

4. Implementation Scheme for the Deposit Insurance Premium System

As amended by Financial Supervisory Commission, Letter Chin-Kuan-Yin-Ho No. 11401369891 on May 26, 2025

1. The Implementation Scheme for the Deposit Insurance Premium System is conducted in accordance with stipulations of Paragraph 3 of Article 16 of the Deposit Insurance Act.
2. The deposit insurance premium for insured institutions shall be assessed as a risk-based premium calculated on the basis of risk indicators for covered deposits and as a flat premium for eligible deposits exceeding the coverage limit.
3. Risk indicators:
 - (1) The two risk indicators are the Capital Adequacy Ratio (CAR) and the Composite Score of the Risk-based Premium Rating System (CSRPRS).
 - (2) The CAR is based on the rate of the following dates that insured institutions report to the competent authority (for local branches of foreign and mainland Chinese banks, it refers to the data reported by their parent banks to their own competent authority in their home countries) before the standard date for calculating the deposit insurance premium, which is June 30 or December 31 each year: A. Domestic Banks: March 31 or September 30. B. Local branches of foreign and Mainland Chinese banks: June 30 or December 31 (or the most recent reported data). C. Credit Cooperatives: June 30 or December 31. D. Credit Departments of Farmers' and Fishermen's Associations: June 30 or December 31.
 - (3) The standard dates used for calculating CSRPRS are determined as the end of the quarters before the standard dates for calculating deposit insurance premiums (June 30 and December 31). The score is produced from the data reported by insured institutions. However, if the Central Deposit Insurance Corporation (CDIC), within half year before the standard dates for calculating deposit insurance premiums, receives an examination report of the insured institution with an examination standard date prior to March 31 or September 30 and the examination results are different from the financial data submitted by the insured institution, the insured institution should make adjustments based on the examination results. Accordingly, CDIC should use the data after adjustments made by the insured institution, to generate CSRPRS and calculate the risk premium rate of the current payment period. If the examination standard date of the abovementioned examination report is after March 31 or September 30, the premium rate for the next payment period should be calculated based on the principle above.

(4) In order to confirm the accuracy of insured institutions' reporting "risk indicators-related" documents, CDIC may conduct inspections of insured institutions and recalculate the risk-based premium based on the inspected results to collect insurance premium.

4. Risk grading:

(1) The CAR is divided into four risk tiers:

- A. Domestic banks, local branches of foreign and mainland Chinese banks with a CAR of 15.50% and over; credit cooperatives with a CAR of 12.50% and over; the credit departments of farmers' and fishermen's associations with a CAR of 12.00% and over.
- B. Domestic banks, local branches of foreign and mainland Chinese banks with a CAR of 12.50% to less than 15.50%; credit cooperatives with a CAR of 10.50% to under 12.50%; the credit departments of farmers' and fishermen's associations with a CAR of 10.00% to under 12.00%.
- C. Domestic banks, local branches of foreign and mainland Chinese banks with a CAR of 10.50% to less than 12.50%; credit cooperatives with a CAR of 8.00% to under 10.50%; the credit departments of farmers' and fishermen's associations with a CAR of 8.00% to under 10.00%.
- D. Domestic banks, local branches of foreign and mainland Chinese banks with a CAR of under 10.50%; the credit cooperatives and credit departments of farmers' and fishermen's associations with a CAR of under 8.00%.

The CAR of banks refers to the ratio of equity capital to total risk-weighted assets. The CAR of credit cooperatives refers to the ratio of eligible equity capital to total risk-weighted assets. For local branches of foreign and mainland Chinese banks, the CAR refers to the ratio of equity capital to total risk-weighted assets of the foreign and mainland Chinese banks. The CAR for the credit departments of farmers' and fishermen's associations refers to the ratio of eligible net worth to total risk-weighted assets.

(2) The CSRPRS is divided into four risk tiers:

- A. Domestic banks, local branches of foreign and mainland Chinese banks with a composite score of 80.0 and above; the credit cooperatives and credit departments of farmers' and fishermen's associations with a composite score of 75.0 and above.
- B. Domestic banks, local branches of foreign and mainland Chinese banks with a composite score of 65.0 to less than 80.0; the credit cooperatives and credit departments of farmers' and fishermen's associations with a composite score of 65.0 to less than 75.0.
- C. Composite scores of 50.0 and above but less than 65.0.
- D. Composite scores of under 50.0.

5. Deposit Insurance Premiums:

(1) For domestic banks, local branches of foreign and mainland Chinese banks, the seven-tiered risk-based

premium rates for covered deposits under the coverage limit are 0.0475%, 0.05%, 0.06%, 0.08%, 0.11%, 0.15%, and 0.20%, and the flat premium rate for eligible deposits in excess of the coverage limit is 0.005%.

(2) For credit cooperatives, the seven-tiered risk-based premium rates for covered deposits under the coverage limit are 0.0375%, 0.04%, 0.05%, 0.07%, 0.10%, 0.14%, and 0.19%, and the flat premium rate for eligible deposits in excess of the coverage limit is 0.005%.

(3) For the credit departments of farmers' and fishermen's associations, the seven-tiered risk-based premium rates for covered deposits under the coverage limit are 0.0175%, 0.02%, 0.025%, 0.03%, 0.04%, 0.05%, and 0.06%, and the flat premium rate for eligible deposits in excess of the coverage limit is 0.0025%.

The tables of the risk-based premium tiers are included in the Appendix.

6. Exceptions:

(1) The calculation of the risk-based premium rates for insured institutions in the process of a merger or assumption (hereinafter referred to as "a merger"):

A. Period at the time of the merger:

The calculation of premium rates will be based on the risk indicators of each institution before the merger.

The "period at the time of the merger" refers to the period for calculation of the insurance premium during the standard date of the merger (January 1 to June 30 or July 1 to December 31).

B. Period after a merger:

a. If there is no CSRPRS data available, the calculation of the premium rate is based on the CSRPRS of the surviving institution. The calculation of the risk-based premium rate of a newly incorporated institution is based on the higher CSRPRS of the original institutions before a merger.

b. If there is no data of the CAR available, the calculation of the premium rate is based on the CAR of the existing institution. The calculation of the premium rate of a newly incorporated institution is based on the higher CAR of the original institutions before a merger.

(2) The risk-based premium rates for insured institutions that do not have CSRPRS data or CAR data available due to reorganization are based on the latest CSRPRS or CAR before the reorganization.

(3) Insured institutions that are newly established and do not yet have CSRPRS shall pay the Tier 4 risk-based premium rate. However, the Tier 5 risk-based premium rate shall be applied for the credit departments of farmers' and fishermen's associations established under special permission by the central competent authority of the agricultural finance in accordance with the proviso of Subparagraph 2 of the Auditing Standards for Applications to Re-establish Credit Departments by Farmers' and Fishermen's Associations whose Credit Departments were Assumed by a Bank.

(4) The risk-based premium rate for government-owned insured institutions, excluding those institutions that subject to the lowest rate, shall be calculated as one tier lower than the rate for their risk group.

(5) The risk-based premium rates for insured institutions that accept deposits but do not make loans except

for time deposit pledge or for the deposits required by law to be deposited in certain financial institutions; or for preferential interest deposits such as the deposits for civil servant and teacher pension fund, military retirement funds or Personnel Savings Division Comptroller EAU, M.N.D, shall be determined specially by the competent authority.

- (6) Insured institutions shall pay the highest risk-based premium rate if they are under guidance, superintendence or conservatorship or their authorities are exercised by officers delegated by the competent authority or the central competent authority of the agricultural finance in accordance with the law.
 - (7) Bridge banks, which are set up in accordance with the Deposit Insurance Act, do not need to pay the insurance premium.
 - (8) If an insured institution receives a warning notice of termination of the deposit insurance agreement by CDIC in accordance with the Article 25 of the Deposit Insurance Act, CDIC shall raise the premium rate of the institution by 0.01% to 0.05%.
7. CDIC sends an individual written notification of the applicable premium rate to each insured institution. Insured institutions cannot publicly announce their CSRPRS. CDIC may increase their risk-based premium rates for violators of this regulation by 0.01% for the current payment period.
 8. If an insured institution does not pay its premium on time as stipulated under CDIC regulations, CDIC may increase the current risk-based premium rate of the institution by 0.01% for payment period.
 9. If an insured intuition has a major financial or operational risk event between the standard dates for reporting data and the standard dates for calculating deposit insurance premiums, such that the risk indicators are unable to timely reflect operational risks, CDIC may charge an additional premium of 0.01% to 0.06% for the current payment period depending on the degree of risk. However, the increased premium rate may not exceed the highest rate.
 10. If an insured institution dishonestly reports data and files or conceals important financial and business information, such that the applied premium rate is affected, the institutions must pay the difference of the revised premiums after adjustments for the affected period. CDIC may charge an additional premium of 0.01% to 0.06% for the current payment period depending on the level of severity.
 11. Insured institutions that object to their risk-based premium rate are still required to pay the insurance premium on time. A written request for review of the premium rate may be submitted to CDIC between the date of receiving notification of premium payment and the due date of the current premium payment period (January 31 or July 31, based on the postmark date). Only one such request is permitted per

payment period.

12. This Implementation Scheme shall take effect after being approved by the competent authority, and the same shall apply to any subsequent amendments.

The amendments approved on May 26, 2025, shall take effect on January 1, 2026.

Appendix: Risk-based Premium Grading for
Insured Institutions (Seven Premium Tiers)

1. Premium Rates for Domestic banks, Local Branches of Foreign and Mainland Chinese Banks

| CSRPRS CAR | 80.0 and Over | 65.0 to Under 80.0 | 50.0 to Under 65.0 | Less than 50.0 |
|-----------------------------------|-------------------|--------------------|--------------------|-----------------|
| 15.50% and over | Tier 1 0.0475% | Tier 2 0.05% | Tier 3 0.06% | Tier 4 0.08% |
| 12.50% to less than 15.50% | Tier 2 0.05% | Tier 3 0.06% | Tier 4 0.08% | Tier 5 0.11% |
| 10.50% to less than 12.50% | Tier 3 0.06% | Tier 4 0.08% | Tier 5 0.11% | Tier 6 0.15% |
| Less than 10.50% | Tier 4 0.08% | Tier 5 0.11% | Tier 6 0.15% | Tier 7 0.20% |

2. Premium Rates for Credit Cooperatives

| CSRPRS CAR | 75.0 and Over | 65.0 to Under 75.0 | 50.0 to Under 65.0 | Less than 50.0 |
|-----------------------------------|-------------------|--------------------|--------------------|-----------------|
| 12.50% and over | Tier 1 0.0375% | Tier 2 0.04% | Tier 3 0.05% | Tier 4 0.07% |
| 10.50% to less than 12.50% | Tier 2 0.04% | Tier 3 0.05% | Tier 4 0.07% | Tier 5 0.10% |
| 8.00% to less than 10.50% | Tier 3 0.05% | Tier 4 0.07% | Tier 5 0.10% | Tier 6 0.14% |
| Less than 8.00% | Tier 4 0.07% | Tier 5 0.10% | Tier 6 0.14% | Tier 7 0.19% |

3. Premium Rates for the Credit Departments of Farmers' and Fishermen's Associations

| CSRPRS CAR | 75.0 and Over | 65.0 to Under 75.0 | 50.0 to Under 65.0 | Less than 50.0 |
|-----------------------------------|-------------------|--------------------|--------------------|-----------------|
| 12.00% and over | Tier 1 0.0175% | Tier 2 0.02% | Tier 3 0.025% | Tier 4 0.03% |
| 10.00% to less than 12.00% | Tier 2 0.02% | Tier 3 0.025% | Tier 4 0.03% | Tier 5 0.04% |
| 8.00% to less than 10.00% | Tier 3 0.025% | Tier 4 0.03% | Tier 5 0.04% | Tier 6 0.05% |
| Less than 8.00% | Tier 4 0.03% | Tier 5 0.04% | Tier 6 0.05% | Tier 7 0.06% |

Notes:

1. The CSRPRS refers to the Composite Score of the Risk-based Premium Rating System. It uses the financial

data directly reported by the insured institutions.

2. The CAR of banks refers to the ratio of equity capital to risk-weighted assets. The CAR of credit cooperatives refers to the ratio of eligible equity capital to total risk-weighted assets. For local branches of foreign banks, the ratio of equity capital to risk-weighted assets of the foreign and mainland Chinese banks, which report to the competent authority in their home country, is used. The CARs for the credit departments of farmers' and fishermen's associations are the ratio of eligible net worth to total risk-weighted assets.