

Opinions of the People's Bank of China, the China Banking Regulatory Commission, the China Securities Regulatory Commission and the China Insurance Regulatory Commission on the Measures of Financial Support and Services to the Post-Wenchuan Earthquake Reconstruction

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Shanghai Headquarters of the People's Bank of China, all the branches, business management departments, and central sub-branches of the People's Bank of China in provincial capital cities; the banking regulatory bureaus, securities regulatory bureaus and insurance regulatory bureaus of all provinces (autonomous regions and municipalities directly under the central government); and all policy banks, state-owned commercial banks, joint-stock commercial banks and the Postal Savings Bank of China:

In order to implement the Opinions of the State Council on the Policies and Measures for Supporting the Post-Wenchuan Earthquake Rehabilitation and Reconstruction (No. 21 [2008] of the State Council), give further play to the function of finance, and do a good all-around job in the financial support and services to the post-Wenchuan earthquake reconstruction, the following opinions are hereby put forward:

I. Supporting financial institutions in disaster-ridden areas in all-round rehabilitation at an earliest possible date and improving the financial service function

1. Doing a good job in the rehabilitation and reconstruction of grass-roots outlets of financial institutions.

According to the overall requirements of reconstruction plan for disaster-ridden areas of the State Council, we should lose no time in doing a good job in the layout and reconstruction of financial outlets in disaster-ridden areas, reasonably lay out grass-roots outlets of financial institutions in disaster-ridden areas, enlarge the coverage of financial services in disaster-ridden areas, rehabilitate as soon as possible and improve the service function of financial institutions in the disaster-ridden areas.

We should speed up the infrastructural repair of banking, securities and insurance institutions damaged by the earthquake, and focus on strengthening and improving financial services at the centralized resettlement places for disaster-ridden people. For a financial institution which suffered little from the earthquake and still could maintain basic business operations after the earthquake, necessary policy support should be provided to help such financial institution to resume normal operations as soon as possible. For a financial institution which suffered severely from the earthquake and could not maintain normal operations after the earthquake, if such a financial institution is a branch of a national financial institution, its headquarters should coordinate its system resources and organize the rehabilitation, and all parent banks (or regional head offices) should formulate corresponding specific implementation plans as soon as possible; if such a institution is a local corporate financial institution in the disaster-ridden area, the financial institutions with strength and sound management are encouraged to take over and reorganize such a financial institution according to the principle of commercialization. The local government is encouraged to support the local corporate financial institutions in disaster-ridden areas for rehabilitation and reconstruction by means of financial capital contribution, etc. according to the relevant policies.

We should support banking financial institutions in laying out temporary business outlets on the basis of ensuring safe business operations, and realize the trans-institutional business agency services through system reconstruction. We should guide investors to trade their stock online or by telephone and other off-site means of trading. If the client adheres to transact at the scene, on-site transactions should be made possible by means of transferred custody or designation nearby.

Under the premise of effectively controlling risks, we should encourage the banking, securities, and insurance institutions to establish branches in the disaster-ridden areas. We should give priority to and speed up the examination and approval of the relocation and reorganization of the qualified grass-roots outlets of financial institutions in the disaster-ridden areas, and encourage the financial institutions in the disaster-ridden areas to innovate financial products and services.

## 2. Ensuring the safe operation of payment and settlement, the treasury, cash distribution, stock exchange and postal remittance system.

We should strengthen the dynamic monitoring of the payment and settlement systems, establish a “green channel” for the remittance of post-earthquake reconstruction funds, and ensure the smooth operation of the remittance channel for the post-earthquake reconstruction funds. The ATM machines and POS machines, etc. should be reasonably laid out at the centralized resettlement places of disaster-ridden people, to facilitate the deposit and withdrawal of money and consumption with bankcards by cardholders in the disaster-ridden areas. We should ensure the smooth operation of the channel for treasury funds remittance, and extend the remittance channel of treasury funds to the individual accounts of earthquake-ridden people, realize the peer-to-peer payment of earthquake relief grants so as to ensure that the earthquake relief grants are directly paid to the earthquake-ridden people. We should give full play to the supervision function of the treasury system, improve the transparency of appropriation and the use of earthquake relief funds. We should strengthen the monitoring and analysis of the cash flow and money supply in the disaster-ridden areas, strengthen the management on the issuance funds allocation, make full use of the working mechanism of nearby allocating issuance funds across administrative divisions, and ensure the cash supply in the disaster-ridden areas.

We should support the securities and futures exchanges and the depository and clearing companies in providing funds and technical services and help securities and futures operation institutions in the disaster-ridden areas in the construction of disaster backup centers and center machine rooms, etc., and intensify the safety maintenance of transactions and the settlement and communication systems. We should resume as soon as possible and improve the postal exchange system in the disaster-ridden areas, and take advantage of its service advantage of being close to the grass-roots people.

We should strengthen the construction of backup system of important financial infrastructure and the work of clean-up and backup of information materials such as important documents, data, and archives damaged by the earthquake, and improve the capacity to deal with emergencies.

## 3. Properly reducing the charges on financial institutions in disaster-ridden areas.

We should properly reduce the fees charged for funds remittance through the payment and settlement system in the disaster-ridden areas. For commercial banks, rural credit cooperatives and postal savings institutions (including the corporation bodies whose registration places are in the disaster-ridden areas and the branches in the disaster-ridden areas), trust companies, enterprise group financial companies, and other non-banking financial institutions specified by the State in the disaster-ridden areas, the banking institutions supervision fees and business supervision fees should be waived. For the insurance companies and insurance intermediaries in the disaster-ridden areas (including the corporate bodies whose registration places are in the disaster-ridden areas and the branches in the disaster-ridden areas), the insurance business supervision fees should be waived. For the insurance companies, fund companies, and futures companies assisting the disaster-ridden areas (including the corporate bodies whose registration places are in the disaster-ridden areas and the branches in the disaster-ridden areas), the securities market supervision fees should be waived. We should support the appropriate reduction of the membership dues paid to the banking associations by the banking institutions which suffered severely from the earthquake, the investors protection funds, the membership dues paid to securities and futures industrial associations, annual membership fees paid to the securities and futures exchanges by the securities and futures operation institutions, and the funds of insurance guarantee and the membership dues paid to the insurance associations by the insurance institutions (excluding the industrial associations of the provinces or municipalities), etc. The provincial rural credit cooperatives are encouraged to cut down the industry management fees on the rural credit cooperatives in the disaster-ridden areas.

The financial institutions in the disaster-ridden areas are encouraged to appropriately cut down the charges for the customer account enquiry, report of loss, making up accounts and account transfer, and the report of loss and making up of securities account card of the securities holders, securities enquiry, and securities succession.

## II. Encouraging financial institutions to increase the grant of credit to disaster-ridden areas

### 4. Implementing preferential credit policies to disaster-ridden areas.

All financial institutions should timely adjust their credit structure and granting step according to the need of the disaster-ridden areas and actively assist the post-earthquake reconstruction under the principle of adhering to commercial operations and controllable risks. The national banking institutions should treat them discriminatorily with both encouragements and discouragements, practically increase the adjustment strength of credit resources within the system, provide preferential support to the disaster-ridden areas in credit review and funds dispatch, etc., and give proper preference to the disaster-ridden areas in credit resources. The local corporate financial institutions, such as the city commercial banks in the disaster-ridden areas, should actively collect deposits so as to enhance market financing, increase the sources of credit funds, and strengthen the credit support to the local earthquake-hit enterprises, especially small and medium enterprises, on the premise of satisfying the requirements of prudential supervision on capital adequacy ratio, loan-to-deposit ratio, etc. and ensuring the sound operations, and the total loans may be properly relaxed. The local rural credit cooperatives should set their foothold on serving agriculture, farmers and the rural areas, timely make loans during the farming season so as to support the local agriculture to resume production. They should, in line with the financial discount policy, do a good job in the grant of discount loans for post-earthquake reconstruction. Proper preferences should be given to the disaster-ridden areas in the existing interest discount loans for poverty relief, small-sum secured loans for laid-off workers or the unemployed, and national student loans, etc. The financial institutions are permitted to give loans for merger and acquisition, and the financial institutions which have no business outlets in the disaster-ridden areas may conduct cross-district loan business so as to support the reconstruction of the disaster-ridden areas.

With a view to the actual difficulties of the earthquake-ridden people and enterprises, for all types of loans which had been granted before the disaster and could not be timely repaid after the disaster, the time of repayment may be extended for six months, and the financial institutions shall not, before December 31, 2008, give collection reminders to or impose penalty interests on or make bad records on the loanee enterprises and individuals, and delay in repayment should not affect the enterprises and individuals in obtaining any other credit support in the disaster-ridden areas.

### 5. Intensifying the credit support for the key infrastructures and enterprises, pillar industries, small and medium enterprises, and the unemployed due to disaster in the disaster-ridden areas.

We should encourage the financial institutions to timely provide necessary supports for the loan needs of important infrastructural projects in post-earthquake reconstruction, the state key enterprises that need financial support, the pillar enterprises in disaster-ridden areas and the rehabilitation of the damaged public facilities of water, electricity, roads, communication, schools and hospitals which have sources of income. For the small and medium enterprises in the disaster-ridden areas which have strong employment capacity, promising products and which keep their promises, more support should be given through the innovation of credit products and services. We encourage the local governments to invest in and guide the establishment of small and medium loan guarantee funds, attach great importance to the financial support to the disaster-ridden areas in creating employment opportunities by startup enterprises. When granting loans to the unemployed due to disaster for starting their own businesses or to the labor-intensive small enterprises employing a certain number of the earthquake-ridden people in the earthquake-hit areas, we may implement the policy of small-sum secured loans for laid-off workers and the unemployed by analogy.

### 6. Increasing credit support to agriculture, farmers and the countryside in the disaster-ridden areas.

We should actively develop such new types of rural institutions as rural banks, rural mutual cooperatives, loan companies and small-sum loan companies which fit the rural characteristics of the disaster-ridden areas, and should improve the coverage of rural financial outlets and the level of financial services in the rural disaster-ridden areas.

We should strengthen the credit grant of the rural credit cooperatives so as to support the agricultural development, farmers and the countryside in the post-earthquake reconstruction by various means, including the payment with special bills. For the special bills held by the rural credit cooperatives in the disaster-ridden areas that basically satisfy the conditions of payment after the examination and approval, the procedure of examination should be simplified, and early payment should be provided. For the rural credit cooperatives which failed to satisfy the payment condition for the time being due to the disaster, credible money should be timely increased by means of re-loan, and on the other hand, all types of private funds should be actively guided to invest in them so as to enhance their capital strength.

We should broaden the range of mortgage guaranties for rural loans, encourage the development of businesses such as forest right mortgage loans, mining right mortgage loans, receivable pledge loans, and dock warrant pledge loans. We should encourage all financial institutions to actively grant small-sum credit loans and joint guarantee loans for rural households to the farmers in the disaster-ridden areas, properly increase the amount of loans and extend the term of loans in light of the actual needs, and provide key support to the rural large households in planting and breeding, and the featured planting and breeding industry. We should increase the grant of discount loans for poverty relief to the earthquake-ridden areas, and provide support of discount loans for poverty relief to the earthquake-ridden people to help them resume production and living.

#### 7. Implementing housing credit preferential policies to the disaster-ridden areas.

We should actively support the development and construction of houses in the disaster-ridden areas. All kinds of banking financial institutions are encouraged to take it a priority to give loan support to the reconstruction and rehabilitation projects of the residential areas and residential buildings destroyed in the earthquake, which are organized by the local governments in the earthquake-ridden areas. For the development and construction projects of ordinary commercial housing and affordable housing in the disaster-ridden areas as determined by the state, the banking financial institutions are encouraged to give preferences in loan conditions.

We should reduce the interest rate lower limit and the first payment ratio of individual housing loans in the earthquake-ridden areas. The lower limit of loan interest rate for earthquake-ridden people to purchase houses for their own dwelling after the earthquake should be uniformly lowered to the 0.6 times the benchmark loan rate from the existing level prescribed by the People's Bank of China (the loan rate for the first apartment purchased should be 0.85 times the benchmark loan rate, that for the second apartment should be 1.1 times), and a commercial bank may decide independently the specific loan rate according to such factors as the ability-to-repay of the clients. The down payment should be lowered uniformly to the 10%, and the specific ratio of down payment should be independently determined by the commercial bank under the principle of loan risks management. All grades of loan rates of personal housing accumulation funds are offered a preference of 1 percentage point. The banking financial institutions are encouraged to grant the households self-built housing loans to the farmers for the reconstruction and rehabilitation of the houses destroyed in the disaster.

### III. Increasing the capital support to the financial institutions in the disaster-ridden areas

#### 8. Increasing the re-loan and rediscount quotas to the disaster-ridden areas.

According to the actual needs of rehabilitation and reconstruction of the disaster-ridden areas, an additional 20 billion yuan quota has been arranged for the disaster-ridden areas in 2008, and if it is necessary, the quota may be properly increased again. More adjustments should be made to the agriculture-oriented re-loans among all provinces (autonomous regions and municipalities directly under the central government) of China, and the quotas of some agriculture-oriented re-loans to the disaster-ridden areas are increased each year, and broaden the purposes of use of the loans accordingly. From May 1st, 2008, this kind of re-loan rate may be lowered another 1 percentage point on the current preferential rate level of agriculture-oriented re-loans so as to relieve the financial burden of the financial institutions in the disaster-ridden areas.

9. Continuing to implement the reserve policy of giving preferences to the disaster-ridden areas.

During the post-earthquake reconstruction, if the deposit reserve ratio is raised, such raise should not be implemented on the local corporate financial institutions in the disaster-ridden areas for the time being. For the corporate financial institutions in the disaster-ridden areas with a lower capital adequacy ratio, the implementation of differentiated deposit reserve ratio policies should be ceased.

10. Permitting the financial institutions in the disaster-ridden areas to draw special deposits in advance so as to increase their credit funds sources.

The financial institutions in the disaster-ridden areas, which have conducted special deposits and lack funds for supporting the post-earthquake reconstruction, may draw special deposits in the People's Bank of China in advance, and pay interests according to the special deposits rates corresponding to the actual holding period.

IV. Giving full play to the functions of the capital market and the insurance market, and guiding all kinds of funds to support the post-earthquake reconstruction

11. Supporting the institutions in the disaster-ridden areas to raise funds for post-earthquake reconstruction through the bond market.

We should support the qualifying local corporate financial institutions in the disaster-ridden areas in issuing hybrid capital bonds and subordinated bonds to supplement their registered capital, and in issuing general financial bonds, and asset-backed securities, etc. so as to increase the sources of credit funds for post-earthquake reconstruction, and show green light to these financial institutions in their bond-based financing.

Qualifying enterprises in the disaster-ridden areas and the enterprises whose funds raised are mainly used in the disaster-ridden areas are encouraged to issue enterprise bonds, corporate bonds, short-term financing bills, and other debt financing instruments through the bond market for raising the funds needed for the post-earthquake reconstruction and rehabilitation of production.

We encourage financial innovation and support the infrastructure projects of transportation, and water works, etc. with stable income in issuing asset securitization products. We encourage direct investment and integrated financing as well as special financing businesses for the reconstruction and development of the disaster-ridden areas.

12. Supporting the enterprises in the disaster-ridden areas in raising money from the stock market and the listed companies in the disaster-ridden areas in their reconstruction and development.

We should support the enterprises in the disaster-ridden areas in raising money through the stock market. When the statutory conditions are satisfied, priority should be given to the applications of the enterprises in the disaster-ridden areas for initial public offering and the listed companies' further raising of money. The financing application of the enterprises which raise funds for the rehabilitation and reconstruction of the disaster-ridden areas and which produce the materials urgently needed for the reconstruction and settlement of the disaster-ridden areas should be examined and verified with priority.

Support is given to the merger, acquisition, reorganization, asset contribution and overall listing of the listed companies in the disaster-ridden areas, and a special examination team will be established for the merger, acquisition and reorganization of listed companies in the disaster-ridden areas. We encourage listed companies in other provinces (municipalities) of China to participate in the reconstruction of the disaster-ridden areas, and to contribute their assets, e.g., materials and equipments, etc., that are urgently needed for the rehabilitation and reconstruction of the listed companies in the disaster-ridden areas by means of "subscription of shares by assets", etc. into the listed companies in the disaster-ridden areas.

We support the appropriate relief of annual listing fees and other charges on the listed companies in the disaster-ridden areas, strengthen the provision of nurturing services for the listing of enterprises in the disaster-ridden areas, and promote the listing of the qualifying enterprises.

13. Vigorously guiding the insurance institutions to participate in the post-earthquake reconstruction.

We vigorously encourage and guide the insurance institutions to give priority to the subscription of the bonds and stock issued by the enterprises with high qualities in the disaster-ridden areas; guide and coordinate the insurance capital to be invested with priority in such important projects of the disaster-ridden areas as transportation, energy, environmental protection, water and municipal administration which are related to the national welfare and the people's livelihood, and support the reconstruction of infrastructure in the disaster-ridden areas.

The functions of the insurance products should be fully exercised. We should underline the innovation of insurance products, actively support the supply of all kinds of insurance on engineering, property, cargo transport, agriculture and accident health of the construction staff for the post-earthquake reconstruction, and give them preferential rates. The special products such as annuity insurance, disability income insurance and pension insurance should be developed for the earthquake-ridden people, especially the orphans, the disabled, the widowed elderly, and other vulnerable groups.

14. Encouraging and guiding all kinds of funds and private capital to support the post-earthquake reconstruction.

We should adopt various preferential measures to encourage the private equity funds, risk investment, community donated funds and international aid funds to increase the capital investment in the disaster-ridden areas. We should study and set up a catastrophe insurance system with multi-participants and at multi-levels so as to support the post-earthquake reconstruction and share the risk of loss of secondary disasters.

V. Strengthening the credit construction in the disaster-ridden areas, and protecting people's legitimate rights and interests

15. Protecting the legitimate rights and interests of the clients in the disaster-ridden areas.

We should speed up the sort-out and verification of the clients' basic information of the financial institutions in the disaster-ridden areas. The creditor's rights of unknown clients should be preserved in a separate account for the time being, and the account funds, ownership and inheritance rights of the financial assets of victims should be legally confirmed and protected. All financial institutions should inform the family members of the victims specified in the name list provided by the departments of civil affairs of the property of such victims, and provide various thoughtful, convenient and fast financial services to the family members in conducting inheritance, property custody, and claims for insurance, etc. The insurance companies should offer to contact the insurance clients in the disaster-ridden areas, and make all-round investigations into the insurance and losses of the clients. The compensations for earthquake insurance should be carried out on the basis of contracts in principle, and the progress of claims settlement should be speeded up and the efficiency of claims settlement be improved.

16. Strengthening the prevention and disposal of the risks of financial institutions in the disaster-ridden areas.

The financial institutions should do a good job in the clean-up and management of the damaged assets so as to have a good knowledge of the loss of credit assets and fixed assets. We encourage and support the financial institutions and enterprises in doing effective reorganization on bad debts formed due to the disaster. For the loans that comply with the existing provisions on write-off, such loans should be timely written off under the relevant policies and procedures. For the loans that do not satisfy the existing provisions on write-off, but the enterprises or individuals have real difficulties in repayment, the financial institutions should do a good job in the debt restructuring arrangements according to the actual loss and solvency under the principle of discriminatory treatment and equal negotiations so as to promote the enterprises or individuals to resume production and normal operation as soon as possible.

In providing financial support for the post-earthquake reconstruction we should adhere to the principle of commercialization, legalization, and sustainable business operations, and should not only actively support the rehabilitation and reconstruction of earthquake-ridden areas, but also strengthen the awareness of financial risks management, and pay attention to prevent the financial risks and moral risks.

17. Legally protecting the financial creditor's rights, and promoting the construction of the credit system in the disaster-ridden areas.

We should strengthen legal supervision, closely monitor the operation of the financial market in the disaster-ridden areas, and maintain the normal operational order of the market. We should take practical measures to effectively prevent the evasion of bank debts, guard against the illegal occupation of other's property rights and interests by fraudulently using other person's name or using forged or altered documents, etc. We should do a good job in the credit statistics of the disaster-ridden areas, credit and popularization and promotion of financial knowledge, and provide powerful safeguard for the post-earthquake rehabilitation of production and reconstruction.

The range of disaster-ridden areas as mentioned in these opinions refers to the administrative regions of the 51 districts and counties as determined by the Ministry of Civil Affairs which were hit most seriously by the earthquake, and it is decided that the relevant measures for financial support and services are to be implemented till June 30, 2011, except otherwise expressly required.

The branch offices of the People's Bank of China in the disaster-ridden areas should strengthen the organization and coordination with the local dispatched offices of the CBRC, CSRC and CIRC, and earnestly do a good job in the work of implementation.

People's Bank of China

China Banking Regulatory Commission

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