



CONTENTS

Message from Chairman and President	2
About Taiwan SMEG	4
Milestones	6
Credit Guarantee Programs	7
Application Procedures	10
State of the Operations	11
Table 1 Credit Guarantee Service Statistics	
Table 2 Default and Claim Payment	
Table 3 Guarantee Performance by Type in 2017	
Table 4 Guarantee Performance by Industry in 2017	
Outstanding Clients	15
Hosting the 30th ACSIC Conference	16
Financial Statements	21
Useful Information	23
Table 5 Major Economic Indicators	
Table 6 Recent Status of SMEs	
Organization Chart	24

Message from Chairman and President



Chairman
Vincent Tsai

Vincent Tsai

In 2017, Taiwan SMEG carried out various credit guarantee programs to assist enterprises in securing needed financing. As a result, a total of 345,805 cases were approved for credit guarantees, and the amount guaranteed reached a total of NT\$970 billion. Meanwhile, nearly 116,000 enterprises obtained financing and some 1.45 million job opportunities were maintained. Among those guaranteed enterprises, a number of companies were awarded by the government to honor their outstanding performance.

In order to enhance start-ups' financing, Taiwan SMEG continued to work on "Loans for Young Entrepreneurs and Start-ups" and "Micro Entrepreneur Loans." In addition to the regular programs, some policy-oriented programs were implemented in 2017. There are "Credit Guarantee Project for Innovative Key Industries," "Loans for Forward-looking Infrastructure and Green Energy Technology" and "Loans for Investment of SMEs in New Southbound Countries." These new programs are in line with the government's policies, "Five plus Two Innovative Industries," "Forward-looking Infrastructure Development Program" and "New Southbound Policy." Furthermore, in order to support SMEs in export, Taiwan SMEG actively worked with Bureau of Foreign Trade to conduct "Credit Guarantee Project for Preferential Export Loans."

Complying with the government's policy of balancing regional development, Taiwan SMEG's new service center in Hualien was established in August 2017 to serve SMEs in eastern Taiwan. In addition, 20 credit cooperatives joined credit guarantee system and worked with Taiwan SMEG to support more micro enterprises and disadvantaged groups to obtain the needed funds.



President
Shan-yen Hsiao

Shan Hsiao

Aiming to sustain the diversification in Credit Guarantee programs and improve the efficiency of credit guarantee services, a new version of “Portfolio Guarantee” was implemented, and Taiwan SMEG’s “Credit Guarantee Operation Platform” was upgraded. Additionally, Taiwan SMEG continues to strengthen the information security safeguarding framework. In March 2017, Taiwan SMEG was approved by British Standards Institution (BSI) and acquired the ISO 27001 certificate.

As a member of Asian Credit Supplementation Institution Confederation (ACSIC), Taiwan SMEG hosted “The 30th ACSIC Conference” in November 2017. More than a hundred delegates came from 15 institutions in 10 Asian and European countries. In order to review and look forward into the development of credit supplementation system, the topic of the Conference was chosen as “The 30th Year of ACSIC: Credit Supplementation System’s Accomplishment and Its Outlook,” and 5 impressive speeches and 2 informative panel sessions were presented. Through the Conference, ACSIC member institutions could learn experiences and the best practices of other countries.

Looking forward to 2018, Taiwan SMEG will uphold its objectives of conforming to government’s policies to boost the economy and industry upgrades. Moreover, Taiwan SMEG will further strengthen the interaction with SMEs to realize the goal of “Local Cultivation,” while enhancing the exchange of information and experiences with other credit guarantee institutions to reach the goal of “Global Specialization.” As a non-governmental organization, Taiwan SMEG expects to build closer relationship with foreign institutions by sharing its experiences.

About Taiwan SMEG

Objectives

The objective of the Taiwan SMEG is to provide credit guarantees to those small and medium enterprises (hereafter referred to as “SMEs”) in normal operation but short of collateral for external financing. With guarantees provision, the Taiwan SMEG helps these enterprises to smoothly secure financing from financial institutions (hereafter referred to as “FIs”). The operation of the Taiwan SMEG is in line with the government’s financial and economic policies to assist SMEs.

Establishment

SMEs play an extremely important role in Taiwan’s economic development. In early 1970’s, a large number of SMEs suffered from the recession and inflation brought about by the oil crisis. At that time, the FIs turned to be conservative and requested very stringent collateral requirements on SMEs’ loan applications. SMEs thus encountered great difficulties in obtaining financing. To cope with these situations, the Taiwan SMEG was established in 1974 to strengthen the financing assistance to SMEs.

Sources of Funds

Funds of the Taiwan SMEG come mainly from donations made by the central government, local governments, and contracted FIs. Up to the end of 2017, donations received have totaled NT\$136.09 billion, 74.39% of which are from the central and local governments and 25.61% from the contracted FIs. As of the end of 2017, Taiwan SMEG’s net worth totaled NT\$64.52 billion.



Ms. Yi-ling Chen (fifth from left), Chief Secretary of Ministry of Economic Affairs, Mr. Cheng-moun Cheng (fourth from left), Vice Chairman of Financial Supervisory Commission, Mr. Ming-ji Wu (first from left), Director General of Small and Medium Enterprise Administration, Ministry of Economic Affairs, and Mr. Vincent Tsai (first from right), Chairman, pose with representatives of banks outstanding in implementing guaranteed financing.

Eligible Clients

1. SMEs

Type of Business	Max. Capital	Max. Annual Sales	No. of Employees
Enterprises in the Manufacturing, Construction, Mining or Quarrying industry	NT\$80 million	--	--
	--	--	less than 200
Enterprises in other industries (excluding Financial & Insurance Activities and Special Amusement Activities)	--	NT\$100 million	--
	--	--	less than 100

Note:

If an SME, once financed by banks or guaranteed by Taiwan SMEG, exceeds the business scale defined above, it is still eligible for credit guarantee for 2 years from an expansion, or 3 years from a merger.

2. Business Start-up Individuals

Nationals who are the representatives or shareholders of the enterprises established or operated by them.



Mr. Chao-shun Chang (right), Chairman of Mega International Commercial Bank, Mr. Bor-yi Huang (left), Chairman of Taiwan Business Bank, and Mr. Vincent Tsai (center), Chairman, pose at the seminar on New Southbound Credit Guarantee.

Milestones

1974	Taiwan SMEG was established as a non-profit organization.
1979	The Liaison Offices in Taichung City and Kaohsiung City, renamed as Service Centers in Taichung and Kaohsiung afterwards, were established.
2003	<ol style="list-style-type: none"> 1. The supervising agency of the Taiwan SMEG was changed from the Ministry of Finance to the Ministry of Economic Affairs. 2. Portfolio Guarantee was introduced, which features fulfilling guarantee responsibility within the total amount of payment risk for respective contracted FI set up in advance. It streamlines guarantee processing procedures, and helps contracted FIs conduct guaranteed financing based on self-management.
2004	Direct Guarantee was launched, to help those SMEs having ability of R&D, business management or market development apply for credit guarantees to Taiwan SMEG directly.
2005	The virtual Torchbearer Institute was established, serving as a platform for SMEs to share and exchange experiences.
2006	Co-guarantee project was introduced. Under this mechanism, the leading public or private companies of various industrial sectors donate funds to cooperate with Taiwan SMEG, aiming at enlarging guarantee targets and lowering guarantee risk. The government agencies and local governments joined the project afterwards.
2011	Service Center in Tainan was established.
2012	The "Platform for Credit Guarantee Operations via Internet" was launched to upgrade the operational efficiency.
2013	The amount guaranteed reached a total of NT\$1,056.07 billion and the loans supported by credit guarantees totaled NT\$1,312.36 billion, both breaking the NT\$1 trillion mark.
2016	The revised website of Taiwan SMEG was launched, consisting of four major entrances: "Chinese Version for the General Public," "Chinese Version for the Bank Staff," "English Version" and "Torchbearer Institute Version."
2017	<ol style="list-style-type: none"> 1. Service Center in Hualien was established. 2. To cope with the evolution of financial environment, and improve operational efficiency of Taiwan SMEG, the organization re-engineering was implemented, adjusting the organization into "Development & Services Division," "Credit Guarantee Division," "Guarantee Administration Division," and "Administration & Support Division."

Credit Guarantee Programs

Type of Credit Guarantee	Eligible Client
1. General Purpose Loans	SMEs (Manufacturing and non-manufacturing enterprises)
2. Loans under Portfolio Guarantee	
3. Loans for Raw Materials	
4. Guarantees on Contract Performance	
5. Policy-oriented Loans	
6. Export Loans	
7. Loans for Supply-chain Enterprises	
8. Guarantees on Issuing Commercial Papers	
9. Loans for Young Entrepreneurs and Start-ups	Prospective young entrepreneurs aged 20~45 or SMEs in operation less than 5 years
10. Micro Entrepreneur Loans	Micro businesses with less than 5 employees
11. Disaster Reconstruction Loans for SMEs	SMEs in urgency to reconstruct after disasters
12. Loans for Assisting SMEs with Investment in Friendly Countries	SMEs whose investment in friendly countries is approved by MOEA (note 1)
13. Loans for Knowledge-based Enterprises	Qualified knowledge-based SMEs
14. Co-guarantee with Enterprises	SMEs recommended by the donating enterprises
15. Micro/Women Start-up Loans	Women aged 20-65, nationals aged 45-65 and offshore residents aged 20-65 whose businesses have been operated less than 5 years
16. Start-up Loans for the Jobless Based on Employment Insurance	The jobless based on Employment Insurance, having received consulting service and legally owning a start-up, approved by MOL (note 2)
17. Small and Medium Sports Services Industry Loans Sponsored by Sports Administration	Sports related SMEs



Type of Credit Guarantee	Eligible Client
18. Capital Expenditure Loans for Disaster Hotel and Homestays	Hotels and homestays affected by natural disasters
19. Sustainable Development Loans for Offshore Islands	SMEs whose self-liquidating investment plans are approved by Steering Committee or Executive Yuan
20. Loans Aiming to Low-carbon Sustainable Homeland	SMEs engaged in technology and services to improve air pollution.
21. SME Loans Sponsored by Taipei City Government	Taipei citizens aged 20-65 who have stall permits, or actually run business in the city
22. Youth Business Start-up Loans Sponsored by Taipei City Government	Individuals aged 20-45 approved by Taipei City Government
23. Micro Start-up Loans Sponsored by New Taipei City Government	Low- or mid-income disadvantage citizens in New Taipei City aged 20-65 whose small-scale businesses have been operated less than 3 years
24. SME and Young Entrepreneur Loans Sponsored by New Taipei City Government	SMEs and young entrepreneurs aged 20-45 in the city
25. SME and Young Entrepreneur Loans Sponsored by Taoyuan City Government	SMEs and young entrepreneurs aged 20-45 in the city
26. SME and Individual Loans Sponsored by Hsinchu City Government	SMEs and individuals aged 20-65 in the city
27. Start-up Loans Sponsored by Hsinchu County Government	Individuals aged 20-65 and establish or run businesses in the county
28. SME and Young Entrepreneur Loans Sponsored by Taichung City Government	SMEs or individuals aged 20-45 in the city
29. SME Loans Sponsored by Changhua County Government	SMEs or individuals aged 20-65 in the city
30. Start-up Loans Sponsored by Yunlin County Government	Individuals who establish or run businesses in the county
31. SME and Young Entrepreneur Loans Sponsored by Chiayi City Government	SMEs or individuals aged 20-45 in the city
32. SME Loans Sponsored by Tainan City Government	SMEs engaged in Cultural and Creative, Fashion, Biotechnology, Green Energy and other strategic industries, Tainan citizens aged 20-65 who have stall permits, or actually run business in the city
33. Micro Loans and Strategic Industry Loans Sponsored by Kaohsiung City Government	SMEs engaged in strategic industry, or Kaohsiung citizens aged 20-65 who have stall permits, or actually run businesses in the city

Type of Credit Guarantee	Eligible Client
34. SME Loans Sponsored by Pingtung County Government	Pingtung citizens aged 20-65 who have stall permits, or actually run businesses in the county
35. SME Loans Sponsored by Yilan County Government	Yilan citizens aged 20-65 who have stall permits, or actually run businesses in the county
36. Loans for Prosperous Homeland Sponsored by Taitung County Government	Micro enterprises and SMEs registered in the county and owners aged 20-65
37. SME Loans Sponsored by Penghu County Government	Penghu citizens aged 20-65 who have stall permits, or actually run businesses in the county
38. Export Loans for Green Energy and Industry Equipment	Non-SMEs exporting green energy and industry equipment
39. Loans for Mittelstand Upgrading Project	Excellent or potential enterprises meeting the criteria of the Mittelstand Upgrading Project, receiving consulting services.
40. Non-SME Loans for Revitalizing Economy	Enterprises beyond the scale of SMEs defined by Executive Yuan
41. Own Brand International Promotion Loans	Enterprises with own brand marketed overseas and approved by MOEA (note 1)
42. Loans for Overseas Intellectual Property Right Lawsuit	Enterprises involved in intellectual property right lawsuits overseas
43. Loans to Assist SMEs Affected by Trade Liberalization	SMEs affected by trade liberalization and approved by Review Committee
44. Loans under Chinatrust Poverty Alleviation Program	Disadvantaged individuals, aged 20-65, who are selected by CTBC Charity Foundation
45. Disaster Reconstruction Loans	Individual victims of disasters
46. Housing Loans for 0206 Earthquake Victims	Individual victims of 0206 natural disaster
47. Housing Loans for Residents of Indigenous Culture Park	Householder, householder's spouse, or their relatives
48. Loans for Investment of SMEs in New Southbound Countries	SMEs whose investments comply with government's "New Southbound Policy"

Notes:

1. MOEA: Ministry of Economic Affairs.

2. MOL: Ministry of Labor.

Application Procedures

1. Indirect Guarantee – Apply to Financial Institutions

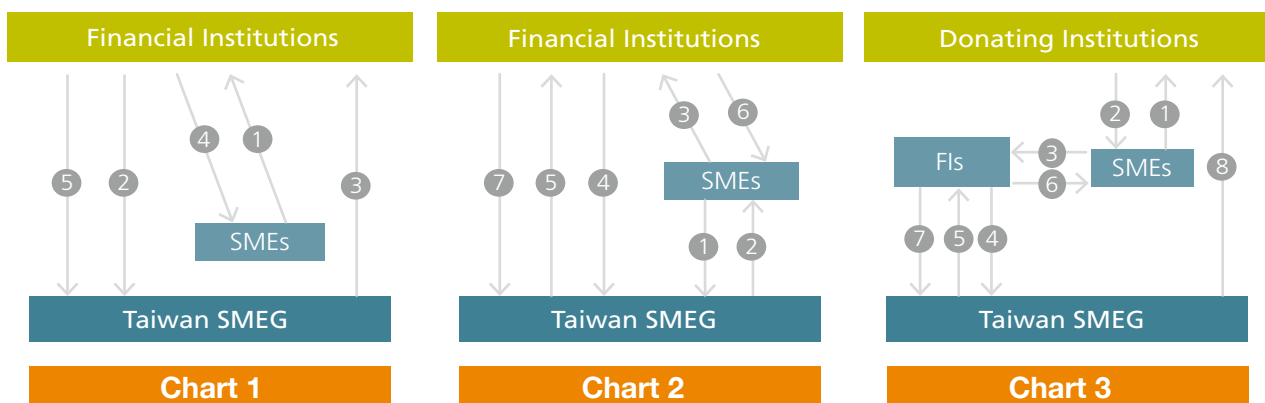
SMEs apply for loans to the contracted FIs. After conducting a credit investigation, if the FIs find the SMEs short of collateral but eligible for credit guarantees, they may forward the applications to Taiwan SMEG for credit guarantees. The FIs should not extend loans until the Taiwan SMEG grants guarantees on the applications (see Chart 1).

2. Direct Guarantee – Apply to Taiwan SMEG Directly

Those SMEs which have ability of R&D, business management or market development, but encounter difficulty in obtaining financing via market mechanism may apply to Taiwan SMEG directly for credit guarantees. Taiwan SMEG will issue a Letter of Commitment to the SMEs; then the SMEs can apply to FIs for loans with the Letter of Commitment (see Chart 2).

3. Co-guarantee – Apply to Donating Institutions

The co-guarantee project is designed to cooperate with government agencies, local governments, public and private enterprises which donate funds. SMEs may apply to donating institutions for recommendation, and then apply to the contracted FIs for loans after receiving a Letter of Recommendation issued by the donating institutions (see Chart 3).



The Indirect Guarantee

1. Apply for loans
2. Apply for credit guarantees
3. Notifies of guarantees approval
4. Extend loans
5. Inform of financing & transfer guarantee fee

The Direct Guarantee

1. Apply for credit guarantees
2. Issues the Letter of Commitment
3. Apply for loans
4. Confirm the guarantees
5. Offers the guarantees
6. Extend loans
7. Inform of financing & transfer guarantee fee

The Co-guarantee

1. Apply for recommendation
2. Letter of Recommendation
3. Apply for loans
4. Apply for credit guarantees
5. Issues the Letter of Guarantee
6. Extend loans
7. Transfer guarantee fee
8. Informs of the remaining funds

State of the Operations

Overall Performance

From its inauguration in 1974 to the end of 2017, the Taiwan SMEG has offered credit guarantees on 6.78 million cases, which is NT\$12,315.13 billion in amount. With the credit guarantees, the Taiwan SMEG's clients have obtained a total of NT\$16,678.11 billion in various forms of credit from FIs. The outstanding credit covered by guarantees posted NT\$602.04 billion as of the end of 2017. The outstanding credit supported by credit guarantees for SMEs accounted for 12.89% of the outstanding credit for SMEs offered by all the FIs as of the end of 2017.

Table 1 Credit Guarantee Service Statistics

Amount unit: NT\$ million

Year	No. of Cases	Amount Guaranteed	Amount Supported	Outstanding Credit Covered by Guarantees	Outstanding Credit Supported	*Net Worth
2012	370,144	911,183	1,142,475	610,065	767,883	48,712
2013	394,645	1,056,065	1,312,363	681,357	851,181	51,983
2014	405,113	1,140,854	1,425,826	698,933	885,961	57,634
2015	382,936	1,020,753	1,336,580	634,274	838,395	59,084
2016	366,221	964,912	1,291,398	609,951	818,340	61,488
2017	345,805	969,806	1,287,392	602,037	802,044	64,525

* The numbers of Net Worth have been slightly adjusted due to Taiwan SMEG's revised accounting practice in 2013, retroactively effective the previous years.

Default and Claim Payment

In 2017, Taiwan SMEG's default amount reached a total of NT\$10,651 million, and the claim payment amount was NT\$8,447 million. The default and claim payment amount in recent five years are shown in Table 2.

Table 2 Default and Claim Payment

Amount unit: NT\$ million

Item \ Year	2013	2014	2015	2016	2017
Default Amount	10,907	10,333	11,900	12,075	10,651
Claim Payment Amount	6,409	6,769	7,187	7,743	8,447

Breakdown by Types

In terms of outstanding credit covered by guarantees, Credit Guarantees for General Purpose Loans accounted for 69.81%, ranking first among all types of credit guarantee programs in 2017. The Credit Guarantee for Loans under the Portfolio Guarantee, and the Credit Guarantee for Loans for Raw Materials, ranking the second and the third, accounted for 10.24% and 9.53% of all credit guarantee programs.

Table 3 Guarantee Performance by Type in 2017

Amount unit: NT\$ thousand

Type of Credit Guarantee	No. of Cases	Amount Guaranteed	Outstanding Credit Covered by Guarantee	Percentage
General Purpose Loans	210,324	651,070,016	420,261,078	69.81%
Loans under Portfolio Guarantee	24,782	132,160,465	61,623,342	10.24%
Loans for Raw Materials	87,658	144,382,602	57,397,204	9.53%
Guarantees on Contract Performance	7,367	11,622,864	13,930,340	2.31%
Policy-oriented Loans	465	1,963,068	9,706,440	1.61%
Loans for Young Entrepreneurs and Start-ups	1,640	1,636,800	7,925,756	1.32%
Micro Entrepreneur Loans	1,213	1,273,376	3,614,877	0.60%
Loans for SME's Obtaining Domestic Investment Capital	155	1,279,667	3,277,307	0.54%
Youth Business Start-up Loans	13	8,854	3,155,539	0.52%
Credit Guarantee Project for Preferential Export Loans	2,320	5,672,865	2,233,761	0.37%
Export Loans	1,892	3,976,592	1,357,189	0.23%
Loans for SME's Participating in Public Construction	19	62,497	915,223	0.15%
Loans for Supply-Chain Enterprises	1,719	3,433,669	855,929	0.14%
Guarantees on Issuing Commercial Papers	198	1,146,445	456,786	0.08%
Disaster Reconstruction Loans for SMEs	66	167,201	385,268	0.06%
Loans for Forward-looking Infrastructure and Green Energy Technologies	53	305,177	286,205	0.05%
Loans Supported by Co-guarantee	4,274	3,500,913	4,214,855	0.70%
Loans Supported by Separate Funds	1,623	5,984,379	9,164,646	1.52%
Others	24	158,246	1,275,311	0.21%
Total	345,805	969,805,697	602,037,056	100.00%

Guarantee Performance of the Entrusted Credit Guarantee Programs in 2017

Amount unit: NT\$ thousand

Type of Credit Guarantee	As of the end of 2017		
	Cases	Amount Guaranteed	Amount Supported
Loans under Chinatrust Poverty Alleviation Program	378	53,468	53,468
Student Loans	11,403,286	348,377,997	435,472,856
Studying-abroad Student Loans	14,727	10,262,525	12,828,157
Youth Experiencing-abroad Loans	4,206	392,288	490,360
Studying-abroad Student Loans Sponsored by Taipei City Government	9,796	5,159,412	6,449,264

Note: The data is on accumulative basis.



Mr. Chang-hsien Chen (front, sixth from right), Chief Secretary of Hsinchu City Government, Mr. Chih-yen Lin (front, sixth from left), Vice Chairman of Hua Nan Bank, and Mr. Shan-yen Hsiao (front, fifth from right), President, pose with guests of honor at the MOU signing ceremony of "Loan Project for Green Energy Industry."

Breakdown by Industrial Sectors

As of the end of 2017, outstanding credit covered by guarantees for the wholesale & retail trade industry accounted for 43.73%, ranking the first among all types of business. The manufacturing industry accounted for 33.49%, ranking the second. The wholesale Machinery and Equipment industry accounted for 9.22%, ranking the first among the wholesale & retail trade industry. The metal product manufacturing industry represented 7.97%, ranking the first among the manufacturing industry.

Table 4 Guarantee Performance by Industry in 2017

Amount unit: NT\$ thousand

Type of Industry	No. of Cases	Amount Guaranteed	Outstanding Credit Covered by Guarantee	Percentage
Agriculture, Forestry, Fishing and Animal Husbandry	968	3,710,114	3,176,518	0.53%
Mining and Quarrying	202	892,048	957,752	0.16%
Manufacturing	99,987	328,404,117	201,593,227	33.49%
Water Supply and Remediation Activities	1,454	4,340,067	3,715,566	0.62%
Construction	39,487	105,709,774	70,948,066	11.78%
Wholesale & Retail Trade	181,818	469,516,266	263,274,639	43.73%
Transportation and Storage	5,081	16,707,587	12,855,829	2.14%
Accommodation and Food Service Activities	2,913	7,326,936	11,761,619	1.95%
Information and Communication	2,342	6,665,898	5,744,162	0.95%
Real Estate Activities	325	1,012,212	1,646,360	0.27%
Professional, Scientific and Technical Activities	4,786	11,794,245	10,221,810	1.70%
Support Service Activities	4,524	9,636,320	6,328,680	1.05%
Education	112	237,177	489,622	0.08%
Human Health and Social Work Activities	155	605,982	752,055	0.12%
Arts, Entertainment and Recreation	566	1,234,410	1,510,059	0.25%
Other Service Activities	947	1,870,667	2,751,068	0.46%
Personal Loan and Other	138	141,876	4,310,023	0.72%
Total	345,805	969,805,697	602,037,056	100.00%

Outstanding Clients

The Taiwan SMEG has constantly taken all necessary steps to prop up almost all kinds of industries over the past 43 years. Since the establishment of the Taiwan SMEG in 1974, a total of 397,197 SMEs have benefited from the services of the Taiwan SMEG. Out of the figure, 2,735 enterprises successfully grew and became large firms as of the end of 2017. Of them, 305 firms were listed on the stock market, accounting for 33.22% of the total listed ones; 423 enterprises were on the over-the-counter (OTC) market, accounting for 56.78% of the total OTC ones.

Several awards are bestowed to honor successful SMEs domestically. The National Award of SMEs is to honor those SMEs which have accomplished outstanding growth and success. Besides, the National Quality Award, the Small and Medium Enterprise Innovation Research Award, and the Rising Star Award are all designed for successful SMEs. Clients of Taiwan SMEG take significant lion's share in the winners of all of the awards. Statistics show that 73% of the winners of these awards used to be or still are the recipients of the Taiwan SMEG's credit guarantees. During the year of 2017, 10 winners of the National Award of Outstanding SMEs, 7 winners of the Model of Taiwan Entrepreneurs, 10 winners of the Rising Star Award, 17 winners of the Taiwan SMEs Innovation Award and 7 winners of the Business Start-up Award were either the Taiwan SMEG's current or previous guaranteed clients. The achievements of the Taiwan SMEG's clients are really praiseworthy.

The above-mentioned prominent guaranteed clients are commonly invited to share their managerial knowledge, experiences and success factors with all guaranteed clients in various activities held by the Torchbearer Institute (TI) nationwide. The TI has been an information exchange platform for successful entrepreneurs, scholars, government, financial sector and SMEs since its inception in 2005. The Taiwan SMEG will continue to play the role as the bridge between guaranteed clients and all related sectors.



Mr. Vincent Tsai (front center), Chairman, and Mr. Dong-wan Kim (front, fourth from right), Executive Director of KODIT, pose with delegates of "the 21st KODIT-Taiwan SMEG Working Level Council."

Hosting the 30th ACSIC Conference

SMEs account for most of the enterprises among Asian countries. However, SMEs often face problems in obtaining loans due to lack of collaterals. Therefore, Credit Supplementation System was introduced and the confederation of institutions working on the system was established. “Asian Credit Supplementation Institution Confederation (ACSIC)” consists of 17 institutions from 12 countries: India, Indonesia, Japan, Korea, Malaysia, Mongolia, Nepal, Papua New Guinea, Philippines, Sri Lanka, Taiwan and Thailand, and Taiwan SMEG is one of the founding members. In order to enhance information exchange, member institutions take turn to host the annual conference. Taiwan SMEG has actively participated in the events to acquire knowledge and experiences of member countries, and thus develop or improve its credit guarantee services.



Dr. Tien-mu Huang (seventh from right), Vice Chairman of Financial Supervisory Commission, Ms. Wen-ling Su (seventh from left), Deputy Director General of Small and Medium Enterprise Administration, Ministry of Economic Affairs, Mr. Vincent Tsai (sixth from right), Chairman, pose with chief delegates of ACSIC member institutions.



Delegates and guests of honor.

"The 30th ACSIC Conference" was hosted by Taiwan SMEG and held at Grand Hyatt, Taipei from Nov. 13 to 17, 2017. Delegates of credit supplementation institutions from Asia and European Association of Guarantee Institutions (AECM) attended the Conference. In addition to member institutions, delegates from Cambodia, which is not a member of ACSIC but one of "New Southbound Countries," were also invited. Moreover, Taiwan SMEG invited domestic financial institutions as well, and introduced them to each other in order to have a profound understanding of the markets and challenges of the attending countries.



Chief delegates of ACSIC member institutions.



Chief Delegates' Meeting.

The Conference was chaired by the Chairman of Taiwan SMEG, Mr. Vincent Tsai, and addressed by the Deputy Minister of Ministry of Economic Affairs, Dr. Ming-hsin Kung. Dr. Kung emphasized that SMEs account for 97% total enterprises and provide 78% of jobs in Taiwan, which contributes significantly to the development of economy, and government always puts importance on measures of solving the financing problems of SMEs. "New Southbound Policy" and "Five plus Two Innovative Industries" were implemented to combine the existing industries and innovative start-ups, and to strengthen the competitiveness of enterprises in the global market. It is also hoped that the closer cooperation with "New Southbound Countries" could be reached, and a new mutual beneficial framework could be created.



Opening address by Mr. Vincent Tsai, Chairman.



Speech by Dr. Ming-hsin Kung, Deputy Minister of Ministry of Economic Affairs.



The year 2017 was the 30th year of ACSIC, and the topic of the Conference was thus decided as "The 30th Year of ACSIC: Credit Supplementation System's Accomplishment and Its Outlook," on which member institutions shared their insights. Two keynote speeches were also given by the guests of honor: "Financial Innovation and Inclusion in Taiwan" by Dr. Tien-mu Huang, Vice Chairman of Financial Supervisory Commission, and "SMEs Development and Financing Assistance in Taiwan" by Ms. Wen-ling Su, Deputy Director General of Small and Medium Enterprise Administration, Ministry of Economic Affairs.



Keynote speech by Dr. Tien-mu Huang, Vice Chairman of Financial Supervisory Commission.



Keynote speech by Ms. Wen-ling Su, Deputy Director General of Small and Medium Enterprise Administration, Ministry of Economic Affairs.

Speeches and Panel Sessions were given by the delegates of member institutions: Mr. Shuichi Wada of JFG, Mr. Jong-goo Lee of KODIT, Mr. Mohd Zamree Mohd Ishak of CGC, Mr. Yasushi Onishi of JFC, Dr. Hyung-seung Yi of KOTEC, Mr. Nitid Manoonporn of TCG, Mr. Asoka Handagama of CBSL and Ms. Wu of Taiwan SMEG. The speakers and panelists shared their experiences and opinions on two subtopics: "How the Credit Supplementation Systems of Member Institutions Have Evolved over the Decades" and "The Role of Credit Supplementation System in the Trend of Financial Inclusion."



Presentation by Mr. Shuichi Wada, Senior Executive Director of JFG.



Presentation by Mr. Jong-goo Lee, Director of KODIT.



Presentation by Mr. Mohd Zamree Mohd Ishak, President & CEO of CGC.



Panel Session, moderated by Mr. Yun-sen Jiang (left), EVP of Taiwan SMEG, and presented by Mr. Asoka Handagama (center), Assistant Governor of CBSL, and Ms. Lisa Wu (right), Department Head of Taiwan SMEG.



Panel Session, moderated by Mr. Alex Yuan (first from left), EVP of Taiwan SMEG, and presented by Mr. Yasushi Onishi (second from left), Executive Director of JFC, Dr. Hyung-seung Yi (second from right), Director of KOTEC, and Mr. Nitid Manoonporn (first from right), President of TCG.

In addition, delegates paid a visit to Yehliu Geopark to enjoy the unique landscape and to National Palace Museum to learn about the history and culture of Taiwan.



Delegates visit Yehliu Geopark.



Delegates visit National Palace Museum.



The delegates had a visit to the Office of the President, and were welcomed by the Vice President, Mr. Chien-jen Chen. The Vice President congratulated the 30th anniversary of ACSIC, and hoped that ACSIC could continue to carry on its mission to enhance the information exchange and help SMEs grow. It is also hoped that by ACSIC, tighter relationship among Taiwan and "New Southbound Countries" could be built.



Delegates are welcomed by Vice President Chen at Office of the President.



Delegates pose with Vice President Chen (1).



Delegates pose with Vice President Chen (2).



Delegates pose with Vice President Chen (3).

Financial Statements

Balance Sheet of Dec. 31, 2017

Unit: NT\$

Assets	
Current Assets	76,385,098,017.16
Cash & Cash Equivalents	5,329,462,917.86
Debt Investments without Active Market – Current	56,922,821,698.00
Financial Assets - Current	1,681,213,923.00
Receivables	39,117,180.00
Other Financial Assets - Current	11,763,499,957.00
Other Current Assets	648,982,341.30
Non-current Assets	21,575,335,710.50
Capital Funds	333,957,800.00
Financial Assets – Noncurrent	8,994,356,632.00
Debt Investments without Active Market – Noncurrent	11,968,350,000.00
Fixed Assets - Net	273,081,667.50
Intangible Assets - Net	2,358,195.00
Other Non-current Assets	3,231,416.00
Total Assets	97,960,433,727.66
Liabilities & Net Worth	
Liabilities	33,435,921,074.00
Current Liabilities	329,156,911.00
Advance Receipts	159,902,937.00
Other Payables	169,253,974.00
Non-current Liabilities	33,106,764,163.00
Reserve for Losses on Guarantee	21,337,737,541.00
Accounts under Custody	11,763,499,957.00
Other Non-current Liabilities	5,526,665.00
Net Worth	64,524,512,653.66
Capital Funds	333,957,800.00
Other Funds	128,038,266,156.00
Surplus (Loss)	(63,771,109,848.34)
Equity Adjustments	
Unrealized Loss on Financial Instruments	(76,601,454.00)
Total Liabilities & Net Worth	97,960,433,727.66

Income Statement for the Year Ended Dec. 31, 2017

Unit: NT\$

Revenues	
Guarantee Fee Revenue	3,491,283,756.00
Recovery of Bad Debts	1,655,919,458.00
Donations	2,613,848,668.00
Interest Revenue	863,844,778.00
Gain on Investment	77,368,858.00
Miscellaneous Revenue	34,254,405.00
Total Revenues	8,736,519,923.00
Expenses	
Provision for Losses on Guarantee	7,395,360,749.00
Business & Administrative Expenses	700,251,258.00
Foreign Exchange Loss	6,380,408.00
Loss on Disposal of Fixed Assets	1,023,172.00
Miscellaneous Expenses	834,003.00
Total Expenses	8,103,849,590.00
Net Surplus (Net Loss)	632,670,333.00

Useful Information

Table 5 Major Economic Indicators

Indicator \ Year	2012	2013	2014	2015	2016	2017
*Economic growth rate (%)	2.06	2.20	4.02	0.81	1.41	2.86
Per capita GNI (US\$)	21,967	22,526	23,330	23,109	23,258	24,936
GNI (NT\$ billion)	15,141	15,655	16,582	17,301	17,682	17,874
GDP (NT\$ billion)	14,687	15,231	16,112	16,771	17,152	17,445
Wholesale price index	116.55	113.72	113.08	103.07	100.00	100.90
Consumer price index	96.99	97.76	98.93	98.63	100.00	100.62
Unemployment rate (%)	4.24	4.18	3.96	3.78	3.92	3.76
Balance of trade (NT\$ billion)	1,093	1,380	1,659	2,156	2,085	2,207
Exports of goods and services (NT\$ billion)	10,345	10,580	11,254	10,776	10,771	11,372
Imports of goods and services (NT\$ billion)	9,252	9,200	9,595	8,620	8,686	9,165
Exchange rate (end of period) (NT\$/US\$)	29.2	30.0	31.8	33.0	32.4	30.0
Rediscount rate of Central Bank (end of period) (%)	1.875	1.875	1.875	1.625	1.375	1.375

Sources:

Directorate General of Budget, Accounting and Statistics, Executive Yuan, R.O.C.

Bank of Taiwan.

Central Bank of the Republic of China (Taiwan).

* The economic growth rate was measured by the change rate of real GDP.

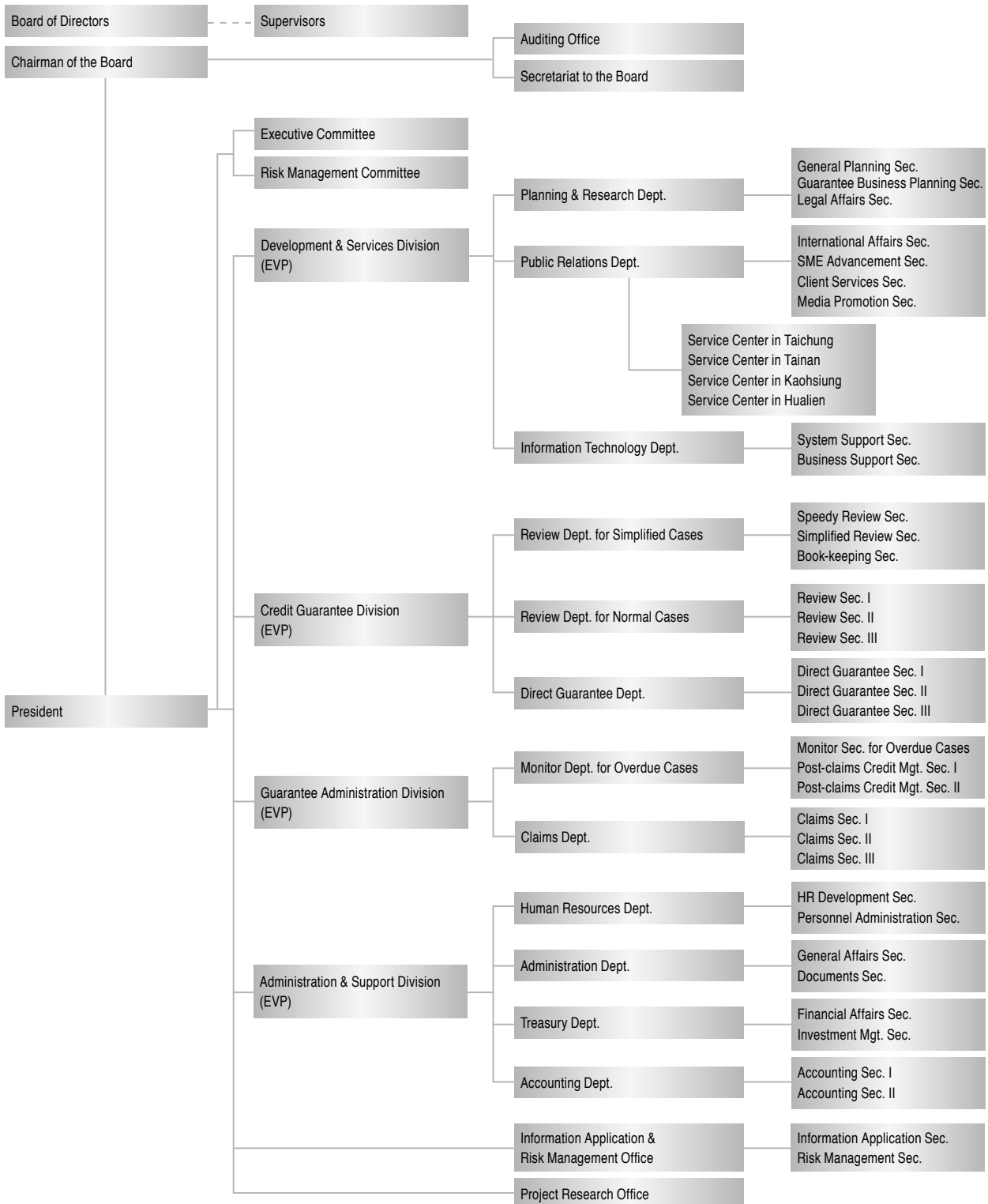
Table 6 Recent Status of SMEs

Indicator \ Year	2013	2014	2015	2016
SMEs/All enterprises (%)				
Number of enterprises	97.64	97.61	97.69	97.73
Number of employment sustained	78.30	78.25	78.22	78.19
Sales value	29.44	29.42	30.36	30.71
Direct export	14.48	14.62	15.21	15.04
Credit to SMEs/Credit to all enterprises (%)	23.00	23.85	24.48	24.79

Sources:

"White Paper on Small and Medium Enterprises in Taiwan, 2017," Small & Medium Enterprise Administration, Ministry of Economic Affairs.

Organization Chart



Number of staff: 353 (as of March 31, 2018)

