[The provision policy of investment loss reserves]

1.Financial assets / liabilities

Category	Valuation	Spread	Expected credit losses
(1).Financial Assets			
Financial assets at fair value through profit and loss	Fair Value	Profit or Loss	—
Financial assets at fair value through other comprehensive income —Equity instrument —Debt instrument	 Fair Value Fair Value	 Equity Equity	 — Profit or Loss
Financial assets at amortized cost	Amortized Cost	—	Profit or Loss
(2).Financial Liabilities			
Financial liabilities at fair value through profit or loss	Fair Value	Profit or loss	—

2. The company's loss provision is not only in accordance with the IFRSs and related regulations, but also refers to the “Bank Assets Assessment Loss Preparation and Overdue Loan Collection and Handling Methods” and “Insurance Assets Evaluation and Overdue Loan Collections”. The Bad Debt Treatment Method sets relevant points and prepares for loss according to asset assessment classification and deposit rate.

(1) Saving Assets

Class 1 : normal, percent of recognition 0%
Class 2: under notice, percent of recognition 2%
Class 3: possible to be recovered, percent of recognition 10%
Class 4: difficult to be recovered, percent of recognition 50%
Class 5: with no chance of recovery, percent of recognition 100%

(2) Life Insurance Assets

(a)Non-loan assets

Class 1 : normal, percent of recognition 0%
Class 2: under notice, percent of recognition 2%

Class 3: possible to be recovered, percent of recognition 10%
Class 4: difficult to be recovered, percent of recognition 50%
Class 5: with no chance of recovery, percent of recognition 100%

(b)Loan assets

The sum of the allowance for doubtful accounts must not be less than the following standards:

i. The first to fifth categories of loan-assets are listed in the following desposit rate.
   Class 1 : normal, percent of recognition 0%
   Class 2: under notice, percent of recognition 2%
   Class 3: possible to be recovered, percent of recognition 10%
   Class 4: difficult to be recovered, percent of recognition 50%
   Class 5: with no chance of recovery, percent of recognition 100%

ii. 1% of the total balance of Class 1 to 5 loan assets.

iii. The sums of loans overdue and receivables on demand had been evaluated reasonably and there were no collaterals.
   - Previous loan assets should deduct the life insurance loans, automatic premium loans and government debt. And if the allowance for doubtful accounts mentioned above is lower than the evaluation of the Generally Accepted Accounting Principles, the results of the allowance for doubtful accounts should be according to the evaluation of the Generally Accepted Accounting Principles.
   - The results of the allowance for doubtful accounts according to the regulation mentioned above should be recognized after the insufficience assessed by the regulatory.
   - The allowance for doubtful accounts of the specific loan assets should be recognized before the deadline and according to the standard designed by the regulatory in order to strengthen the ability to undertake the loss of specific loans.
   - The impairment loss of the real estate mortgage loans should be estimated according to “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises” and the expected credit loss under IFRS9. The amount of impairment loss is estimated as the higher of the results of the two methods used above.