

7. Fiscal Agency Functions

The Bank acts as a banker to other banks as well as to the central government. As the fiscal agent of the government, the Bank offers several services for the Treasury. These services include handling the treasury deposit account (TDA) and central governmental agency deposit accounts, and undertaking the issuance, registration, redemption, and interest payment of central government bonds and treasury bills.

Managing the Treasury Deposit Account

The Bank manages the TDA on behalf of the Ministry of Finance (MOF), processing receipts and disbursements of the central government. The Bank delegates the handling of treasury transactions to 13 financial institutions and their 359 branches, including 5 overseas branches located in New York, Los Angeles, Seattle, and Paris. There are another 4,403 tax collection agencies set in financial institutions, offering convenient services to government agents and the general public. In 2011, the Bank received a total of NT\$3,028.9 billion in treasury deposits, a decrease of NT\$10.7 billion or 3.52 percent over the previous year. Payments made for the Treasury were NT\$3,047.2 billion, mildly decreasing by NT\$1.3 billion or 0.04 percent from 2010. At the end of 2011, the TDA balance was NT\$8.4 billion, decreasing by NT\$18.2 billion or 68.42 percent from the end of 2010, mainly due to the funding allocation considerations of the MOF.

Handling Central Government Agency Deposits

Central government agencies are required to make their deposits with the Bank or other delegated banks. However, the delegated banks are required by law to redeposit 60 percent of the deposits with the Bank, except those in interest-bearing accounts. At the end of 2011, the balance of central government agencies' deposits with the Bank amounted to NT\$173.3 billion, a decrease of NT\$13.4 billion or 7.17 percent over 2010. Deposits with other delegated banks were NT\$460.4 billion at the end of 2011, an increase of NT\$9.1 billion or 2.02 percent. Among them, redeposits with the Bank registered NT\$10.7 billion, increasing by NT\$0.4 billion or 3.88 percent from the previous year-end.

Managing Central Government Bonds

As a fiscal agent, the Bank performs services related to the issuance, registration, transfer, redemption, and interest payment of central government bonds. The Bank also conducts the auctions of central government bonds. There are 65 domestic dealers qualified to directly participate in the auctions, including 25 banks, 26 securities companies, 8 bills finance companies, 5 insurance

companies, and Chunghwa Post Co.

In 2011, the Bank conducted 18 issues of central government bonds in book-entry form worth NT\$620 billion and paid NT\$298 billion in principal and NT\$118.9 billion in interest for central government bonds. At the end of 2011, the outstanding amount of central government bonds was NT\$4,509.6 billion, an increase of NT\$ 322 billion or 7.69 percent from the previous year-end.

Managing Treasury Bills

Treasury bills are issued at a discount through auctions. Effective from April 29, 2011, securities companies were allowed to bid for treasury bills. Currently, direct auction participants include banks, insurance companies, securities companies, bills finance companies, and Chunghwa Post Co.

In 2011, the Bank handled 12 issues of book-entry treasury bills with a total amount of NT\$321.2 billion. At the end of 2011, the outstanding amount of treasury bills was NT\$180.3 billion, a decrease of NT\$59.7 billion or 24.88 percent from the previous year-end.