

## 2020 Evaluation Results of Individual Projects Controlled by the Financial Supervisory Commission (FSC)

#	Authority (Department)	Project Title	Evaluation Opinions	Grade*
1	FSC (Banking Bureau, BB)	Provide diverse financial services to support economic development	<p>1.Project management:</p> <p>The BB submitted quarterly progress reports of project execution on schedule and completed all proposed tasks on time. It also properly managed relevant administrative operations.</p> <p>2.Performance:</p> <p>Each target numbers of project goals set for 2020 was reached with good performance. Major achievements were as the following:</p> <p>(1) With regard to Small and Medium Enterprises (SMEs) financing, the outstanding loans by domestic banks as of the end of 2020 increased by NT\$914.5 billion compared to the end of 2019.</p> <p>(2) With regard to key innovative industries financing, the outstanding loans by domestic banks as of the end of 2020 increased by NT\$249.8 billion compared to the end of 2019.</p> <p>(3) The average NPL ratios of the SME loans and key innovative industry loans extended by domestic banks were both lower than 0.4%, achieving the goal.</p> <p>3.Recommendation:</p> <p>(1)The implementation performances of the “Program to Encourage Lending by Domestic Banks to Enterprises in Key Innovative Industries” and the “Program to Encourage Lending by Domestic Banks to Small and Medium</p>	outstanding

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			<p>Enterprises” are affected by the actual capital needs of enterprises and the actual lending decisions of banks. Due to the Covid-19 pandemic, our government has put forward relevant relief and revitalization plans and encouraged banks to actively assist affected enterprises by providing relief and revitalization loans, which has led to a significant increase in the number and amount of loans in 2020. However, the surge of the loan is not a normal case.</p> <p>To reduce the uncertainty for reaching the target number of project goals, the BB may ask banks to consider various factors (for example, overall trend of economic growth and previous year’s loan balance) when estimating future additional loan extension and then take into consideration their estimates while setting target number of project goals.</p> <p>(2)In order to ensure the loan quality, the BB should remind banks to pay attention to changes in the overdue loan ratio when handling loans to ensure proper risk management at business contact meetings or on appropriate occasions.</p>	
2	FSC (Securities and Futures Bureau, SFB)	Develop the capital market that highlights industrial features	<p>1. Project management: The SFB submitted quarterly progress reports of project execution on schedule. Although some work items were lagging behind in the quarterly targets, the overall plan’s annual goals were still well achieved</p> <p>2.Performance: Only the number of listed companies (1,622) that</p>	outstanding

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			<p>disclosed the median salary of full-time employees didn't reach the expected target (1,700). All others were achieved with good performance in 2020. Major achievements were as follows:</p> <p>(1) The number of new applicant companies for listing on the Go Incubation Board for Startup and Acceleration Firms (GISA) was 39.</p> <p>(2) The Taiwan Stock Exchange (TWSE) and Taipei Exchange (TPEX) carried out 148 on-site visits and telephone interviews for recruiting domestic and foreign companies in 2020, better than the target number of 130.</p> <p>(3) Companies listed in GISA had raised NT\$115 million in capital.</p> <p>(4) TWSE and TPEX altogether amended 3 listing rules to enhance listing environment.</p> <p>(5) According to the results of "CG Watch 2020," released by Asian Corporate Governance Association ("ACGA"), Taiwan ranks 4th among the 12 Asian markets in overall corporate governance.</p> <p>3. Recommendation:</p> <p>(1) The number of listed companies on TWSE has grown from 718 to 948, between 1998 and 2020; the number of listed companies on TPEX had grown from 539 to 782 in the same period. In the past decade, the number of listed companies has shown a growing trend.</p> <p>To expand the source of listing cases, and actively guide domestic and foreign companies for listing on Taiwan's stock market, the SFB could</p>	

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			<p>urge the TWSE and TPEX to contact domestic and foreign companies by telephone or through on-site visits, and to cooperate with relevant ministries or intermediaries to organize relevant roadshows. The aim is to expand the market scale and strengthen the depth and breadth of the financial market.</p> <p>(2)Taiwan ranks 4th among 12 regional markets in ACGA’s 2020 survey result, the best performance since 2003. Our cumulative efforts are recognized internationally. The SFB may aggressively keep on implementing measures listed in "Corporate Governance 3.0 - Sustainable Development Roadmap" to build a sound capital ecosystem.</p>	
3	FSC (Insurance Bureau, IB)	Strengthen insurance industry's solvency and risk management	<p>1. Project management: The IB submitted quarterly progress reports of project execution on schedule and completed all proposed tasks on time. It also properly managed relevant administrative operations.</p> <p>2.Performance :</p> <p>Each target numbers of project goals set for 2020 was reached with good performance. Major achievements were as the following:</p> <p>(1) Amended 6 rules and regulations on the solvency supervision system of the insurance industry and adopted 7 necessary strengthening measures.</p> <p>(2) Conducted the “2020 Conference on ERM in the Insurance Industry” and the “Seminar on Strengthening Legal Compliance in the Insurance Industry.” Revised the “Regulations Governing the Preparation of Financial Reports.”</p>	outstanding

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			<p>(3) Aligned the new generation insurance solvency regime with international standard and announced it on July 28<sup>th</sup>, 2020, which could better reasonably reflect insurers' overall risks, safeguard the interests of policyholders, and maintain financial stability.</p> <p>(4) The life insurance industry's net value ratio increased to 8.6% at the end of 2020 (unaudited figures) from 7.1% in 2019.</p> <p>3. Recommendation:</p> <p style="padding-left: 40px;">In order to reasonably reflect the operating risks of the insurance industry and appropriately strengthen and reflect risk capital, the IB may continue to review the scope and calculation formula of the RBC. In addition, the IB may actively implemented the new generation insurance solvency regime to be in line with international standards, improve insurance industry operations and stabilize a sound insurance market.</p>	
4	FSC (Financial Examination Bureau, FEB)	Increase efficacy of financial examination and targeted examination in cope with financial market situation	<p>1. Project management:</p> <p style="padding-left: 40px;">The FEB submitted quarterly progress reports of project execution on schedule and completed all proposed tasks on time. It also properly managed relevant administrative operations.</p> <p>2. Performance :</p> <p style="padding-left: 40px;">Each target numbers of project goals set for 2020 was reached with good performance. Major achievements were as the following:</p> <p style="padding-left: 80px;">(1) Completed 19 project examinations.</p> <p style="padding-left: 80px;">(2) Completed a total of 409 examinations (including full-scope, entrusted, and targeted</p>	outstanding

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			<p>ones).</p> <p>(3)Held 12 coordination meetings with financial institutions and other bureaus.</p> <p>(4)The percentage of satisfying examined institutions accounted for 100% of surveyed respondents.</p> <p>(5)Proposed 12 supervisory suggestions to other bureaus after analyzing results of the project examination.</p> <p>3. Recommendation:</p> <p>(1)Since the pandemic situation abroad is still not alleviated, it is more difficult to go abroad to conduct on-site inspections of overseas branches. The FEB may keep in good contact with the local competent authority and continue to track overseas branches' operation by reviewing financial business information and improving inspection methodologies.</p> <p>(2)In addition, in response to the increasing use of financial technology, the FEB may continue to optimize financial digital inspection related systems and tools and strengthen the use of supotech, strengthening financial digital inspection and risk control. Also, the FEB may plan training courses to enhance the IT professional ability of inspectors. The aim is to maintain the financial market stability and orders.</p>	

\*Performance grades are divided into four marks: outstanding, A, B, and C. Outstanding scores 90 or above; A scores 80 or above; B scores 70 or above; and C scores less than 70.