

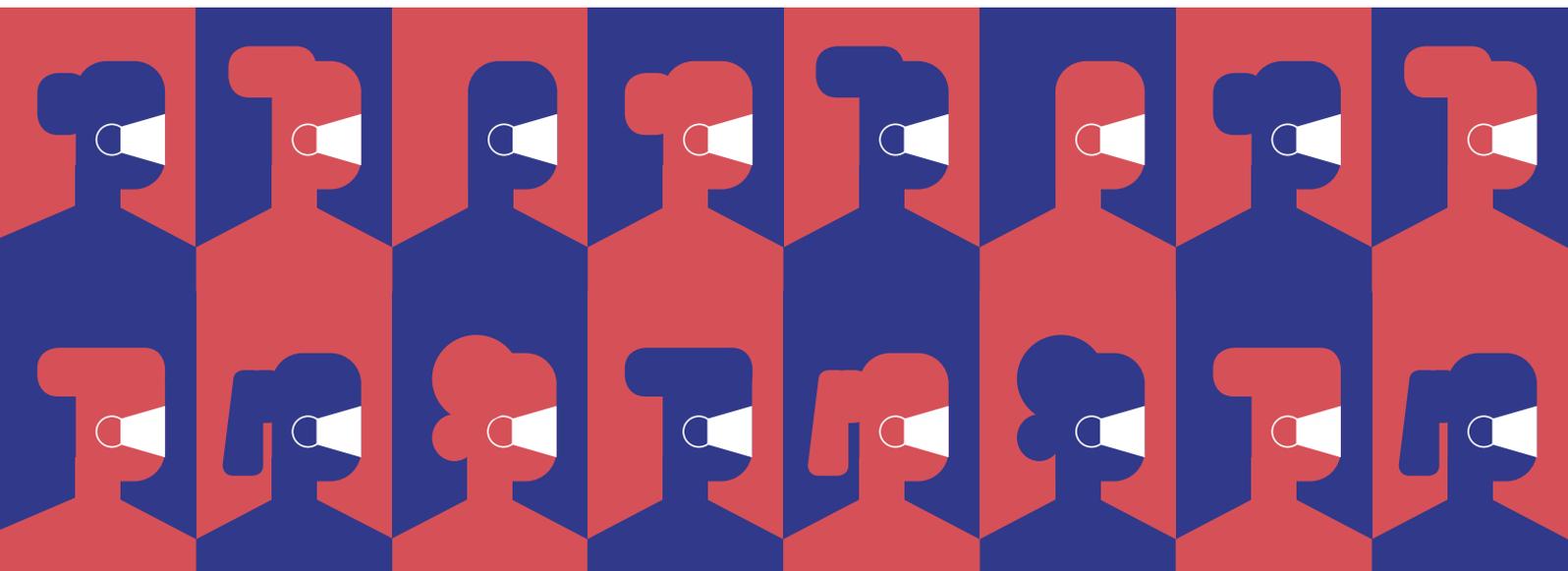
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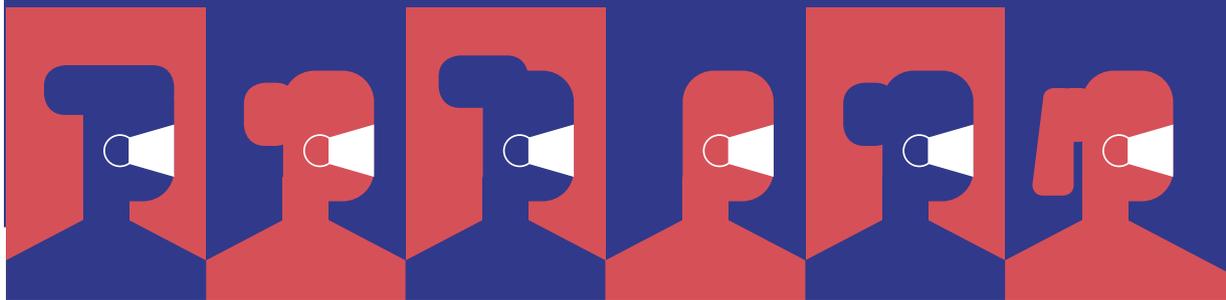
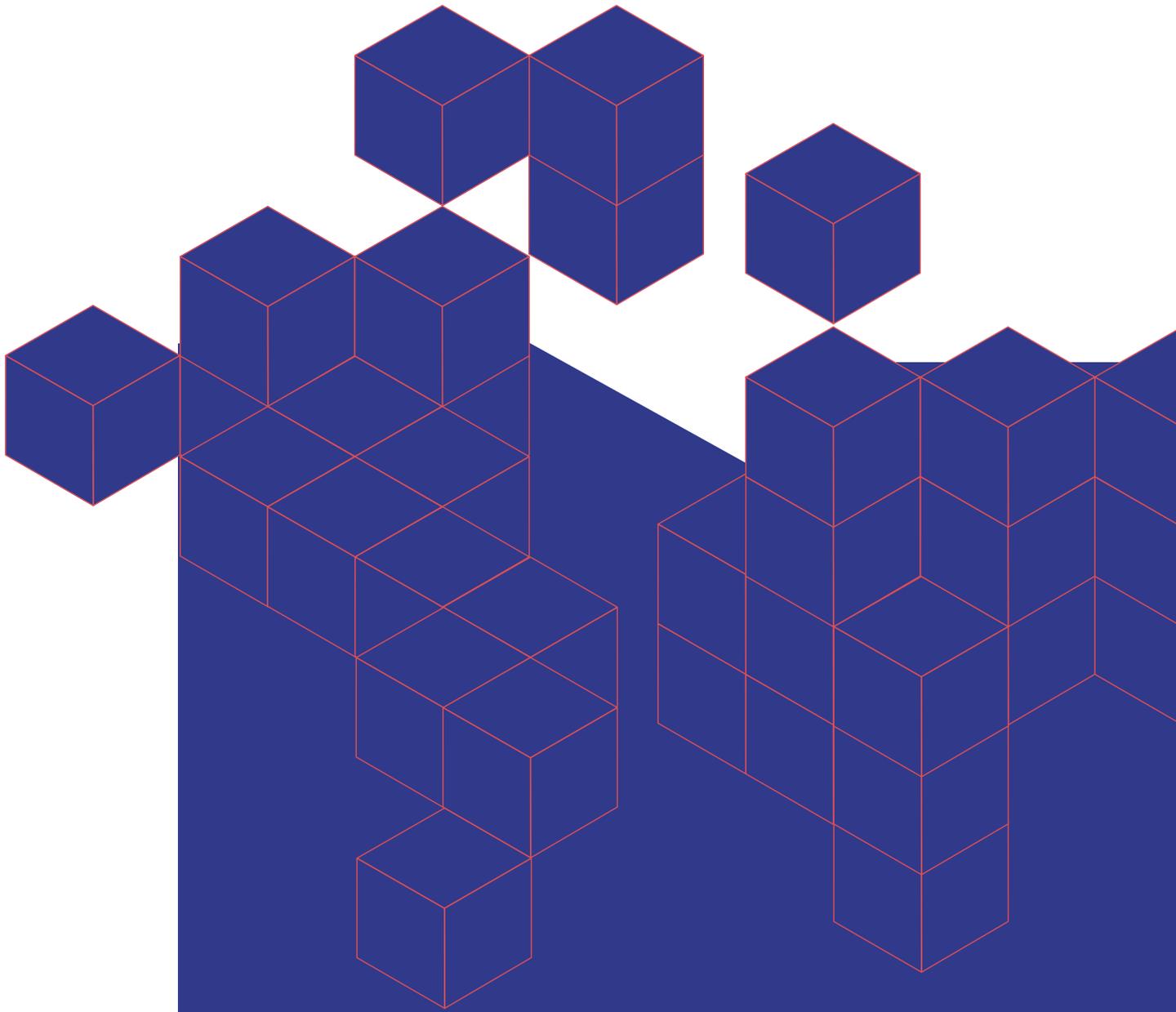
Taiwan Depository & Clearing Corporation
ANNUAL REPORT 2020



TDCC

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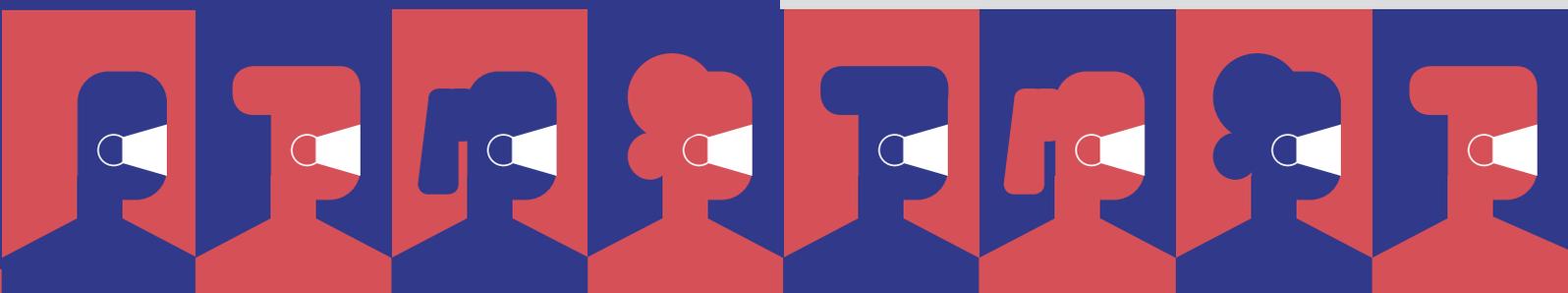






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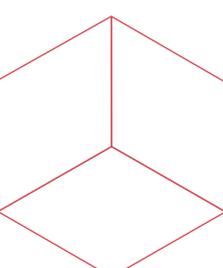


Chairman & CEO / **Sherman Lin**



Letter to Shareholders

To the shareholders of TDCC:



In the past year, COVID-19 has brought unprecedented challenges to global economic. Due to the severe economic damage caused by the pandemic, governments of various countries have raised extensive debts to rescue the market. The International Monetary Fund (IMF) counts that the global economic recession was 3.5% in 2020. We can imagine that the impact of the pandemic on the world is indeed significant. However, in order to stimulate the economy, the central banks worldwide released more than US\$ 5 trillion without limits on the quantities. Abundant funds led to the vigorous development of global capital markets. For example, the Dow Jones index of the United States reached 30,000 points, up 7.24% for the year, and the NASDAQ index, which represents technology stocks, rose by 43.6%. The United States is the hardest hit area in the global pandemic, but the performance of the stock market is a real eye-opener for the world. Taiwan's stock market has also created many surprises in 2020. The weighted index of Taiwan's stock issuance rose by 2,735 points, up 22.8%, and the market value increased by more than NT\$ 9 trillion. New investors began to enter Taiwan's stock market, adding 670,000 people throughout the year, doubling the growth rate, and the total number of investors participating in the securities market reached 10.78 million. The average daily trading value of TWSE/TPEX-listed stocks reached NT\$ 254.6 billion, up from NT\$ 154.1 billion in 2019, an increase of about 65%, both of which set record highs for Taiwan stocks.

The pandemic has brought significant impact on the global business environment and corporate operations. At the same time, the digital transformation triggered by innovative technology has led to changes in economic activities and lifestyles, thus affecting the world economy, society and life. It has also accelerated the digital transformation in all aspects of the capital market. In response to the changes in the financial environment and the advent of the digital era, TDCC

actively carries out the digital transformation, implements the platform concept with innovative thinking, connects various platform operators, information and communication companies and Fintech firms, and extends our business scope from B2B to B2B2C, B2C and B2G, so as to create a digital environment for mobile capital market, promote paperless services and integrate digital service platforms. In addition, in conjunction with the promotion of major policies such as the "Capital Market Blueprint", "Fintech Development Path Map", and "Corporate Governance 3.0-Sustainable Development Blueprint" of the competent authority, TDCC actively plans a number of key promotion projects to assist in the construction of digital infrastructure in Taiwan's financial market, with successful digital transformation and outstanding operating result.

In terms of creating a digital financial environment for the capital market, the "TDCC e-Passbook 2.0" APP provides four functions: "cloud transaction details", "stock market context data", "customized push message" and "integrated asset distribution". It integrates the assets of various accounts with one machine and multiple passbooks. So far, the number of successfully opened accounts has exceeded 2 million. In addition, TDCC pioneered the market by launching the "Securities Asset Trend Map" to visually present the curve of value changes for investors' securities asset in the past year, fully retaining the historical value of investors' assets, and becoming a convenient asset integration tool for investors.

In terms of improving the overall operational efficiency of the bond and bills finance markets, TDCC has successively promoted and completed the electronic issuance and registration of financing commercial paper (CP2) and the digitization of issuance documents. In 2020, due to the pandemic, many financial institutions and companies launched remote or home office mechanism. The proportion of issuers using online applications for commercial paper issuance has increased significantly compared to previous years; in addition, TDCC has taken the lead in applying blockchain technology innovation to the confirmation and document delivery services of bond and bills transactions by over the counter, which has solved the pain point of sending personnel or mailing for settlement in the fixed income products market for many years, and effectively improved the overall operational efficiency.

In terms of fund market services, in order to further promote the development of the fund industry, for the first time, TDCC has joined hands with fund sellers such as FundRich Securities (FRS), successfully integrated the huge amount of domestic and foreign fund related information from the "Fund

Clear" on the solid foundation of the fund market back office system built for many years, and began to provide data value-added services for fund sales agencies through digital connection. In addition, in line with the policy, TDCC assisted the "Experimental Project for Self Pension Saving Investment (ReLife Project)" promoted by FRS, and the number of investors who adopted automatic deduction of fund reached 70,000 with a total deduction of NT\$ 670 million per month. TDCC has successfully driven an unprecedented trend of retirement wealth management, and opened a new milestone for promoting investors to prepare for retirement wealth management with mutual funds, accumulate assets for long term, and achieve the goal of enjoying retirement life.

In terms of assisting the competent authority in financial supervision, TDCC has applied digital technology in many aspects, built a variety of big data application and analysis platforms, cooperated with the trend of financial market and supervision, and continuously helped to promote various important supervision policies, such as the establishment of "AML/CFT Screening Platform" and "Company Transparency Platform ", so as to assist Taiwan in fulfilling its international obligations of anti-money laundering. In addition, the big data analysis platform is applied to assist the competent authority in providing real-time and visual interactive supervision information on fund market, electronic voting of shareholders' meeting, stock audit, foreign investment of insurance industry, and bills finance market, so as to effectively bring the synergy of big data into full play.

In terms of streamlining administration and providing convenience for people, TDCC has cooperated with the FSC and the Ministry of Finance to plan and pilot a "One-stop Financial Inheritance Inquiry Service". When inheritors apply for the property inventory of the decedent at the National Taxation Bureau of Taipei, they can also apply for free to inquire about the financial heritage information of the TDCC and other five major units. Since July 1, 2020, the service has been implemented by the National Taxation Bureau. Due to the large increase in the number of queries, TDCC has taken the lead in transmitting the query files of the National Taxation Bureau of the five regions with the Fiscal Information Agency through the electronic special line. The QR Code is added in the query description. The public can log on the official website at any time to inquire about the application progress, reducing a large number of manual operations, which helps to improve the operation efficiency.

In terms of raising the level of corporate governance in Taiwan, TDCC's "STOCKVOTE" service, with the strong support of the competent authority, has not only successfully achieved the goal of fully adopting electronic voting by all listed companies, but also in response to the COVID-19 in 2020, under the instructions of the competent authority, the "Guidelines for Convening Shareholders' Meetings in Response to Pandemic Prevention" were quickly formulated to effectively eliminate the breach of pandemic prevention in the shareholders' meeting by crowd gatherings, so that all listed companies can successfully complete the shareholders' meeting before the end of June. In addition, the "Investor Relations Platform" (IR Platform) extended after the full implementation of electronic voting has further established partnerships with major ESG scoring agencies in the world, such as Sustainalytics, FTSE Russell and ISS, and successfully launched the world's first and also the first comprehensive ESG information platform initiated by CSD to help improve the international evaluation of Taiwan's corporate governance.

In terms of international exchange, TDCC has been engaged in international exchange activities for many years. As the vice chairman of ACG and a member of the board of directors of the WFC, I have continued to promote global exposure, strengthen member cooperation and reinforce exchanges with other regional organizations, pushing Taiwan forward to the world stage. In addition, in 2020, TDCC successfully signed MOU with National Settlement Depository (NSD) of Russia extending its international reach from the Asia Pacific region to the Eurasian region, and successfully expanding international relations.

In terms of security functions, TDCC is a critical infrastructure provider in the main financial sector and the securities sub-field. It was recommended by the competent authority in June 2020 to participate in the Executive Yuan's 2020 National Critical Infrastructure Protection Exercise. It took about seven months to complete the preparations for the exercise, with collaborations from the competent authority and external supporting units to establish a joint defense system for critical infrastructure, establish a vertical-to-the-bottom and horizontal-to-the-edges emergency response command structure, and establish a contact mechanism with external supporting units. In addition to being highly appraised by the members of appraisal committees, this formal exercise was also awarded as an excellent unit by the Executive Yuan.

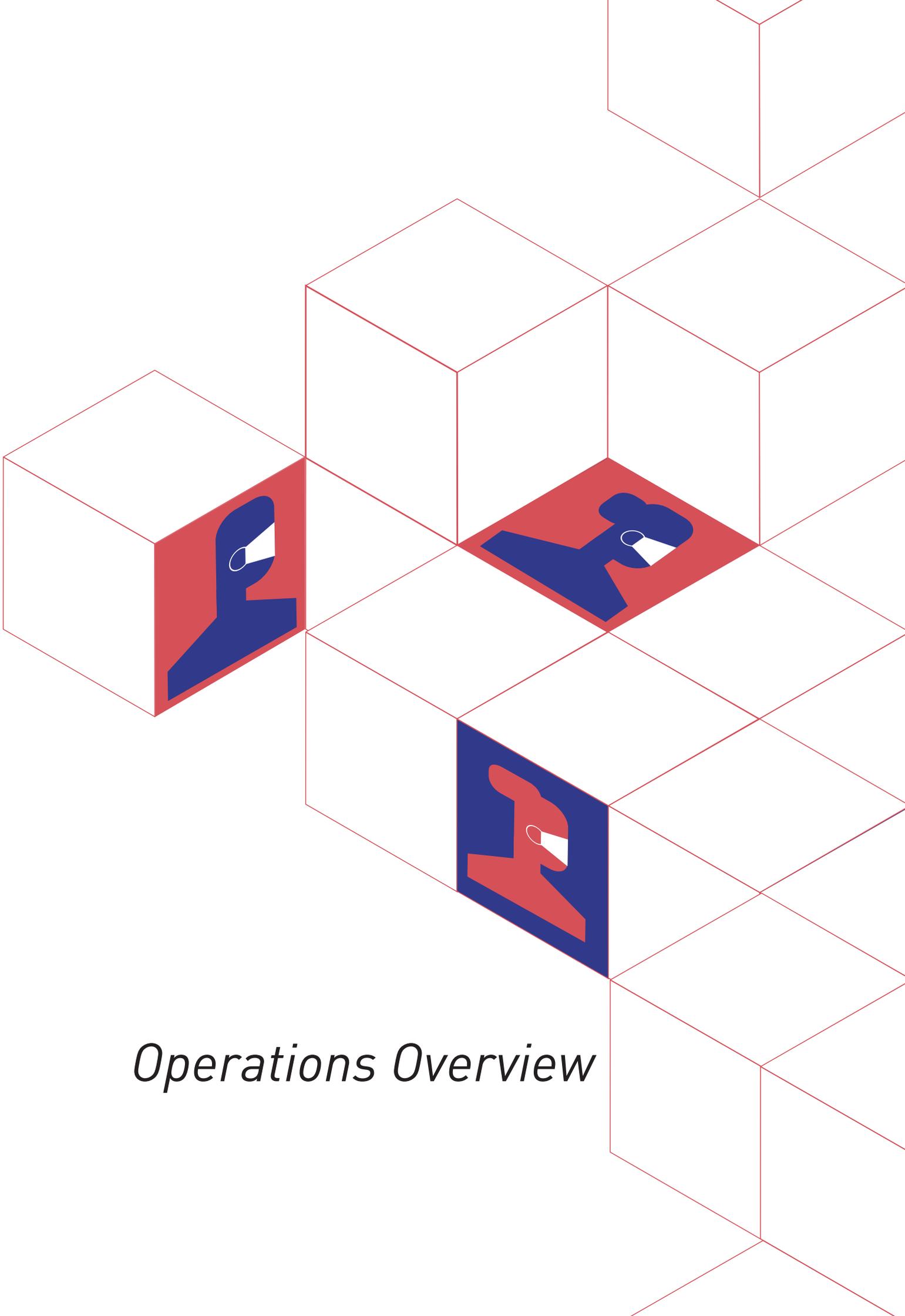
In terms of caring for the society, "altruism for common good" is the core value of TDCC. Through cultivating and supporting future financial talents, promoting rural education and caring for the social disadvantaged, TDCC actively invests in public welfare, including Financial Literacy for Youth (FLY) Courses, organizing parent-child care activities with Taiwan Fund for Children and Families (TFCF) around the country, sponsoring after-school care programs for schools in rural areas, sponsoring archery, badminton and other sports projects in primary schools and holding events such as blood donation and charitable fund-raising events for 11 consecutive years. TDCC's concept of continuing to give back to the society is obvious to all. It has won the Excellence in Corporate Social Responsibility Award and the TCSA Taiwan Corporate Sustainability Platinum Award and Social Inclusion Award for three consecutive years in 2020. It also participated in the highest-rated corporate social responsibility award in Asia for the first time and won the "Asian Corporate Social Responsibility Award".

Looking into the future, TDCC will continue to uphold the concept of mutual benefit and inclusiveness, make good use of core business capabilities, actively use big data, blockchain, cloud services and other emerging technologies to promote digital financial services, and fully implement information security maintenance. With active information security monitoring and various automated tools, TDCC will continue to enhance information security and improve information security resilience to maintain the stable operation of the capital market. Hopefully TDCC, which is entering its fourth brand-new decade, will become a financial big data center with equal emphasis on digital and information security in the near future, create a brand-new Fintech service ecosystem, and promote the symbiosis and common prosperity for the financial market ecosystem.

Taiwan Depository & Clearing Corporation

Chairman & CEO





Operations Overview



President / **Han-Chiang Chu**

In 2020, the average daily trading value on Taiwan Stock Exchange (TWSE) was about NT\$ 200.7 billion, on Taipei Exchange (TPEX) about NT\$ 51.8 billion, and on the Emerging Stock Market about NT\$ 2.1 billion, totaling approximately NT\$ 254.6 billion, an increase of about 65% compared to 2019's average daily trading value of NT\$ 154.1 billion. In the bonds market, NT\$ 5.6245 trillion of government bonds, NT\$ 1.0406 trillion of financial debentures, and NT\$ 2.4844 trillion of corporate bonds were issued in 2020. For the bills market in 2020, short-term bills issuance amount was more than NT\$ 15.404 trillion, the outright transaction amount was more than NT\$ 26.0514 trillion, while the repo transaction amount was more than NT\$ 21.5911 trillion in secondary market.

Under the guidance of the competent authority, TDCC upholds the mission of serving the market and continues to provide the market with highly efficient and secure registration, custody and book-entry transfer services. It also provides post-trading operations for fixed-income products and mutual funds market to reduce market operation costs. Moreover, TDCC has also achieved a number of specific results with regard to improving service quality, information systems efficiency and international business, where these achievements are described in the 2020 Business Review and the 2021 Business Plan as follows.

2020 Business Review

I. Implementation of Important Business Projects

(I) Strive to develop Fintech and provide a digital financial environment with low risk and high efficiency

1. Provide securities investors with the information query service of bank deposit account through TDCC's APP

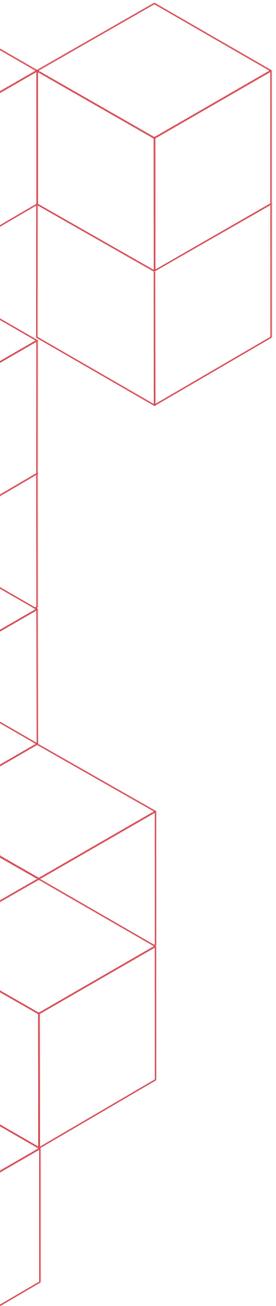
In order to meet the needs of securities investors to fully grasp the trading process, assist securities firms to provide their clients with complete information about their funds for securities investment, and reduce the settlement risk caused by insufficient grasp of funds or delay in scheduling, we plan to act as a third-party service provider to cooperate with partner banks to handle the second stage of "clients information inquiry" for the banks. With the consent of the investor, the investor's bank can be linked through the Open API of our APP to provide the bank deposit account balance and transaction details query function, so that the investor can master the investment allocation and assist the digital development of the securities market.

2. Assist Fintech Co-creation Platform (FTCP)

The competent authority has issued a three-year road map for the development of Fintech, hoping to form a friendly ecosystem for the development of Fintech. The Fintech Co-creation Platform (FTCP) is to promote the future development of Fintech by combining the proficiency and forte of related units. During the planning period, TDCC assisted the Taiwan Financial Services Roundtable (TFSR) as the Secretariat of the FTCP, and served as the organizer of the supervisory technology group of the FTCP, and a member of the data governance group and the promotion and communication group. In December 2020, TDCC has convened all participating units and members of the TFSR to review the relevant digital financial laws and self-discipline norms on their businesses, so as to facilitate the subsequent promotion of the short, medium and long-term goals of the group.

3. Continue to optimize the functions of TDCC e-Passbook

The "TDCC e-Passbook 2.0" APP provides four major functions, namely "cloud transaction details", "stock market context data", "customized push information" and "integrated asset distribution". It integrates the assets of each account with one machine and multiple passbooks. So far, more than 2 million accounts have been successfully opened. In 2020,



TDCC continued to optimize the functions of e-Passbook, including: integrating 9 corporate action information push contents; adjusting the display logic of the equity card to show all accounts with unlimited range but still in paper passbook. Be the first to launch the "trend chart of securities assets" in visual form to show the curve of value change of investors' securities assets in the past year, and completely retain the historical record of investors' assets value. It has become a convenient asset integration tool for investors.

(II) Implement Inclusive Finance and lead asset management industry to jointly promote retirement financial management

1. Jointly handle the project of "ReLife - toward steady retirement life" with FRS

In 2019, TDCC co-hosted with the Securities and Futures Institute (SFI) and the Securities Investment Trust and Counseling Association (SITCA), with the "ReLife" project carried out by FundRich Securities (FRS) that triggered a enthusiastic response from the market. However, the application period for the fund products of the project has ended in October 2019. In order to continue to promote people's awareness of retirement preparation and independent financial management, and to promote the correct financial management concept of long-term systematic investment, and to promote the inclusive financial policy of the competent authority, TDCC continued to handle the project of "ReLife - toward steady retirement life" with FRS, and once again provided nine fund products for investors to prepare for retirement in the form of periodical investment. So far, the number of people who adopted deduction of fund has reached 70,000, with a total subscription amount of NT\$ 670 million per month, which has successfully led to an unprecedented trend of retirement financial management. It has opened a new milestone for promoting investors to prepare for retirement financial management with mutual funds, accumulate assets for long term, and achieve the goal of enjoying retirement life.

2. Provide fund trading platform for sales agencies to handle deduction for systematic investment every day

In order to cope with the impact of retirement life in the future, encourage and promote independent financial planning, and enhance the investment concept of people in the management of pension funds, TDCC provides a fund trading platform, and the sales agencies can provide their clients with the service of fund deduction for systematic investment every day, so as to make the deduction of investors' funds more flexible and diversify the price risk, provide safe and convenient services for fund receipts and reimbursements, and it can deposit the funds redeemed by investors into the account as soon as possible, so

as to improve the investors' fund utilization. Statistics show that the number and subscription amount of systematic investment on the fund trading platform in 2020 are 2.52 million and NT\$ 16.5 billion respectively, which are significantly increased compared with 1.38 million and NT\$ 8.2 billion in 2019, which shows that the number and transaction volume of systematic investment can be increased.

(III) Assist the competent authority to strengthen market supervision, establish digital supervision platform and provide diversified supervision services

1. Big data analysis of inclusive financial life survey of TFSR

In order to understand the people's ability to respond to financial risks, the competent authority appointed the TFSR to conduct a survey on inclusive financial life. In order to enhance the richness of the report, the TFSR asked TDCC to provide relevant data analysis of the securities market. TDCC cooperates with the TFSR to analyze the three aspects of account, inventory and trading with the topic of young people's investment in stocks, and complete the report on the investors in the securities market with the three subjects of market overview, age and experience of stock investment. The scope of this study covers the data of the securities market over the past 10 years, showing the long-term trend of the securities market in the past. Based on the investor data of the stock market provided by TDCC, we can understand the investment behavior of domestic stock investors and enhance the richness of the survey report on inclusive financial life. This report helps the competent authority's evaluation of the benefits of policy promotion and further the realization of the vision of inclusive finance.

2. Control the shareholding ratio of offshore funds repatriated to the financial investment account

In order to assist the competent authority in controlling the shareholding ratio of the special financial investment account for repatriated offshore funds, TDCC has developed the "operation plan for the shareholding ratio control mechanism of the same person or profit-making enterprise in different special financial investment accounts of banks in cooperation with the competent authority" to check whether the shareholding ratio of the controlled account meets the notification standard daily, and to notify the receiving bank and the competent authority.

3. In line with the policies of the FSC, TDCC plans to set up a digital supervision mechanism for bills finance companies

In order to assist the competent authority to keep up with the trend of international supervision technology, TDCC was commissioned by the FSC to plan to use data in the Bills Clearing and Settlement System (BCSS) of the big data platform, combining the declared

data by the industry and the data from the financial peripheral units such as JCIC and TPEx to provide supervisory analysis services such as multi-dimensional analysis dashboards, legal compliance risk models, business risk models, and warning notices for the competent authority, assist the competent authority in more efficient and accurate supervision, and bring benefits such as "data granulation, automation of declaration, standardization of formats, and intelligence of analysis" to create a sound and stable financial market that can be trusted by people.

4. Jointly hosted the "Taiwan Regtech Challenge 2020" with TFSR

The "Taiwan Regtech Challenge 2020" activity, co-hosted by TDCC and TFSR and jointly implemented with the FinTechSpace, referencing the TechSprint mechanism in the UK to promote the development of supervision technology, so as to pool the energy of financial innovation field, accelerate Taiwan's introduction of legal compliance technology and improve the efficiency of market supervision. The activity was publicly recruited in August 2020, and the preliminary, re-competition and final were held in October, December 2020 and January 2021 respectively. The winner can also obtain the opportunity to conduct PoC concept verification and cooperation with financial institutions or technology industries in addition to various awards, enabling the relevant government agencies, financial institutions, research institutions, innovation teams and technology industries of Taiwan's supervision technology ecosystem to form a platform through this activity for mutual exchange of experiences, technologies and ideas, and create a new generation of supervision technology development in Taiwan.

5. In response to the pandemic of COVID-19 to work out operation guidelines for holding shareholders' meeting for pandemic prevention

In response to the pandemic of COVID-19, in order to avoid the breach of pandemic prevention caused by the holding of 2020 shareholders' meeting of TWSE/TPEx-listed and emerging stock companies, TDCC, in accordance with the instructions of the competent authority, deliberated and formulated the operation guidelines for the holding of shareholders' meeting in response to pandemic prevention, and made a public announcement on March 16. In addition, in accordance with the government's pandemic prevention policy, the contents of the operation guidelines have been adjusted twice in a rolling manner to effectively eliminate the potential breach of pandemic prevention caused by crowd gathering at the shareholders' meeting, so that all listed companies can successfully complete the shareholders' meeting before the end of June.

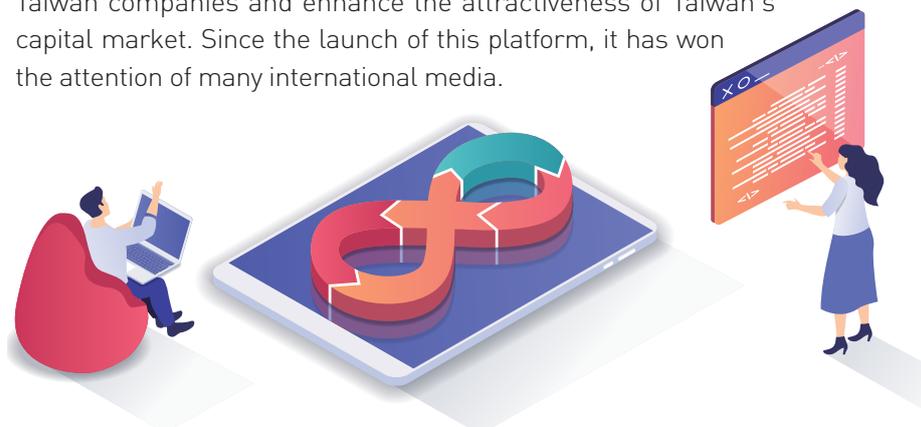
(IV) Cooperate with the competent authority's "Corporate Governance Blueprint" to assist Taiwan's corporate governance in line with international standards

1. Hold "Forward-looking of 2020 Taiwan Shareholders' Meeting Online Forum"

In response to the fact that more than 40% of the Taiwan's shares are held by foreign investors, the competent authority has paid special attention to the issue of foreign shareholders' participation in shareholders' meetings and the practice of shareholder activism. In order to assist the issuing companies to understand the latest international trends, ESG related information and the issues of concern to the shareholders' meeting, TDCC invited international voting consultant, international ESG professional research and domestic experts to share relevant practical experience with the issuers and institutional investors on April 30, 2020. In response to the development of the pandemic in Taiwan, the forum was conducted online to discuss the issues related to the shareholders' meeting, including the election of independent directors, the election of non-independent directors and the issue of quarterly dividends. More than 600 people (including 350 listed companies and 30 institutional investors) signed up to participate in the forum, which has won wide acclaim and assisted the competent authority in promoting Taiwan's corporate governance blueprint objectives and bringing the issuing companies in line with international standards.

2. Launch the first global diversified ESG information platform to assist the sustainable transformation of Taiwan market

The competent authority's "New Corporate Governance Blueprint" (2018-2020) lists promoting the communication between institutional investors and companies as an important policy objective. TDCC has further established partnerships with major global ESG rating agencies such as Sustainalytics, FTSE Russell and ISS, and successfully launched the world's first and the first comprehensive ESG information platform initiated by a CSD. It is convenient for investors to incorporate ESG into the investment process, and institutional investors can also refer to ESG information to pay attention, dialogue and interact with the invested companies on ESG issues, so as to improve the performance of ESG by Taiwan companies and enhance the attractiveness of Taiwan's capital market. Since the launch of this platform, it has won the attention of many international media.



(V) In line with the overall market business development needs to provide perfect service function

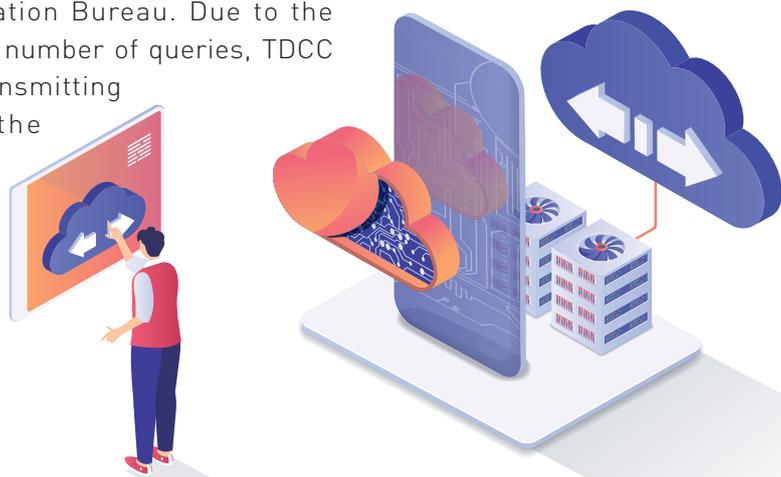
1. Cooperate with the securities market to implement the intraday continuous trading and odd lot trading rules, and provide relevant book-entry transfer services

In order to comply with the international trend, the TWSE implemented the intraday continuous trading on March 23, 2020. In response to the huge amount of trading information that may increase after the implementation of continuous trading, TDCC expanded relevant information hardware equipment accordingly, strengthened the data exchange system with the TWSE and the participants, and conducted several stress tests with the continuous trading simulation platform of the TWSE. In addition, in order to help the securities firms and investors to be familiar with the continuous trading system, TDCC held 22 business seminars, and assisted in advocacy through the channels of e-Passbook, bimonthly magazine and newsletter of TDCC.

In addition, in order to facilitate the public to participate in Taiwan stock market and meet the demand of investors to buy and sell odd lots during ordinary trading hours, the TWSE has added an intraday odd lot trading system in addition to the current after-hour odd lot trading. In line with the planning of the TWSE and the TPEX, TDCC adjusted the system and operations related to the change of settlement for borrowing units from "1,000 shares" to "share", and arranged relevant business advocacy to assist in promoting the intraday odd lot trading system.

2. Plan the electronic operation of the single window of the financial heritage

TDCC, in cooperation with the competent authority and the Ministry of Finance, plans and pilots the "One-Stop Service for Public to Inquire Financial Heritage". When the inheritor applies to the National Taxation Bureau of Taipei for the asset list of the decedent, he/she may apply for the information of the financial heritage from TDCC and other 5 major units for free. Since July 1, 2020, this service has been implemented by the National Taxation Bureau. Due to the large increase of the number of queries, TDCC takes the lead in transmitting the query files of the National Taxation Bureau of the 5 regions with the Fiscal Information Agency through the electronic special



line, and adds QR Code in the query description. The public can log on the official website at any time to inquire about the application progress, reducing a large number of manual operations, which helps to improve the operation efficiency.

3. Securities firms are allowed to provide clients collection and book-entry transfer services across business sites

In line with the financial digitalization policy of the competent authority, and in response to the development trend of integrating branch resources and making overall use by securities firms, TDCC proposes to open up 36 trading and file transmission functions and collection for 5 trading documents by the securities firms across business sites. This operation provides the securities firms with the ability to integrate the use of resources and reduce the operating cost of risk control, so as to effectively assist them in improving the quality of client service. In addition, investors can apply for relevant book-entry transfer business in the head office and branches of the securities firm according to their needs, so as to enjoy the convenience of one-stop account opening and multiple point service.

4. Provide investors with the service of deposit for sale of securities for public offer by telephone without having to access a counter

In order to improve the convenience of investors' deposit for sale and increase the success rate of public offer, TDCC plans to provide the deposit for sale service to investors for public offer of securities by telephone in accordance with the instructions of the competent authority. In order to make the planning content practical, TDCC has held 5 seminars to listen to the opinions of the relevant industry, and handled the system development test, revision of relevant operation rules and internal control standards and specifications, etc.

5. Promote the custodian banks to adopt corporate reconciliation service to handle account checking

In order to improve the settlement efficiency of the bills market, TDCC assists the Bills Finance Association in communicating with the custodian banks that still receive physical transaction orders, and guides them to check accounts through TDCC's corporate reconciliation system one by one, so that the bills finance companies do not need to send personnel for settlement. It has changed the long-term manual delivery, receipts of transaction orders and subsequent account checking between bills finance companies and custodian banks over the years. It has effectively saved the operating costs of bills finance companies and custodian banks, improved the accuracy of account checking by custodian banks, and improved the overall settlement efficiency of the market, which has won the recognition of the market.

6. Provide ETF investors to use electronic voting service when holding beneficiary meeting

In line with the policy of the competent authority to encourage fund beneficiaries to participate in the beneficiary meeting, TDCC, in accordance with the instructions of the competent authority, deliberates to provide the functions of electronic voting platform for securities investment trust and futures trust funds when holding beneficiary meetings. In addition to the proposed amendments to the "Regulations Governing Securities Investment Trust Fund Beneficiaries Meetings", TDCC plans to build an electronic voting platform to facilitate the use of beneficiary meeting of ETF. Besides the original written or in person attendance, the beneficiaries of ETF can also exercise their voting rights by electronic means to facilitate the exercise of rights by beneficiaries of ETF to encourage them to participate in the resolution of the beneficiary meeting.

7. Simplify the operation procedures for participants to handle the replenishment (replacement) of paper passbook, the re-make of magnetic stripe and cancellation for announcement of lost

Considering that the internal control regulations of securities firms for clients' replenishment (replacement) of paper passbooks, re-make of magnetic stripe, and cancellation for announcement of lost are complete, TDCC plans to cancel the audit procedure of requiring the original securities firm to notify TDCC by telephone for release and send the supporting documents to TDCC for retention for future reference, and return to the self-management by the securities firm, so as to simplify the procedure and improve the operation efficiency. It can save the cost of securities firms and TDCC more than NT\$ 10 million each year, and clients do not need to wait for the counter processing. It can also eliminate the risk of loss and data leakage in the process of application document delivery, and improve the service quality of securities firms.

(VI) Actively participate in international organizations and strengthen international exchanges to facilitate the innovative development and international visibility of Taiwan's capital market

1. MOU with Russian National Settlement Depository (NSD)

TDCC held bilateral talks with NSD of Russia during the Sibos conference to exchange experience on issues such as electronic voting business, Fintech application of depository and clearing industry, promotion of digital transformation and activities of international organizations, and reached a consensus on continuous business exchange. In view of the similar business development direction of the two organizations, TDCC signed an MOU with the NSD in June 2020 to extend the international

reach from the Asia Pacific region to the Eurasian region, successfully expand international relations, establish communication channels for the two market infrastructures, and jointly create more value and services for investors.

2. Cooperation with the TWSE to hold the "Taiwan Mongolia Capital Market Business Exchange Video Seminar"

In order to cooperate with the competent authority to promote the blueprint of the capital market and strengthen the exchanges between Taiwan's market and international securities institutions, TDCC cooperated with the TWSE to hold a "Taiwan Mongolia Capital Market Business Exchange Video Seminar" with the major institutions of Mongolia's capital market on December 18, 2020, and arranged a meeting for the heads of the bilateral institutions, and conducted business exchanges and practical discussions on six major topics of T+2 settlement system, including settlement model, risk management, settlement failure, default management, participant information exchange and charging. The success of the meeting not only helped Mongolia's capital market to smoothly promote the new T+2 system, but also shared Taiwan's successful experience on the international stage.

3. Improve ACG website function and information disclosure efficiency

Since 2004, TDCC has set up ACG website and is responsible for the relevant maintenance work. Considering that ACG website will be more important due to the pandemic, TDCC cooperates with ACG Secretariat and Japan Securities Depository Center, Inc., (JASDEC) to optimize ACG website, including the introduction of RWD technology and the use of cloud technology to provide users with better and faster user experience; we also add an audio-visual exchange platform to enhance visual effects, and plan "COVID-19 emergency response zone" to provide members with the latest pandemic prevention measures and trends, add digital technology elements to handle the redesign of ACG Logo, further improve the website function, information disclosure efficiency and in line with the latest technological development trend, deepen the relationship between TDCC and ACG members, and enhance TDCC's position and value in ACG organization.



(VII) Assist the disadvantaged youth in financial employment, promote financial education, care for the disadvantaged families and rural children, and continue to do our best to fulfill corporate social responsibility

1. Conduct the special course of financial employment for college students and strengthen the employment function of disadvantaged youth

Since 2015, TDCC has invited the TWSE and other units to jointly prepare and promote the "Financial Literacy for Youth Program" (FLY), which provides financial professional courses, relevant license examination guidance and assistance to financial employment matchmaking for new graduates of universities (colleges) with poor family economy across the country, and promotes the cultivation of financial talents through public welfare education, so as to create a "turn around life and fulfill financial dream" in the future. 505 students of the program of 2019 academic year (the 5th session) have completed their courses and obtained 1,534 certificates. And 286 students are actively seeking jobs. As of the end of December, 2020, more than 60% or around 190 of them have been accepted by financial institutions. For the first time, we have conducted experience sharing and video solicitation activities for all students of previous session of this program and teaching assistants, which were completed in the first quarter. In total, we have selected 10 award-winning articles and 7 self-made videos. This special class has also won the "2020 Asian Corporate Social Responsibility Award" from the Enterprise Asia.

2. Join hands with financial industry to hold joint public welfare and take practical actions to take care of the weak

In addition to the "FLY" program, TDCC also held / participated in various joint public welfare activities with financial peripheral institutions in 2020, bringing warmth and care to places where the society needs in combination with the strength of the financial industry. TDCC has donated to the Financial Services Education Public Welfare Fund of TFSR for financial education and scholarships for vulnerable students; responded to the Financial Services Charity Carnival, advocated financial knowledge and business service information of TDCC, and combined with social welfare to give back to local vulnerable groups; continued to participate in the "food (real) bank" program of the TAIEX and the "Ministry of Education - school education savings account" of the TWSE to take practical actions to care for disadvantaged groups and rural students.

3. Support vulnerable groups and social welfare institutions to light up the corner of society

TDCC has long handled various public donation activities and caring volunteer services, including vulnerable groups, parent-child care and elderly care. Through donation, sponsorship and co-operation, TDCC has actively involved with non-governmental organizations. In 2020, we jointly held the "Love at Home and Be Happiness" event with the New Taipei City branch office of Taiwan Fund for Children and Families to increase the social participation of the supported families and the close connection with their members. We donated the project plans of Kanner Foundation and Taipei Autism Children Social Welfare Foundation, which provided daytime functional training and multiple talent and community adaptation courses for young people with moderate and severe autism, enabling them to have abundant training resources to connect with the society; for 11 consecutive years, the charity blood donation and blood bag donation activities have been held, with more than 110,000 blank blood bags donated to collect 540,000 cc of hot blood; in addition, donations have been made to Eden Social Welfare Foundation, the Love for Visually Impaired Association and other social institutions, reflecting the concept of undertaking corporate responsibility to create a happy society.

4. Care for rural primary education and light up the future of vulnerable children

In the year 2020, TDCC has continuously sponsored the supplementary training and learning plan for primary schools in rural areas and the sports training and learning plan for football, archery, badminton and speed pulley; provided family care, after-school guidance and skill learning for vulnerable students in the school to improve their life and learning difficulties, make them grow up healthily and study happily, and enhance their competitiveness to face future challenges; and through team sports activities, let the children from the countryside have the opportunity to receive training. Through sports, they can cultivate self-confidence and discipline, learn to cooperate with partners, and strive for a higher honor for the team and themselves. More than 1,200 children have benefited from the supplementary training and learning plan for schools in rural areas. We support the development of sports in primary schools, and a total of 15 schools have received relevant resources to further physical educations.



5. Promote financial education and participate in relevant activities and plans of the competent authorities

TDCC assisted the competent authority in promoting financial literacy and education in 2020, held "lecture on in-depth financial knowledge on campus" and visited "Taiwan Stock Museum". In addition, in line with the trend of action, we launched digital short films - "e-voting is really easy, e-voting for shareholders' rights" and "TDCC e-Passbook, a better choice for you". The video shows the characteristics of e-voting and TDCC e-Passbook, helping young people increase their knowledge of investment and financial management.

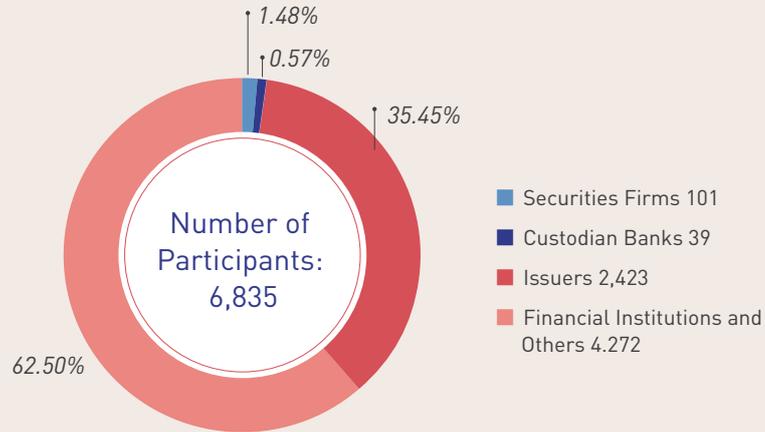
6. Continuously implement TDCC's corporate social responsibility, won a number of domestic and foreign Asian CSR Awards

In order to enable TDCC's business and corporate strategy to be closely integrated with corporate social responsibility (CSR), and to enable stakeholders to fully understand TDCC's sustainable business development philosophy, we continue to prepare the 2020 CSR report and continue to handle ISO 14064-1 greenhouse gas inventory, and add the category 3 for employees business travel. In addition, we have introduced ISO 50001 energy management system, obtained the first category 3 greenhouse gas inventory and energy management system verification statement of Taiwan's securities and futures peripheral units, and won "2020 Excellence in Corporate Social Responsibility" and "2020 13th TCSA Taiwan Corporate Sustainability Report Platinum Award", which has been double affirmed for three consecutive years. In addition, TDCC has been awarded the "2020 Asian Corporate Social Responsibility Award" from the Enterprise Asia and the "Sports Promoter Award" by the Sports Administration of Ministry of Education for its long-term involvement in social welfare activities and in response to the government's call for enterprises to support sports activities.

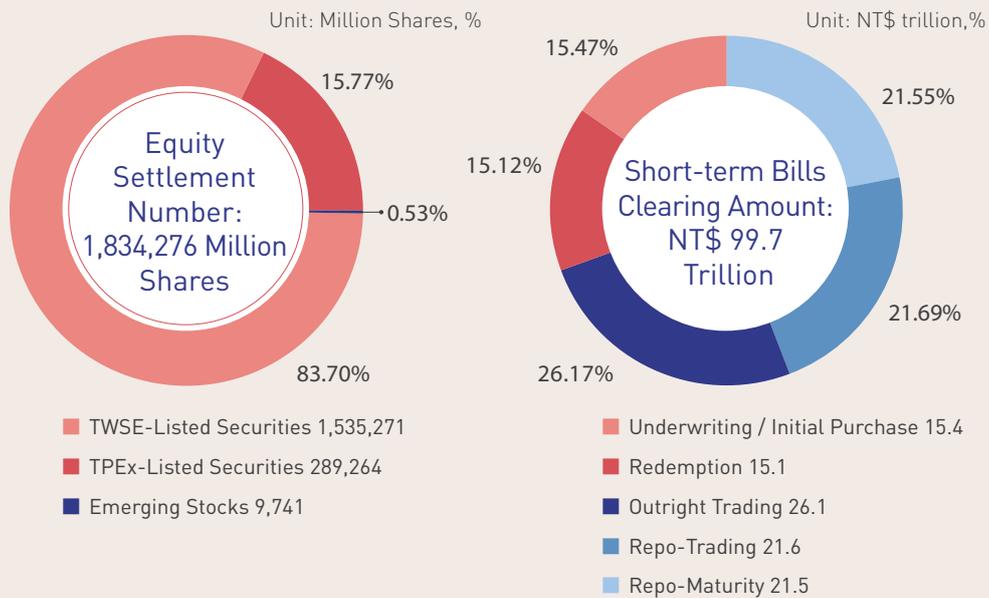


II. Operational Performance

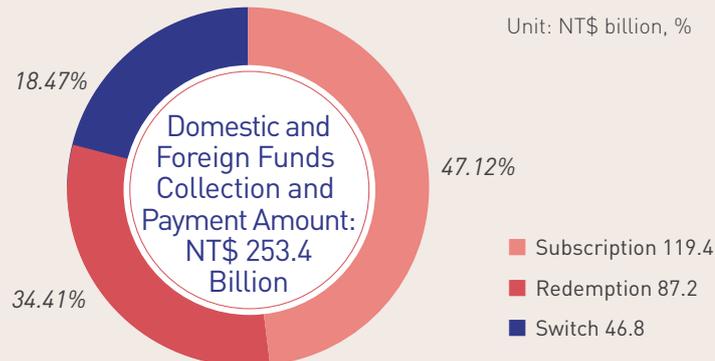
Participants



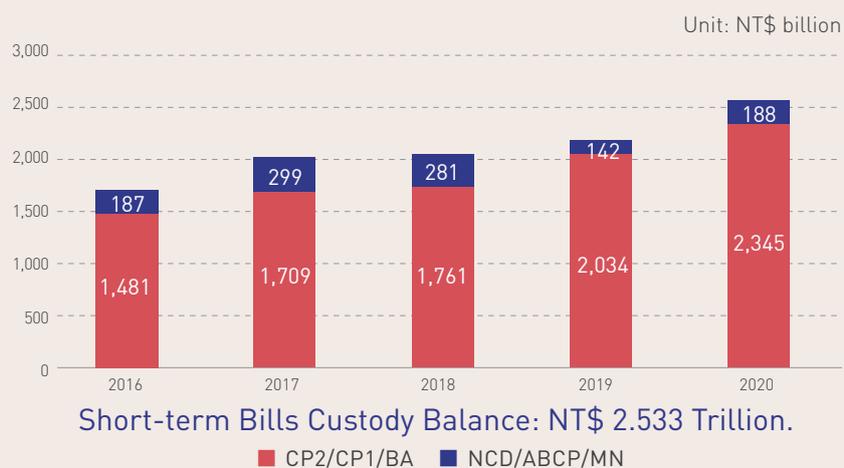
Clearing and Settlement Business



Fund Business



Custody Business



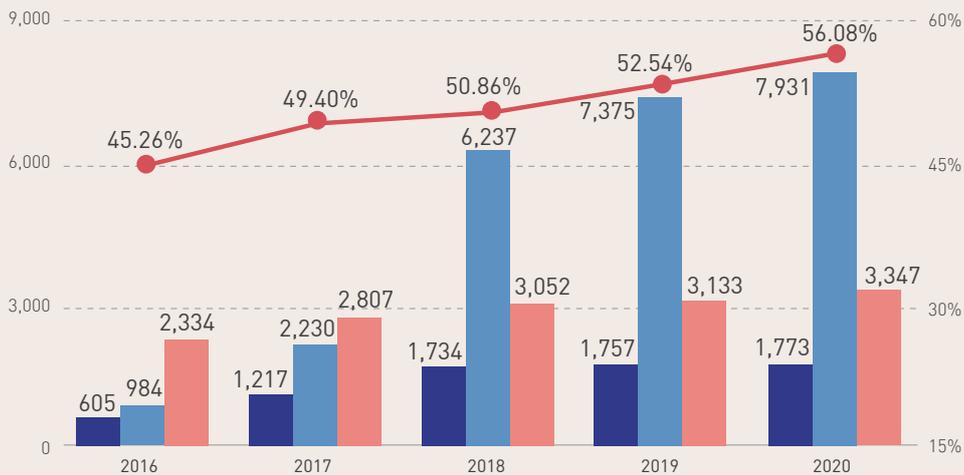
Book-Entry Transfer Business



The Total Number of Shares Allocated of Equity Securities:
577,985 Million Shares

■ Number of Transactions (10 Thousand) ● Number of Shares (Million Shares)

E-Voting Business



■ No. of Companies ■ No. of Ballot (Thousand) ■ No. of Shares (100 Million)

● Ratio of E-voting to Total Shares in Attendance (%)

2021 Business Plan

In 2021, TDCC will continue to focus on Fintech, promote information integration and digital transformation, deepen diversified services, and create the maximum value of financial market through cross-boundary, cross-industry and cross-border data integration. In the face of rapid changes in the market, TDCC will be deeply involved in the field of digital and information security, and promote the development of digital financial services with big data, blockchain, cloud services and other information technologies with the times. Of course, TDCC still upholds its original intention, adheres to the concept of sharing goodness with market players, and establishes a Fintech service ecosystem through public-private collaboration. TDCC's key business plans in 2021 are as follows:

I. Discussion on digital innovation service of securities market

TDCC proposes to establish a digital book-entry transfer service platform to provide our participants with the functions of electronic delivery of account opening related documents and account reconciliation, so that investors can handle book-entry transfer through the TDCC e-Passbook APP. We also propose to provide smart customer service and establish the Open Securities system.

In addition, in order to further improve the effectiveness of electronic trading certificate, TDCC proposes to provide transaction record and electronic bond voucher services between bond/bills dealers and customers, and build an electronic bond/bills trading certificate verification platform by using financial technologies such as blockchain, electronic signature and multi-factor authentication, so as to reduce the mailing and labor costs of bond/bills dealers, improve operational efficiency, and create a more convenient digital financial environment for the bond/bills market.

TDCC's securities business system and fund trading platform have fund investor data. We will plan to provide investors to query their own fund investment position data through TDCC e-Passbook. In addition, in response to the booming development of ETF market driven by the financial management of petty bourgeoisie and retirement issues in recent years, the demand for analysis and application of beneficiary structure data by investment trust industry is increasing. Therefore, TDCC deliberates the analysis and application of ETF beneficiary structure data to provide investment trust industry with big data services of ETF.

II. Construction of bills supervision technology platform

In order to strengthen the digital supervision mechanism of the securities and futures market, it is proposed that bills clearing and settlement data of TDCC should be linked with the API declaration data of the bills finance companies, the bond issuance data of the TPEX and the credit line data of the JCIC, and other data of financial peripheral units, so as to build a bills supervision technology platform. The

platform includes "declaration data management platform" and "supervision analysis entry platform", which helps the regulation agency to achieve the long-term goal of technological supervision with single platform, consistent specifications and data integration, so as to make full use of supervision data, create supervision value, and provide the regulation agency with real-time control of the short-term bills market, to improve the efficiency of financial supervision and achieve the effect of "precision supervision", and also reduce the repeated declaration of bills finance companies and provide API automated transmission and real-time checking functions to help these companies improve declaration efficiency and optimize declaration quality.

III. In accordance with the competent authority's capital market blueprint to handle related matters

In accordance with the capital market blueprint of the competent authority, TDCC will study the feasibility of providing investors' account information under settlement bank on the e-Passbook APP of TDCC, providing investors with cross-securities and cross-bank services integrated with their funds and securities, and establishing a centralized clearing platform for domestic funds, so as to reduce the overall market operation cost.

To facilitate the competent authority's comprehension of the debt risk of the same bond issuing institution for all the bonds held by the investment trust fund (public offering), we plan to provide the supervision information analysis of the positions of the bonds held by the investment trust fund. In addition, it is also proposed to establish an electronic voting platform for the beneficiary meeting of unlisted funds, so as to facilitate the exercise of rights by beneficiaries of funds, and to solve the practical difficulties of holding the fund beneficiary meeting.

IV. In accordance with the competent authority in handling relevant matters in corporate governance blueprint 3.0

In line with the plan of "corporate governance 3.0 sustainable development blueprint", in addition to introducing Robotic Process Automation (RPA) and artificial intelligence customer service, TDCC will continue to enhance the information transparency of electronic voting and promote the adoption of electronic voting by emerging companies. Therefore, it is proposed to provide voting policy download and contact information on the "TDCC IR Platform", so as to help the issuing companies understand the annual voting policy and contact information of international voting consulting agencies, establish the negotiation mechanism between Taiwan's issuing companies and international voting consulting agencies, and handle the 2021 investor relations and responsible investment forum, and invite international voting consulting agencies, international ESG research institutions or other corporate governance related institutions to share international trends.



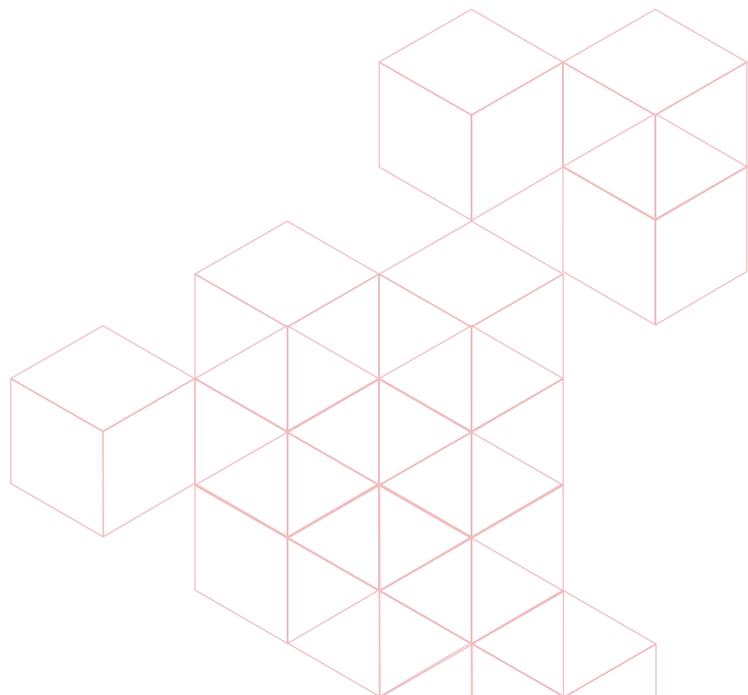
V. Enhance the ability of information security protection to ensure the security of trading network

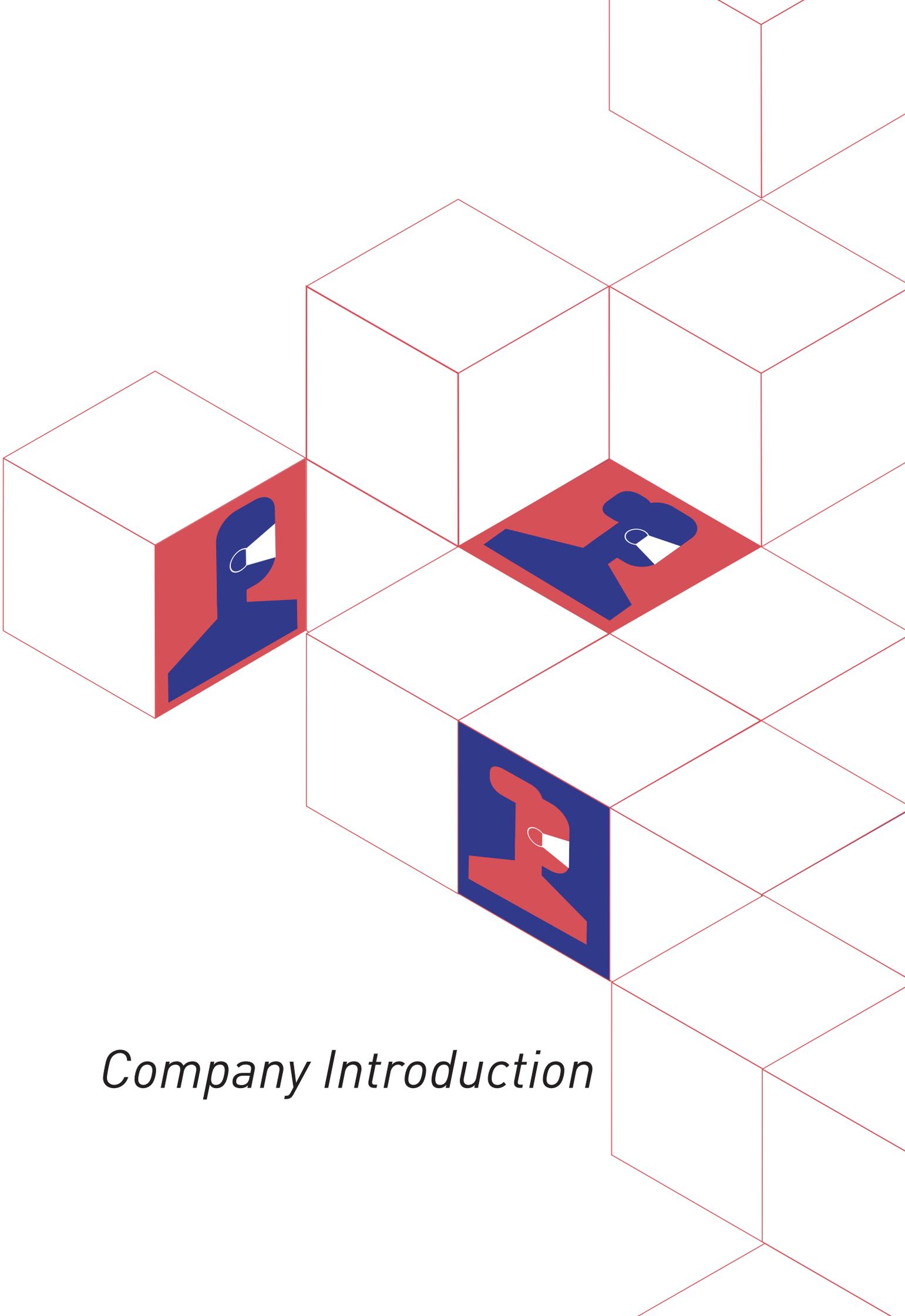
TDCC is the only big back end organization across the capital market and money market in Taiwan. It is very important to maintain the security defense of the TDCC's information system for the stable operation of Taiwan's financial market. News of extortion virus attacks against different industries have surfaces time and again in recent years. In the face of ubiquitous financial information security risks, TDCC actively extends the digital development of its core business through the application of emerging technologies. At the same time, it also attaches great importance to the management and construction of information security. In addition to the establishment of information security unit, we actively cooperate with the competent authority in the promotion and implementation of the "financial information security action plan", continue to strengthen the computer room maintenance and operation security and market key data preservation, enhance the ability of information security joint defense and self-protection, so as to strengthen the ability of continuous business operation, and ensure the security of the relevant back end environment of Taiwan's financial market.

Outlook

In the midst of the worst pneumonia pandemic in a century, with the supervision of the competent authority and the full support of the securities industry, TDCC's central depository, settlement, and book entry transfer business have grown steadily. We have also accelerated the digital transformation and written a wonderful chapter in the history of Taiwan's Fintech development. Looking forward to 2021, in addition to continuously optimizing and refining the five core businesses of equities securities, bonds/bills, funds, cross-border custody and futures in accordance with the needs of users, TDCC will continue to expand the digital development of its core businesses through the application of emerging technologies and the use of data information, revitalize data and information of its existing core businesses. And, in line with the major policies of the competent authority such as "capital market blueprint" and "corporate governance blueprint 3.0", we will help promote a number of specific and important measures to integrate with the international market, implement inclusive finance, and jointly enhance the competitiveness of Taiwan's capital market.

Looking forward to the future, TDCC will speed up its development in the major direction of open innovation, platform economy and assisting government policies. The internal strategy is to speed up our digital transformation by improving the ability of the organization to use IT. "People" and "technology" are the key to success. We can modularize both two elements, adopt the combined innovation mode, combine the right "people" and "professional technology", and give play to the spirit of Agile to develop related services. In addition, in the face of the world's unpredictable attacks and threats, TDCC's information security defense challenges are even more arduous. Therefore, we integrate information security issues into our important development strategy in the future. Through active information security monitoring and various automation tools, we continue to improve information security defense and refine information security resilience, so as to maintain the stable operation of the capital market and jointly enhance the competitiveness of Taiwan's capital market.





Company Introduction



TDCC was formally Taiwan Securities Central Depository Co., Ltd. (TSCD), which was established in line with the direction of the competent authority, to increase the efficiency of securities market and resolve the heavy workload of processing paper securities, thereby providing a secure and efficient central depository. It was co-invested by Taiwan Stock Exchange (TWSE), Yuanta Securities Finance Co., Ltd and securities firms, and was officially established in October 1989, and went into operation in January 1990, providing securities central depository and book-entry, centralized trading and over-the-counter market securities settlement, emerging stocks clearing and settlement, and registration of securities issued in dematerialized form. It was also entrusted by the competent authority to conduct audit on stock related matters.

To provide convenience to the market participants, prevent repeat resource investment and follow the trend of back-office integration in the international securities market, the competent authority resolved to make TSCD under the jurisdiction of the Ministry of Finance in July 2005, and to merge TSCD with Debt Instruments Depository and Clearing Co., Ltd. Taiwan (DIDC), which handled short-term bills. Through the integration of clearing, settlement and depository platform, it aims to effectively reduce the cost of investment, increase operational efficiency, expand scope of service, and stimulate market development. The merging of the two companies was completed on March 27, 2006, and the new entity was renamed as Taiwan Depository & Clearing Corporation (TDCC).

Subsequently, considering the development trend of the operations of a shareholders meeting in the global securities market in recent years, TDCC and Taiwan Integrated Shareholder Service Company (TISSC) resolved to promote the merging of the two companies in November 2013. The merging was completed on March 24, 2014, with TDCC as the surviving company.

Through the above merger and reorganization, TDCC has become Taiwan's only back-end organization in the securities market, a diversified market platform that provides equity securities, fixed-income securities, bills, mutual funds, futures and corporate action services.

Multiple Roles of TDCC

TDCC was established in line with the competent authority's promotion of securities central depository, book-entry transfer and settlement mechanism. Our scope of service has gradually extended from equity products to more diversified products, such as fixed-income securities, bills, futures, mutual funds, corporate actions, etc. We provide registration, custody, clearing, settlement, information transmission, receipts and reimbursements of funds, e-voting, investor relationship (IR) platform and other value-added services. Using compliance technology to assist in policy promotion, we offer multiple services such as the AML/CFT Screening Platform and the Company Transparency Platform.

Shareholder Structure

As of the end of 2020, TDCC has 1,792 shareholders, consisting of 104 institutional and 1,688 individual shareholders. Taiwan Stock Exchange is the principal shareholder, holding 50.59% of all shares, followed by Yuanta Securities Finance Co., Ltd, holding 8.78%. The shareholding structure as of the end of 2020 is as follows:

December 31, 2020

Shareholders	Number of Shares	Shareholding Ratio (%)
Taiwan Stock Exchange Corporation	196,851,210	50.59
Yuanta Securities Finance Co., Ltd.	34,166,804	8.78
Institutional shareholders such as securities firms, financial institutions, and bills dealers, and individual shareholders	158,083,692	40.63

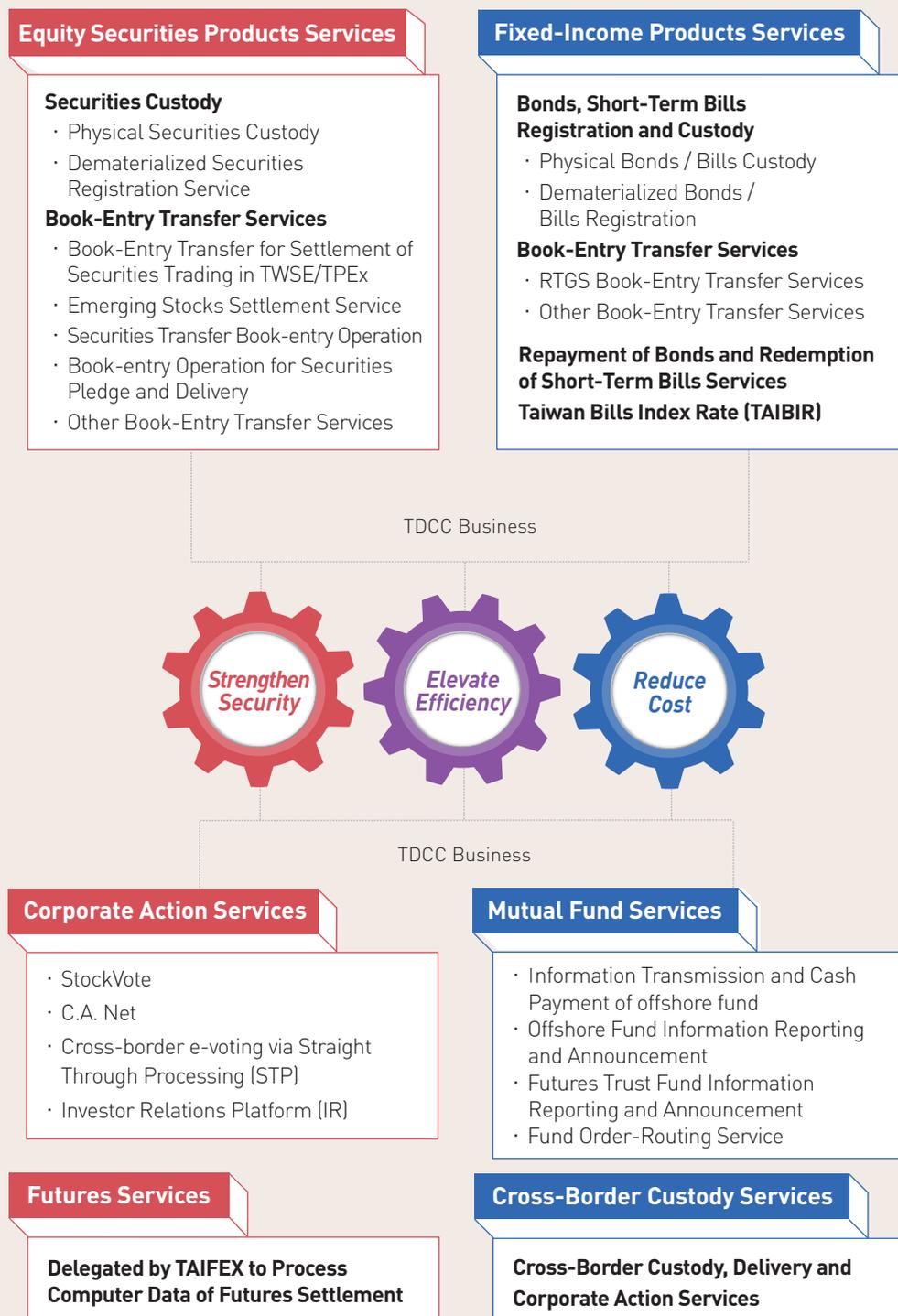
Board of Directors and Supervisors

The board of directors is formed by seven directors, representing the Taiwan Stock Exchange, Yuanta Securities Finance Co., Ltd. and KGI Securities Co., Ltd. There are three supervisors, including one standing supervisor. The Company's directors, supervisors, and shareholder representatives are as follows:

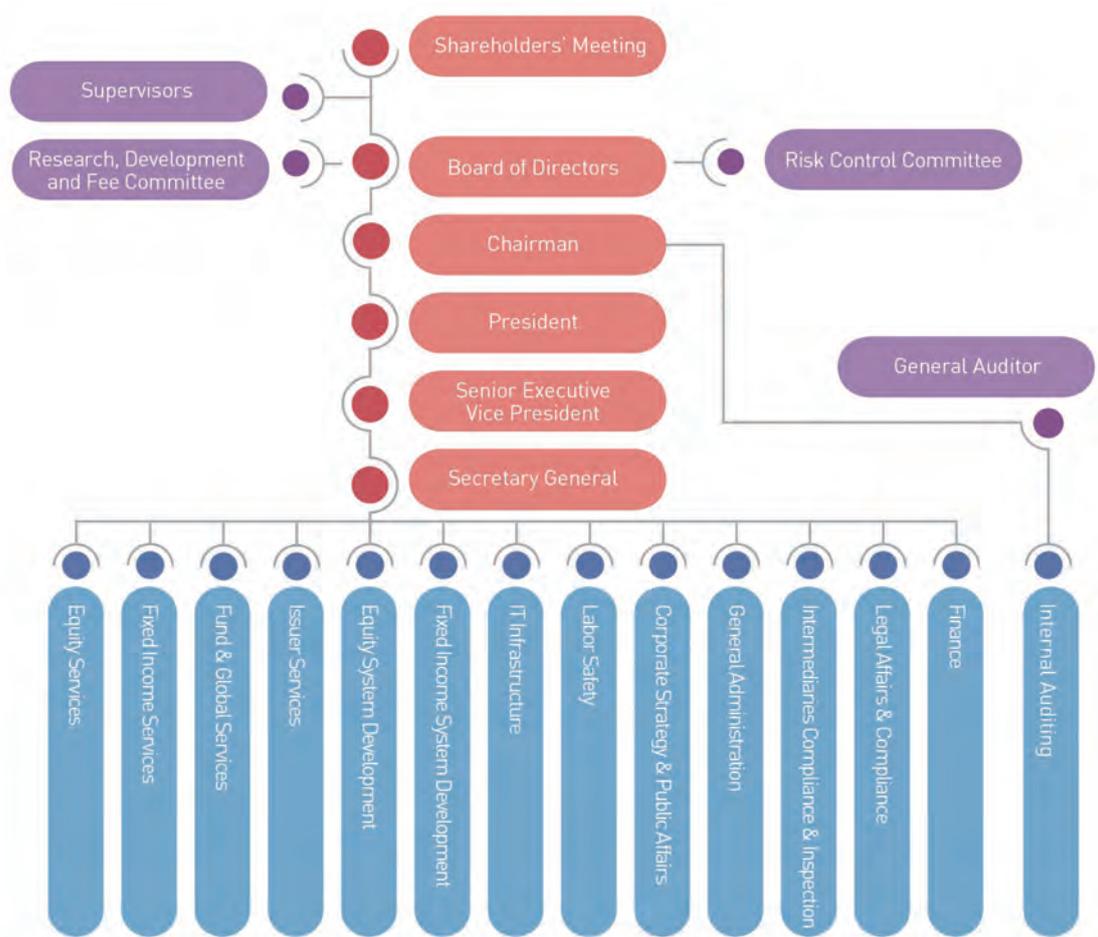
December 31, 2020

Title	Name	Shareholder Represented
Chairman & CEO	Sherman Lin	Taiwan Stock Exchange Corporation
Director	Jan-Yau Hsu	Taiwan Stock Exchange Corporation
Director	Han-Chiang Chu	Taiwan Stock Exchange Corporation
Director	Mei-Chu Liao	Taiwan Stock Exchange Corporation
Director	Ren-Wen Gong	Taiwan Stock Exchange Corporation
Director	Ming-Hong Ho	Yuanta Securities Finance Co., Ltd.
Director	Falco Mi	KGI Securities Co., Ltd.
Standing Supervisor	Chun-Hong Chen	Taiwan Securities Association
Supervisor	Chung-Che Huang	Taiwan Securities Association
Supervisor	Chia-Ying Hong	Taiwan Futures Exchange Corporation

Main Business Scope



Company Organization



Title	Name	Title	Name
Chairman & CEO	Sherman Lin	Senior Vice President of Issuer Services	Zhen-Zhen Huang
President	Han-Chiang Chu	Senior Vice President of Equity System Development	Win-Cheng Wang
Senior Executive Vice President	Gloria Ching	Senior Vice President of Fixed Income System Development	Fong-Zhong Chen
Senior Executive Vice President	Jane Chang	Senior Vice President of IT Infrastructure	Li-Zhong Wu
Secretary General	Kuang-Hui Chen	Senior Vice President of Corporate Strategy & Public Affairs	Susan Huang
General Auditor of Internal Auditing	Olivia Chang	Executive Vice President of General Administration and Labor Safety	Jennifer Chen
Senior Vice President of Equity Services	Eric Hsu	Senior Vice President of Intermediaries Compliance & Inspection	Tzu-Ting Chen
Senior Vice President of Fixed Income Services	Victor Wang	Senior Vice President of Legal Affairs & Compliance	Yuan-Hua Hsiao
Senior Vice President of Fund & Global Services	Julie Wang	Vice President of Finance	Szu-Yu Lin

SUPERVISORS' REPORT

To the 2021 Annual Shareholders' Meeting,

Taiwan Depository & Clearing Corporation

The Board of directors have compiled and submitted to us for examination the 2020 balance sheets, statements of comprehensive income, statements of changes in equity, statements of cash flows, consolidated financial statements, operations report and proposal for earning distribution for year 2020, etc. The undersigned Supervisors, accompanied by Deloitte & Touche, CPAs have completed our examination and found them correct. This report is hereby prepared in accordance with Article 219 of the Company Act and submitted for your approval.

Taiwan Depository & Clearing Corporation

Standing Supervisor

Chun-Hong Chen

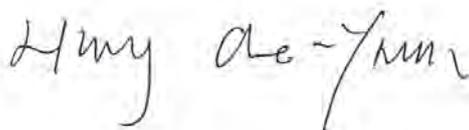


Supervisors

Hank Huang



Chia-Yin Hung



April 28, 2021

INTERNAL CONTROL STATEMENT

Based on self-assessment, the following declarations are made regarding the Taiwan Depository & Clearing Corporation (hereinafter referred to as TDCC) internal control system for the period from January 1, 2020 to December 31, 2020 .

1. TDCC is fully aware that the establishment, implementation and maintenance of the company' s internal control system are the responsibility of the board of directors and of the company' s management. TDCC has already established an internal control system. The objective of the system' s establishment was to provide a reasonable level of assurance that the company' s goals for the efficiency and effectiveness of the company' s operations (including profitability, performance and asset protection, etc.), the reliability, timeliness, transparency of its reports and adherence to relevant laws and regulations can be met.
2. Any internal control system has certain pre-ordained limitations. No matter how carefully designed the system may be, even the most effective internal control system can only provide a reasonable level of assurance for the three objectives noted above. In addition, the effectiveness of the internal control system is liable to be affected at changes in the environment and circumstances. However, TDCC' s internal control system has a selfmonitoring function; as soon as any failing in the system comes to light, the company will immediately take steps to improve it.
3. TDCC has evaluated the result of the design and implementation of the internal control system in accordance with the criteria items from the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets (hereinafter referred to as "these Regulations"). The criteria items adopted by these Regulations are classified into five components in line with the management control procedures: (1) Control environment; (2) Risk assessment; (3) Control activities; (4) Information and communication; (5) Monitoring activities. Each components in turn contains a number of items. Please refer to these Regulations for details of these items.
4. The above-mentioned internal control criteria items have been used by TDCC to assess the effectiveness of the design and implementation of the internal control system.
5. Based on the results of the assessment, TDCC believes that the design and implementation of the company' s internal control system(including Supervision and management over subsidiaries) during the above mentioned period are acceptable in terms of the efficiency and effectiveness of the company' s operations, the reliability,timeliness, transparency of its reports and adherence to relevant laws and regulations, and can therefore provide a reasonable degree of assurance for the achievement of the above objectives.
6. Any false, hidden or illegal matters of this Declaration will lead to lawsuit responsibility according to the Article 174 of the Securities Exchange Act.
7. This Declaration was approved by TDCC' s Board of Directors on February 18, 2021.

Taiwan Depository & Clearing Corporation

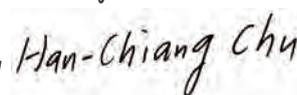
Chairman

Sherman Lin

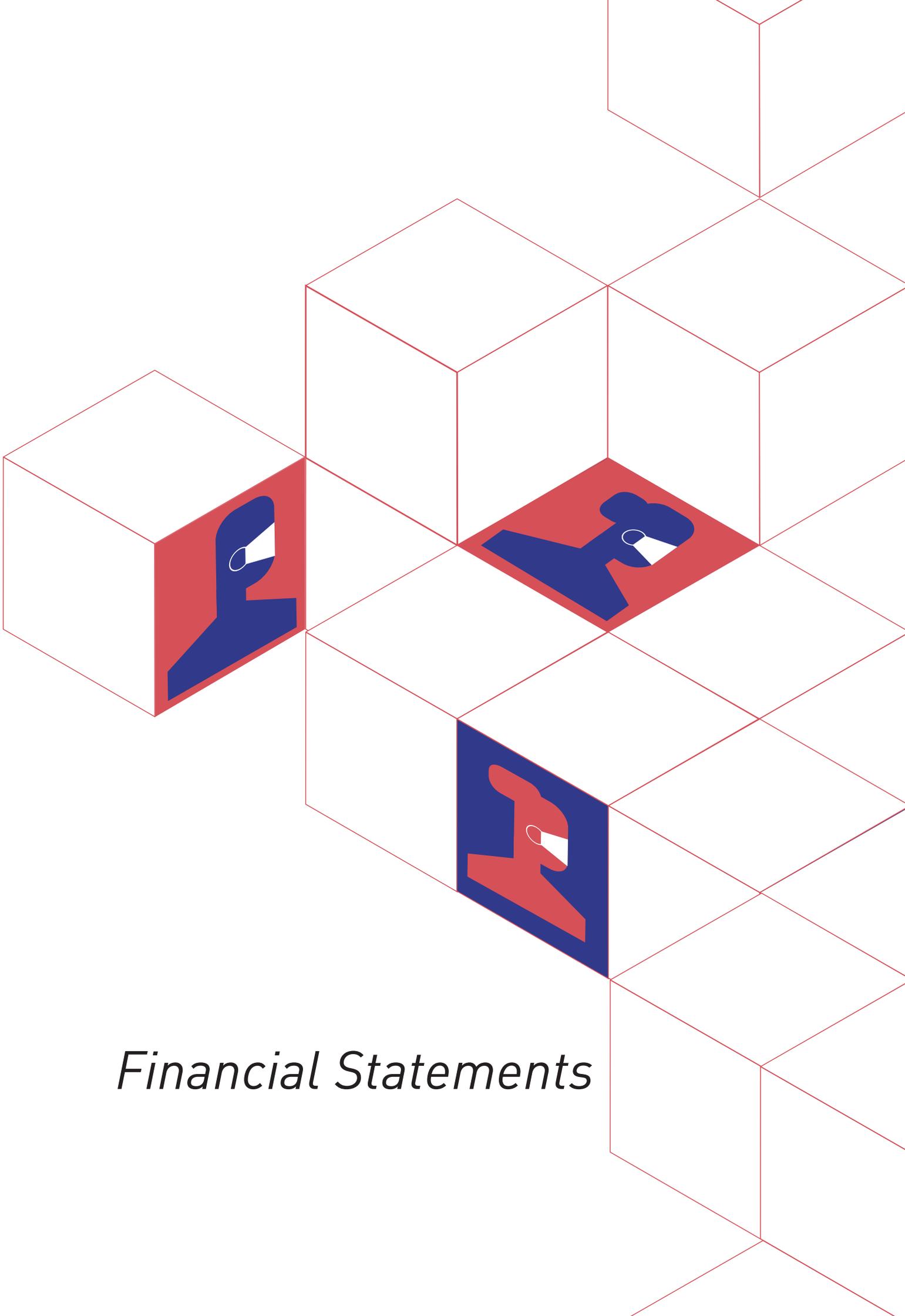


President

Han-Chiang Chu



February 18, 2021



Financial Statements



INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders

Taiwan Depository & Clearing Corporation

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Depository & Clearing Corporation (the "Corporation") and subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Business Entity Accounting Act, Regulation on Business Entity Accounting Handling relevant to preparation of financial statements, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of each key audit matter of the consolidated financial statements for the year ended December 31, 2020 are as follows:

Accuracy of Operating Revenues

The operating revenues of Taiwan Depository & Clearing Corporation and subsidiaries mainly include securities settlement revenue, securities recording revenue, transfer processing services revenue and bills and bonds clearing and custodial services revenue. These revenues are recorded on the books based on the related laws and

contracts. In 2020, the Group's principal operating revenues amounted to \$4,560,562 thousand, which is material to the financial statements. We considered the accuracy of operating revenues as key audit matter.

The main audit procedures we performed for operating revenues are listed below:

1. We acquire an understanding of the Group's nature of the industry and evaluate the procedures for internal control in the recording of operating revenues, including understanding of the information environment of the system for calculating operating revenues.
2. We verify whether the calculation methods with respect to operating revenues complied with the statutory provisions or the related contracts.
3. We recalculate operating revenues and confirmed the accuracy of operating revenues.

Existence and Classification of Bank Deposit

As stated in Notes 6 and 11, as of December 31, 2020, the Group had cash and cash equivalents of \$4,185,280 thousand, other financial assets (time deposits with original maturities more than three months) of \$6,193,608 thousand, default damage fund of \$2,924,344 thousand, respectively. Because of the significance of the accounts, we considered the existence and classification of the bank deposit as key audit matter.

The main audit procedures we performed for bank deposit are shown below:

1. We obtained an understanding of the cash cycle and tested the operating effectiveness of internal controls.
2. We checked the amounts on bank statements against those in the ledger, and sent a written confirmation request to the bank. If there is any discrepancy, we obtained a bank reconciliation statement and tested the correctness of the reconciliation items.
3. We ascertained whether bank deposits designated for specific purposes or otherwise restricted have been reclassified to the appropriate account.
4. We performed an inventory count of certificates of deposit and checked the results of inventory testing against the ledger.
5. We performed test of large inflows and outflows of cash and verified whether the transactions were related to the Group's business. We obtained explanations for large or irregular transactions

Other Matter

We have also audited the parent company only financial statements of Taiwan Depository & Clearing Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Business Entity Accounting Act, Regulation on Business Entity Accounting Handling relevant to preparation of financial statements, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information

of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Jui-Chan Huang and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TAIWAN DEPOSITORY & CLEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,185,280	13	\$ 3,346,730	9
Financial assets at fair value through profit or loss - current	4,262,342	13	3,631,183	9
Financial assets at amortized cost - current	1,102,843	3	1,049,784	3
Other financial assets - time deposits with original maturities of more than 3 months	6,193,608	19	5,265,508	13
Notes and accounts receivable, net				
Unrelated parties	477,574	1	311,736	1
Related parties	313,131	1	164,067	-
Other financial assets - others	1,379,396	4	11,332,433	28
Other current assets	184,782	1	88,332	-
Total current assets	18,098,956	55	25,189,773	63
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent	1,954,782	6	1,928,841	5
Financial assets at amortized cost - noncurrent	8,107,795	24	8,116,187	20
Default damage fund	2,924,344	9	2,748,437	7
Investments accounted for using the equity method	92,508	-	88,038	-
Property and equipment	725,413	2	718,363	2
Right-of-use assets	204,600	1	288,585	1
Investment properties	218,585	1	221,862	-
Intangible assets	246,180	1	308,861	1
Goodwill	237,545	1	237,545	1
Deferred tax assets	17,543	-	14,545	-
Refundable deposits	148,205	-	147,505	-
Operation guarantee deposits	70,000	-	70,000	-
Other noncurrent assets	277	-	277	-
Total noncurrent assets	14,947,777	45	14,889,046	37
TOTAL	\$ 33,046,733	100	\$ 40,078,819	100

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2020		2019	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Accrued expenses	\$ 615,192	2	\$ 542,113	2
Lease liabilities - current	90,888	-	89,104	-
Current tax liabilities	613,732	2	273,211	1
Receipts under custody	1,308,459	4	11,256,984	28
Other current liabilities	121,897	-	84,787	-
Total current liabilities	2,750,168	8	12,246,199	31
NONCURRENT LIABILITIES				
Lease liabilities - noncurrent	116,042	1	200,113	1
Deferred tax liabilities	35,673	-	35,673	-
Guarantee deposits	51,872	-	74,054	-
Net defined benefit liabilities	592,074	2	518,341	1
Total noncurrent liabilities	795,661	3	828,181	2
Total liabilities	3,545,829	11	13,074,380	33
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Capital stock	3,891,017	12	3,796,114	10
Capital surplus	478,569	1	478,569	1
Legal reserve	3,100,429	9	2,851,409	7
Special reserve	16,081,130	49	15,239,194	38
Unappropriated earnings	3,845,019	12	2,580,210	6
Other equity - unrealized gain on financial assets at fair value through other comprehensive income	1,813,376	5	1,787,465	5
Total equity attributable to owners of the Corporation	29,209,540	88	26,732,961	67
NON-CONTROLLING INTERESTS	291,364	1	271,478	-
Total equity	29,500,904	89	27,004,439	67
TOTAL	\$ 33,046,733	100	\$ 40,078,819	100

TAIWAN DEPOSITORY & CLEARING CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF
 COMPREHENSIVE INCOME**

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUES				
Securities settlement	\$ 1,299,590	18	\$ 795,478	15
Securities recording	1,703,618	24	1,019,143	19
Maintenance services	379,705	5	385,268	7
Transfer processing services	532,731	7	414,365	8
Bills and bonds clearing and custodial services	1,557,354	22	1,416,428	26
Futures clearing services	415,729	6	310,626	6
Registration and distribution and electronic voting services	201,026	3	177,722	3
Mutual fund services	549,381	8	487,041	9
Brokerage fee	180,180	3	95,187	2
Others	321,579	4	243,862	5
Total operating revenues	7,140,893	100	5,345,120	100
OPERATING EXPENSES				
Personnel	1,214,457	17	1,215,635	23
General and administrative	1,464,781	20	1,353,850	25
Total operating expenses	2,679,238	37	2,569,485	48
OPERATING INCOME	4,461,655	63	2,775,635	52
NONOPERATING INCOME				
Interest income	182,538	3	212,839	4
Net gain arising on financial assets at fair value through profit or loss	26,264	-	28,562	1
Share of profit of subsidiaries and associates accounted for using equity method	20,269	-	16,550	-
Dividend income	59,373	1	78,632	1
Other income	16,173	-	17,876	-
Expected credit (loss) gain	(19)	-	212	-
Other expenses	(17,878)	-	(20,219)	-
Total nonoperating income	286,720	4	334,452	6

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 4,748,375	67	\$ 3,110,087	58
INCOME TAX EXPENSE	(919,825)	(13)	(601,082)	(11)
NET INCOME	3,828,550	54	2,509,005	47
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investment in equity instruments at fair value through other comprehensive income	25,941	-	194,022	4
Remeasurement of defined benefit plans	(28,767)	-	(23,477)	(1)
Share of the other comprehensive income of associates accounted for using equity method	(766)	-	(544)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	147	-	100	-
Other comprehensive income for the year, net of income tax	(3,445)	-	170,101	3
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 3,825,105	54	\$ 2,679,106	50
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 3,808,664	54	\$ 2,514,076	47
Non-controlling interests	19,886	-	(5,071)	-
	\$ 3,828,550	54	\$ 2,509,005	47
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 3,805,219	54	\$ 2,684,177	50
Non-controlling interests	19,886	-	(5,071)	-
	\$ 3,825,105	54	\$ 2,679,106	50
EARNINGS PER SHARE				
Basic earnings per share	\$ 9.79		\$ 6.46	

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Taiwan Depository & Clearing Corporation

Opinion

We have audited the accompanying financial statements of Taiwan Depository & Clearing Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Business Entity Accounting Act, Regulation on Business Entity Accounting Handling relevant to preparation of financial statements, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of each key audit matters of the financial statements for the year ended December 31, 2020 are as follows:

Accuracy of Operating Revenues

The operating revenues of Taiwan Depository & Clearing Corporation mainly include securities settlement revenue, securities recording revenue, transfer processing services revenue and bills and bonds clearing and custodial services revenue. These revenues are recorded on the books based on the related laws and contracts. In 2020, the Corporation's principal operating revenues amounted to \$4,560,562 thousand,

which is material to the financial statements. We considered the accuracy of operating revenues as key audit matter.

The main audit procedures we performed for operating revenues are listed below:

1. We evaluate the procedures for internal control in the recording of operating revenues, including understanding of the information environment of the system for calculating operating revenues.
2. We verify whether the calculation methods with respect to operating revenues complied with the statutory provisions or the related contracts.
3. We recalculate operating revenues and confirmed the accuracy of operating revenues.

Existence and Classification of Bank Deposit

As stated in Notes 6 and 11, as of December 31, 2020, the Corporation had cash and cash equivalents of \$4,172,001 thousand, other financial assets (time deposits with original maturities more than three months) of \$5,689,208 thousand, and default damage fund of \$2,924,344 thousand. Because of the significance of the accounts, we considered the existence and classification of the bank deposits as key audit matter.

The main audit procedures we performed for bank deposits are listed below:

1. We obtained an understanding of the cash cycle and tested the operating effectiveness of internal controls.
2. We checked the amounts on bank statements against those in the ledger, and sent a written confirmation request to the bank. If there is any discrepancy, we obtained a bank reconciliation statement and tested the correctness of the reconciliation items.
3. We ascertained whether bank deposits designated for specific purposes or otherwise restricted have been reclassified to the appropriate account.
4. We performed an inventory count of certificates of deposit and checked the results of inventory testing against the ledger.
5. We performed test of large inflows and outflows of cash and verified whether the transactions were related to the Corporation's business. We obtained explanations for large or irregular transactions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Business Entity Accounting Act, Regulation on Business Entity Accounting Handling relevant to preparation of financial statements, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the supervisors, are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Jui-Chan Huang and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2021

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TAIWAN DEPOSITORY & CLEARING CORPORATION

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,172,001	13	\$ 3,289,045	8
Financial assets at fair value through profit or loss - current	4,262,342	13	3,631,183	9
Financial assets at amortized cost - current	1,102,843	3	1,049,784	3
Other financial assets - time deposits with original maturities of more than 3 months	5,689,208	17	4,845,508	12
Notes and accounts receivable, net				
Unrelated parties	420,555	1	272,710	1
Related parties	313,723	1	164,482	-
Other financial assets - others	1,379,145	4	11,332,228	29
Other current assets	168,107	1	66,630	-
Total current assets	17,507,924	53	24,651,570	62
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent	1,954,782	6	1,928,841	5
Financial assets at amortized cost - noncurrent	8,107,795	25	8,116,187	20
Default damage fund	2,924,344	9	2,748,437	7
Investments accounted for using the equity method	473,127	1	442,679	1
Property and equipment	721,745	2	713,627	2
Right-of-use assets	200,219	1	279,822	1
Investment properties	218,585	1	221,862	-
Intangible assets	228,643	1	289,819	1
Goodwill	237,545	1	237,545	1
Deferred tax assets	17,543	-	14,545	-
Refundable deposits	145,623	-	144,923	-
Other noncurrent assets	277	-	277	-
Total noncurrent assets	15,230,228	47	\$ 15,138,564	100
TOTAL	\$ 32,738,152	100	\$ 39,790,134	100

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2020		2019	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Accrued expenses	\$ 604,137	2	\$ 536,082	2
Lease liabilities - current	86,264	-	84,769	-
Current tax liabilities	613,732	2	273,211	1
Receipts under custody	1,308,459	4	11,256,984	28
Other current liabilities	121,160	-	84,050	-
Total current liabilities	2,733,752	8	12,235,096	31
NONCURRENT LIABILITIES				
Lease liabilities - noncurrent	116,042	1	195,489	1
Deferred tax liabilities	35,673	-	35,673	-
Guarantee deposits	51,071	-	72,574	-
Net defined benefit liabilities	592,074	2	518,341	1
Total noncurrent liabilities	794,860	3	822,077	2
Total liabilities	3,528,612	11	13,057,173	33
EQUITY				
Capital stock	3,891,017	12	3,796,114	10
Capital surplus	478,569	1	478,569	1
Legal reserve	3,100,429	9	2,851,409	7
Special reserve	16,081,130	49	15,239,194	38
Unappropriated earnings	3,845,019	12	2,580,210	6
Other equity - unrealized gain on financial assets at fair value through other comprehensive income	1,813,376	6	1,787,465	5
Total equity	29,209,540	89	26,732,961	67
TOTAL	\$ 32,738,152	100	\$ 39,790,134	100

TAIWAN DEPOSITORY & CLEARING CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUES				
Securities settlement	\$ 1,299,590	19	\$ 795,478	15
Securities recording	1,703,618	24	1,019,143	20
Maintenance services	379,705	5	385,268	7
Transfer processing services	532,731	8	414,365	8
Bills and bonds clearing and custodial services	1,557,354	22	1,416,428	27
Futures clearing services	415,729	6	310,626	6
Registration and distribution and electronic voting services	201,026	3	177,722	3
Mutual fund services	621,569	9	524,894	10
Others	260,044	4	192,205	4
Total operating revenues	6,971,366	100	5,236,129	100
OPERATING EXPENSES				
Personnel	1,156,033	17	1,146,796	22
General and administrative	1,395,278	20	1,297,202	25
Total operating expenses	2,551,311	37	2,443,998	47
OPERATING INCOME	4,420,055	63	2,792,131	53
NONOPERATING INCOME				
Interest income	177,984	3	207,681	4
Net gain arising on financial assets at fair value through profit or loss	26,244	-	28,540	1
Share of profit of subsidiaries and associates accounted for using equity method	46,247	1	9,926	-
Dividend income	59,373	1	78,632	1
Other income	16,170	-	17,876	-
Expected credit (loss) gain	(19)	-	212	-
Other expenses	(17,565)	-	(19,840)	-
Total nonoperating income	308,434	5	323,027	6

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 4,728,489	68	\$ 3,115,158	59
INCOME TAX EXPENSE	(919,825)	(13)	(601,082)	(11)
NET INCOME	3,808,664	55	2,514,076	48
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investment in equity instruments at fair value through other comprehensive income	25,941	-	194,022	4
Remeasurement of defined benefit plans	(28,767)	-	(23,477)	(1)
Share of the other comprehensive income of subsidiaries and associates accounted for using equity method	(766)	-	(544)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	147	-	100	-
Other comprehensive income for the year, net of income tax	(3,445)	-	170,101	3
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 3,805,219	55	\$ 2,684,177	51
EARNINGS PER SHARE				
Basic earnings per share	\$ 9.79		\$ 6.46	

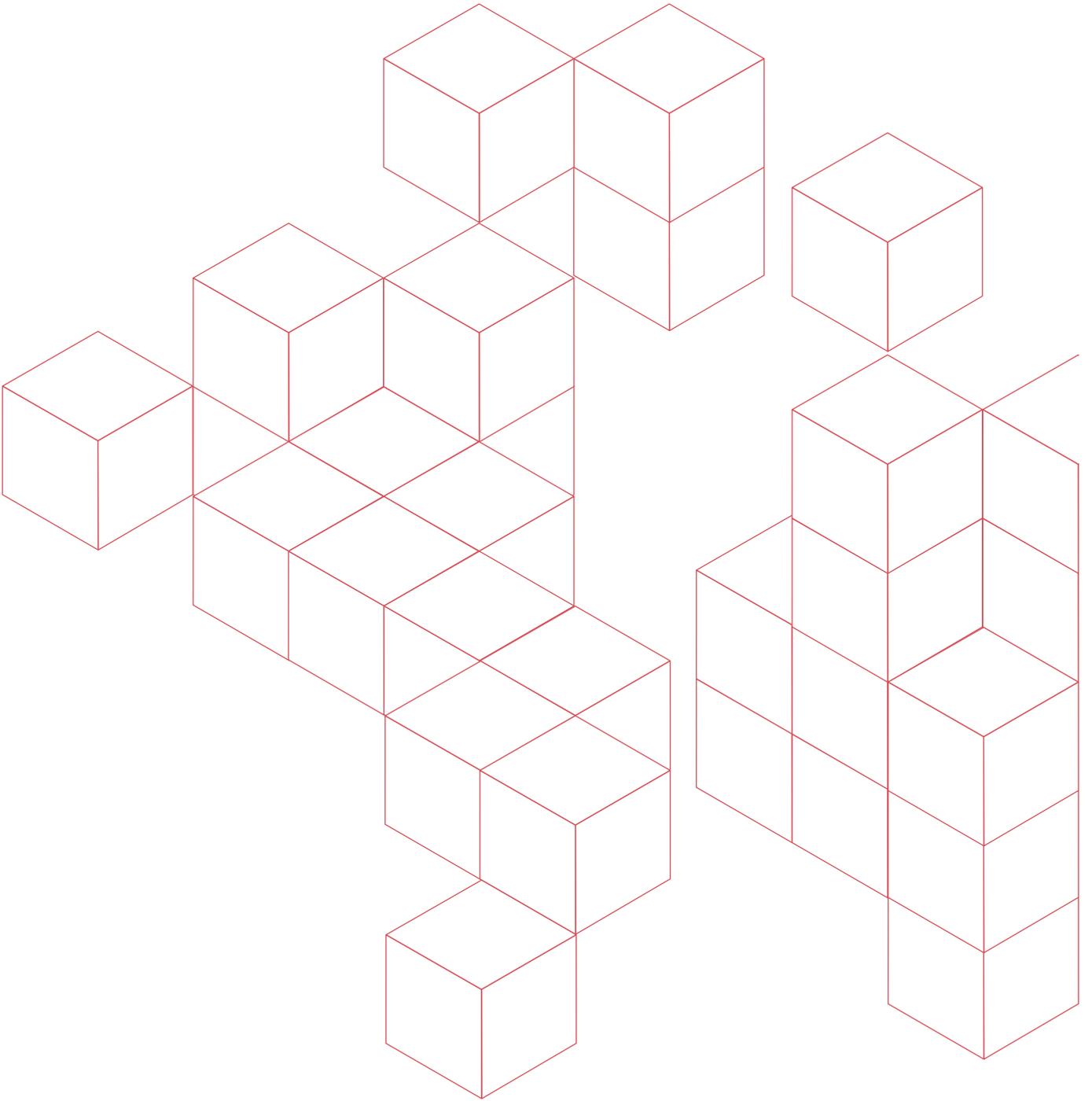
TAIWAN DEPOSITORY & CLEARING CORPORATION

SCHEDULE FOR APPROPRIATION OF EARNINGS

FOR YEAR 2020

(In New Taiwan Dollars)

	Amount	Amount
Earnings, beginning of year		\$ 65,711,331
After-tax net income in 2020	3,808,663,587	
Less :		
Remeasurement of defined benefit plans	(28,767,078)	
Investments accounted for using the equity method	(588,835)	
The total amount of after-tax net income for the period and other items adjusted to the current year's undistributed earnings other than after-tax net income for the period		3,779,307,674
Reserved items :		
Legal reserve (10%)	(377,930,767)	
Special reserve (31.32%)	(1,183,679,163)	(1,561,609,930)
Earnings available to appropriation in 2020		2,283,409,075
Appropriation of earnings :		
Stockholder's cash dividends (NT\$4.5 per share)	(1,750,957,677)	
Stockholder's stock dividends (NT\$1.2 per share)	(466,922,050)	(2,217,879,727)
Unappropriated retained earnings at end of 2020		\$ 65,529,348





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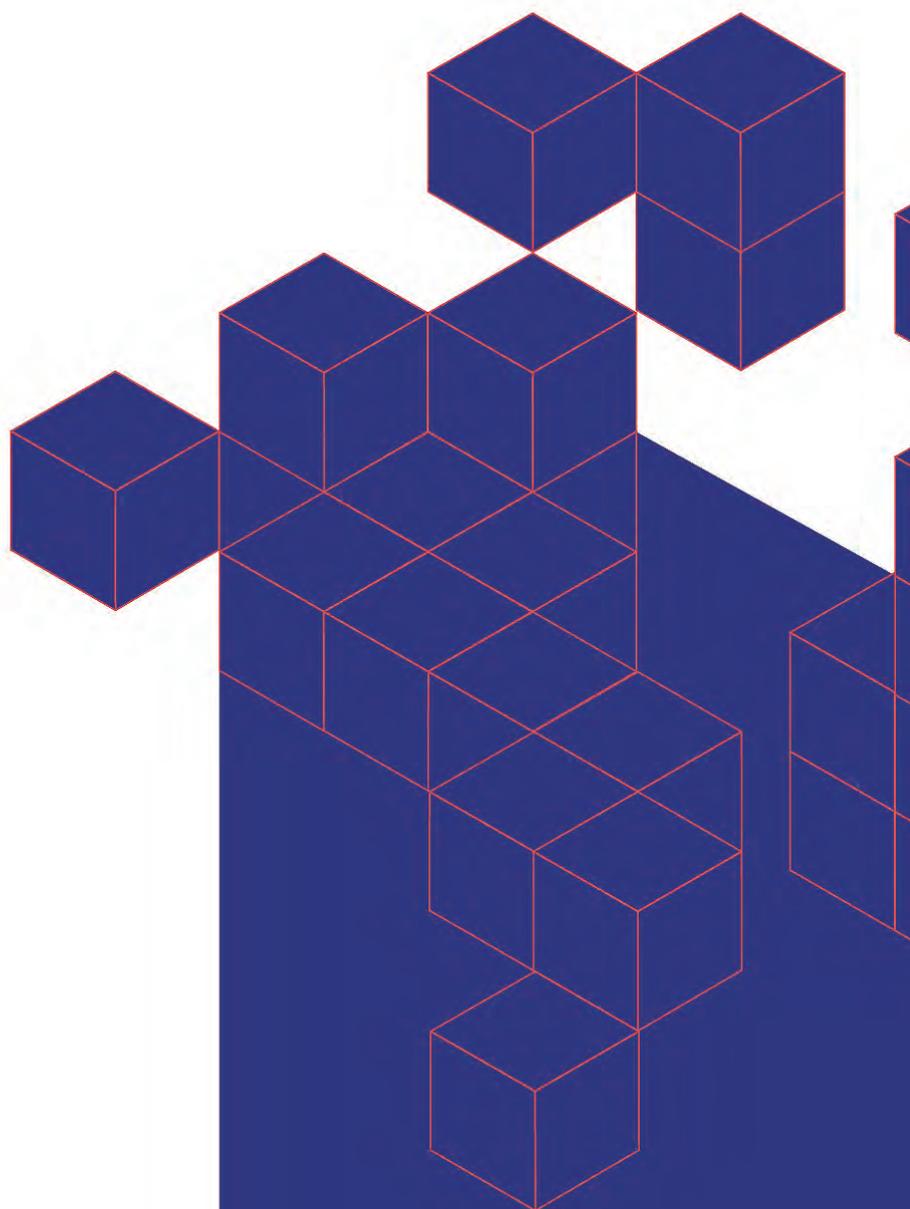
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