Services Act" and to coordinate with the needs of banking operations, BAROC arranged for 90 sessions of on-the-job education and training for fire safety managers in six locations (Taipei, Zhongli, Hsinchu, Taichung, Tainan, and Kaohsiung), with 3,818 participants.

13. Provided financial information and consulting services to the public, and donated to charity

- (1) BAROC joined hands with the Taiwan Academy of Banking and Finance, the Taiwan Insurance Institute, and the Financial Ombudsman Institution to conduct the "2020 Nationwide A+ for Financial Literacy Lecture Series," holding events throughout Taiwan at local governments, institutions of higher education, and remote villages. Parents and children attending the events had an opportunity to gain a proper understanding of financial matters in a fun environment where the atmosphere was enlivened by performances of well-known theater companies. A total of 16 events were held, with 1,299 participants.
- (2) On 16 October 2020, BAROC joined hands with the National Federation of Credit Cooperatives R.O.C. to hold a refresher seminar for instructors taking part in the "2020 School and Community Financial Literacy Campaign." A total of 147 instructors attended the seminar, thus giving a good indication of their intention to continue taking part in the campaign.
- (3) BAROC participated in the "2020 Financial Services Charity Fair," held by the Taiwan Financial Services Roundtable in Pingtung County and Chiayi County on 24 October and 28 November 2020, respectively, setting up a booth and making donations to charity.
- (4) BAROC participated in the "2020 Taipei FinExpo" organized by Business Today magazine and held at Exhibition Hall 1 of the Taipei World Trade Center on 27-29 November 2020. BAROC set up a booth with four main themes: "The National Financial Team for Pandemic Relief," "Anti-money Laundering," "Collective Financial Information Security," and "International Activities." BAROC broadcast related educational videos at the venue to help people understand its most important work in recent years.
- (5) In 2020, BAROC's one-stop credit card information hotline service handled 116 appeals from customers, and through the information hotline contacted and coordinated with the relevant credit card institutions to deal with these cases.

- (6) BAROC periodically updated its "List of Outside Credit Card Sales Service Providers With Which BAROC Member Institutions Have Renewed Outsourcing Arrangements After the Providers Have Passed a Performance Review" and posted the List on its website for browsing and reference by the general public.
- (7) BAROC periodically updated the "Revolving Interest Rates Charged by Credit Card Institutions and Fee schedules for Different Fees" and the "Standards for Collecting Processing Fees for Credit Card Installment Payment Services," and posted them on its website for browsing and reference by the general public.
- (8) In 2020, BAROC took 6,719 phone calls from consumers inquiring about debt restructuring negotiations, and financial institutions processed 13,798 applications for pre-negotiation procedures relating to debts totaling NT\$16.23 billion.
- (9) BAROC provided information or explanations to help with the handling of cases where consumers had questions or complaints (including calls referred to BAROC from the FSC's 1998 hotline) about interactions with banks. In 2020, BAROC responded to 667 consumer inquiries and handled three cases involving customer complaints against member institutions. BAROC also assisted in handling communications from the heirs of bank customers who inquired about deposits, safe deposit boxes, and other assets left behind by their benefactors in 35,997 cases. In another 3,225 cases, BAROC helped bank customers check their own account balances.
- (10) BAROC handled 168 identity theft cases referred by the competent authority to the Ministry of the Interior. The cases involved counterfeiting or fraudulent application for a victim's national ID card to make a fraudulent withdrawal of money.
- (11) BAROC periodically collected data on fees that were charged by all banks in connection with non-discretionary money trust services, and made the data available for public inspection.
- (12) The following items of lending-related information were posted once each quarter on the BAROC website for public reference: (a) a list of the providers of outsourced debt recovery and outsourced marketing services that had passed review by member institutions and subsequently had their contracts renewed; (b) data on the cash card interest rates and fees for both unsecured and secured loans charged by each member institution; (c) information on each member institution's personal loan information contact window, descriptions of their main products, contact URLs, etc.; (d) information on each bank's standards governing liquidated damages for early repayment of consumer loans; (e) information on each bank's performance in adopting financial measures to support women in their efforts to find

employment or start businesses; (f) information on each member institution's contact window for the handling of complaints following the sale of problematic assets; and (g) information on commercial reverse mortgage business conducted by banks.

- (13) In the run-up to the 2020 Chinese New Year holidays, out of consideration for people experiencing debt repayment difficulties, BAROC communicated with member institutions (including debt collection agencies contracted by those institutions) to urge them to declare a moratorium on all debt collection operations during the holidays.
- (14) For the benefit of economically disadvantaged persons having temporary difficulties with debt repayment, BAROC helped them to weather short-term cash flow problems by continuing to administer the "Unsecured Consumer Debt Rescheduling Program for Economically Disadvantaged Debtors Experiencing Difficulties with Repayment."
- (15) In order to help students from underprivileged backgrounds obtain scholarships, and to promote financial literacy, BAROC donated funds to support scholarships offered by the Financial Services Education Charity Fund.
- (16) In order to fulfill its social responsibilities and provide support for charitable groups, BAROC donated funds to the Child Welfare League Foundation, the Little Sisters of the Poor, Genesis Social Welfare Foundation, the Chinese Christian Relief Association's 1919 Food Bank, and the After School Association of Taiwan. These donations supported underprivileged families, underprivileged students, low-income households, and other deserving groups.
- (17) To do its part for Taiwan's 2020 National Day celebrations, BAROC took part in the construction of a viewing platform and National Day arch in front of the Presidential Office Building, and funded part of the cost.

B. Major Tasks in 2021

No	Tasks
1	In response to FinTech trends, and in coordination with policies of the competent authority, BAROC will devise various innovative financial digital services and applications (e.g. mobile payments, e-payments, open banking), and will act in a timely manner to develop deregulatory measures and amend and adopt related self-regulatory rules, which will be forwarded to member institutions with instructions to comply.
2	BAROC will improve the quality of wealth management professionals and strengthen development of this industry, promote a program for training of talent for the asset management industry, research and choose reference documents for best practices for banks to engage in high-asset wealth management services, and hold forums to keep up to date with international trends in this industry.
3	In order to strengthen Taiwan's anti-money laundering/countering the financing of terrorism (AML/CFT) regime, BAROC will coordinate with the competent authority by continuing to amend various requirements (e.g. model guidelines for AML/CFT policies and procedures; red flags for transactions suspected to involve money laundering or terrorism financing; and handbooks for identification of beneficial owners) that apply to banks, credit card institutions, e-payment institutions, and electronic stored value card issuers.
4	To help member institutions enhance their collective cybersecurity capabilities and to heighten cybersecurity risk awareness, the Computer Security Incident Response Team will research and prepare a "Handbook for Emergency Responses to Information Security Incidents," which will be supplied to member banks for their reference. BAROC will moreover hold advanced training courses on inspecting the soundness of cybersecurity and offer related education and training.
5	To coordinate with government policy, in response to the COVID-19 pandemic BAROC will push for member institutions to implement financing assistance measures, thereby helping domestic companies and individuals to weather the crisis.
6	In response to the demand for expanded operations by businesses given the development trends in the payment eco-system, BAROC will assess suggestions for amendments to secondary legislation related to "The Act Governing Electronic Payment Institutions," and will continue to provide suggestions for provisions of laws and regulations, adopt coordinated measures for regulatory adjustments, and promote increased usage of mobile payments in Taiwan.
7	In response to discontinuation of the LIBOR benchmarking, BAROC will continue to assist member banks to handle LIBOR transition matters such as adopting response measures and managing risks.
8	BAROC will continue to collect information related to information and communications security, and based on this information, will conduct studies on security issues related to the digitization of the financial industry and formulate related security rules.
9	BAROC will help member banks obtain the information they need when seeking to establish business locations in selected overseas markets, will continue updating the section on the BAROC website where such information is posted, and will provide this information for reference for member banks in their efforts to expand their overseas presence.
10	BAROC will continue carrying out training programs for financial industry personnel and offering open video courses to provide the employees of member institutions with free-of-charge online learning opportunities.

V. Appendices

A. Chronology of Major Events in 2020

- ©2020.01.16 Held the 4th joint meeting of the 13th Boards of Directors and Supervisors.
- ©2020.03.12 Held the 5th joint meeting of the 13th Boards of Directors and Supervisors.
- ©2020.03.18 Held the 1st interim meeting of the 13th Board of Directors.
- ©2020.04.22 Held the "Business Seminar on Bank Relief Loans."
- ©2020.04.28 Held the "Financial Cyber Security Joint Defense Training Workshop."
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- ©2020.04.30 Held the 6th joint meeting of the 13th Boards of Directors and Supervisors.
- ©2020.05.19 Held the "Cyber Security Threats and Intelligence Analysis Workshop."
- ©2020.06.04 Held a press conference on the theme of "Travel Safely, Consume Happily, and Work Together to Stimulate the Economy."
- ©2020.06.18 Held the 7th joint meeting of the 13th Boards of Directors and Supervisors.
- ©2020.07.28 Held the "Seminars on the International Response to the LIBOR Transition and the Risks and Challenges Facing Banks."
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- ©2020.07.30 Held the 2nd meeting of the 13th Board of Directors.
- ©2020.08.14 Held the 8th joint meeting of the 13th Boards of Directors and Supervisors.
- ©2020.08.21 Held the "2020 National Conference on Corporate Ethics and Legal Compliance in the Financial Industry," in cooperation with the Taiwan Financial Services Roundtable and related financial industry associations.
- ©2020.08.28 Held a seminar entitled "Building a Total Compliance System at Financial Institutions—Advancing Toward Corporate Governance 3.0."
- ©2020.09.14 Held the 9th joint meeting of the 13th Boards of Directors and Supervisors.
- ©2020.09.17 Held the 2nd session of the 13th General Assembly.
- ©2020.09.18 Held the "Seminars on Bank Measures in Response to the LIBOR Transition and the Impact Assessment Survey Questionnaire."



BAROC Chairman Jye-Cherng Lyu in a group photo with guests in the "Business Seminar on Bank Relief Loans," held by BAROC on April 22, 2020.



BAROC Chairman Jye-Cherng Lyu in a group photo with guests in the "Financial Cyber Security Joint Defense Training Workshop," held by BAROC on April 28-30, 2020.

- ©2020.09.22 Organized a lecture by Richard C. Koo, Chief Economist at the Nomura Research Institute, in cooperation with the College of Social Sciences at National Cheng Kung University (NCKU).
- ©2020.09.23 Held the "Financial Cyber Security Joint Defense Training Workshop."
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- ©2020.10.30 Held the "Cyber Security Threats and Intelligence Analysis Workshop."
- ©2020.11.02 Held a seminar entitled "Domestic Juridical Persons Opening Accounts for the Purpose of Handling Loan-related Receipts and Disbursements in Offshore Banking Units to Make Offshore Funds Allocations."
- ©2020.11.04 Held the "2020 Financial Examination and Audit Conference Series."
- ©2020.11.12 Held the 1st session of the "6th Financial and Legal Affairs Workshops."
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A press conference on the theme of "Travel Safely, Consume Happily, and Work Together to Stimulate the Economy," held by BAROC on June 4, 2020.



A seminar entitled "Building a Total Compliance System at Financial Institutions—Advancing Toward Corporate Governance 3.0," held by BAROC on August 28, 2020.

- ◎2020.11.19 ~20 Held the 2nd session of the "6th Financial and Legal Affairs Workshops."
- ◎2020.11.26 Held the 10th joint meeting of the 13th Boards of Directors and Supervisors.
- ◎2020.11.27 Participated in the "2020 Taipei FinExpo" organized by *Business Today* magazine.
- ◎2020.12.21 and 25 Held the "Seminars on the Report on Suggested Directions for Measures in Response to the LIBOR Transition."



BAROC Chairman Jye-Cherng Lyu in a group photo with Richard C. Koo and guests at Koo's lecture, held by BAROC in cooperation with the College of Social Sciences at National Cheng Kung University on September 22, 2020.



BAROC Chairman Jye-Cherng Lyu in a group photo with colleagues at the BAROC booth at the "2020 Taipei FinExpo" organized by *Business Today* magazine on November 27, 2020.

©2020.12.23 Held the "Anti-Money Laundering Case Study Seminar."

©2020.12.24 Held the 3rd meeting of the 13th Board of Directors.



BAROC Chairman Jye-Cherng Lyu delivering his welcome remarks at the "Anti-Money Laundering Case Study Seminar," held by BAROC on December 23, 2020.

B. List of Member Banks of BAROC

March 2021

Institution	Position	Name	Telephone	Fax	Website
Bank of Taiwan	Chairman President	Jye-Cherng Lyu Chih-Wen Hsu	(02)23493456	(02)23315840	www.bot.com.tw
Land Bank of Taiwan	Chairman President	Chuan-Chuan Hsieh Ying-Ming He	(02)23483456	(02)23757023	www.landbank.com.tw
Taiwan Cooperative Bank	Chairman President	Chung-Dar Lei Shih-Ching Chen	(02)21738888	(02)27316026	www.tcb-bank.com.tw
First Commercial Bank	Chairman President	Ye-Chin Chiou Grace M.L. Jeng	(02)23481111	(02)23892967	www.firstbank.com.tw
Hua Nan Commercial Bank, Ltd.	Chairman President	Yun-Peng Chang Jeng-Fang Jang	(02)23713111	(02)87291747	www.hncb.com.tw
Chang Hwa Commercial Bank	Chairman President	Joanne Ling Chao-Chun Chou	(04)22222001	(02)25716871	www.bankchb.com
The Shanghai Commercial & Savings Bank, Ltd.	Chairman President	Hung-Ching Yung Chih-Hung Lin	(02)25817111	(02)25318501	www.scsb.com.tw
Taipei Fubon Commercial Bank	Chairman President	Eric Chen Roman Cheng	(02)27716699	(02)27736769	www.fubon.com/banking
Cathay United Bank	Chairman President	Andrew Ming-Jian Kuo Alan Lee	(02)87226666	(02)87898789	www.cathaybk.com.tw
The Export-Import Bank of the Republic of China	Chairman Acting President	Pei-Jean Liu Pei-Jean Liu	(02)23210511	(02)23940630	www.eximbank.com.tw
Bank of Kaohsiung	Chairman Acting President	Ray B. Dawn Tsui-Mei Hsu	(07)5570535	(07)5580529	www.bok.com.tw
Mega International Commercial Bank Co., Ltd.	Chairman President	Chao-Shun Chang Yong-Yi Tsai	(02)25633156	(02)23569169	www.megabank.com.tw
Agricultural Bank of Taiwan	Chairman President	Ming-Ming Wu Tso-Cheng Su	(02)23805100	(02)23805251	www.agribank.com.tw
Citibank Taiwan, Ltd.	Chairman President	Paulus Mok Christie Chang	(02)87269600	(02)87801300	www.citibank.com.tw
O-Bank Co., Ltd.	Chairman President	Tina Y. Lo Elton F.Y. Lee	(02)87527000	(02)87519568	www.o-bank.com
Taiwan Business Bank	Acting Chairman President	Chih-Chien Chang Chih-Chien Chang	(02)25597171	(02)25507942	www.tbb.com.tw
Standard Chartered Bank (Taiwan) Limited	Chairman President	Gregg Powell Ian Charles Anderson	(02)27166261	(02)66036399	www.sc.com/tw/en
Taichung Commercial Bank	Chairman President	Kuei-Fong Wang Te-Wei Chia	(04)22236021	(04)22240748	www.tccb.com.tw
King's Town Bank	Chairman President	Chen-Chih Tai Jih-Cheng Chang	(06)2139171	(06)2136885	customer.ktb.com.tw
HSBC Bank (Taiwan) Limited	Chairman President	Mark McKeown Adam Chen	(02)66339000	(02)27575150	www.hsbc.com.tw
Taipei Star Bank	Chairman President	Chuan-Pu Kuo Eric Chen	(02)25575151	(02)25534883	www.taipeistarbank.com.tw

Institution	Position	Name	Telephone	Fax	Website
Hwatai Bank	Chairman President	Chao-Hsien Lai Hong-Jeng Chen	(02)27525252	(02)27775213	www.hwataibank.com.tw
Shin Kong Commercial Bank	Chairman President	Tseng-Chang Lee Chang-Rung Hsieh	(02)87587288	(02)87895600	www.skbank.com.tw
Sunny Bank	Chairman President	Sheng-Hung Chen Wei-Hao Ding	(02)28208166	(02)28233414	www.sunnybank.com.tw
Bank of Panhsin	Chairman Acting President	Ming-Daw Chang Chia-Nan Fang	(02)29629170	(02)29572011	www.bop.com.tw
Cota Commercial Bank	Chairman President	Sung-Yie Liao Chih-Sheng Hsiao	(04)22245171	(04)22275237	www.cotabank.com.tw
Chunghwa Post Co., Ltd.	Chairman President	Hong-Mo Wu Jui-Tang Chiang	(02)23931260	(02)23911209	www.post.gov.tw
Union Bank of Taiwan	Chairman President	Shiang-Chang Lee Jeff Lin	(02)27180001	(02)27174093	www.ubot.com.tw
Far Eastern International Bank	Chairman President	Ching-Ing Hou Thomas Chou	(02)23786868	(02)23779000	www.feib.com.tw
Yuanta Bank	Chairman President	Chien Weng Fan-Sheng Pu	(02)21736699	(02)27722455	www.yuantabank.com.tw/ bank/
Bank SinoPac	Chairman President	Chia-Hsien Chen Eric Chuang	(02)25173336	(02)81618485	bank.sinopac.com
E.Sun Commercial Bank, Ltd.	Chairman President	Joseph N.C. Huang Mao-Chin Chen	(02)21751313	(02)27138713	www.esunbank.com.tw
KGI Bank	Chairman President	Pao-Sheng Wei Amy Tsao	(02)21717577	(02)27849848	www.kgibank.com
DBS Bank (Taiwan)	Chairman President	Danny Leong Kay Teoh Him Chuan Lim	(02)66129889	(02)66129285	www.dbs.com.tw
Taishin International Bank	Chairman President	Thomas T.L. Wu Oliver Shang	(02)25683988	(02)25234551	www.taishinbank.com.tw
Jih Sun International Bank	Chairman President	Jin-Tang Huang Chih-Fang Wang	(02)25615888	(02)25217698	www.jihsunbank.com.tw
EnTie Commercial Bank	Chairman Acting President	Jesse Ding Jeff Chang	(02)81012277	(02)81012233	www.entiebank.com.tw
CTBC Bank	Chairman President	Morris Li James Chen	(02)33277777	(02)87809122	www.ctcbank.com
Mega Bills Finance Co., Ltd.	Chairman President	Jennifer M.C. Liao Yao-Kuang Tsai	(02)23831616	(02)23822878	www.megabills.com.tw
China Bills Finance Co.	Chairman President	Cheng-Ching Wu Cheng-Hsiang Wei	(02)27991177	(02)26592919	www.cbf.com.tw
International Bills Finance Co.	Chairman President	Chi-Lin Wea Yen-Lang Chiu	(02)25181688	(02)25158430	www.ibfc.com.tw
Grand Bills Finance Co.	Chairman President	Ho-Sheng Wang Yeong-Liang Lai	(02)87802801	(02)87884031	www.grandbill.com.tw

Institution	Position	Name	Telephone	Fax	Website
Hua Nan Financial Holdings Co., Ltd.	Chairman President	Yun-Peng Chang Pao-Chu Lo	(02)23713111	(02)87291943	www.hnfhc.com.tw
Fubon Financial Holding Co., Ltd.	Chairman President	Richard M. Tsai Jerry Harn	(02)66366636	(02)66360111	www.fubon.com
China Development Financial Holding Co., Ltd.	Chairman President	Chia-Juch Chang Steve Bertamini	(02)27638800	(02)27660047	www.cdibh.com
Cathay Financial Holding Co., Ltd.	Chairman President	Hong-Tu Tsai Chang-Ken Lee	(02)27087698	(02)23252488	www.cathayholdings.com
CTBC Financial Holding Co., Ltd.	Chairman President	Wen-Long Yen Daniel Wu	(02)33277777	(02)26539580	www.ctbcholding.com
SinoPac Financial Holdings Co., Ltd.	Chairman President	Shi-Kuan Chen Stanley Chu	(02)81618935	(02)81618485	www.sinopac.com
E.Sun Financial Holding Co., Ltd.	Chairman President	Yung-Jen Huang Joseph N.C. Huang	(02)21751313	(02)27199313	www.esunfhc.com/en
Yuanta Financial Holdings Co., Ltd.	Chairman President	Tony Shen Chien Weng	(02)27811999	(02)27721585	www.yuanta.com
Taishin Financial Holding Co., Ltd.	Chairman President	Thomas T.L. Wu Welch Lin	(02)23268888	(02)37076889	www.taishinholdings.com.tw
Shin Kong Financial Holding Co., Ltd.	Chairman President	Victor Hsu Olivia Wu	(02)23895858	(02)23892868	www.skfh.com.tw
Mega Financial Holding Co., Ltd.	Chairman President	Chao-Shun Chang Kuang-Hua Hu	(02)23578888	(02)33938755	www.megaholdings.com.tw
First Financial Holding Co., Ltd.	Chairman President	Ye-Chin Chiou Chien-Hao Lin	(02)23111111	(02)23119691	www.firstholding.com.tw
Jih Sun Financial Holding Co., Ltd.	Chairman President	Jin-Tang Huang Chih-Fang Wang	(02)25673688	(02)25175408	www.jsun.com
IBF Financial Holdings Co., Ltd.	Chairman President	Chi-Lin Wea Michael Y. J. Ding	(02)77520088	(02)77520099	www.ibf.com.tw
Taiwan Financial Holding Co., Ltd.	Chairman President	Jye-Cherng Lyu Jan-Lin Wei	(02)23493456	(02)23115060	www.twfhc.com.tw
Taiwan Cooperative Financial Holdings Co., Ltd.	Chairman President	Chung-Dar Lei Mei-Tsu Chen	(02)21738888	(02)27313677	www.tcfhc.com.tw
Yuanta Securities Finance Co., Ltd.	Chairman President	Shao-Hsing Kung Rong-Ting Hong	(02)21736833	(02)27721101	www.yuantafinance.com.tw