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Stock Code：2851

CENTRAL REINSURANCE CORPORATION

Minutes of the 2015 Annual General Meeting of Shareholders

May 27, 2015

(This translated document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

CENTRAL REINSURANCE CORPORATION

Minutes of the 2015 Annual General Meeting of Shareholders

Date & Time：9:00 a.m., May 27, 2015 (Wednesday)

Venue：10F, No.11, Chungshan S.Road, Taipei 10048, Taiwan
Chang Yung-Fa Foundation International Convention Center Room1002

Shareholders present: Shareholders present by themselves (including electronic voting) or by proxy at the meeting represent 483,434,402 shares and account for 85.97% of the total issued shares of the Company which amount to 562,275,000 shares.

Chairman：Mr. Yang, Cheng-Tui

Secretary：Ms. Chen, Yi-Chun

Attendants as guest：Mr. Yau, Sea-Wain, Independent Director / Mr. Tsen, Ron-Syou, Independent Director / Mr. Chou, Yu-Cheng, Independent Director / Ms. Lee, Yi-Fen, Director / Mr. Chen, Kuan-Pao, Director / Mr. Tai, Jiin-Chyuan, Director / Ms. Ku Lai, Mei-Hsueh, Director

A. Report of Shareholders Presented and Call Meeting to Order.

B. Chairman's Address：Omitted.

C. Matters for Report：

I. Business Report of the year 2014. (as the attached Page 5-10)

II. Audit Committee's Review Report of the year 2014. (as the attached Page 18)

III. Reporting on the "Procedures for Use of the Company's funds in Special Projects, Public Utilities and Social Welfare Enterprises" amended by the Board of Directors on Aug. 20, 2014 and submitted to the Financial Supervisory Commission (hereinafter referred to as "FSC") for reference according to the article 6 of "Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises". (as the attached Page 50-54)

IV. Reporting on the "Ethical Corporate Management Best Practice Principles" established by the Board of Directors on Dec. 24, 2014 according to the article 27 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". (as the attached Page 55-61)

D. Matters for Acknowledgement and Discussion：

Submitted by the Board of Directors

Proposal I: It is proposed to acknowledge the Business Report and Financial Statements of the year 2014. (as the attached Page 5-16)

Explanation: The Financial Statements of the Company of the year 2014 which had been audited and certified by the CPA firm of PricewaterhouseCoopers, Taiwan and the Business Report of the year 2014 were reviewed by the Audit Committee. The Audit Committee also submitted the Review Report as attached.

Resolution: Approved after voting.

Total votes at the time of voting were 483,638,422 votes (including 341,896,920 electronic voting). Approval votes were 474,605,654 votes (including 333,394,811 electronic votes), 98.13% of the total votes; disapproval votes were 6,187 votes (including 6,187 electronic votes); invalid votes were 0 vote; abstention votes/no votes were 9,026,581 votes (including 8,495,922 electronic votes).

Submitted by the Board of Directors

Proposal II: It is proposed to acknowledge the distribution of the earnings of the year 2014 as the Statement of Earnings Appropriation. (as the attached Page 17)

Explanation:

1. The retained earnings of the Company for the beginning of the year 2014 is NT$482,822,998. After adding the net income for the year ended 2014 NT$870,874,268 and deducting actuarial loss on defined benefit plan, setting aside legal reserve and special reserve, the appropriable earnings for the year ended Dec. 31, 2014 is NT$944,776,796. According to the Company Law and Articles of Incorporation, the proposal of the distribution of the earnings are as follows:
   (1) Cash dividends: NT$674,730,000. Each share shall be

distributed NT$1.2.

(2) Remuneration to Directors and Supervisors: NT$ 2,878,000.

(3) Bonuses to employees: NT$ 7,141,169.

The fractional amount less than NT$1 will be set aside as Company's non-operating revenue in distribution of cash dividends.

2. In the event that the total amount of shares outstanding of the Company is affected by the buyback of the Company's shares, transfer, conversion, cancellation of treasury shares, necessitating adjustments in the cash distribution ratio, it is proposed that the Chairman of the Board be authorized to manage the change in the cash distribution ratio.
3. The Board of Directors will decide the record date and the payment date for distribution of cash dividends.

Resolution: Approved after voting.

Total votes at the time of voting were 483,638,422 votes (including 341,896,920 electronic voting). Approval votes were 474,605,654 votes (including 333,394,811 electronic votes), 98.13% of the total votes; disapproval votes were 6,187 votes (including 6,187 electronic votes); invalid votes were 0 vote; abstention votes/no votes were 9,026,581 votes (including 8,495,922 electronic votes).

Submitted by the Board of Directors

Proposal III: It is proposed to amend the "Procedures for Transaction of Financial Derivatives" referring to the contrast table attached. (as the attached page 19-35)

Explanation: The amendments are made in accordance with "Regulations Governing Derivatives Transactions Conducted by Insurance Companies" by Order Ref. Jin – Kuan – Bao– Tsai 10302509851 promulgated by FSC on December 24, 2014.

Resolution: Approved after voting.

Total votes at the time of voting were 483,638,422 votes (including 341,896,920 electronic voting). Approval votes were 474,605,552 votes (including 333,394,709 electronic votes), 98.13% of the total votes; disapproval votes were 6,289 votes (including 6,289 electronic votes); invalid votes were 0 vote; abstention votes/no votes were 9,026,581 votes (including 8,495,922 electronic votes).

Submitted by the Board of Directors

Proposal IV: It is proposed to lift the restriction of “non-competition” for Mr. Chang, Kuo-Cheng, the Vice Chairman of the Board.

Explanation:

1. In accordance with the Article 209 of the Company Law, a director who does business that is within the scope of the Company’s business for himself/herself or on behalf of another person, shall explain to the shareholders the essential contents of such act and secure the shareholders’ approval.
2. It is proposed to approve this proposal because the conduct that Mr. Chang, Kuo-Cheng, the Vice Chairman of the Company, simultaneously acts as the Chairman of Evergreen Insurance Company Limited whose business is within the scope of the Company’s business “Reinsurance Business” will not damage to the Company’s benefit.

Resolution: Approved after voting.

Total votes at the time of voting were 483,638,422 votes (including 341,896,920 electronic voting). Approval votes were 473,393,673 votes (including 333,382,830 electronic votes), 97.88% of the total votes; disapproval votes were 1,218,168 votes (including 18,168 electronic votes); invalid votes were 0 vote; abstention votes/no votes were 9,026,581 votes (including 8,495,922 electronic votes).

E. Matters for Extraordinary Motion：None.

F. Dismiss the Meeting.

CENTRAL REINSURANCE CORPORATION
BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	December 31, 2014 AMOUNT	%	December 31, 2013 AMOUNT	%
Cash and cash equivalents	6(1)	$ 18,430,910	54	$ 17,673,887	54
Accounts receivable	6(2)	399,901	1	183,877	-
Current income tax assets		133,340	1	111,284	-
Financial assets at fair value through profit or loss	6(3)	949,291	3	963,635	3
Available-for-sale financial assets	6(4)	4,852,161	14	4,966,826	15
Bond investments without active market	6(5)	3,125,047	9	3,176,695	10
Other financial assets	6(6)	524,296	2	247,560	1
Investment property	6(7)	459,027	1	459,570	1
Reinsurance contract assets	6(8)	3,859,592	11	3,877,374	12
Property and equipment	6(10)	214,772	1	203,973	1
Intangible assets		1,531	-	2,142	-
Deferred income tax assets	6(16)	36,423	-	47,425	-
Other assets		1,022,876	3	1,022,984	3
TOTAL ASSETS		$ 34,009,167	100	$ 32,937,232	100
LIABILITIES AND EQUITY					
Accounts payable	6(11)	$ 577,906	2	$ 393,767	2
Current income tax liabilities		115,627	-	25,040	-
Financial liabilities at fair value through profit or loss	6(3)	66,470	-	11,785	-
Insurance liabilities	6(8)	23,664,460	70	23,382,630	71
Provisions	6(12)	5,778	-	772	-
Deferred income tax liabilities	6(16)	77,799	-	51,447	-
Other liabilities		44,211	-	38,243	-
TOTAL LIABILITIES		24,552,251	72	23,903,684	73
EQUITY					
Capital					
Common stock	6(13)	5,622,750	17	5,622,750	17
Capital reserve		300,000	1	300,000	1
Retained earnings					
Legal reserve		1,274,236	4	1,127,818	3
Special reserve	6(15)	976,714	3	1,266,462	4
Undistributed earnings	6(16)	1,118,951	3	784,255	2
Other equity	6(4)	164,265	-	(67,737)	-
TOTAL EQUITY		9,456,916	28	9,033,548	27
TOTAL LIABILITIES AND EQUITY		$ 34,009,167	100	$ 32,937,232	100

The accompanying notes are an integral part of these financial statements.

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	2014 AMOUNT	2014 %	2013 AMOUNT	2013 %	Changes Percentage (%)
Operating revenues						
Gross premiums written		$ 16,349,868	100	$ 15,649,693	102	4
Less: Reinsurance premiums ceded		(1,085,426)	(7)	(908,808)	(6)	19
Net change in unearned premium reserve	6(8)	242,733	2	(144,518)	(1)	(268)
Retention earned premiums		15,507,175	95	14,596,367	95	6
Reinsurance commission revenue		302,102	2	266,945	2	13
Overriding commission revenue		15,986	-	16,508	-	(3)
Net gain from investment						
Interest income		315,125	2	291,332	2	8
Gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss	6(3)	(147,280)	(1)	(49,889)	(1)	195
Realized gain or loss on available-for-sale financial assets		83,807	1	(143,375)	(1)	(158)
Realized gain or loss on bond investments without active market		-	-	271,434	2	(100)
Foreign exchange gain		186,375	1	112,911	1	65
Gain on investment property	6(7)	17,286	-	18,929	-	(9)
Total net gain from investment		455,313	3	501,342	3	(9)
Other operating revenues		2,987	-	3,332	-	(10)
Total operating revenues		16,283,563	100	15,384,494	100	6
Operating costs						
Reinsurance claims paid		(10,054,640)	(62)	(9,357,147)	(61)	7
Less: Reinsurance claims recovery		420,859	3	471,486	3	(11)
Retention reinsurance claims paid		(9,633,781)	(59)	(8,885,661)	(58)	8
Net changes in other insurance liabilities	6(8)	(489,562)	(3)	(268,665)	(1)	82
Reinsurance commission expenses		(4,781,683)	(30)	(4,908,020)	(32)	(3)
Other operating costs		(2,391)	-	(2)	-	119450
Total operating costs		(14,907,417)	(92)	(14,062,348)	(91)	6
Operating expenses						
Selling expenses		(258,914)	(1)	(274,036)	(2)	(6)
Administration expenses		(114,787)	(1)	(103,093)	(1)	11
Training expenses		(1,433)	-	(803)	-	78
Total operating expenses		(375,134)	(2)	(377,932)	(3)	(1)
Net operating income		1,001,012	6	944,214	6	6
Non-operating income and expenses		(1)	-	586	-	(100)
Income from continuing operations before tax		1,001,011	6	944,800	6	6
Income tax expense	6(16)	(130,137)	(1)	(212,710)	(1)	(39)
Income from continuing operations after tax		870,874	5	732,090	5	19
Net income		870,874	5	732,090	5	19

(Continued)

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

		Year ended December 31				Changes Percentage
		2014		2013		
Items	Notes	AMOUNT	%	AMOUNT	%	(%)
Other comprehensive income						
Unrealized gain on available-for-sale financial assets	6(4)	$ 264,419	2	$ 598,432	4	(56)
Actuarial loss on defined benefit plan	6(12)	(5,757)	-	(1,575)	-	266
Income tax relating to the components of other comprehensive income	6(4)(16)	(31,438)	-	(13,695)	-	130
Total other comprehensive income for the year (after tax)		227,224	2	583,162	4	(61)
Total comprehensive income for the year		$ 1,098,098	7	$ 1,315,252	9	(17)
Earnings per share (after tax)						
Basic and Diluted		$	1.55	$	1.30	

The accompanying notes are an integral part of these financial statements.

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other Equity	
	Notes	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Undistributed Earnings	Unrealized Gain or Loss on Available-for sale Financial Assets	Total Equity
2013								
Balance at January 1, 2013		$ 5,512,500	$ 300,000	$ 991,944	$ 1,235,532	$ 606,151	($ 652,206)	$ 7,993,921
Distributions of 2012 earnings (Note)								
Legal reserve		-	-	135,874	-	(135,874)	-	-
Cash dividends	6(15)	-	-	-	-	(275,625)	-	(275,625)
Stock dividends	6(15)	110,250	-	-	-	(110,250)	-	-
Reversal of special reserve		-	-	-	(195,539)	195,539	-	-
Net income for 2013		-	-	-	-	732,090	-	732,090
Appropriation for equalization reserve for 2013	6(15)	-	-	-	226,469	(226,469)	-	-
Other comprehensive income for 2013	6(4)	-	-	-	-	(1,307)	584,469	583,162
Balance at December 31, 2013		$ 5,622,750	$ 300,000	$ 1,127,818	$ 1,266,462	$ 784,255	($ 67,737)	$ 9,033,548
2014								
Balance at January 1, 2014		$ 5,622,750	$ 300,000	$ 1,127,818	$ 1,266,462	$ 784,255	($ 67,737)	$ 9,033,548
Distributions of 2013 earnings (Note)								
Legal reserve		-	-	146,418	-	(146,418)	-	-
Cash dividends	6(15)	-	-	-	-	(674,730)	-	(674,730)
Reversal of special reserve		-	-	-	(519,716)	519,716	-	-
Net income for 2014		-	-	-	-	870,874	-	870,874
Appropriation for equalization reserve for 2014	6(15)	-	-	-	229,968	(229,968)	-	-
Other comprehensive income for 2014	6(4)	-	-	-	-	(4,778)	232,002	227,224
Balance at December 31, 2014		$ 5,622,750	$ 300,000	$ 1,274,236	$ 976,714	$ 1,118,951	$ 164,265	$ 9,456,916

Note: Employees' bonus of $5,996 and $5,580, and directors' remuneration of $3,100 and $2,300 for 2013 and 2012, respectively, have been deducted from the statement of comprehensive income.

The accompanying notes are an integral part of these financial statements.

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		$ 1,001,011	$ 944,800
Adjustments to reconcile net income before income tax to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Depreciation		8,046	7,036
Amortization	6(17)	1,350	1,296
Net change in reserves		246,829	413,183
Net loss (gain) on financial assets and liabilities at fair value through profit or loss		57,549	(118,778)
Net loss on available-for-sale financial assets		216	201,674
Net gain on bond investments without active market		-	(271,434)
Interest income		(332,334)	(313,718)
Dividend income		(105,481)	(74,432)
Net gain on disposal of property and equipment		(15)	-
Unrealized foreign exchange gain		(101,928)	(119,445)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable		(215,876)	167,829
Financial assets at fair value through profit or loss		13,470	541,080
Reinsurance contract assets		52,783	(507,813)
Other assets		(5,650)	72,499
Net changes in liabilities relating to operating activities			
Accounts payable		184,139	(459,114)
Provisions		(751)	(803)
Other liabilities		5,968	358
Cash generated from operations		809,326	484,218
Interest received		336,729	303,269
Dividend received		104,792	75,754
Cash paid for income tax		(55,690)	(129,902)
Net cash provided by operating activities		1,195,157	733,339
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		(20,506)	-
Proceeds from disposal of financial assets at fair value through profit or loss		18,516	642,027
Acquisition of available-for-sale financial assets		(11,546,277)	(8,523,215)
Proceeds from disposal of available-for-sale financial assets		11,924,846	9,540,085
Acquisition of bond investments without active market		(117,118)	(2,302,298)
Proceeds from disposal of bond investments without active market		-	500,362
Bond investments without active market yield to date		269,553	585,090
Acquisition of property and equipment	6(10)	(16,189)	(1,436)
Proceeds from disposal of property and equipment		15	-
Acquisition of investment property	6(7)	(2,113)	(1,953)
Increase in other financial assets		(276,736)	(247,560)
Acquisition of intangible assets		(739)	-
Net cash provided by investing activities		233,252	191,102
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of cash dividends	6(15)	(674,730)	(275,625)
Net cash used in financing activities		(674,730)	(275,625)
Effects of exchange rate changes		3,344	16,889
Increase in cash and cash equivalents		757,023	665,705
Cash and cash equivalents at beginning of year		17,673,887	17,008,182
Cash and cash equivalents at end of year		$ 18,430,910	$ 17,673,887

The accompanying notes are an integral part of these financial statements.

CENTRAL REINSURANCE CORPORATION

Earnings Distribution Plan

For the Year of 2014

(Unit: NT$)

Items	Total	Grand Total
Unappropriated retained earnings of previous years		482,822,998
Add：Net income of 2014	870,874,268	
Less：Actuarial loss on defined benefit plan(Note 1)	4,777,897	
Less：Legal reserve	174,174,854	
Less：Special reserve(Note 2)	229,967,719	461,953,798
Retained earnings in 2014 available for distribution		944,776,796
Distributable item：		
Shareholders' dividends－Cash dividends: NT$1.2 per share	674,730,000	674,730,000
Unappropriated retained earnings		270,046,796

Note 1: Pursuant to Article 11 of the Rules for the Preparation of Financial Reports by Insurance Institutions, the Company defined actuarial loss on defined benefit plan transferred to retained earnings.

Note 2: According to the Insurance regulations, the provision for equalization reserve NT$229,967,719 of the year 2014 had been recognized as special reserve.

Note 3: Distribution Total : NT$684,749,169
Bonuses to employees: NT$7,141,169(7,141,169÷684,749,169×100%=1.04%)
Remuneration to Directors and Supervisors: NT$2,878,000(2,878,000÷684,749,169×100%=0.42%)
Shareholders' Dividends: NT$674,730,000(674,730,000÷684,749,169×100%=98.54%)

Note 4: The surplus of year 2014 is allocated by priority .

CENTRAL REINSURANCE CORPORATION

Procedures for Transaction of Financial Derivatives

After amendment	Before amendment	Reason for amendment
Article 2 The Types of Derivatives That May be Traded The term “financial derivatives” as used herein shall mean any forward contracts, option contracts, futures contracts, leveraged margin trading contracts, swap contracts, and the combination thereof with a worth derived from traditional financial market tools, including currency, bond, stock and foreign exchange. <u>“Transactions of structured products” mean transactions of portfolios combining fixed-income instruments and derivatives issued or guaranteed by financial institutions.</u> The Company may engage in the above mentioned derivatives transactions for hedging purpose<u>,</u> <u>structured products</u> and	**Article 2** The Types of Derivatives That May be Traded The term “financial derivatives” as used herein shall mean any forward contracts, option contracts, futures contracts, leveraged margin trading contracts, swap contracts, and the combination thereof with a worth derived from traditional financial market tools, including currency, bond, stock and foreign exchange. The Company may engage in the above mentioned derivatives transactions for hedging purpose and any other tools approved by the competent authority.	1. To add the definition of structured products in accordance with the Subparagraph 8, Article 2 of “Regulations Governing Derivatives Transactions Conducted by Insurance Companies” (hereinafter referred to as "the Regulation 1"). 2. According to Article 5 of the Regulations 1, a qualified insurer who gets approval from the competent authority may engage in the derivatives transactions for enhancing the investment efficiency. The Company will evaluate the future circumstances and necessity and then submit the application and amend the Procedures and relative regulations accordingly.

<table>
<tr><th>After amendment</th><th>Before amendment</th><th>Reason for amendment</th></tr>
<tr><td>any other tools approved by the competent authority. <u>The Company may not engage in derivatives transactions for anticipated investment positions and enhancing the investment efficiency.</u></td><td></td><td></td></tr>
<tr><td>Article <u>4</u> Authority Limits and Responsible Management Level
1. <u>Derivatives transactions</u> shall be guided in accordance with the Company’s table governing the delegation of authority and responsibility
2. The board of directors authorizes the Chairman to determine the total amount of financial derivatives transactions.</td><td>Article <u>7</u> Authority Limits and Responsible Management Level
1. <u>Each transaction</u> shall be guided in accordance with the Company’s table governing the delegation of authority and responsibility
2. The board of directors authorizes the Chairman to determine the total amount of financial derivatives transactions.</td><td>Considering the fluency of the Procedures, we change the order of the Articles. Article 7 is moved to Article 4 and the wording is amended.</td></tr>
<tr><td>Article <u>5</u> Segregation of Duties
Division functions in regard to the financial derivatives transactions made by the Company shall be as follows:
1. Monitoring Division:</td><td>Article <u>4</u> Segregation of Duties
Division functions in regard to the financial derivatives transactions made by the Company shall be as follows:
1. Monitoring Division:</td><td>1. To amend the number of Article.
2. To amend the wording in accordance with the Paragraph 2, Article 20 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”</td></tr>
</table>

After amendment	Before amendment	Reason for amendment
(1) Board of Directors: Designate senior management personnel to pay continuous attention to monitoring and controlling financial derivatives trading risk. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance. (2) Senior management personnel authorized by the board of directors: Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Procedures. When irregular	(1) Board of Directors: Designate senior management personnel to pay continuous attention to monitoring and controlling financial derivatives trading risk. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance. (2) Senior management personnel authorized by the board of directors: Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Procedures. When irregular	(hereinafter referred to as the "Regulation 2").

After amendment	Before amendment	Reason for amendment
circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors<u>, where an independent director shall be present at the meeting and express an opinion</u>. (3) The Audit Division: Periodically audit the compliance of the Procedures for Derivatives Transactions as well as of the relevant laws and regulations. 2. Operating Divisions (1) The Investment Department: conduct financial derivatives transactions. (2) The Finance Department: conduct settlement and confirmation of financial derivatives transactions, and	circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors. (3) The Audit Division: Periodically audit the compliance of the Procedures for Derivatives Transactions as well as of the relevant laws and regulations. 2. Operating Divisions (1) The Investment Department: conduct financial derivatives transactions. (2) The Finance Department: conduct settlement and confirmation of financial derivatives transactions, and periodical evaluation as well as risk assessment, monitoring and	

After amendment	Before amendment	Reason for amendment
periodical evaluation as well as risk assessment, monitoring and control. (3) The Accounting Department: conduct accounting and book keeping procedure.	control. (3) The Accounting Department: conduct accounting and book keeping procedure.	
Article <u>6</u> Gross Contract Amount and The Maximum Loss Limit Where the derivatives are held for hedging purpose, the aggregate nominal value of<u> total and individual</u> contracts thereof shall not exceed the <u>individual and</u> aggregate book value of the hedged items. <u>The maximum evaluation loss limit of derivatives shall not exceed the aggregate nominal value of the individual and total undue hedged items.</u> <u>If the evaluation loss exceeds the preceding limit, the Investment Department shall submit senior management personnel a report with</u>	**Article <u>5</u>** Gross Contract Amount and The Maximum Loss Limit Where the derivatives are held for hedging purpose, the aggregate nominal value of contracts thereof shall not exceed the aggregate book value of the hedged items. <u>The aggregate sum of premium, margin and other similar cost of financial derivatives transactions shall not exceed 10% of each investment.</u> <u>If the financial derivatives transactions are based on hedging purpose, the relevant cost and gain/loss of forward currency transactions, currency swaps, cross currency swaps, interest rate swaps,</u>	1. To amend the number of Article. 2. To amend the wording of Paragraph 1 in accordance with the Subparagraph 1, Paragraph 1, Article 13 of the Regulation 1: Transaction principles and policies, including the types of derivatives transactions, major counterparties, hedging or investment strategies, overall and individual position limits. 3. To amend the wording “loss limit of overall and individual contracts and over limit procedures” of Paragraph 1 and Paragraph 2 in accordance with the Subparagraph 1, Paragraph 1, Article 18 of the Regulation 2. 4. To add relative regulations of structured

After amendment	Before amendment	Reason for amendment
reasonable analysis, suggestion, and improvement measures. Structured products fulfilled with the following conditions are allowed to be invested and the aggregate amount shall not exceed 10% of the Company's funds: 1. The final maturity date shall be no longer than 10 years; 2. The principal-guaranteed rate on the maturity date shall be 90% equivalent or above provided that the final maturity date is no longer than 5 years, or the aforesaid principal-guaranteed rate shall be 100%; 3. The operational risk relating to the underlying derivatives instruments shall be borne by the issuing institutions.	futures, options and other transactions shall not be included in the computation as mentioned in the preceding paragraph.	products of Paragraph 3 moved from "Foreign Investment Operation" in accordance with the Paragraph 1, Article 2 of the Regulation 1.
Article 7 Counterparties and Each Transaction Limits	**Article 14** Transaction Limits	1. Considering the fluency of the Procedures, we change order of the

After amendment	Before amendment	Reason for amendment
Derivatives transactions counterparties shall meet the following requirements: 1. Domestic financial institutions with their risk-based capital ratio, ratio of regulatory capital to risk-weighted assets, regulatory capital adequacy ratio, or the percentage accounted for by adjusted net capital in the total amount of customer margins required for the open positions of futures traders meeting regulatory criteria. 2. Foreign financial institutions with BBB+ equivalent or above credit rating suggested by foreign credit rating agencies in the immediately preceding year. When conducting derivatives transactions in the OTC market, different transaction limits are	When conducting derivatives transactions, different transaction limits are designated according to counterparty's credit positions as follows: 1. The transaction maximum limit is 200 million US dollars for the counterparty with twAAA credit rating suggested by Taiwan Ratings Corp. or a AA- equivalent or higher credit rating suggested by internationally renowned rating agencies. 2. The transaction maximum limit is 100 million US dollars for the counterparty with twAA- equivalent or higher credit rating suggested by Taiwan Ratings Corp. or a A- equivalent or higher credit rating suggested by internationally renowned rating agencies. 3. The transaction maximum limit is 50	Articles. Article 14 is moved to Article 7 and the wording is amended. 2. To add domestic and foreign financial institutions standards of Paragraph 1 in accordance with Subparagraph 3, Article 6 and Paragraph 2, Article 11 of the Regulation 1. 3. To amend the wording of Paragraph 2 in accordance with Subparagraph 7, Paragraph 1, Article 13 of the Regulation 1: Counterparty risk, which requires that when conducting over-the-counter transactions, the insurer shall perform credit risk assessment on the counterparties and assign to individual counterparties different transaction limits according to their credit positions, and the transaction limits shall be subject to constant monitoring. 4. To add Paragraph 3 in accordance with Paragraph 2, Article 11 of the Regulation 1: The issuing or guarantee institutions of the

After amendment	Before amendment	Reason for amendment
designated according to counterparty's credit positions as follows: 1. The transaction maximum limit is 200 million US dollars for the counterparty with twAAA credit rating suggested by Taiwan Ratings Corp. or a AA- equivalent or higher credit rating suggested by internationally renowned rating agencies. 2. The transaction maximum limit is 100 million US dollars for the counterparty with twAA- equivalent or higher credit rating suggested by Taiwan Ratings Corp. or a A- equivalent or higher credit rating suggested by internationally renowned rating agencies. 3. The transaction maximum limit is 50 million US dollars for the counterparty with twA+ equivalent or	million US dollars for the counterparty with twA- equivalent or higher credit rating suggested by Taiwan Ratings Corp.	structured products.

After amendment	Before amendment	Reason for amendment
higher credit rating suggested by Taiwan Ratings Corp or a BBB+ equivalent or higher credit rating suggested by internationally renowned rating agencies. 4. The Company shall not deal with the counterparties with no credit rating or credit rating below twA+ suggested by Taiwan Ratings Corp or below BBB+ credit rating suggested by internationally renowned rating agencies. The issuing or guarantee institutions of structure products shall be the domestic and foreign financial institutions meeting the requirements in this article paragraph 1 and the trading limits for each counterparty shall follow the regulations in this article paragraph 2.		
Article 9 Performance	**Article 6** Performance	To amend the number of

After amendment	Before amendment	Reason for amendment
Evaluation (Omitted.)	Evaluation (Omitted.)	Article.
Article <u>10</u> Public Disclosure (Omitted.)	**Article <u>9</u>** Public Disclosure (Omitted.)	To amend the number of Article.
Article <u>11</u> Accounting system (Omitted.)	**Article <u>10</u>** Accounting system (Omitted.)	To amend the number of Article.
Article <u>12</u> Risk Management System The risk identification, assessment, response, monitoring and <u>reporting</u> of financial derivatives transactions shall be done according to the Company's "Operation Guidelines for Investment Risk Management". These risks as below shall be noted: 1. Credit Risk: Credit risk is controlled by restricting the counterparties principally to those who have banking relationship with the Company or are internationally renowned and can	**Article <u>11</u>** Risk Management System The risk identification, assessment, response, monitoring and <u>analysis</u> of financial derivatives transactions shall be done according to the Company's "Operation Guidelines for Investment Risk Management". These risks as below shall be noted: 1. Credit Risk: Credit risk is controlled by restricting the counterparties principally to those who have banking relationship with the Company or are internationally renowned and can provide professional	1. To amend the number of Article. 2. To amend the wording of Paragraph 1 in according with Subparagraph 6, Paragraph 1, Article 13 of the Regulation 1: Risk management system, which shall include the identification, assessment, monitoring and reporting of transaction risks which shall at least include credit, market, liquidity, operational, legal and system risks.

After amendment	Before amendment	Reason for amendment
provide professional information. 2. Market Risk: Market risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. 3. Liquidity Risk: Liquidity risk shall be controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world. The financial derivatives transactions shall be restricted to standardized products that are listed in internationally notable exchanges or traded over the banks' counter. 4. Operational Risk: Authority limits and operating procedures shall be stipulated	information. 2. Market Risk: Market risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. 3. Liquidity Risk: Liquidity risk shall be controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world. The financial derivatives transactions shall be restricted to standardized products that are listed in internationally notable exchanges or traded over the banks' counter. 4. Operational Risk: Authority limits and operating procedures shall be stipulated explicitly to avoid	

After amendment	Before amendment	Reason for amendment
explicitly to avoid operational risk. 5. Legal Risk: Any legal documents, except standard contracts of banks, shall first be reviewed by legal personnel or legal counsel and be executed after going through administrative approval procedures. 6. System Risk: The Company shall execute the stop loss mechanism of financial derivatives transactions. 7. Cash Flow Risk: The Company shall maintain adequate level of cash to meet the cash settlement requirement in time.	operational risk. 5. Legal Risk: Any legal documents, except standard contracts of banks, shall first be reviewed by legal personnel or legal counsel and be executed after going through administrative approval procedures. 6. System Risk: The Company shall execute the stop loss mechanism of financial derivatives transactions. 7. Cash Flow Risk: The Company shall maintain adequate level of cash to meet the cash settlement requirement in time.	
Article <u>**13**</u> Risk Control Measures <u>and Internal Control System</u> Risk control measures <u>and internal control system</u> taken by the Company for financial derivatives transactions shall be as follows:	**Article** <u>**12**</u> Risk Control Measures Risk control measures taken by the Company for financial derivatives transactions shall be as follows: 1. Personnel engaged in	1. To amend the number of Article. 2. To amend the wording in accordance with Subparagraph 3 and Subparagraph 6, Paragraph 1, Article 13 of the Regulation 1 regarding internal control system and in

After amendment	Before amendment	Reason for amendment
1. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement. 2. <u>Evaluation method and frequency:</u> Finance Department shall evaluate the financial derivatives positions at least twice per month. The evaluation reports shall be submitted to senior management personnel authorized by the board of directors and the president. The evaluating method shall be in accordance with "Rules for the Preparation of Financial Reports by Insurance Institutions" and the "Generally Accepted Accounting Principles". 3. With regard to risk <u>identification</u>, assessment, monitoring and control<u>, legality of derivatives transactions</u>, Finance	derivatives trading may not serve concurrently in other operations such as confirmation and settlement. 2. Finance Department shall evaluate the financial derivatives positions at least twice per month. The evaluation reports shall be submitted to senior management personnel authorized by the board of directors and the president. The evaluating method <u>and frequency</u> shall be in accordance with "Rules for the Preparation of Financial Reports by Insurance Institutions" and the "Generally Accepted Accounting Principles". 3. With regard to risk assessment, monitoring and control, Finance Department shall periodically submit a performance report to the senior management personnel authorized by	accordance with Paragraph 2, Article 13 of the Regulation 1 regarding reporting items and frequency to the board of directors and the Risk Management Committee. The reason amending Subparagraph 6 is same as Subparagraph 2, Paragraph 1, Article 5 of the Procedures.

After amendment	Before amendment	Reason for amendment
Department shall periodically submit a performance report to the senior management personnel authorized by the board of directors. 4. Finance Department shall report to the soonest meeting of the board of directors including total and net amount of contracts with the obligations which have not become due as well as unrealized gain or loss evaluated in accordance with the fair value, compliance with the Procedures, hedging and risk assessment reports; and report to the Risk Management Committee at least once every six months. 5. Finance Department shall establish a log book in which details of the types and amounts of financial derivatives trading engaged in, board of directors' approval	the board of directors. 4. Finance Department shall report to the soonest meeting of the board of directors including total and net amount of contracts with the obligations which have not become due, hedging and risk assessment reports on a regular basis. 5. Finance Department shall establish a log book in which details of the types and amounts of financial derivatives trading engaged in, board of directors' approval dates, and the matters required to be carefully evaluated and retain it at least for 5 years for reference. 6. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, the senior management personnel authorized by the board of directors	

After amendment	Before amendment	Reason for amendment
dates, and the matters required to be carefully evaluated and retain it at least for 5 years for reference. 6. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, the senior management personnel authorized by the board of directors shall adopt appropriate measures and report to the board of directors. <u>Independent directors shall be present at the meeting and express an opinion.</u>	shall adopt appropriate measures and report to the board of directors.	
Article <u>**14**</u> Internal Audit System The Audit Division shall audit whether all derivatives transactions are in compliance with the Procedures <u>at least once every quarter</u>; and shall perform the following duties and prepare a quarterly audit report which shall be passed by	**Article** <u>**13**</u> Internal Audit System The Audit Division shall audit whether all derivatives transactions are in compliance with the Procedures <u>monthly</u>; and shall perform the following duties and prepare a quarterly audit report which shall be passed by the board of directors and submitted	1. To amend the audit frequency in accordance with the Q&A 32 of Regulation 2. 2. To amend the number of Article.

After amendment	Before amendment	Reason for amendment
the board of directors and submitted to the competent authority for reference: 1. To audit the compliance of the processing procedure for Derivatives Transactions as well as the relevant laws and regulations; 2. To audit the internal control measures, including the functions of internal checks and cross reference; 3. To assess the independence of the risk management operations and implementation of the risk limitation measures; 4. To verify the reliability of the sources of transaction documents and information; and 5. To audit the hedging effectiveness of the hedging derivatives transactions. The deficiencies mentioned in the audit report shall be continually	to the competent authority for reference: 1. To audit the compliance of the processing procedure for Derivatives Transactions as well as the relevant laws and regulations; 2. To audit the internal control measures, including the functions of internal checks and cross reference; 3. To assess the independence of the risk management operations and implementation of the risk limitation measures; 4. To verify the reliability of the sources of transaction documents and information; and 5. To audit the hedging effectiveness of the hedging derivatives transactions. The deficiencies mentioned in the audit report shall be continually followed up until improved. If any severe violation is found, a written notice shall be	

After amendment	Before amendment	Reason for amendment
followed up until improved. If any severe violation is found, a written notice shall be submitted to the Audit Committee as well as the senior management personnel authorized by the board of directors.	submitted to the Audit Committee as well as the senior management personnel authorized by the board of directors.	
Article 17 Effectiveness Any amendment of the Procedures shall be approved by the Audit Committee, the Board of Directors, and the Shareholders' Meeting thereafter.	**Article 17** Effectiveness Upon a resolution passed by the board of directors, the Procedures shall be given to each supervisor and shall become effective after ratification by the shareholders' meeting. Any amendment of the Procedures shall be approved by the Audit Committee, the Board of Directors, and the Shareholders' Meeting thereafter.	To amend the wording.