



Taiwan Depository & Clearing Corporation
2021 ANNUAL REPORT



TDCC

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CONTENTS

04	Letter to Shareholders
08	Operations Overview
30	Company Profile
38	Supervisors' Report
39	Internal Control Statement
42	Independent Auditors' Report (Consolidated)
46	Consolidated Balance Sheets
48	Consolidated Statements of Comprehensive Income
50	Independent Auditors' Report
54	Balance Sheets
56	Statements of Comprehensive Income
58	Schedule for Appropriation of Earnings

Letter to Shareholders

To the shareholders of TDCC:

Over the past year, with the increasing global vaccine coverage and the gradual return of people's lives to normal, the impact of the COVID-19 pandemic on the real economy has gradually declined. However, the world has been affected by the supply chain disruption of the electronic industry, carriage congestion, and shortage of energy supply, resulting in differences in the economic growth of countries around the world. Taiwan benefited from the resumption of economic activities in major economies, driving merchandise demand, and the export performance was eye-catching with a steady expansion throughout the year, and the economic growth rate reached 6.09%, a new high record in 11 years. Moreover, the global central banks continued to maintain monetary easing, which also led to the performance of the global capital markets. The overall stock markets showed double-digit growth for the third consecutive year, of which the performance of US stocks was the most attention-grabbing. The Dow Jones Industrial Average rose 19% throughout the year to a new high of 36,338 points, the largest three-year upturn in 20 years. Taiwan stock market also performed brilliantly in 2021. The TAIEX reached 18,218 points, with a sharp rise of 3,486 points and 23.6% for the year. The annual trading volume reached NT\$ 95.52 trillion, all of which were record highs.

In the past two years, the COVID-19 pandemic has accelerated the development of digitization of various industries around the world, which has not only changed the human lifestyle and economic model, but also brought huge changes to the financial service model. As the big back-end platform of Taiwan financial market, in response to the changes of the financial environment and the advent of the digital era, in addition to improving the digital development and transformation of its core business, TDCC also takes big data as the foundation and Fintech as the application to inspire our financial services toward digitization, accuracy, agility, and intelligence. Besides, in 2021, with the promotion of major policies such as the "Capital Market Blueprint" and "Fintech Development Path Map" of the competent authority, under this framework and combined with the strength of Fintech, TDCC actively developed digital innovation, such as e-Passbook, TDCC StockVote, ESG information platform, blockchain for bonds/bills transaction vouchers, pension platform and many other important specific measures to assist in the construction of digital infrastructure of Taiwan financial market with outstanding operating results.



Chairman & CEO / **Sherman Lin**

In the aspect of "promoting digital transformation for business", the number of users of TDCC e-Passbook APP has exceeded 3.18 million. In addition to providing investors with the information of securities deposits across securities firms, in order to ensure that investors can master the transaction and balance data of funds and securities in investment accounts and in line with the open banking policy of Capital Market Blueprint, TDCC acts as a third-party service provider (TSP) and cooperates with 12 banks to enable investors to instantly query the account balance and transaction details of multiple banks via e-Passbook APP, so as to meet the expectations of investors for asset integration and echo the direction of inclusive finance of the competent authority.

In line with the Capital Market Blueprint to promote the open securities policy, TDCC has established the "Open Securities Promotion Committee" with securities peripheral units and TWSA, CNFA, and SITCA, TDCC also helped to improve the framework and regulations, integrate industry resources and promote domestic development and application. In addition, TDCC also took the lead in applying blockchain technology to over-the-counter bonds transactions and confirmation and document transmission services for bills, so as to solve the pain point of sending personnel or mailing settlement in the fixed income product market for more than 30 years, and effectively improve the overall operational efficiency.

In the aspect of "big data development", since 2018, TDCC has used big data analysis technology to provide visual and interactive supervision information with the data of stocks, bonds, bills, funds and cross-border assets of the core system. At present, it has provided more than 30 business application projects. In addition, the "digital supervision mechanism for bill finance companies" established by TDCC entrusted by the competent authority was launched at the end of June 2021. In addition to assisting the competent authority in accurate supervision, TDCC also used API technology and imported automatic data inspection function to verify the correctness of data in real-time, improve the reporting efficiency and optimize the reporting quality of bill finance companies.

In terms of "fund services", TDCC assisted FundRich Securities in promoting the "ReLife" project in 2019 and 2020, successfully driving the unprecedented trend of retirement wealth management. In addition, in line with the Capital Market Blueprint, TDCC, together with the financial industry while joining the strength of the industry, government and academia, launched the "Pension Platform" in September 2021 to provide funds and protection-type insurance products suitable for long-term pension preparation. Through the integration of education and public welfare, TDCC raised young people's awareness of aging and retirement preparation, fulfilling inclusive finance. In addition, in August 2021, TDCC further provided investors with the services to query the value and transaction information of onshore and offshore fund assets through e-Passbook APP, so that investors can clearly grasp the profile of their own fund assets.

In the aspect of "promoting corporate governance and ESG in Taiwan", in response to the COVID-19, TDCC quickly formulated operational guidelines for convening shareholders' meetings in response to pandemic prevention under the instructions of the competent authority, and assisted 1,930 companies in successfully holding shareholders' meetings. During the pandemic period, TDCC actively strengthened the promotion of more use of electronic voting through media channels. The total number and total weight of electronic voting increased compared with last year. The average proportion of electronic voting in the number of shares attending the shareholders' meeting was 62.7%, achieving a new high. In addition, in the face of the historical record of the comprehensive rescheduling of the annual shareholders' meeting of public companies due to the outbreak of the pandemic in the securities market for the first time, TDCC successfully launched the "live streaming platform" in just two months. A total of 17 companies adopted the platform last year, making TDCC a pioneer in leading the domestic shareholders' meetings into the digital era. In addition, TDCC "Investor Relations Platform" (IR Platform) cooperates with major ESG scoring institutions in the world to help TWSE/TPEX-listed companies obtain international ESG information as a guideline for the execution of ESG and promote the implementation of corporate governance.

In terms of "international exchange", TDCC continued to actively participate in relevant international exchange activities through conferences online during the pandemic. In addition, in order to provide ACG members with exchanges during the pandemic, TDCC organized the ACG Networking Week Webinar with its innovative ideas last year, with more than 300 participants from 29 institutions attending online. Furthermore, TDCC was invited to share the development and application of the IR Platform with the Asian and Oceanian Stock Exchanges Federation (AOSEF) to greatly enhance international visibility of Taiwan.

In terms of "corporate social responsibility", TDCC continued to promote rural education and care for disadvantaged groups, and won the Asian Corporate Social Responsibility Award, TSAA's first Taiwan Sustainability Action Award, TCSA Sustainability Report - Platinum Award, Innovation and Growth Leadership Award and the Ministry of Culture's "Arts & Business Awards - Standing Award", which demonstrated our long-term commitment to social welfare and the implementation of corporate social responsibility.

The growth and development of the capital market depend on the efforts of all market participants led by the competent authority. As the big back-end platform of the financial market, TDCC, in addition to ensuring the safety of settlement, also needs to constantly observe market changes, optimize various systems, and facilitate relevant operations of securities firms, so as to respond to the vitality and growth of the market. Meanwhile, TDCC will be committed to the application of big data, continue to take investors as the core and based on big data, analyze market-related information, provide competent authorities what they needs for supervision, and facilitate investors to obtain positive investment information, so as to enhance Taiwan digital competitiveness. Moreover, facing the great challenges of information security defense in the future, TDCC will continue to improve information security defense and refine information security resilience through active information security monitoring and various automatic tools, so as to maintain the stable operation of the capital market.

Facing the new year, TDCC will continue to uphold the concept of mutual benefit and integration, make good use of its core business capabilities, actively use emerging technologies such as big data, blockchain, and cloud services to promote digital financial services, promote the system in line with international standards, implement inclusive finance, and work with market participants to establish a Fintech service ecosystem to jointly enhance the competitiveness of Taiwan capital market.

Taiwan Depository & Clearing Corporation

Chairman & CEO



0perations Overview



President / **Han-Chiang Chu**

In 2021, the average daily trading value on Taiwan Stock Exchange (TWSE) was about NT\$ 391.5 billion, on Taipei Exchange (TPEX) about NT\$ 86.3 billion, and on the Emerging Stock Market about NT\$ 5.3 billion, totaling approximately NT\$ 483.1 billion, an increase of about 90% compared to 2020's average daily trading value of NT\$ 254.6 billion. In the bonds market, NT\$ 617 billion of government bonds, NT\$ 131 billion of financial debentures, and NT\$ 627.1 billion of corporate bonds were issued in 2021. For bills market in 2021, short-term bills issuance amount was more than NT\$ 16.623 trillion, the outright transaction amount was more than NT\$ 27.588 trillion, while the repo transaction amount was more than NT\$ 19.4224 trillion.

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 2021 Business Review and the 2022 Operational Plan as follows.

01

2021 Business Review

I. Implementation of Important Business Projects

(I) Develop Fintech to provide market with a digital financial environment, and implement inclusive finance

1. Establish a sharing platform for opening accounts of custody transfer accounts between custodians and securities firms

In order to create a digital operating environment, TDCC has established a digital book-entry transfer platform (eSMART), which provides services related to online account opening applications between custodians and securities firms, such as the transmission of digital documents, voucher signing and electronic file storage. It was launched on December 20, 2021. In addition to complying with the competent authority's policy of establishing an electronic and paperless environment for foreign investors' account opening, it is also in line with the proposal of the "2020 Taiwan White Paper" of the American Chamber of Commerce in Taiwan (AmChem) for the digitalization of foreign account opening, and can improve the processing efficiency between the custodians and securities firms and reduce the operating cost.



2. Optimize the verification and match of settlement data between securities firms and custodians

In order to simplify the manual procedure of securities firms delivering or mailing transaction orders to the custodians for verification, TDCC has provided securities firms and custodians with fully use of the Virtual Matching Utility (VMU) system since October 2020.

In addition, TDCC continued to collect the practical operation needs of securities firms and custodians, refined and optimized the relevant functions of the system, and went online on November 22, 2021 to provide more convenient and safe transmission and verification operations of settlement data for securities firms and custodians, so as to effectively improve the settlement safety and operation efficiency of the overall securities market.

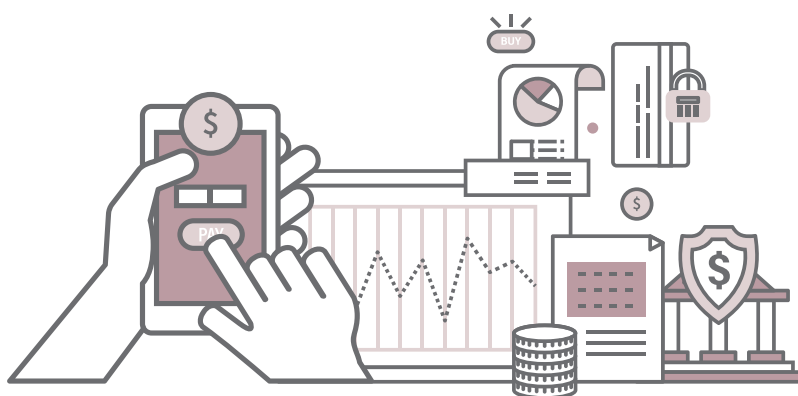
3. Continue to optimize TDCC e-Passbook functions

There are 3.18 million TDCC e-Passbook APP users. In addition to providing investors with the ability to query their securities deposit information cross securities firms, in order to ensure that investors can master the transaction and balance data of funds and securities in investment accounts, in line with the open banking policy and act as a third-party service provider (TSP), TDCC has cooperated with 12 banks since April 27, 2021. Investors can adopt TDCC e-Passbook APP to check personal bank deposit accounts across different banks to obtain richer digital services.

Since August 23, 2021, TDCC has also provided investors with value-added services such as querying the position and transaction details of the fund trading platform through the TDCC e-Passbook APP, so that investors can query the relevant data of their fund investment at the touch of one finger.

4. Analysis and application of ETF beneficiary structure data

In order to provide investment trust companies with ETF big data services and assist them in multi-dimensional analysis and application through visual interactive



dashboard tools, TDCC has completed the development of information system, relevant testing and data verification, and demonstrated the historical data pictures of ETF beneficiaries and periodical investment dashboard to investment trust companies.

5. Plan the "Pension Platform"

TDCC assisted FundRich Securities in promoting the "ReLife" project in 2019 and 2020, successfully driving the unprecedented trend of retirement wealth management. Together with the financial industry and the government-industry-academia sectors, TDCC launched the "Pension Platform" to provide funds and protection-type insurance products suitable for long-term pension preparation. This project was launched on the FundRich Securities' website on September 23, 2021, opening the functions of fund subscription and online insurance information inquiry to investors. There are 21 investment trust companies and master agents, and a total of 40 funds are listed on the platform. The number of investors participating in the project with fund deduction successfully is exceeded 15,000, and the monthly average deduction amount is over NT\$ 100 million, which show investors take part in the case actively.

6. Plan and promote open data query of "Open Securities"

In response to the "Capital Market Blueprint" to promote the "Open Securities" policy of the securities and futures industry, TDCC, in accordance with the instructions of the competent authority, invited securities peripheral units and the Taiwan Securities Association and Chinese National Futures Association to establish an "Open Securities Promotion Committee" to give priority to the promotion of open data and jointly formulate relevant regulations. TDCC is upholding the work of the "Technology and Information Security Task Force" under the Committee. In addition to assisting the committee to confirm the promotion framework, the list of group members and subsequent work items, TDCC is also responsible for the development and formulation of the draft of regulation for business security control operation and the subsequent API specification of the open data. Besides, TDCC held a meeting on the open data of open securities on December 6, 2021, third party service providers (TSP) such as start-ups are invited to participate, so as to understand the opinions of TSP and facilitate the promotion of future open items.

7. Implement the Fintech development policies of the competent authority and complete the task of the Fintech Co-creation Platform (FTCP)

In order to assist the Taiwan Financial Services Roundtable (TFSR) in handling the Fintech Co-creation Platform (FTCP), TDCC is responsible for the Secretariat of the FTCP, and serves as the organizer of the supervision technology group of the FTCP, and the members of both the data governance group and the publicity and exchange group.

In 2021, TDCC held 6 meetings of the supervision technology group of the FTCP,

and completed the digital supervision mechanism of bills financial companies, summarized the inventory results of laws and regulations related to financial services, conducted outsourcing research for the evaluation of the management specifications and best practice codes of digital financial services, and assisted in planning the hackathon for the supervision technology.

(II) Assist the competent authority to strengthen market supervision and provide diversified supervision services

1. Establish a digital supervision mechanism on 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 use bills clearing and settlement data in the big data platform, combining the data declared 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. This monitoring system was launched in June 2021 to assist the competent authority in accurately monitoring.

2. In line with the recommendations of the 2021 White Paper of the American Chamber of Commerce in Taiwan, TDCC amended the regulations for the handling that issuers should provide their TDCC account in case of shareholders' application for abandonment of shares

In response to the recommendations of the 2021 white paper of the American Chamber of Commerce in Taiwan (AmChem), improve the operation mechanism of Taiwan's securities market and promote the smooth book-entry transfer of investors' application for abandonment of shares, TDCC amended the Directions and Book-entry Operations Manual for the handling of book-entry delivery operations that issuers should provide TDCC accounts when shareholders apply for abandonment of shares, which was announced on December 1, 2021.

3. Establish "Shareholder Services Supervision Platform" and continuously optimize the system functions and data

In order to understand the market trend through analyzing relevant data, so as to improve the operation efficiency, and provide the data and statements required by the competent authority for shareholder services business supervision, TDCC uses the relevant data of the shareholders' meeting collected by itself, combined with the TDCC e-Passbook APP database and MOPS related shareholder services information, and imports Tableau software into the external audit system to establish the shareholder services supervision platform. It was launched for use by the competent authority in February 2021.

In addition, TDCC has followed the instructions of the competent authority to

incorporate internal shareholding management, public acquisition, corporate credit risk indicators, and KY companies monitoring, etc. TDCC has strengthened the database of its big data to provide the competent authorities with multi-dimensional analysis information to assist the competent authority in monitoring the shareholder services operations of issuing companies, shareholder services agents, proxy solicitors, and those who handle proxy solicitation matters on behalf of another.

4. Provide securities firms with the service of adjusting the transaction details of customers' fund transaction and exchange

In coordination with the competent authority's opening up of securities firms to operate the brokerage business of fund beneficiary certificates transaction and exchange, TDCC newly provided securities firms with adjustment services for the transaction details of customer fund trading and exchange on the Information Transmission and Cash Payment Platform, and officially launched on October 5, 2021, so as to assist the competent authority in supporting domestic start-ups, so that the financial regulatory sandbox case can be successfully implemented in line with the actual operation, and surge the willingness of industries to apply for financial regulatory sandbox.

5. Provide the competent authority with offshore structured notes information for market supervision

In order to assist the competent authority in supervising the offshore structured notes market information, TDCC has built a visual dashboard for offshore structured notes supervision information. From the perspective of supervisors, the original statistical statements are transferred into the 6-dimensional interactive supervision dashboard, including the information of current market situation, product, issuance, ranking of issuance market, entrusted distributors and investors profile, was developed and tested by using visualization tools and big data analysis technology, and was put into operation on August 30, 2021. It provides the competent authority with an immediate grasp of the trend of the offshore structured notes market, which helps to advance the efficiency of supervision.



6. Provide the Central Bank to query bills related statistical information through the interface of Big Data and Analytics Application Platform

In order to change the quarterly and monthly statistical statements of short-term bills submitted to the Central Bank by fax, e-mail, and official letter to provide query services through the interface of Big Data and Analytics Application Platform, TDCC disclosed the reporting information in digital form instead of the traditional manual reporting paper, and completed the 30 dashboards in 2021, so that the declared information disclosed on the platform without manual re-transmission, and no storing of data in endpoints, so as to avoid the risk of loss or tampering in the data transmission process and effectively improve the information security.

(III) Assist the competent authority to strengthen corporate governance in the market, provide digital shareholder services, improve ESG information transparency and practice sustainable development

1. Strengthen the promotion of electronic voting, and achieve the target rate of 60% of the electronic voting ahead of schedule

In accordance with the competent authority's target rate of achieving 60% through the electronic voting within three years, TDCC plans relevant measures, including amending the charging standard of the e-voting platform, diversifying login verification mechanism of the platform, and promoting the companies with low electronic voting rate to use the platform.

1,793 companies used the electronic voting platform in 2021. The total number of shares through electronic voting reached 364.8 billion, an increase of 30.1 billion over 2020. The average electronic voting rate of all companies was 62.7%, an increase of 6.6% over 2020. Both the electronic voting rate and the number of shares reached new high records, and achieved the target of 60% of the electronic voting rate in advance in the first year.

2. Build a "live streaming platform"

For the rescheduling of the 2021 shareholders' meetings of public companies due to the COVID-19 epidemic, TDCC has established a live streaming platform in accordance with the instructions of the competent authority, and drawn up "Operating Guidelines for Holding Physical Shareholder Meeting with Live Streaming by Public Companies" and "Live Streaming Registration Procedures for Shareholder Meeting Participants". The "live streaming platform" was successfully launched in more than two months to provide investors with full video functions to participate in shareholders' meetings, such as registration and check-in, watching live meeting, raise questions online and exercising voting rights, so as to effectively assist the issuing companies in successfully holding shareholders' meetings and take into account the needs of pandemic prevention. In 2021, 17 companies used the platform, becoming pioneers in leading the domestic shareholders' meeting into the digital era.

3. Assist the competent authority in amending the relevant provisions of visual shareholders' meeting, and plan to build the "visual communication network for shareholders' meetings"

In accordance with the amendment of the relevant provisions of Article 172-2 of the Company Act, the shareholders' meetings of public companies can be held by means of visual communication network. TDCC invited scholars and experts to hold a seminar, and entrusts scholars to express their professional opinions, so as to suggest the authority on the amendment of the regulations on the Regulations Governing the Administration of Shareholder Services of Public Companies and the Sample Template for Public Companies Rules of Procedure for Shareholders Meetings, in order to be followed by the issuing companies to held their shareholders' meetings, and improve the corporate governance of the securities market, and protect the rights and interests of investors participating in the shareholders' meetings. In addition, on the basis of the "live streaming platform" built in 2021, TDCC optimizes and plans the "visual communication network for shareholders' meetings" to provide shareholders with a high-quality user experience of shareholders' meeting visual conference service.

4. Strengthen the information transparency of electronic voting results and improve Taiwan's corporate governance

Assist the competent authority in amending Article 44-5 of the Regulations Governing the Administration of Shareholder Services of Public Companies, which requires that the companies or their shareholder services agents shall compile a statistical table of the number of shares attended by shareholders electronically one day before the shareholders' meeting, and make an announcement on the electronic voting platform of the party entrusted with electronic voting affairs to provide investors with queries, so as to improve the information transparency of electronic voting results. This has been launched on March 31, 2021.

5. Add ESG funds section and risk/return indicator information on the Fund Clear to improve the transparency of fund information

TDCC added an ESG funds section on the Fund Clear website and launched in two stages. In the first stage, information such as the name and establishment date of ESG funds reviewed and approved by the competent authority was provided online at the Fund Clear on August 31, 2021. In the second stage, after the fund industries declaring to the SITCA, the SITCA provided it to TDCC and present it on the Fund Clear, which was launched at the end of February 2022. This project enables investors to understand the differences between ESG related funds and other funds, and allows investors to query the complete information of fund risk and return evaluation indicators at one stop, so as to improve the transparency of fund information and support the development of fund industry.

6. Establish an electronic voting platform for beneficiary meetings of unlisted funds

TDCC provides some functions for the beneficiary meeting of unlisted funds in using the electronic voting platform, such as voting rights (including professional institutional investor), shareholder services operation of the issuer and output of relevant statements. It has been online on December 17, 2021, so as to facilitate the operation of the electronic voting platform for the beneficiary meeting of open-end funds.

7. Establish shareholder services operation evaluation system

In order to ensure the neutrality of shareholder services units, protect shareholders' rights and interests and maintain the securities market order, TDCC assists the competent authority in amending the Regulations Governing the Administration of Shareholder Services of Public Companies, and prescribes the Rule for the Evaluation of Shareholder Services Operations of Shareholder Services Units as the basis for the evaluation, and plans to create a shareholder services units evaluation system. Only those who pass the evaluation can continue to handle shareholder services. This evaluation was launched on January 1, 2022.

(IV) In line with the overall market development needs to provide consummate service function

1. Cooperate with the trading system of the securities market "Taiwan Innovation Board (TIB)" and the "Pioneer Stock Board (PSB)" to provide book-entry transfer services

In order to support the development of Taiwan's innovative and six-core strategic industries, improve corporate financing channels, and expand the scale of Taiwan's capital market, the competent authority requested the TWSE and TPEx to launch the "Taiwan Innovation Board (TIB)" and the "Pioneer Stock Board (PSB)" trading systems respectively. In coordination with the implementation of this trading system, TDCC completed the amendment of relevant laws and regulations and the adjustment of settlement statements, and conducted training and promotion for securities firms, which was put into effect on July 20, 2021.

2. Provide book-entry transfer services in response to the market maker system of TWSE/TPEx-listed stocks

In order to activate the stock market, surge the liquidity of high-quality stocks with low liquidity in the TWSE/TPEx-listed stock market, TWSE and TPEx introduce the stock market making mechanisms which promote securities dealers to act as market makers and trading reward participants for stocks, TDCC offers the book-entry transfer measures, such as relevant market making special accounts, exchange transfer between market maker accounts and mutual offset of trading. This project

was launched on June 30, 2021, which meets the needs and policy objectives for the development of the securities market. It also helps to expand the trading momentum of TWSE/TPEX-listed stocks and uphold the sound development of the capital market.

3. Assist in promoting the remittance of cash dividends and other funds into the customer ledger of the settlement account

Working together with the Taiwan Securities Association to promote the customer ledger business of settlement account, and provide investors with diversified and convenient fund services such as settlement cash and cash dividend distribution, the competent authority approved cash dividends and other receivables of the shareholder services operations to be remitted directly into the securities firms' customer ledgers of the settlement accounts in March 2021. The TWSE also adjusts the Guidelines Governing the Creation of Customer Ledgers of Securities Firms' Settlement Accounts. In order to assist securities firms in promoting business, TDCC plans the relevant measures for the remittance of funds into the ledger, which have been launched on August 23, 2021.

4. Assist bills finance companies to strengthen risk management mechanism and provide bills market "CRM Platform" service

According to the suggestions of the R.O.C. Bills Finance Association, and to help bills finance companies strengthen their risk management mechanism, TDCC provides the "CRM Platform" service includes the overview of bills finance market, the volume and price analysis of bills underwriting and transactions and the comparison with the whole market, the analysis and trend of customer volume and price and interest rate, as well as the monthly report of the bills market. A total of 19 dashboards are provided to the bills finance companies with real-time and effective market figures through this service, assisting them to strengthen the risk management mechanism.



5. Follow the "CNS11643 Chinese Standard Interchange Code" (CNS Code) and promote the standardization of data exchange

In accordance with the construction trend of government organization information systems and the development of market information and solve the problem of insufficient space for user-created characters, TDCC adjusts the Chinese code of information system and the external data exchange mode to Unicode. This project has gone through system development, testing, participants' daily testing operations, business units testing and peripheral system data exchange verification, SMART Unicode version workstation installation, overall market test practice and pre-launch market test connectivity verification. It was officially launched on October 18, 2021, so as to follow the CNS Code, increase the correctness of data exchange, and achieve the goal of expanding characters space and standardizing font and data exchange.

(V) Actively participate in international organizations and related conferences to contribute to the innovative development and international visibility of Taiwan capital market

1. Assist the competent authority in holding the 13th Taipei Corporate Governance Forum

In order to promote TWSE/TPEX-listed companies to implement corporate governance and corporate social responsibility, so as to strengthen the competitiveness of the companies and enhance the corporate value, the competent authority held the 13th Taipei Corporate Governance Forum (TAICGOF) online on September 1, 2021, with the assistance of TDCC and related units.

The participants of this forum included nearly 4,000 attendees, i.e. directors, supervisors, presidents and other industry representatives of TWSE/TPEX-listed companies and securities and finance companies, as well as officials of relevant government units promoting corporate governance, representatives of academic units and the media. Through the experience sharing of well-known corporate governance experts and scholars native and abroad, understanding the latest trend of international corporate governance will help to improve Taiwan's corporate governance level in line with international standards, and show Taiwan's determination to promote corporate governance.

2. Host ACG Networking Week Webinar

In accordance with the construction trend of government organization information In order to enhance the international visibility of Taiwan capital market, TDCC strives to host the 22nd Asia-Pacific CSD Group (ACG) middle-level cadre education and training, which was originally planned to be conducted in July 2020. Due to the impact of COVID-19, it was postponed to the third quarter of 2022 by the resolution of the Executive Committee.

In order to constantly enhance members' participation in ACG activities during the pandemic period, TDCC hosted an ACG Networking Week Webinar from September 23 to 29, 2021, which not only promoted exchanges among ACG member institutions, but also carried out warm-up for the education and training of middle-level cadres in 2022. By hosting the ACG Networking Week Webinar, it will not only help member institutions grasp the international trend and development opportunities, but once again make TDCC's experience in successfully developing its business shown on the international stage and enhance the international visibility of Taiwan market.

(VI) Assist disadvantaged youth in financial employment, promote financial education, and care for disadvantaged families and rural children

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

TDCC invited financial peripheral units to jointly promote the "Financial Literacy for Youth Program" (FLY) to conduct financial education and training, consult financial certificate examination and employment matchmaking for economically disadvantaged college youth. In 2021, the special course raised about NT\$ 28.07 million to help disadvantaged youth build a future of "upturn life and fulfill financial dream." In the 2020 academic year (the 6th session) special course, 477 students completed their courses and obtained 1,864 certificates. By the end of 2021, 304 students actively applied for jobs, about 234 students account for more than 70% had been accepted by financial institutions.

2. Participate in joint public welfare activities of financial institutions

In order to show that financial institutions are good at fulfilling their corporate social responsibilities, TDCC participated in the joint public welfare activities of financial institutions held by the competent authority in 2021, gave back to local disadvantaged groups with the social public welfare, and handled public welfare activities. TDCC donated to the Financial Services Education Public Welfare Fund of TFSR for financial education for vulnerable students, participated in the "food/material bank" program of the Taiwan Futures Exchange, with a wide range of services to all county/city governments in Taiwan, took practical actions to take care of disadvantaged groups in rural areas, jointly with the peripheral securities units participated in the "Taroko Express derailment accident", the disaster relief donation of "1014 13-storey tower block fire accident" in Kaohsiung and the pandemic prevention donation activities related to the domestic COVID-19, including the donation of five medical institutions including National Taiwan University Hospital and the negative pressure isolation chamber of the Central Epidemic Command Center to express support for the government's pandemic prevention policy.

3. Continue to sponsor the education program of supplementary skills and sports training in rural schools

Adhering to the concept of "taken from the community giving back to society", TDCC continued to sponsor the supplementary courses of rural schools and the sports training and learning plan for competitive events such as football, archery, badminton, and speed skating in 2021, provide family care, after-school counseling and skill learning for disadvantaged school children, improve their life and learning difficulties, make them grow up healthily and study happily, enhance their competitiveness to face future challenges, and provide opportunities for rural children to receive training through team sports activities, cultivate self-confidence and discipline through sports, and learn to cooperate with partners, as well as strive for higher glory for the team and themselves. More than 1,600 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 education.

4. Implement ESG sustainable operation and corporate social responsibility

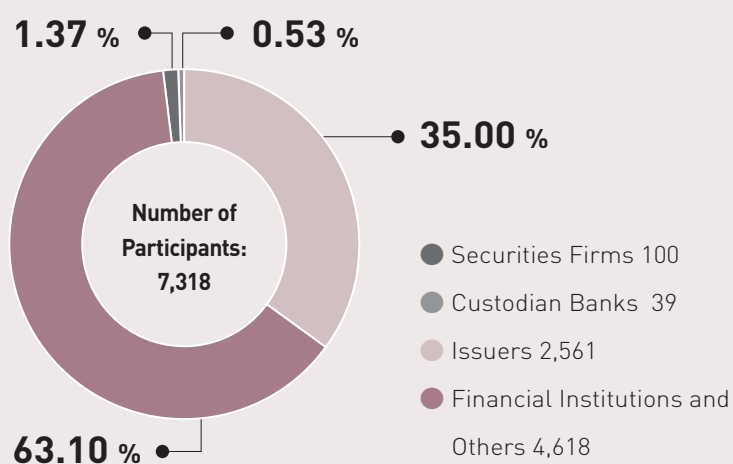
In order to implement environmental sustainability, TDCC continues to handle ISO 14064-1 greenhouse gas inventory, and cooperates with the revision to deepen the inventory scope from the supply chain relationship and add indirect greenhouse gas inventory of products used by TDCC. In addition, TDCC continues to handle the ISO 50001 energy management system to gradually respond to the corporate governance 3.0 sustainable development blueprint.

TDCC continues to promote rural education, care for disadvantaged groups, and long-term sponsorship of artistic activities and support for artistic creation. It was awarded the Sports Promotor Award of the Ministry of Education and the "Arts & Business Awards - Standing Award" of the Ministry Of Culture.

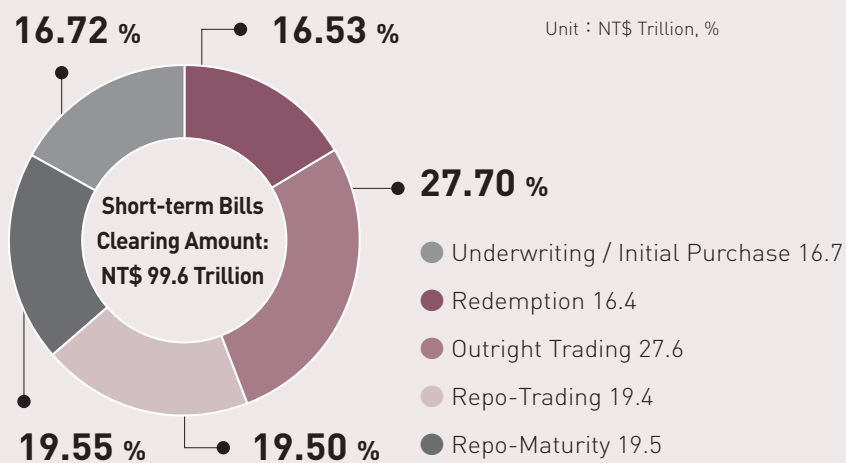
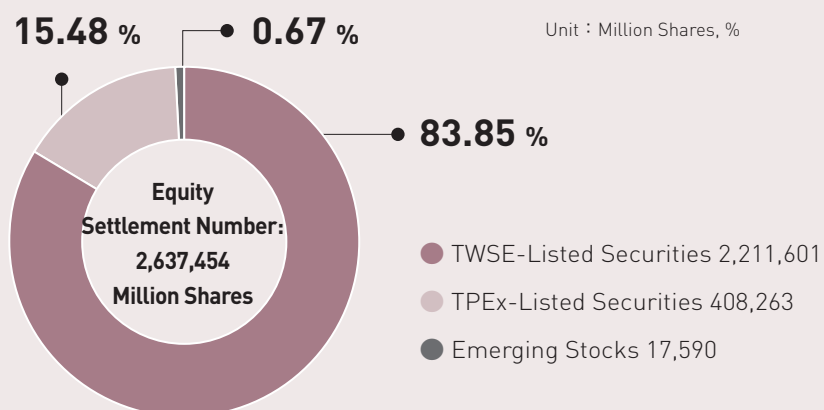
In order to closely integrate our business and operating strategy with corporate social responsibility, and enable stakeholders to fully understand our concept of sustainable operation and development, TDCC continued to prepare the ESG report in 2021 and strengthened ESG information disclosure. It won the "2021 14th Taiwan Corporate Sustainability Report Award (TCSA)" for four consecutive years, and also won the "Asian Corporate Social Responsibility Award- Social Welfare Development Award" abroad, the first domestic "2021 Taiwan Sustainability Action Award (TSAA)" and "2021 14th TCSA Innovation and Growth Leader Award", demonstrating TDCC's long-term commitment to social welfare and the implementation of corporate social responsibility.

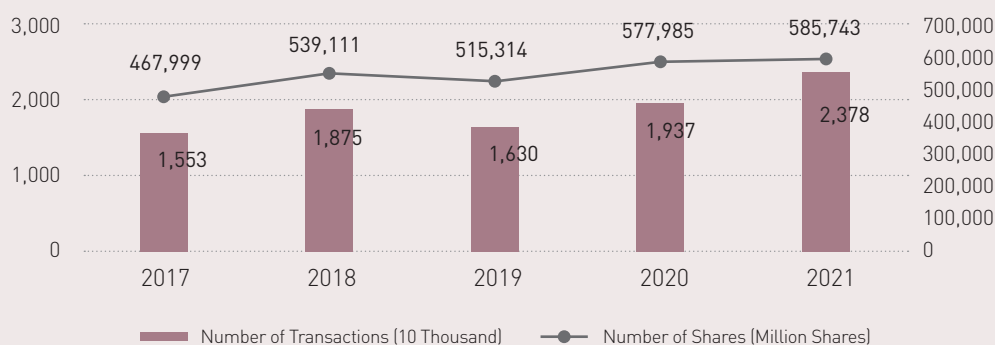
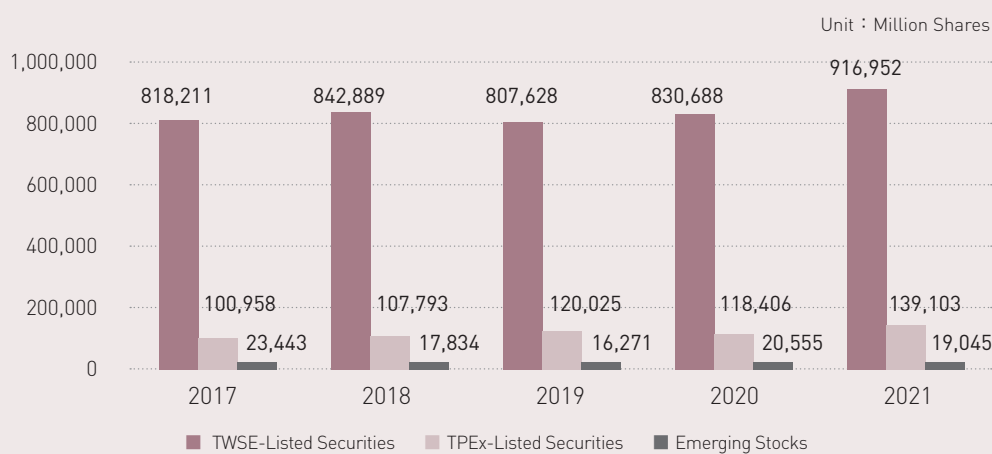
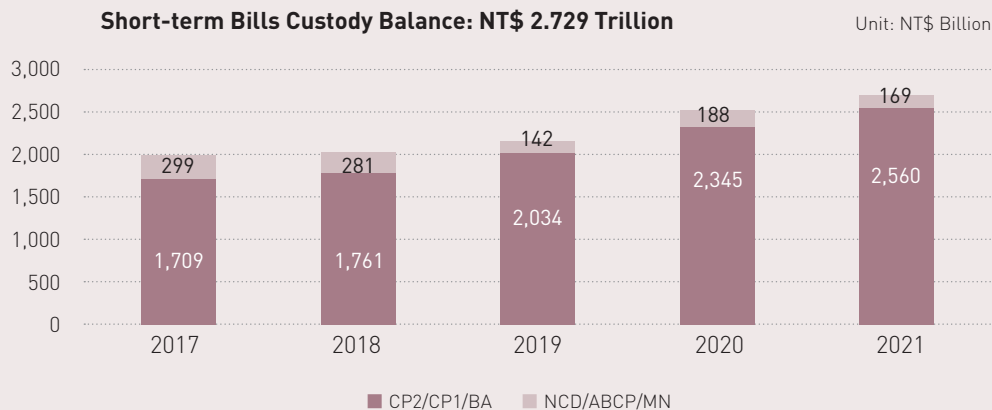
II. Operational Performance

(I) Participants

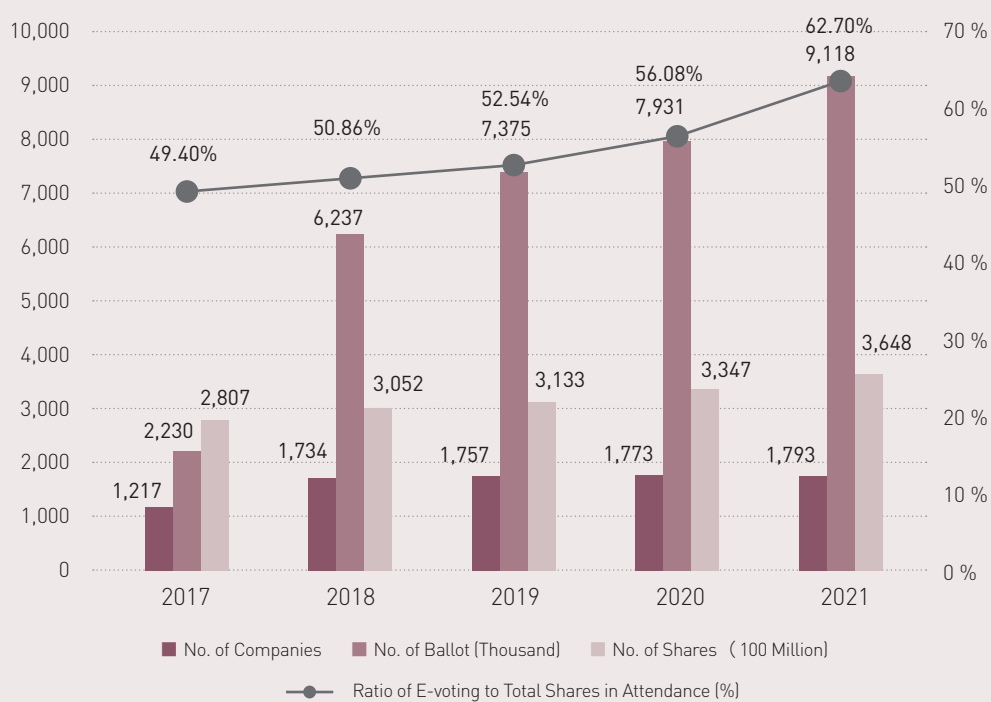


(II) Clearing and Settlement Business



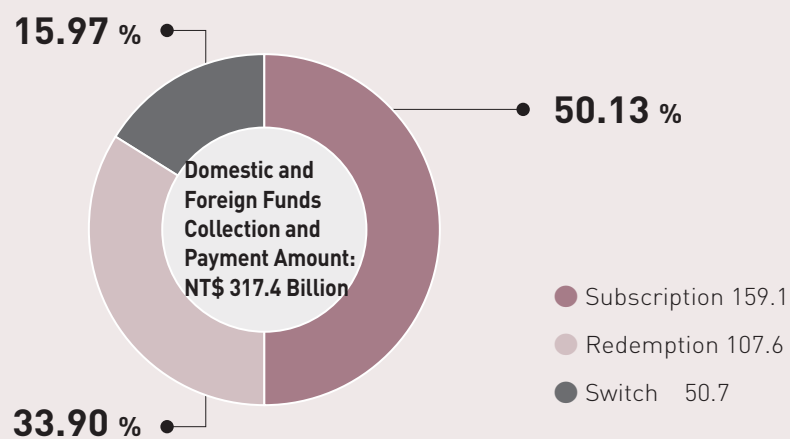
(III) Book-Entry Transfer Business**The Total Number of Shares Allocated of Equity Securities: 585,743 Million Shares****(IV) Custody Business****The Balance of Central Custody of Equity Securities: 1,075,100 Million Shares****Short-term Bills Custody Balance: NT\$ 2.729 Trillion**

(V) E-Voting Business

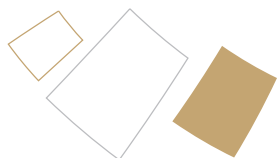


(VI) Fund Business

Unit : NT\$ Billion, %



02 2022 Operation Plan



In 2022, TDCC will continue to focus on Fintech, promote information integration and digital transformation, deepen diversified services, and create the maximum value of the 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 2022 are as follows:

I. Discussion on digital innovation service of securities market

In addition to planning to expand the opening of cross-business sites of securities firms to handle book-entry transfer operations, TDCC plans to provide a sharing platform for TDCC accounts among securities investment trust companies, custodian institutions and securities firms, and also plans to build up a settlement instruction transmission platform between securities investment trust companies and custodian institutions to provide relevant services such as digital document transmission, voucher signing and electronic file custody.

In addition, TDCC will plan the application of bond/bill clearing and settlement business for the central bank digital currency (CBDC) according to the Central Bank's schedule, and use Fintech to provide electronic transmission services of bond/bill transaction vouchers between participants and customers.

Besides, TDCC continues to plan the analysis and application of ETF beneficiary structure data, to provide securities investment trust companies with ETF big data services and the supervision information analysis of stock positions held by mutual funds released by securities investment trust companies, so as to strengthen the application and depth of supervision information of bonds and stocks positions held by funds as a supervision reference.

II. Uphold open securities for open data inquiry of securities and futures industries

TDCC has invited securities peripheral units, such as TWSE, and securities, futures and other associations to form an "Open Securities Promotion Committee" to assist industries in developing the scope of open data enquiry and API specifications, and to help industries develop relevant documents

such as self-discipline disclaimers and information security specifications for their cooperation with third-party service providers (TSP). In terms of the establishment of information environment, TDCC will refer to the international development trend and adopt a single API platform framework, which is conducive to TSP to simplify information connection and reduce the cost of repeated construction in the market.

III. Deliberate the establishment of a centralized clearing platform for onshore funds

In 2021, TDCC completed the preliminary planning framework of centralized clearing platform for onshore funds, investigated and consolidated the opinions among securities investment trust industry, sales agents and custodian institutions, evaluated the cost-effectiveness, and collected relevant foreign systems and practical operation methods.

In 2022, TDCC will continue to communicate with securities investment trust companies, sales agents, custodian institutions and relevant associations to enhance their willingness to join, so that plan the relevant legal framework and supporting measures of the promotion of the centralized clearing platform for onshore funds, and build the system functions of the platform in two phases to comprise direct customers of the securities investment trust companies into service scope of the total amount for collection and payment, and provide sales agencies and direct customers of securities investment trust companies with the net fund collection and payment services.

IV. Provide the public companies to hold shareholders' meetings by means of visual communication network

In 2021, affected by the rising COVID-19 epidemic in Taiwan, TDCC according to the instructions of the competent authority to establish a live streaming platform to be a digital communication bridge between the public companies and shareholders, and open a new era of visual shareholders' meetings.

In line with the amendment of the Company Act and the Regulations Governing the Administration of Shareholder Services of Public Companies, TDCC plans to build a "visual communication network for shareholders' meetings." It is expected to be available from April 1, 2022, for the issuing companies to hold shareholders' meetings by use live streaming platform (hybrid) or visual communication network (pure visual). Shareholders can participate in shareholders' meetings in visual way after registering on the platform in advance, login to the platform on the day of the shareholders' meeting to check in, watch the live broadcast, raise questions online and exercising voting rights, and so on.

TDCC will actively handle relevant promotion and publicity meetings, and uphold the relevant operations of the visual shareholders' meeting of the issuing company, so as to ensure the operation of the visual communication network for shareholders' meetings smoothly, provide diversified channels for shareholders to participate in the shareholders' meeting, protect the relevant rights and interests of shareholders, fulfill shareholder activism and effectively surge corporate governance.

V. Strengthen digital shareholder services and establish shareholder services operation evaluation system

In 2021, TDCC has commissioned scholars and experts to conduct research on topics related to the electronic notice of shareholders' meetings, and study the feasibility of projects without practical difficulties such as dividend distribution to be implemented first. The relevant research report has been submitted to the competent authority, and the relevant planning business related to the electronic notice will be completed in 2022.

Additionally, from January 1, 2022, TDCC will conduct the shareholder services operation evaluation of shareholder services units of TWSE/TPEx-listed and emerging stock companies (including those jointly handled by the groups) shareholder services agents every three years, so as to ensure the neutrality of shareholder services units, improve the quality of handling shareholder services, protect shareholders' rights and interests, and maintain the securities market order, to strengthen the management measures on solicitors for the proxies of the shareholders' meetings.

VI. Improve ESG information transparency, fulfill corporate social responsibility and practice sustainable development

In order to improve the transparency of ESG information, TDCC plans to add ESG funds and other relevant information into the Fund Clear in 2022, and will also strengthen the database of the investor relations platform, include the international ESG rating data, assist institutional investors in fulfilling responsible investment, provide ESG scoring reports of international rating agencies, and assist the issuing company to understand its ESG performance for refinement and improvement. In addition, TDCC also plans to provide international voting proposal reports to assist the issuing companies to understand the latest views of international institutional investors, and hold seminars to promote interactive exchanges between the two parties.

In addition, while improving the internal competitiveness, TDCC also advocates green operation and management, and continues to handle greenhouse gas inventory and ISO 50001 energy management system. In 2022, TDCC will introduce two new item disclosure operations, such as Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB), so as to gradually respond to the policy of corporate governance 3.0 sustainable development blueprint and strengthen ESG information disclosure. In the future, TDCC will also adhere to the concept of "building the role of domestic financial service hub, developing inclusive finance to improve the accessibility of financial services and assisting government in financial market supervision", and work together for global sustainable development.

03

Outlook

The COVID-19 pandemic in the past two years has accelerated the development of digitization in various industries around the world. With the supervision of the competent authority and the support of the industries, TDCC's central depository, settlement, clearing, and book entry transfer business have grown steadily. Meanwhile, we have also accelerated the digital transformation and written a wonderful chapter in the history of Taiwan's Fintech development. Looking forward to 2022, TDCC will hasten our speed and develop towards the main directions of open innovation, platform economy and government policies facilitator. TDCC is also planning the innovation of a number of application system services and introducing agile development and robotic process automation (RPA) to respond to market changes. In addition, facing the great challenges of information security defense in the future, TDCC will continue to improve information security defense and refine asset information security resilience through active information security monitoring and various automatic tools, so as to maintain the stable operation of the capital market.

Looking into the future while facing the new year, 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, drive the convergence of the system with international standards, implement financial inclusion, and work with market participants to establish a Fintech service ecosystem and jointly enhance the competitiveness of Taiwan's capital market.



Company **Profile**



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 the 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 audits on stock-related matters.

Taking into account the synergies of back-end operation for cross-product investment by market participants, prevent repeat resource investment and follow the trend of back-office integration in the international securities market, the competent authority resolved to merge TSCD with Debt Instruments Depository and Clearing Co., Ltd. Taiwan (DIDC), which handled short-term bills in July 2005. Through the integration of clearing, settlement and depository platforms, it aims to effectively reduce the cost of investment, increase operational efficiency, expand the 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 24 March 2014, with TDCC as the surviving company.

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



01

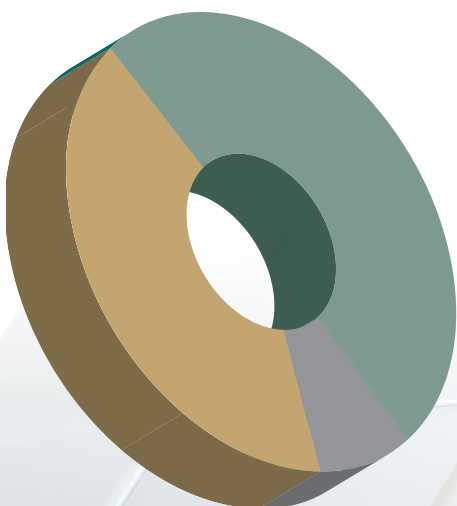
Multiple
Roles of
TDCC

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, cross-border, mutual funds, corporate actions, etc. We provide registration, custody, clearing, settlement, information transmission, receipts and reimbursements of funds, e-voting, live streaming platform, 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.

02

Shareholder
Structure

As of the end of 2021, TDCC has 1,767 shareholders, comprising 106 institutional and 1,661 individual shareholders. Taiwan Stock Exchange is the principal shareholder, holding 50.59% of shares, followed by Yuanta Securities Finance Co., Ltd, holding 8.78% of shares. The shareholding structure as of the end of 2021 is as follows:



Taiwan Stock Exchange Corporation (TWSE)
Number of Shares: 220,473,355

50.59%

Yuanta Securities Finance Co., Ltd.
Number of Shares: 38,266,820

8.78%

Institutional shareholders such as securities firms, financial institutions, bills dealers, etc., and individual shareholders
Number of Shares: 177,053,736

40.63%

December 31, 2021

The board of directors has 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 directors, supervisors, and shareholder representatives of TDCC are as follows:

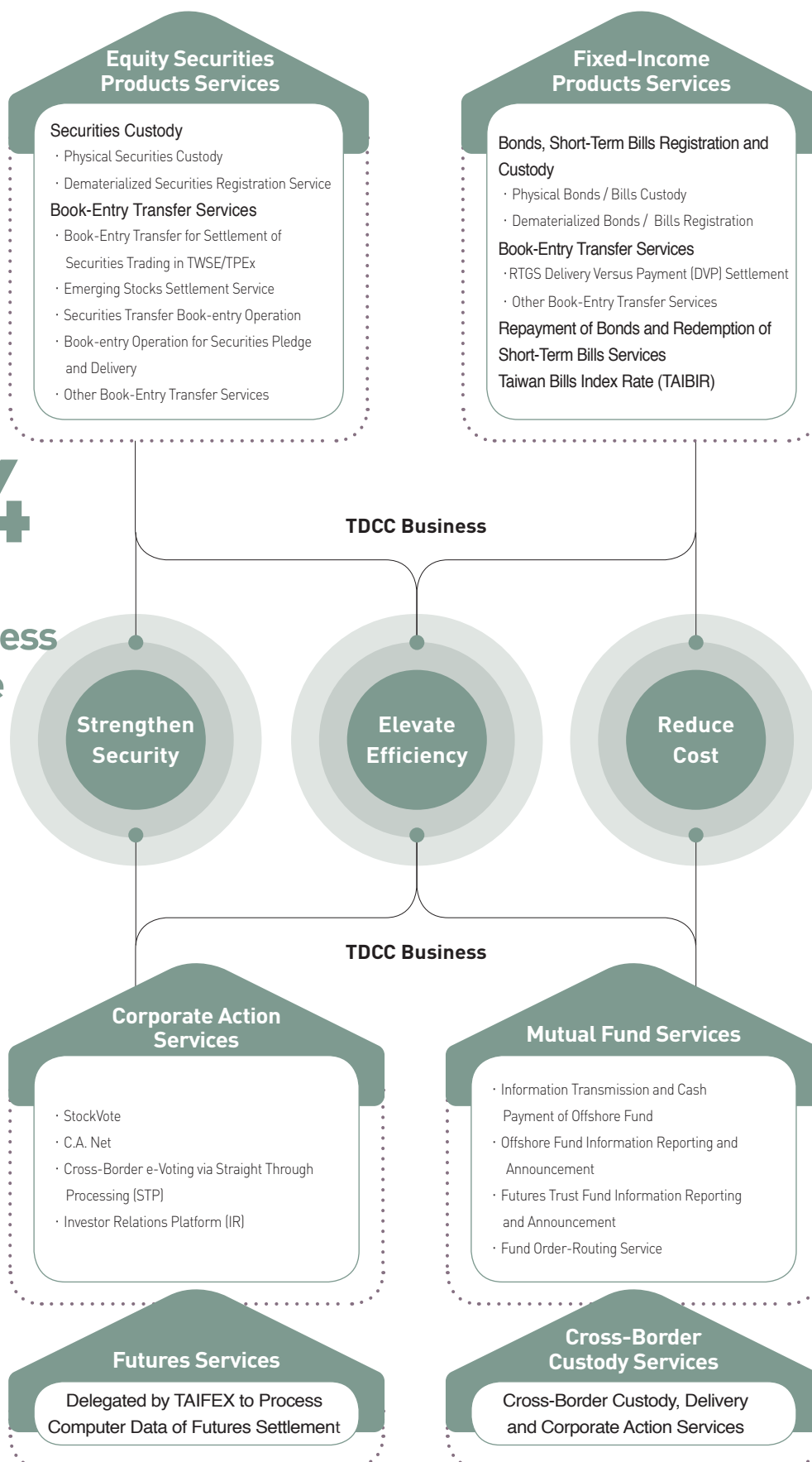
03

Board of Directors and Supervisors

December 31, 2021

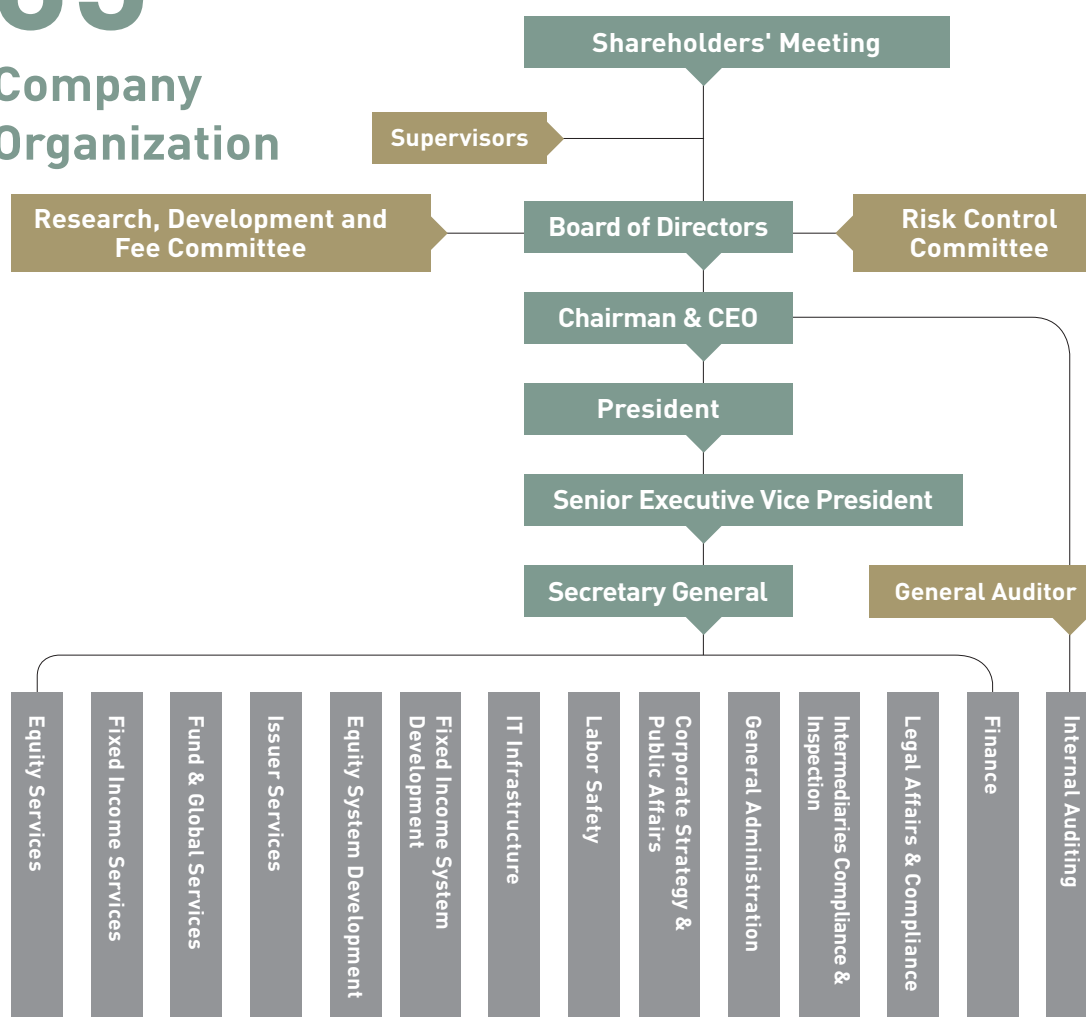
Title	Name	Shareholder Represented
Chairman & CEO	Sherman Lin	Taiwan Stock Exchange Corporation
Director	Jan-Yau Hsu	Taiwan Stock Exchange Corporation
Director	Han-Chiang Chu	Taiwan Stock Exchange Corporation
Director	Mei-Chu Liao	Taiwan Stock Exchange Corporation
Director	Ren-Wen Gong	Taiwan Stock Exchange 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

04 Main Business Scope



05

Company Organization



Title	Name
Chairman & CEO	Sherman Lin
President	Han-Chiang Chu
Senior Executive Vice President	Gloria Ching
Senior Executive Vice President	Jane Chang
Secretary General	Kuang-Hui Chen
General Auditor of Internal Auditing	Tzu-Wei Chang
Senior Vice President of Equity Services	Eric Hsu
Senior Vice President of Fixed Income Services	Victor Wang
Senior Vice President of Fund & Global Services	Julie Wang

Title	Name
Senior Vice President of Issuer Services	Zhen-Zhen Huang
Senior Vice President of Equity System Development	Win-Cheng Wang
Senior Vice President of Fixed Income System Development	Fong-Zhong Chen
Senior Vice President of IT Infrastructure	Li-Zhong Wu
Senior Vice President of Corporate Strategy & Public Affairs	Stephanie Lin
Executive Vice President of General Administration and Labor Safety	Jennifer Chen
Senior Vice President of Intermediaries Compliance & Inspection	Tzu-Ting Chen
Senior Vice President of Legal Affairs & Compliance	Yuan-Hua Hsiao
Executive Vice President of Finance (concurrently)	Jennifer Chen

Supervisors' Report

To the 2022 Annual Shareholders' Meeting,

Taiwan Depository & Clearing Corporation

The Board of directors have compiled and submitted to us for examination the 2021 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 2021, 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 27, 2022

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, 2021 to December 31, 2021.

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 self-monitoring 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, overall implementation of information security) 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 23, 2022.

Taiwan Depository & Clearing Corporation

Chairman

Sherman Lin

President

Han-Chiang Chu

Chief Internal Auditor

Tzu-Wei Chang

Information Security Officer

Jane Chang

February 23, 2022

Financial **Report**



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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 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 2021, the Group's principal operating revenues amounted to \$7,353,469 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, 2021, the Group had cash and cash equivalents of \$4,717,912 thousand, other financial assets (time deposits with original maturities of more than three months) of \$9,483,307 thousand, default damage fund of \$3,238,148 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, 2021 and 2020 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, 2021 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 Tung-Ju Hsieh and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2022

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, 2021 AND 2020

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,717,912	13	\$ 4,185,280	13
Financial assets at fair value through profit or loss - current	5,801,372	16	4,262,342	13
Financial assets at amortized cost - current	2,708,199	7	1,102,843	3
Other financial assets - time deposits with original maturities of more than three months	9,483,307	26	6,193,608	19
Notes and accounts receivable, net				
Unrelated parties	505,631	1	477,574	1
Related parties	341,165	1	313,131	1
Other financial assets - others	818,325	2	1,379,396	4
Other current assets	152,025	-	184,782	1
Total current assets	24,527,936	66	18,098,956	55
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent	1,961,204	5	1,954,782	6
Financial assets at amortized cost - noncurrent	5,535,413	15	8,107,795	24
Default damage fund	3,238,148	9	2,924,344	9
Investments accounted for using the equity method	98,322	-	92,508	-
Property and equipment	812,866	2	725,413	2
Right-of-use assets	123,386	-	204,600	1
Investment properties	215,308	1	218,585	1
Intangible assets	248,763	1	246,180	1
Goodwill	237,545	1	237,545	1
Deferred tax assets	17,567	-	17,543	-
Refundable deposits	151,267	-	148,205	-
Operation guarantee deposits	70,000	-	70,000	-
Other noncurrent assets	3,890	-	277	-
Total noncurrent assets	12,713,679	34	14,947,777	45
TOTAL	\$ 37,241,615	100	\$ 33,046,733	100

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2021		2020	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Accrued expenses	\$ 573,795	2	\$ 615,192	2
Lease liabilities - current	88,970	-	90,888	-
Current tax liabilities	1,010,459	3	613,732	2
Receipts under custody	756,288	2	1,308,459	4
Other current liabilities	109,728	-	121,897	-
Total current liabilities	2,539,240	7	2,750,168	8
NONCURRENT LIABILITIES				
Lease liabilities - noncurrent	37,227	-	116,042	1
Deferred tax liabilities	35,673	-	35,673	-
Guarantee deposits	66,727	-	51,872	-
Net defined benefit liabilities	536,895	2	592,074	2
Total noncurrent liabilities	676,522	2	795,661	3
Total liabilities	3,215,762	9	3,545,829	11
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Capital stock	4,357,939	12	3,891,017	12
Capital surplus	478,569	1	478,569	1
Legal reserve	3,478,360	9	3,100,429	9
Special reserve	17,264,809	46	16,081,130	49
Unappropriated earnings	6,275,847	17	3,845,019	12
Other equity - unrealized gain on financial assets at fair value through other comprehensive income	1,819,788	5	1,813,376	5
Total equity attributable to owners of the Corporation	33,675,312	90	29,209,540	88
NON-CONTROLLING INTERESTS	350,541	1	291,364	1
Total equity	34,025,853	91	29,500,904	89
TOTAL	<u>\$ 37,241,615</u>	<u>100</u>	<u>\$ 33,046,733</u>	<u>100</u>

TAIWAN DEPOSITORY & CLEARING CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME**

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUES				
Securities settlement	\$ 2,435,863	24	\$ 1,299,590	18
Securities recording	3,236,424	31	1,703,618	24
Maintenance services	376,076	4	379,705	5
Transfer processing services	650,491	6	532,731	7
Bills and bonds clearing and custodial services	1,681,182	16	1,557,354	22
Futures clearing services	457,786	4	415,729	6
Registration and distribution and electronic voting services	211,721	2	201,026	3
Mutual fund services	488,545	5	549,381	8
Brokerage fee	314,673	3	180,180	3
Others	469,747	5	321,579	4
Total operating revenues	10,322,508	100	7,140,893	100
OPERATING EXPENSES				
Personnel	1,244,209	12	1,214,457	17
General and administrative	1,705,112	17	1,464,781	20
Total operating expenses	2,949,321	29	2,679,238	37
OPERATING INCOME	7,373,187	71	4,461,655	63
NONOPERATING INCOME AND EXPENSES				
Interest income	169,380	2	182,538	3
Net gain arising on financial assets at fair value through profit or loss	16,613	-	26,264	-
Share of profit of subsidiaries and associates accounted for using equity method	23,774	-	20,269	-
Dividend income	77,184	1	59,373	1
Other income	16,970	-	16,173	-
Expected credit gain (loss)	559	-	(19)	-
Other expenses	(13,967)	-	(17,878)	-
Total nonoperating income and expenses	290,513	3	286,720	4

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

	2021		2020	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 7,663,700	74	\$ 4,748,375	67
INCOME TAX EXPENSE	(1,489,545)	(14)	(919,825)	(13)
NET INCOME	6,174,155	60	3,828,550	54
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	6,422	-	25,941	-
Remeasurement of defined benefit plans	95,694	1	(28,767)	-
Share of the other comprehensive income of associates accounted for using equity method	(453)	-	(766)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	89	-	147	-
Other comprehensive income for the year, net of income tax	101,752	1	(3,445)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 6,275,907	61	\$ 3,825,105	54
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 6,114,978	59	\$ 3,808,664	54
Non-controlling interests	59,177	1	19,886	-
	\$ 6,174,155	60	\$ 3,828,550	54
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 6,216,730	60	\$ 3,805,219	54
Non-controlling interests	59,177	1	19,886	-
	\$ 6,275,907	61	\$ 3,825,105	54
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic earnings per share	\$ 14.03		\$ 8.74	

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 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 2021, the Corporation's principal operating revenues amounted to \$7,353,469 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, 2021, the Corporation had cash and cash equivalents of \$4,685,603 thousand, other financial assets (time deposits with original maturities of more than three months) of \$8,894,907 thousand, and default damage fund of \$3,238,148 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, 2021 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 Tung-Ju Hsieh and Cheng-Hung Kuo.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 23, 2022

Notice to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.

TAIWAN DEPOSITORY & CLEARING CORPORATION

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,685,603	13	\$ 4,172,001	13
Financial assets at fair value through profit or loss - current	5,801,372	16	4,262,342	13
Financial assets at amortized cost - current	2,708,199	8	1,102,843	3
Other financial assets - time deposits with original maturities of more than three months	8,894,907	24	5,689,208	17
Notes and accounts receivable, net				
Unrelated parties	426,065	1	420,555	1
Related parties	341,475	1	313,723	1
Other financial assets - others	818,124	2	1,379,145	4
Other current assets	104,406	-	168,107	1
Total current assets	23,780,151	65	17,507,924	53
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent	1,961,204	5	1,954,782	6
Financial assets at amortized cost - noncurrent	5,535,413	15	8,107,795	25
Default damage fund	3,238,148	9	2,924,344	9
Investments accounted for using the equity method	556,247	1	473,127	1
Property and equipment	806,017	2	721,745	2
Right-of-use assets	121,684	-	200,219	1
Investment properties	215,308	1	218,585	1
Intangible assets	236,580	1	228,643	1
Goodwill	237,545	1	237,545	1
Deferred tax assets	17,567	-	17,543	-
Refundable deposits	147,798	-	145,623	-
Other noncurrent assets	372	-	277	-
Total noncurrent assets	13,073,883	35	15,230,228	47
TOTAL	\$ 36,854,034	100	\$ 32,738,152	100

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2021		2020	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Accrued expenses	\$ 550,181	2	\$ 604,137	2
Lease liabilities - current	87,247	-	86,264	-
Current tax liabilities	1,010,459	3	613,732	2
Receipts under custody	756,288	2	1,308,459	4
Other current liabilities	99,812	-	121,160	-
Total current liabilities	2,503,987	7	2,733,752	8
NONCURRENT LIABILITIES				
Lease liabilities - noncurrent	37,227	-	116,042	1
Deferred tax liabilities	35,673	-	35,673	-
Guarantee deposits	64,940	-	51,071	-
Net defined benefit liabilities	536,895	2	592,074	2
Total noncurrent liabilities	674,735	2	794,860	3
Total liabilities	3,178,722	9	3,528,612	11
EQUITY				
Capital stock	4,357,939	12	3,891,017	12
Capital surplus	478,569	1	478,569	1
Legal reserve	3,478,360	9	3,100,429	9
Special reserve	17,264,809	47	16,081,130	49
Unappropriated earnings	6,275,847	17	3,845,019	12
Other equity - unrealized gain on financial assets at fair value through other comprehensive income	1,819,788	5	1,813,376	6
Total equity	33,675,312	91	29,209,540	89
TOTAL	\$ 36,854,034	100	\$ 32,738,152	100

TAIWAN DEPOSITORY & CLEARING CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUES				
Securities settlement	\$ 2,435,863	24	\$ 1,299,590	19
Securities recording	3,236,424	32	1,703,618	24
Maintenance services	376,076	4	379,705	5
Transfer processing services	650,491	6	532,731	8
Bills and bonds clearing and custodial services	1,681,182	17	1,557,354	22
Futures clearing services	457,786	5	415,729	6
Registration and distribution and electronic voting services	211,721	2	201,026	3
Mutual fund services	584,487	6	621,569	9
Others	398,784	4	260,044	4
Total operating revenues	10,032,814	100	6,971,366	100
OPERATING EXPENSES				
Personnel	1,170,295	12	1,156,033	17
General and administrative	1,621,477	16	1,395,278	20
Total operating expenses	2,791,772	28	2,551,311	37
OPERATING INCOME	7,241,042	72	4,420,055	63
NONOPERATING INCOME AND EXPENSES				
Interest income	164,987	2	177,984	3
Net gain arising on financial assets at fair value through profit or loss	16,613	-	26,244	-
Share of profit of subsidiaries and associates accounted for using equity method	101,080	1	46,247	1
Dividend income	77,184	1	59,373	1
Other income	16,929	-	16,170	-
Expected credit gain (loss)	559	-	(19)	-
Other expenses	(13,871)	-	(17,565)	-
Total nonoperating income and expenses	363,481	4	308,434	5

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

	2021		2020	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 7,604,523	76	\$ 4,728,489	68
INCOME TAX EXPENSE	(1,489,545)	(15)	(919,825)	(13)
NET INCOME	6,114,978	61	3,808,664	55
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	6,422	-	25,941	-
Remeasurement of defined benefit plans	95,694	1	(28,767)	-
Share of the other comprehensive income of subsidiaries and associates accounted for using equity method	(453)	-	(766)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	89	-	147	-
Other comprehensive income for the year, net of income tax	101,752	1	(3,445)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 6,216,730	62	\$ 3,805,219	55
EARNINGS PER SHARE (NEW TAIWAN DOLLARS;)				
Basic earnings per share	\$ 14.03		\$ 8.74	


TAIWAN DEPOSITORY & CLEARING CORPORATION
SCHEDULE FOR APPROPRIATION OF EARNINGS

FOR YEAR 2021

(In New Taiwan Dollars)

	<u>Amount</u>	<u>Amount</u>
Earnings, beginning of year		\$ 65,529,348
After-tax net income in 2021	6,114,977,508	
Add : Remeasurement of defined benefit plans	95,694,234	
Less : Investments accounted for using the equity method	<u>(354,531)</u>	
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		6,210,317,211
Reserved items :		
Legal reserve (10%)	(621,031,721)	
Special reserve (36.67%)	<u>(2,277,323,321)</u>	<u>(2,898,355,042)</u>
Earnings available to appropriation in 2021		3,377,491,517
Appropriation of earnings :		
Stockholder's cash dividends (NT\$4.2 per share)	(1,830,334,426)	
Stockholder's stock dividends (NT\$3.4 per share)	<u>(1,481,699,300)</u>	<u>(3,312,033,726)</u>
Unappropriated retained earnings at end of 2021		<u>\$ 65,457,791</u>





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