

6 Operating Procedures of the Central Deposit Insurance Corporation for the Provision of Loans, Deposits or other Financial Assistance to Insured Institutions under Conservatorship or Whose Powers of Board of Directors and Supervisors are Exercised by the Competent Authority

As approved by the Financial Supervisory Commission, Executive Yuan, Letter Chin- Kuan-Yin (3) No. 09630004500 on October 2, 2007

1. These operating procedures are drawn up pursuant to Paragraph 2 of Article 29 of the Deposit Insurance Act (hereinafter referred to as the "Act").
2. The Central Deposit Insurance Corporation (hereinafter referred to as the "CDIC") shall, when providing loans, deposits or other financial assistance to insured institutions that conform to Paragraph 2 of Article 29 of the Act (hereinafter referred to as unsound insured institutions), handle such items in accordance with these operating procedures.
3. When unsound insured institutions as referred to in the previous Point encounter insufficiencies of liquid funds, are already without other financing channels, and are concerned over their inability to make payments, they shall submit the following documents to the CDIC when applying for loans, deposits or other financial assistance:
 - (1) A liquidity demand analysis and an evaluation of assets and liabilities.

(2) Minutes of board of directors' meetings of financial holding companies to which the unsound insured institutions belong, or any other insured institution that the above-mentioned financial holding companies having dominant shares, or any farmers' or fishermen's association possessing the said unsound insured institutions, show agreement to provide property as full collateral.

(3) Other information related to financial assistance.

Before providing financial assistance, the CDIC shall obtain the entitlement documentation regarding the full collateral referred to in Subparagraph 2 in the above Paragraph.

4. The CDIC in providing the loans, deposits or other financial assistance to the unsound insured institutions by their applications after its verification as complying with the regulations in Point 3 above. The amount shall be limited to the scope of the payout that the CDIC receives approval pursuant to the proviso of Paragraph 2 of Article 28 of the Act, and the financial assistance may be made in installments in accordance with actual conditions.
5. The deposits that the CDIC provides to unsound insured institutions shall be stipulated in the contract, and shall not be restricted by the rules governing the pledge and early-termination of time deposits.
6. The interest rate in regard to the CDIC's provision of the loans or deposits to unsound insured institutions shall be calculated according to the CDIC's cost of funds on a floating rate basis, which can add with a plus or minus certain basis points and collateral may also need to be provided when deemed necessary in accordance with risk explosion and extension condition.

The cost of fund rate (the rate on the cost of funds) in the previous Paragraph shall be calculated in accordance with the following methods:

- (1) From the CDIC's own funds: the average of the CDIC's one-year fixed and floating deposit rates with the Central Bank when providing financial assistance.
- (2) Accommodation obtained from the Central Bank or other financial institutions: the interest rate obtained on such funding.
- (3) Where both of the above two methods apply: the weighted-average interest rate.

The duration of loans or deposits in the first Paragraph is limited to three months, but this can be extended when necessary.

7. The CDIC shall sign contracts with unsound insured institutions receiving loans, deposits or other financial assistance, and clearly record the following items:
- (1) The methods and conditions of providing loans, deposits or other financial assistance.
 - (2) The uses of and limitations on the funds for providing loans, deposits or other financial assistance.
 - (3) The methods for repaying loans, deposits or other financial assistance.
 - (4) Requests for the provision of related collateral and certificates of creditors' rights.
 - (5) The handling of violations of contractual stipulations.
 - (6) Other relevant items.
8. These operating procedures shall become effective after being submitted to and approved by the competent authority, and the same shall apply to any amendments.

